UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 3
TO
FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934

Dow Holdings Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

30-1128146
(I.R.S. Employer
Identification No.)

2211 H.H. Dow Way, Midland, Michigan
(Address of principal executive offices)

48674
(Zip Code)

Registrant’s telephone number, including area code: (989) 636-1000

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered
Common Stock, par value $0.01 per share

Name of each exchange on which each class is to be registered
New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☒ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
DOW HOLDINGS INC.

INFORMATION REQUIRED IN REGISTRATION STATEMENT

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

Certain information required to be included in this Form 10 is incorporated by reference to specifically-identified portions of the body of the information statement that is filed herewith as Exhibit 99.1, and which will be made available to DowDuPont Inc. stockholders. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. Business.

Item 1A. Risk Factors.
The information required by this item is contained under the sections of the information statement entitled “Merger, Intended Separations, Reorganization and Financial Statement Presentation,” “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements.” Those sections are incorporated herein by reference.

Item 2. Financial Information.
The information required by this item is contained under the sections of the information statement entitled “Merger, Intended Separations, Reorganization and Financial Statement Presentation,” “Capitalization,” “Unaudited Pro Forma Combined Financial Information,” “Selected Consolidated Financial Data of Historical Dow” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow.” Those sections are incorporated herein by reference.

Item 3. Properties.
The information required by this item is contained under the sections of the information statement entitled “The Business—Properties” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow.” Those sections are incorporated herein by reference.

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

Item 5. Directors and Executive Officers.
The information required by this item is contained under the section of the information statement entitled “Management.” That section is incorporated herein by reference.

The information required by this item is contained under the sections of the information statement entitled “Compensation Discussion and Analysis” and “Executive Compensation.” Those sections are incorporated herein by reference.
Item 7. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is contained under the sections of the information statement entitled “Management,” “Executive Compensation,” “Certain Relationships and Related Person Transactions,” and “Dow’s Relationship with New DuPont and Corteva Following the Distribution.” Those sections are incorporated herein by reference.

Item 8. Legal Proceedings.

The information required by this item is contained under the section of the information statement entitled “The Business—Legal Proceedings” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow—Litigation.” Those sections are incorporated herein by reference.

Item 9. Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters.

The information required by this item is contained under the sections of the information statement entitled “Risk Factors,” “The Distribution,” “Dividend Policy,” “Capitalization,” and “Description of Dow’s Capital Stock.” Those sections are incorporated herein by reference.

Item 10. Recent Sales of Unregistered Securities.

The information required by this item is contained under the section of the information statement entitled “Description of Dow’s Capital Stock—Sale of Unregistered Securities.” That section is incorporated herein by reference.

Item 11. Description of Registrant’s Securities to be Registered.

The information required by this item is contained under the sections of the information statement entitled “Risk Factors,” “The Distribution,” “Dividend Policy,” “Capitalization,” and “Description of Dow’s Capital Stock.” Those sections are incorporated herein by reference.

Item 12. Indemnification of Directors and Officers.

The information required by this item is contained under the section of the information statement entitled “Description of Dow’s Capital Stock—Limitations on Liability, Indemnification of Officers and Directors, and Insurance.” That section is incorporated herein by reference.

Item 13. Financial Statements and Supplementary Data.

The information required by this item is contained in the financial statements that are filed as Exhibit 99.2 hereto and which are incorporated herein by reference. Additional information is contained under the section of the information statement entitled “Merger, Intended Separations, Reorganization and Financial Statement Presentation—Financial Statement Presentation.”


None.

Item 15. Financial Statements and Exhibits.

(a) Financial Statements

The information required by this item is contained in the financial statements that are filed as Exhibit 99.2 hereto and which are incorporated herein by reference. Additional information is contained under the section of the information statement entitled “Merger, Intended Separations, Reorganization and Financial Statement Presentation—Financial Statement Presentation.”
(b) Exhibits

See below.

The following documents are filed as exhibits hereto:

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Exhibit Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Form of Separation and Distribution Agreement by and among DowDuPont Inc., Corteva, Inc. and Dow Holdings Inc.*</td>
</tr>
<tr>
<td>2.2</td>
<td>Shareholders’ Agreement, dated as of October 8, 2011, between Dow Saudi Arabia Holding B.V. and Performance Chemicals Holding Company (incorporated by reference to Exhibit 99.1 to The Dow Chemical Company’s Current Report on Form 8-K/A, filed with the SEC on June 27, 2012).</td>
</tr>
<tr>
<td>2.3</td>
<td>Transaction Agreement, dated as of December 10, 2015, among The Dow Chemical Company, Corning Incorporated, Dow Corning Corporation and HS Upstate Inc. (incorporated by reference to Exhibit 2.1 to The Dow Chemical Company’s Current Report on Form 8-K, filed with the SEC on December 11, 2015).</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Tax Matters Agreement, dated as of December 10, 2015, among The Dow Chemical Company, Corning Incorporated, Dow Corning Corporation and HS Upstate Inc. (incorporated by reference to Exhibit 2.2 to The Dow Chemical Company’s Current Report on Form 8-K, filed with the SEC on December 11, 2015).</td>
</tr>
<tr>
<td>3.1</td>
<td>Form of Amended and Restated Certificate of Incorporation of Dow Holdings Inc.</td>
</tr>
<tr>
<td>3.2</td>
<td>Form of Amended and Restated Bylaws of Dow Holdings Inc.</td>
</tr>
<tr>
<td>4.1</td>
<td>Indenture, dated as of April 1, 1992 (the “1992 Indenture”), between The Dow Chemical Company and the First National Bank of Chicago, as trustee (incorporated by reference to Exhibit 4.1 to The Dow Chemical Company’s Registration Statement on Form S-3, File No. 333-88617, filed with the SEC on October 8, 1999 (the “S-3 Registration Statement”)).</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Supplemental Indenture, dated as of January 1, 1994, between The Dow Chemical Company and the First National Bank of Chicago, as trustee, to the 1992 Indenture (incorporated by reference to Exhibit 4.2 to the S-3 Registration Statement).</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Second Supplemental Indenture, dated as of October 1, 1999, between The Dow Chemical Company and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as trustee, to the 1992 Indenture (incorporated by reference to Exhibit 4.3 to the S-3 Registration Statement).</td>
</tr>
<tr>
<td>4.2</td>
<td>Indenture, dated May 1, 2008 (the “2008 Indenture”), between The Dow Chemical Company and the Bank of New York Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Post-Effective Amendment No. 1 to The Dow Chemical Company’s Registration Statement on Form S-3, File No. 333-140859, filed with the SEC on May 6, 2008).</td>
</tr>
<tr>
<td>4.2.1</td>
<td>First Supplemental Indenture, dated November 30, 2018, between The Dow Chemical Company, Dow Holdings Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, to the 2008 Indenture (incorporated by reference to Exhibit 4.1 to The Dow Chemical Company’s Current Report on Form 8-K, filed with the SEC on December 3, 2018).</td>
</tr>
</tbody>
</table>
Exhibit Number | Exhibit Description
--- | ---
4.3 Dow Holdings Inc. agrees to provide the SEC, on request, copies of all other such indentures and instruments that define the rights of holders of long-term debt of Dow Holdings Inc. and its consolidated subsidiaries, including The Dow Chemical Company, pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K.
10.1 Form of Tax Matters Agreement by and among DowDuPont Inc., Corteva, Inc. and Dow Holdings Inc.*
10.2 Form of Employee Matters Agreement by and among DowDuPont Inc., Corteva, Inc. and Dow Holdings Inc.
10.3 Form of MatCo/SpecCo Intellectual Property Cross-License Agreement by and between Dow Holdings Inc. and DowDuPont Inc.
10.4 Form of Dow Holdings Inc. 2019 Stock Incentive Plan.
10.4.1 Form of Performance Stock Unit Award Agreement under the Dow Holdings Inc. 2019 Stock Incentive Plan.
10.4.2 Form of Restricted Stock Award Agreement under the Dow Holdings Inc. 2019 Stock Incentive Plan.
10.4.3 Form of Restricted Stock Unit Award Agreement under the Dow Holdings Inc. 2019 Stock Incentive Plan.
10.4.4 Form of Stock Appreciation Right Award Agreement under the Dow Holdings Inc. 2019 Stock Incentive Plan.
10.4.5 Form of Stock Option Award Agreement under the Dow Holdings Inc. 2019 Stock Incentive Plan.
10.5 The Dow Chemical Company Executives' Supplemental Retirement Plan - Restricted and Cadre Benefits, as restated and effective September 1, 2017 (incorporated by reference to Exhibit 10(a)(iv) to The Dow Chemical Company’s Current Report on Form 8-K, filed with the SEC on November 3, 2017).
10.5.1 Amendment to The Dow Chemical Company Executives’ Supplemental Retirement Plan - Restricted and Cadre Benefits, effective January 1, 2018 (incorporated by reference to Exhibit 10.1.2 to The Dow Chemical Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 11, 2019).
10.6 The Dow Chemical Company Executives’ Supplemental Retirement Plan - Supplemental Benefits, as restated and effective September 1, 2017 (incorporated by reference to Exhibit 10(a)(v) to The Dow Chemical Company’s Current Report on Form 8-K, filed with the SEC on November 3, 2017).
10.7 The Dow Chemical Company Elective Deferral Plan (for deferrals made through December 31, 2004), as amended, restated and effective as of April 14, 2010 (incorporated by reference to Exhibit 10.6.1 to The Dow Chemical Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 11, 2019).
10.7.1 Amendment to The Dow Chemical Company Elective Deferral Plan (for deferrals made through December 31, 2004), effective as of April 14, 2010 (incorporated by reference to Exhibit 10.5 to The Dow Chemical Company’s Current Report on Form 8-K, filed with the SEC on May 3, 2010).
10.8 The Dow Chemical Company Elective Deferral Plan (for deferrals after January 1, 2005), restated and effective September 1, 2017 (incorporated by reference to Exhibit 4.1 to The Dow Chemical Company’s Registration Statement on Form S-8, filed with the SEC on September 5, 2017).
10.8.1 Amendment to The Dow Chemical Company Elective Deferral Plan (for deferrals after January 1, 2005), effective November 15, 2018 (incorporated by reference to Exhibit 10.6.1 to The Dow Chemical Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 11, 2019).
10.9 The Dow Chemical Company Voluntary Deferred Compensation Plan for Non-Employee Directors, as amended and restated on December 10, 2008, effective as of January 1, 2009 (incorporated by reference to Exhibit 10(cc) to The Dow Chemical Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the SEC on February 20, 2009).
<table>
<thead>
<tr>
<th>Exhibit Number</th>
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</tr>
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<tbody>
<tr>
<td>21.1</td>
<td>Subsidiaries of Dow Holdings Inc.</td>
</tr>
<tr>
<td>99.2</td>
<td>The Audited Consolidated Financial Statements of The Dow Chemical Company as of and for the year ended December 31, 2018, and the accompanying notes thereto, from The Dow Chemical Company’s Annual Report on Form 10-K, filed with the SEC on February 11, 2019.</td>
</tr>
<tr>
<td>99.3</td>
<td>Guarantee relating to the 9.80% Debentures of Rohm and Haas Company (incorporated by reference to Exhibit 99.6 to The Dow Chemical Company’s Current Report on Form 8-K, filed with the SEC on April 1, 2009).</td>
</tr>
<tr>
<td>99.4</td>
<td>Form of Notice Regarding the Internet Availability of Information Statement Materials*</td>
</tr>
</tbody>
</table>

* To be filed by amendment.
SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Dow Holdings Inc.

By: /s/ James R. Fitterling
Name: James R. Fitterling
Title: Chief Executive Officer

Date: February 11, 2019
Dow Holdings Inc. (hereinafter called the “Company”), a corporation organized and existing under the General Corporation Law of Delaware (the “DGCL”), does hereby certify as follows:

FIRST: The original Certificate of Incorporation of the Company was filed with the Secretary of State of the State of Delaware on August 30, 2018.

SECOND: This Amended and Restated Certificate of Incorporation has been duly adopted by the Company in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware and has been approved by the requisite vote of the stockholders of the Company in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: This Amended and Restated Certificate of Incorporation amends, restates and integrates the provisions of the Company’s original Certificate of Incorporation.

FOURTH: The text of the Certificate of Incorporation of the Company is hereby amended and restated to read in its entirety as follows:

ARTICLE I
NAME

The name of the Company is Dow Holdings Inc.

ARTICLE II
REGISTERED OFFICE AND AGENT

The address of the registered office of the Company in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle 19801. The name of its registered agent at that address is The Corporation Trust Company.

ARTICLE III
PURPOSE AND POWERS

The purpose of the Company is to engage in any lawful act or activity for which a corporation may now or hereafter be organized under the DGCL. The Company shall have all powers that may now or hereafter be lawful for a corporation to exercise under the DGCL.

ARTICLE IV
CAPITAL STOCK

Section 4.1 Classes of Stock. The total number of shares of stock of all classes of capital stock that the Company is authorized to issue is [●] shares. The authorized capital stock is divided into [●] shares of preferred stock having a par value of $0.01 per share (the “Preferred Stock”), and [●] shares of common stock having a par value of $0.01 per share (the “Common Stock”).

Section 4.2 Preferred Stock.

(a) Shares of Preferred Stock of the Company may be issued from time to time in one or more series, the shares of each series to have such voting powers, full or limited, if any, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as are stated and expressed herein or in the resolution or resolutions providing for the issue of such series, adopted by the Board of Directors as hereinafter provided.
(b) Authority is hereby expressly granted to the Board of Directors of the Company, subject to the provisions of this Article IV and to the limitations prescribed by the DGCL, to authorize by resolution or resolutions from time to time the issuance of one or more series of Preferred Stock out of the authorized but unissued shares of Preferred Stock and with respect to each such series to fix, by filing a certificate of designation pursuant to the DGCL setting forth such resolution or resolutions and providing for the issuance of such series, the voting powers, full or limited, if any, of the shares of such series and the designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, the determination or fixing of the following:

(i) the designation of such series;

(ii) the number of shares of such series, which number the Board of Directors may thereafter (except where otherwise provided in the certificate of designation for such series) increase or decrease (but not below the number of shares of such series then outstanding);

(iii) the dividend rate, if any, payable to holders of shares of such series, any conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes of stock or any other series of any other class of stock of the Company, and whether such dividends shall be cumulative or non-cumulative;

(iii) whether the shares of such series shall be subject to redemption by the Company, in whole or in part, at the option of the Company or of the holder thereof, and, if made subject to such redemption, the times, prices, form of payment and other terms and conditions of such redemption;

(iv) the terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series;

(v) whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes of any stock or any other series of any other class of stock of the Company or any other security, and, if provision is made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchanges;

(vi) the extent, if any, to which the holders of shares of such series shall be entitled to vote generally, with respect to the election of directors, upon specified events or otherwise;

(vii) the restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

(viii) the rights and preferences of the holders of the shares of such series upon any voluntary or involuntary liquidation or dissolution of, or upon the distribution of assets of, the Company.

Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior to, rank equally with or be junior to any other series of Preferred Stock to the extent permitted by law and the terms of any other series of Preferred Stock.
Section 4.3 Common Stock.

(a) All shares of Common Stock of the Company shall be of one and the same class, shall be identical in all respects and shall have equal rights, powers and privileges. Except as otherwise provided for by resolution or resolutions of the Board of Directors pursuant to this Article IV with respect to the issuance of any series of Preferred Stock or by the DGCL, the holders of outstanding shares of Common Stock shall have the exclusive right to vote on all matters requiring stockholder action. On each matter on which holders of Common Stock are entitled to vote, each outstanding share of such Common Stock will be entitled to one vote. Subject to the rights of holders of any series of outstanding Preferred Stock, holders of shares of Common Stock shall have equal rights of participation in the dividends and other distributions in cash, stock or property of the Company when, as and if declared by the Board of Directors from time to time out of assets or funds of the Company legally available therefor and shall have equal rights to receive the assets and funds of the Company available for distribution to stockholders in the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary.

(b) Upon this Certificate of Incorporation of the Company becoming effective at [●] on [●], 2019, the date of filing with the Secretary of State of the State of Delaware, pursuant to the DGCL (the “Effective Time”), the 100 shares of the Common Stock, par value $0.01 per share, issued and outstanding immediately prior to the Effective Time, shall thereafter constitute [●] shares of Common Stock.

ARTICLE V
BOARD OF DIRECTORS

Section 5.1 Power of the Board of Directors. The business and affairs of the Company shall be managed by or under the direction of the Board of Directors. In furtherance, and not in limitation, of the powers conferred by the laws of the State of Delaware, the Board of Directors shall be expressly authorized to:

(a) determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the business and affairs of the Company;

(b) establish one or more committees of the Board of Directors, by the affirmative vote of a majority of the entire Board of Directors, to which may be delegated any or all of the powers and duties of the Board of Directors to the fullest extent permitted by law; and

(c) exercise all such powers and do all such acts as may be exercised by the Company, subject to the provisions of the laws of the State of Delaware, this Certificate of Incorporation, and the Bylaws of the Company (as may be amended and/or restated from time to time, the “Bylaws”).

Section 5.2 Number of Directors. The number of directors constituting the entire Board of Directors shall be fixed from time to time exclusively by a vote of a majority of the entire Board of Directors in the manner provided in the Bylaws. As used in this Certificate of Incorporation, the term “entire Board of Directors” means the total authorized number of directors that the Company would have if there were no vacancies.

Section 5.3 Vacancies. Except as otherwise required by law and subject to the rights of the holders of any class or series of Preferred Stock to elect directors, any vacancies on the Board of Directors for any reason, including from the death, resignation, disqualification or removal of any director, and any newly created directorships resulting by reason of any increase in the number of directors shall be filled exclusively by the Board of Directors, acting by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by stockholders. Any directors elected to fill a vacancy shall hold office until the next annual meeting of stockholders or until their successors are duly elected and qualified.

Section 5.4 Removal of Directors. Except as otherwise required by law and subject to the rights of the holders of any class or series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time, with or without cause only by the affirmative vote of the holders of a majority of the voting power of all of the shares of capital stock of the Company then entitled to vote generally in the election of directors, voting as a single class.
ARTICLE VI
LIMITATION OF LIABILITY AND INDEMNIFICATION

Section 6.1 Limitation of Liability of Directors. A Director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a Director to the fullest extent permitted by the DGCL as the same now exists or hereafter may be amended. No repeal or modification of this Article VI shall apply or have any adverse effect on any right or protection of, or any limitation of the liability of, any person entitled to any right or protection under this Article VI existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

Section 6.2 Indemnification. Directors, officers, employees and agents of the Company may be indemnified by the Company to the fullest extent as is permitted by the laws of the State of Delaware as it presently exists or may hereafter be amended and as the Bylaws may from time to time provide.

ARTICLE VII
STOCKHOLDER ACTION

Section 7.1. Action by Written Consent. Any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing by such stockholders; provided, however, that any action required or permitted to be taken by the holders of any series of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable certificate of designation for such series of Preferred Stock.

Section 7.2. Special Meetings. Except as otherwise required by law and subject to the rights of the holders of any class or series of Preferred Stock, special meetings of stockholders of the Company: (a) may be called by the Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors, upon motion of a director, and (b) shall be called by the Chairman of the Board of Directors or the Secretary of the Company upon a written request from stockholders of the Company holding at least twenty-five percent of the voting power of all the shares of capital stock of the Company then entitled to vote on the matter or matters to be brought before the proposed special meeting that complies with such procedures for calling a special meeting of stockholders as may be set forth in the Bylaws.

ARTICLE VIII
AMENDMENT OF BYLAWS

Section 8.1. Amendment by the Board of Directors. In furtherance, and not in limitation, of the powers conferred upon it by law, the Board of Directors is expressly authorized and empowered to amend, alter, change, adopt or repeal the Bylaws of the Company; provided, however, that no Bylaws hereafter adopted shall invalidate any prior act of the directors that would have been valid if such Bylaws had not been adopted.

Section 8.2. Amendment by Stockholders. In addition to any requirements of the DGCL (and notwithstanding the fact that a lesser percentage may be specified by the DGCL), unless otherwise specified in the Bylaws, the affirmative vote of the holders of a majority of all of the shares of capital stock of the Company then entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders of the Company to amend, alter, change, adopt or repeal any Bylaws of the Company.

ARTICLE IX
AMENDMENT OF CERTIFICATE OF INCORPORATION

The Company hereby reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and any other provisions authorized by the DGCL may be added or inserted, in the manner now or hereafter prescribed by the DGCL and all rights, preferences and privileges of whatsoever nature conferred on stockholders, directors or any other persons whomsoever therein granted are subject to this reservation.
Executed on this ___ day of ________, 2019.

DOW HOLDINGS INC.

By _________________________________
  Name:
  Title:
AMENDED AND RESTATED
BYLAWS
OF
DOW HOLDINGS INC.

Incorporated Under The Laws of Delaware

Effective as of [•], 2019

SECTION I — CAPITAL STOCK

1.1. Certificates. Shares of the capital stock of Dow Holdings Inc. (the “Company”), may be certificated or uncertificated in accordance with the General Corporation Law of Delaware (the “DGCL”); provided that, the shares of common stock, par value $0.01 per share, of the Company shall be uncertificated, as provided by resolutions adopted by the Board of Directors of the Company (the “Board”). To the extent any certificates are ever issued with respect to any class or series of a class of capital stock of the Company, every holder of stock represented by certificates shall be entitled to have a certificate, in such form as may be prescribed by law and the Board, signed in the name of the Company by the Chairman of the Board or the Chief Executive Officer or the Chief Financial Officer, and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Company, representing the number of shares registered in certificate form held by such holder. Any or all the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

1.2. Record Ownership. A record of the name and address of each holder of shares of capital stock of the Company, the number of shares held thereby and the date of issue thereof shall be made on the Company’s books, together with the number of any certificate(s) issued with respect thereto. The Company shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as required by the Delaware law. If certificated, the certificates of each class or series of a class of stock shall be numbered consecutively.

1.3. Transfer of Record Ownership. Subject to applicable laws, transfers of shares of stock of the Company shall be made on the books of the Company only by direction of the registered holder thereof or such person’s attorney, lawfully constituted in writing, and, if such shares are represented by a certificate, only upon the surrender to the Company or its transfer agent or other designated agent of the certificate representing such shares properly endorsed or accompanied by a properly executed written assignment of the shares evidenced thereby, which certificate shall be canceled before a new certificate or uncertificated shares are issued.

1.4. Lost Certificates. Any person claiming a stock certificate in lieu of one lost, stolen or destroyed shall give the Company an affidavit as to such person’s ownership of the certificate and of the facts which go to prove its loss, theft or destruction. Such person shall also, if required by policies adopted by the Board, give the Company a bond, in such form as may be approved by the General Counsel or his or her staff, sufficient to indemnify the Company against any claim that may be made against it on account of the alleged loss of the certificate or the issuance of a new certificate or of uncertificated shares.

1.5. Transfer Agents; Registrars; Rules Respecting Certificates. The Board may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars. The Board may make such further rules and regulations as it may deem expedient concerning the issue, transfer and registration of shares of stock of the Company.

1.6. Record Date. The Board may fix in advance a date, not more than sixty days or less than ten days preceding the date of an annual or special meeting of stockholders and not more than sixty days preceding the date of payment of a dividend or other distribution, allotment of rights or the date when any change, conversion or exchange of capital stock shall go into effect or for the purpose of any other lawful action, as the record date for determination of the stockholders entitled to notice of and to vote at any such meeting and any adjournment thereof, or to receive any such dividend or other distribution or allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to participate in any such other lawful action. Such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of and to vote at such meeting and any adjournment thereof, or to receive such dividend or other distribution or allotment of rights, or to exercise such rights, or to participate in any such other lawful action, as the case may be, notwithstanding any transfer of any stock on the books of the Company after any such record date fixed as aforesaid.
**SECTION II — MEETINGS OF STOCKHOLDERS**

2.1. **Annual Meeting.** The annual meeting of stockholders for the election of Directors and the transaction of such other business as may properly be brought before the meeting shall be held annually on a date and at a time and place, within or without Delaware, as determined by the Board. The Chairman of the Board or the Chief Executive Officer each may postpone, reschedule or adjourn any previously scheduled annual meeting of the stockholders.

2.2. **Special Meetings.**

   (a) **Purpose.** Special meetings of stockholders for any purpose or purposes (i) may be called by the Board, pursuant to a resolution adopted by a majority of the entire Board upon motion of a Director, and (ii) shall be called by the Chairman of the Board or the Secretary of the Company upon a written request from stockholders satisfying the ownership requirements as set forth in the Certificate of Incorporation that complies with the procedures for calling a special meeting of stockholders as set forth in these Bylaws. Any such request by stockholders shall (A) be delivered to, or mailed to and received by, the Secretary of the Company at the Company’s principal executive offices, (B) be signed by each stockholder, or a duly authorized agent of such stockholder, requesting the special meeting, (C) set forth the purpose or purposes of the meeting and (D) include the information required by Section 2.9 as applicable, and a representation by the stockholder(s) that within five business days after the record date for any such special meeting it will provide such information as of the record date for such special meeting to the extent not previously provided.

   (b) **Date, Time and Place.** A special meeting, whether called by the Board or called at the request of stockholders shall be held at such date, time and place, within or without Delaware, as determined by the Board; provided, however, that the date of any such special meeting shall be not more than ninety days after the request to call the special meeting by one or more stockholders who satisfy the requirements of this Section 2.2 is delivered to or received by the Secretary unless a later date is required in order to allow the Company to file the information required under Item 8 (or any comparable or successor provision) of Schedule 14A under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), if applicable. Notwithstanding the foregoing, a special meeting requested by stockholders shall not be held if: (i) the stated business to be brought before the special meeting is not a proper subject for stockholder action under applicable law, or (ii) the Board has called or calls for an annual meeting of stockholders to be held within ninety days after the request for the special meeting is delivered to or received by the Secretary and the Board determines in good faith that the business of such annual meeting includes (among any other matters properly brought before the annual meeting) the business specified in the stockholders’ request. A stockholder may revoke a request for a special meeting at any time by written revocation delivered to, or mailed to and received by, the Secretary. If, at any time after receipt by the Secretary of the Company of a proper request for a special meeting of stockholders, there are no longer valid requests from stockholders holding in the aggregate at least the requisite number of shares entitling the stockholders to request the calling of a special meeting, whether because of revoked requests or otherwise, the Board, in its discretion, may cancel the special meeting (or, if the special meeting has not yet been called, may direct the Chairman of the Board or the Secretary of the Company not to call such a meeting).

   (c) **Conduct of Meeting.** At any such special meeting, only such business may be transacted as is set forth in the notice of special meeting. Business transacted at a special meeting requested by stockholders shall be limited to the matters described in the special meeting request; provided, however, that nothing herein shall prohibit the Board from submitting matters to the stockholders at any special meeting requested by stockholders. If none of the stockholders who submitted the request for a special meeting appears or sends a qualified representative to present the nominations proposed to be presented or other business proposed to be conducted at the special meeting, the Company need not present such nominations or other business for a vote at such meeting. The chairman of a special meeting shall determine all matters relating to the conduct of the meeting, including, but not limited to, determining whether any nomination or other item of business has been properly brought before the meeting in accordance with these Bylaws, and if the chairman of the meeting should so determine and declare that any nomination or other item of business has not been properly brought before the special meeting, then such business shall not be transacted at such meeting.
2.3. **Notice.** Notice (either written or as otherwise permitted by the DGCL) of each meeting of stockholders, whether annual or special, stating the date, time, place and, with respect to a special meeting, purpose thereof, shall be distributed (either by the U.S. Postal Service or as otherwise permitted by the DGCL) by the Secretary or Assistant Secretary not less than ten days nor more than sixty days before the date of such meeting to every stockholder entitled to vote thereat.

2.4. **List of Stockholders.** A complete list of the stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be prepared by the Secretary at least ten days before every meeting of stockholders and shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten days before the meeting during ordinary business hours at the principal place of business of the Company. A list of stockholders entitled to vote at the meeting shall be produced and kept at the place of the meeting during the whole time of the meeting and may be examined by any stockholder who is present.

2.5. **Quorum.** The holders of a majority of the voting power of all of the shares of capital stock of the Company then entitled to vote with respect to any one of the purposes for which the meeting is called, present in person or represented by proxy, shall constitute a quorum, except as otherwise required by the DGCL. In the event of a lack of quorum at a meeting, the chairman of the meeting or a majority in interest of the stockholders present in person or represented by proxy may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be obtained. At any such adjourned meeting at which there is a quorum, any business may be transacted that might have been transacted at the meeting originally called.

2.6. **Organization.** The Chairman of the Board, or, in the absence of the Chairman of the Board, the Chief Executive Officer, or, in the absence of both, the Chief Financial Officer, General Counsel or any member of the Board selected by the members of the Board present, shall preside at meetings of stockholders as chairman of the meeting and shall determine the order of business for such meeting. The Secretary of the Company shall act as secretary at all meetings of stockholders, but in the absence of the Secretary, the chairman of the meeting may appoint a secretary of the meeting. Rules governing the procedures and conduct of meetings of stockholders shall be determined by the chairman of the meeting.

2.7. **Voting.** Subject to all of the rights of the preferred stock provided for by resolution or resolutions of the Board pursuant to Article IV of the Certificate of Incorporation or by the DGCL, each stockholder entitled to vote at a meeting shall be entitled to one vote, in person or by proxy (either written or as otherwise permitted by the DGCL), for each voting share held of record by such stockholder. The votes for the election of Directors and, upon the demand of any stockholder the vote upon any matter before the meeting, shall be by written ballot. Except as otherwise required by the DGCL or as specifically provided for in the Certificate of Incorporation or these Bylaws, in any question or matter brought before any meeting of stockholders (other than the election of Directors), the affirmative vote of the holders of voting shares present in person or by proxy representing a majority of the votes actually cast on any such question or matter at a meeting where there is a quorum shall be the act of the stockholders. Directors shall be elected by the vote of a majority of the votes cast at a meeting where there is a quorum; except that, notwithstanding the foregoing, Directors shall be elected by a plurality of the votes cast at a meeting where there is a quorum if as of the record date for such meeting the number of nominees exceeds the number of Directors to be elected. For purposes of the foregoing sentence, a majority of the votes cast means that the number of shares voted “for” a Director nominee must exceed the number of shares voted “against” that Director nominee.
2.8. **Inspectors of Election.** In advance of any meeting of stockholders, the Board or the chairman of the meeting shall appoint one or more inspectors to act at the meeting and make a written report thereof. The chairman of the meeting may designate one or more persons as alternate inspectors to replace any inspector who fails or is unable to act. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. At each meeting of stockholders, the inspector(s) shall ascertain the number of shares outstanding and the voting power of each, determine the shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots, determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspector(s), and certify the inspectors’ determination of the number of shares represented at the meeting and the count of all votes and ballots. The inspector(s) may appoint or retain other persons or entities to assist the inspector(s) in the performance of the duties of the inspector(s). Any report or certificate made by the inspector(s) shall be prima facie evidence of the facts stated therein.

2.9. **Notification of Stockholder Nominations and Other Business.**

(a) **Annual Meeting.**

(i) Nominations of persons for election to the Board and the proposal of business other than nominations to be considered by the stockholders may be made at an annual meeting of stockholders only (A) by or at the direction of the Board, (B) by any stockholder of the Company who is a stockholder of record at the time the notice provided for in this Section 2.9 is delivered to, or mailed to and received by, the Secretary of the Company, who is entitled to vote at such annual meeting and who complies with the notice procedures and disclosure requirements set forth in this Section 2.9, or (C) in the case of stockholder nominations to be included in the Company’s proxy statement for an annual meeting of stockholders, by an Eligible Stockholder (as defined below) who satisfies the notice, ownership and other requirements of Section 2.10 of these Bylaws.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (B) of Section 2.9(a)(i), such stockholder must have given timely written notice thereof in proper form to the Secretary of the Company and such proposed business must be a proper subject for stockholder action. To be timely, a stockholder’s notice must be delivered to, or mailed to and received by, the Secretary at the principal executive offices of the Company not later than the close of business on the ninetieth day or earlier than the close of business on the one hundred twentieth day prior to the anniversary date on which the Company first distributed its proxy materials for the prior year’s annual meeting of stockholders of the Company; provided, however, that in the event that the annual meeting is called for a date that is not within thirty days before or after the first anniversary of the prior year’s annual meeting, notice by the stockholder in order to be timely must be so delivered, or so mailed and received, not earlier than the close of business on the one hundred twentieth day prior to such annual meeting and not later than the close of business on the later of (A) the ninetieth day prior to such annual meeting and (B) the tenth day following the date on which public disclosure (as defined below) of the date of the annual meeting is first made by the Company. In no event shall the public disclosure of an adjournment or postponement of an annual meeting commence a new time period (or extend any notice time period) for the giving of a stockholder’s notice as described above. Such stockholder’s notice shall set forth:

(A) as to each person, if any, whom such stockholder proposes to nominate for election or re-election as a Director: (1) all information relating to such person that would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a Director in an election contest (even if an election contest is not involved) or that is otherwise required to be disclosed under Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, and (2) the written consent of the nominee to be named in the proxy statement as a nominee and to serving as a Director if elected and a representation by the nominee to the effect that, if elected, the nominee will agree to and abide by all policies of the Board as may be in place at any time and from time to time, and (3) any information that such person would be required to disclose pursuant to paragraph (ii)(D) of this Section 2.9, if such person were a stockholder purporting to make a nomination or propose business pursuant thereto;

(B) as to any other business that such stockholder proposes to bring before the meeting: (1) a brief description of the proposed business desired to be brought before the meeting, (2) the text of the proposal or proposed business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Company, the language of the proposed amendment), (3) the reasons for conducting such business at the meeting, (4) any substantial interest (within the meaning of Item 5 of Schedule 14A under the Exchange Act) in such business of such stockholder and the beneficial owner (within the meaning of Section 13(d) of the Exchange Act), if any, on whose behalf the business is being proposed, (5) any other information relating to such stockholder and beneficial owner, if any, on whose behalf the proposal is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal and pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, (6) a description of all agreements, arrangements, or understandings between or among such stockholder, or any affiliates or associates of such stockholder, and any other person or persons (including their names) in connection with the proposal of such business and any material interest of such stockholder or any affiliates or associates of such stockholder, in such business, including any anticipated benefit therefrom to such stockholder, or any affiliates or associates thereof, and (7) the information required by Section 2.9(a)(ii)(A) above;
(C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made or the other business is proposed: (1) the name and address of such stockholder, as they appear on the Company’s books, and the name and address of such beneficial owner, if any, on whose behalf the nomination is made, (2) the class and number of shares of capital stock of the Company which are owned (beneficially and of record) by such stockholder and owned by the beneficial owner, if any, on whose behalf the nomination is being made, as of the date of such stockholder’s notice, and such beneficial owner as of the date of the notice, (3) a written representation that such stockholder is the holder of record of shares of the Company entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such nomination or other business, (4) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of such stockholder’s notice by, or on behalf of, such stockholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of such stockholder or any of its affiliates or associates with respect to shares of stock of the Company, (5) a representation that such stockholder is a holder of record of shares of the Company entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (6) a representation whether such stockholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company’s outstanding capital stock required to approve the election of the nominee and/or otherwise to solicit proxies from stockholders in support of such election and (7) and, with respect to (2), (4) and (5) above, a representation that such stockholder will promptly notify the Company in writing of the same as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed;

(D) as to the stockholder giving the notice or, if the notice is given on behalf of a beneficial owner on whose behalf the nomination is made or the other business is proposed, as to such beneficial owner: (1) the class and number of shares of capital stock of the Company which are beneficially owned (as defined below) by such stockholder or beneficial owner as of the date of the notice, and a representation that such stockholder shall notify the Company in writing within five business days after the record date for such meeting of the class and number of shares of capital stock of the Company beneficially owned by such stockholder or beneficial owner as of the record date for the meeting, (2) a description of any agreement, arrangement or understanding with respect to the nomination or other business between or among such stockholder or beneficial owner and any other person, including without limitation any agreements that would be required to be disclosed pursuant to Item 5 or Item 6 of Exchange Act Schedule 13D (regardless of whether the requirement to file a Schedule 13D is applicable to the stockholder or beneficial owner) and a representation that the stockholder shall notify the Company in writing within five business days after the record date for such meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting, and (3) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder’s notice by, or on behalf of, such stockholder or beneficial owner, the effect or intent of which is to mitigate loss, manage risk or benefit from changes in the share price of any class of the Company’s capital stock, or maintain, increase or decrease the voting power of the stockholder or beneficial owner with respect to shares of stock of the Company, and a representation that the stockholder shall notify the Company in writing within five business days after the record date for such meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting.
(iii) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a Director of the Company, including information relevant to a determination whether such proposed nominee can be considered an independent Director or that could be material to a reasonable stockholders’ understanding of the independence, or lack thereof.

(iv) This Section 2.9(a) shall not apply to a proposal proposed to be made by a stockholder if the stockholder has notified the Company of his or her intention to present the proposal at an annual or special meeting only pursuant to and in compliance with Rule 14a-8 under the Exchange Act and such proposal has been included in a proxy statement that has been prepared by the Company to solicit proxies for such meeting.

(b) Special Meeting. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Company’s notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders called by the Board at which Directors are to be elected pursuant to the Company’s notice of meeting (i) by or at the direction of the Board or (ii) provided that the Board has determined that Directors shall be elected at such meeting, by any stockholder of the Company who is a stockholder of record at the time the notice provided for in this Section 2.9(b) is delivered to, or mailed to and received by, the Secretary of the Company and at the time of the special meeting, who is entitled to vote at the special meeting and upon such election and who complies with the notice procedures set forth in this Section 2.9 as to such nomination. In the event the Board calls a special meeting of stockholders for the purpose of electing one or more Directors to the Board, any such stockholder entitled to vote in such election of Directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Company’s notice of meeting, if the notice required by Section 2.9(a)(ii) shall be delivered to, or mailed to and received by, the Secretary at the principal executive offices of the Company not earlier than the close of business on the one hundred twentieth day prior to such special meeting and not later than the close of business on the later of the ninetieth day prior to such special meeting or the tenth day following the day on which public disclosure of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting is first made by the Company. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder’s notice as described above.

(c) General.

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.9 or Section 2.10 shall be eligible to be elected at any meeting of stockholders of the Company to serve as Directors and only such other business shall be conducted at a meeting of stockholders as shall have been properly brought before the meeting in accordance with the procedures set forth in this Section 2.9 or Section 2.10, as applicable. The chairman of the special meeting shall have the power and duty to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.9. If any proposed nomination or other business was not made or proposed in compliance with this Section 2.9 or Section 2.10, as applicable, then except as otherwise provided by law, the chairman of the meeting shall have the power and duty to declare that such nomination shall be disregarded or that such proposed other business shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.9, unless otherwise required by law, if the stockholder does not provide the information required under clause (2) of Section 2.9(a)(ii)(C) and clauses (1)-(3) of Section 2.9(a)(ii)(D) to the Company within five business days following the record date for an annual or special meeting of stockholders, or if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Company to present a nomination or proposed other business, such nomination shall be disregarded and such proposed other business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Company. For purposes of this Section 2.9, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or authorized by a writing executed by such stockholder (or a reliable reproduction or electronic transmission of the writing) delivered to the Company prior to the making of such nomination or proposal at such meeting by such stockholder stating that such person is authorized to act for such stockholder as proxy at the meeting of stockholders.
(ii) For purposes of this Section 2.9, “public disclosure” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, or comparable national news service or any document publicly filed by the Company with the Securities and Exchange Commission (the “Commission”) pursuant to Section 13, 14 or 15(d) of the Exchange Act. For purposes of clause (1) of Section 2.9(a)(ii)(D), shares shall be treated as “beneficially owned” by a person if the person beneficially owns such shares, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulations 13D and 13G thereunder or has or shares pursuant to any agreement, arrangement or understanding (whether or not in writing): (A) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time or the fulfillment of a condition or both), (B) the right to vote such shares, alone or in concert with others and/or (C) investment power with respect to such shares, including the power to dispose of, or to direct the disposition of, such shares.

2.10 Proxy Access for Director Nominations.

(a) Eligibility. Subject to the terms and conditions of these Bylaws, in connection with an annual meeting of stockholders at which Directors are to be elected, the Company (a) shall include in its proxy statement and on its form of proxy the names of, and (b) shall include in its proxy statement the “Additional Information” (as defined below) relating to, a number of nominees specified pursuant to Section 2.10(b)(i) (the “Authorized Number”) for election to the Board submitted pursuant to this Section 2.10 (each, a “Stockholder Nominee”), if:

(i) the Stockholder Nominee satisfies the eligibility requirements in this Section 2.10;

(ii) the Stockholder Nominee is identified in a timely notice (the “Stockholder Notice”) that satisfies this Section 2.10 and is delivered by a stockholder that qualifies as, or is acting on behalf of, an Eligible Stockholder (as defined below);

(iii) the Eligible Stockholder satisfies the requirements in this Section 2.10 and expressly elects at the time of the delivery of the Stockholder Notice to have the Stockholder Nominee included in the Company’s proxy materials; and

(iv) the additional requirements of these Bylaws are met.

(b) Definitions.

(i) The maximum number of Stockholder Nominees appearing in the Company’s proxy materials with respect to an annual meeting of stockholders (the “Authorized Number”) shall not exceed the greater of (x) two or (y) twenty percent (20%) of the number of Directors in office as of the last day on which a Stockholder Notice may be delivered pursuant to this Section 2.10 with respect to the annual meeting, or if such amount is not a whole number, the closest whole number (rounding down) below twenty percent (20%); provided that the Authorized Number shall be reduced by any nominees who were previously elected to the Board as Stockholder Nominees at any of the preceding two annual meetings and who are nominated for election at the annual meeting by the Board as a Board nominee. In the event that one or more vacancies for any reason occurs after the date of the Stockholder Notice but before the annual meeting and the Board resolves to reduce the size of the Board in connection therewith, the Authorized Number shall be calculated based on the number of Directors in office as so reduced.

(ii) To qualify as an “Eligible Stockholder,” a stockholder or a group as described in this Section 2.10 must:

(A) Own and have Owned (as defined below), continuously for at least three years as of the date of the Stockholder Notice, a number of shares (as adjusted to account for any stock dividend, stock split, subdivision, combination, reclassification or recapitalization of shares of the Company that are entitled to vote generally in the election of Directors) that represents at least three percent (3%) of the outstanding shares of the Company that are entitled to vote generally in the election of Directors as of the date of the Stockholder Notice (the “Required Shares”); and
For purposes of satisfying the ownership requirements of this Section 2.10(b)(ii), a group of not more than twenty stockholders and/or beneficial owners may aggregate the number of shares of the Company that are entitled to vote generally in the election of Directors that each group member has individually Owned continuously for at least three years as of the date of the Stockholder Notice if all other requirements and obligations for an Eligible Stockholder set forth in this Section 2.10 are satisfied by and as to each stockholder or beneficial owner comprising the group whose shares are aggregated. No shares may be attributed to more than one Eligible Stockholder, and no stockholder or beneficial owner, alone or together with any of its affiliates, may individually or as a member of a group qualify as or constitute more than one Eligible Stockholder under this Section 2.10. A group of any two or more funds shall be treated as only one stockholder or beneficial owner for this purpose if they are (A) under common management and investment control OR (B) under common management and funded primarily by a single employer OR (C) part of a family of funds, meaning a group of publicly offered investment companies (whether organized in the U.S. or outside the U.S.) that hold themselves out to investors as related companies for purposes of investment and investor services. For purposes of this Section 2.10, the term “affiliate” or “affiliates” shall have the meanings ascribed thereto under the rules and regulations promulgated under the Exchange Act.

(iii) For purposes of this Section 2.10:

(A) A stockholder or beneficial owner is deemed to “Own” only those outstanding shares of the Company that are entitled to vote generally in the election of Directors as to which the person possesses both (1) the full voting and investment rights pertaining to the shares and (2) the full economic interest in (including the opportunity for profit and risk of loss on) such shares, except that the number of shares calculated in accordance with clauses (1) and (2) shall not include any shares (a) sold by such person in any transaction that has not been settled or closed, (b) borrowed by the person for any purposes or purchased by the person pursuant to an agreement to resell, or (c) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement entered into by the person, whether the instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Company that are entitled to vote generally in the election of Directors, if the instrument or agreement has, or is intended to have, or if exercised would have, the purpose or effect of (x) reducing in any manner, to any extent or at any time in the future, the person’s full right to vote or direct the voting of the shares, and/or (y) hedging, offsetting or altering to any degree any gain or loss arising from the full economic ownership of the shares by the person. The terms “Owned,” “Owning” and other variations of the word “Own,” when used with respect to a stockholder or beneficial owner, have correlative meanings. For purposes of clauses (a) through (c), the term “person” includes its affiliates.

(B) A stockholder or beneficial owner “Owns” shares held in the name of a nominee or other intermediary so long as the person retains both (1) the full voting and investment rights pertaining to the shares and (2) the full economic interest in the shares. The person’s Ownership of shares is deemed to continue during any period in which the person has delegated any voting power by means of a proxy, power of attorney, or other instrument or arrangement that is revocable at any time by the stockholder.

(C) A stockholder or beneficial owner’s Ownership of shares shall be deemed to continue during any period in which the person has loaned the shares if the person has the power to recall the loaned shares on not more than five business days’ notice.

(iv) For purposes of this Section 2.10, the “Additional Information” referred to in Section 2.10(a) that the Company will include in its proxy statement is:

(A) the information set forth in the Schedule 14N provided with the Stockholder Notice concerning each Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Company’s proxy statement by the applicable requirements of the Exchange Act and the rules and regulations thereunder; and
(B) if the Eligible Stockholder so elects, a written statement of the Eligible Stockholder (or, in the case of a group, a written statement of the group), not to exceed five hundred words, in support of its Stockholder Nominee(s), which must be provided at the same time as the Stockholder Notice for inclusion in the Company’s proxy statement for the annual meeting (the “Statement”).

Notwithstanding anything to the contrary contained in this Section 2.10, the Company may omit from its proxy materials any information or Statement that it, in good faith, believes is untrue in any material respect (or omits a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading) or would violate any applicable law, rule, regulation or listing standard. Nothing in this Section 2.10 shall limit the Company’s ability to solicit against and include in its proxy materials its own statements relating to any Eligible Stockholder or Stockholder Nominee.

(c) Stockholder Notice and Other Informational Requirements.

(i) The Stockholder Notice shall set forth all information, representations and agreements required under Section 2.9(a)(ii) above, including the information required with respect to (i) any nominee for election as a Director, (ii) any stockholder giving notice of an intent to nominate a candidate for election, and (iii) any stockholder, beneficial owner or other person on whose behalf the nomination is made under this Section 2.10. In addition, such Stockholder Notice shall include:

(A) a copy of the Schedule 14N that has been or concurrently is filed with the Commission under the Exchange Act;

(B) a written statement of the Eligible Stockholder (and in the case of a group, the written statement of each stockholder or beneficial owner whose shares are aggregated for purposes of constituting an Eligible Stockholder), which statement(s) shall also be included in the Schedule 14N filed with the SEC, setting forth and certifying to the number of shares of the Company entitled to vote generally in the election of Directors that the Eligible Stockholder Owns and has Owned (as defined in Section 2.10(b)(iii) of these Bylaws) continuously for at least three years as of the date of the Stockholder Notice, and agreeing to continue to Own such shares through the annual meeting;

(C) the written agreement of the Eligible Stockholder (and in the case of a group, the written agreement of each stockholder or beneficial owner whose shares are aggregated for purposes of constituting an Eligible Stockholder) addressed to the Company, setting forth the following additional agreements, representations and warranties:

(1) it shall provide (a) within five business days after the date of the Stockholder Notice, one or more written statements from the record holder(s) of the Required Shares and from each intermediary through which the Required Shares are or have been held, in each case during the requisite three-year holding period, specifying the number of shares that the Eligible Stockholder Owns, and has Owned continuously in compliance with this Section 2.10, (b) within five business days after the record date for the annual meeting both the information required under Section 2.9(a)(ii)(C) and Section 2.9(a)(ii)(D) and notification in writing verifying the Eligible Stockholder’s continuous Ownership of the Required Shares, in each case, as of such date, and (c) immediate notice to the Company if the Eligible Stockholder ceases to own any of the Required Shares prior to the annual meeting;

(2) it (a) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the Company, and does not presently have this intent, (b) has not nominated and shall not nominate for election to the Board at the annual meeting any person other than the Stockholder Nominee(s) being nominated pursuant to this Section 2.10, (c) has not engaged and shall not engage in, and has not been and shall not be a participant (as defined in Item 4 of Exchange Act Schedule 14A) in, a solicitation within the meaning of Exchange Act Rule 14a-1(l), in support of the election of any individual as a Director at the annual meeting other than its Stockholder Nominee(s) or any nominee(s) of the Board, and (d) shall not distribute to any stockholder any form of proxy for the annual meeting other than the form distributed by the Company; and
(3) it will (a) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder’s communications with the stockholders of the Company or out of the information that the Eligible Stockholder provided to the Company, (b) indemnify and hold harmless the Company and each of its Directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Company or any of its Directors, officers or employees arising out of the Eligible Stockholder’s communications with the stockholders of the Company or out of the information that the Eligible Stockholder provided to the Company, (c) comply with all laws, rules, regulations and listing standards applicable to its nomination or any solicitation in connection with the annual meeting, (d) file with the Commission any solicitation or other communication by or on behalf of the Eligible Stockholder relating to the Company’s annual meeting of stockholders, one or more of the Company’s Directors or Director nominees or any Stockholder Nominee, regardless of whether the filing is required under Exchange Act Regulation 14A, or whether any exemption from filing is available for the materials under Exchange Act Regulation 14A, and (e) at the request of the Company, promptly, but in any event within five business days after such request (or by the day prior to the day of the annual meeting, if earlier), provide to the Company such additional information as reasonably requested by the Company; and

(D) in the case of a nomination by a group, the designation by all group members of one group member that is authorized to act on behalf of all members of the group with respect to the nomination and matters related thereto, including withdrawal of the nomination, and the written agreement, representation, and warranty of the Eligible Stockholder that it shall provide, within five business days after the date of the Stockholder Notice, documentation reasonably satisfactory to the Company demonstrating that the number of stockholders and/or beneficial owners within such group does not exceed twenty, including whether a group of funds qualifies as one stockholder or beneficial owner within the meaning of Section 2.10(b)(ii).

All information provided pursuant to this Section 2.10(c)(i) shall be deemed part of the Stockholder Notice for purposes of this Section 2.10.

(ii) To be timely under this Section 2.10, the Stockholder Notice must be delivered to, or mailed to and received by, the Secretary at the principal executive offices of the Company not later than the close of business on the one hundred twentieth day or earlier than the close of business on the one hundred fiftieth day prior to the anniversary date on which the Company first distributed its definitive proxy materials for the prior year’s annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty days before or after the first anniversary of the prior year’s annual meeting, notice by the stockholder in order to be timely, must be so delivered, or so mailed and received, not earlier than the close of business on the one hundred fiftieth day prior to such annual meeting and not later than the close of business on the later of the one hundred twentieth day prior to such annual meeting or the tenth day following the date on which public disclosure (as defined in Section 2.9(c)(ii) above) of the date of the annual meeting is first made by the Company. In no event shall the public disclosure of an adjournment or a postponement of an annual meeting commence a new time period (or extend any time period) for the giving of the Stockholder Notice as described above.

(iii) Within the time period for delivery of the Stockholder Notice, a written representation and agreement of each Stockholder Nominee shall be delivered to the Secretary of the Company at the principal executive offices of the Company, which shall be signed by each Stockholder Nominee and shall represent and agree (A) as to the matters set forth in Section 2.9(a)(ii)(A), and (B) that such Stockholder Nominee consents to being named in the Company’s proxy statement and form of proxy as a nominee and to serving as a Director if elected. At the request of the Company, the Stockholder Nominee must promptly, but in any event within five business days after such request, submit all completed and signed questionnaires required of the Company’s nominees and provide to the Company such other information as it may reasonably request. The Company may request such additional information as necessary to permit the Board to determine if each Stockholder Nominee satisfies the requirements of this Section 2.10.
In the event that any information or communications provided by the Eligible Stockholder or any Stockholder Nominees to the Company or its stockholders is not, when provided, or thereafter ceases to be, true, correct and complete in all material respects (including omitting a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading), such Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary and provide the information that is required to make such information or communication true, correct, complete and not misleading; it being understood that providing any such notification shall not be deemed to cure any defect or limit the Company’s right to omit a Stockholder Nominee from its proxy materials as provided in this Section 2.10.

(d) Proxy Access Procedures.

(i) Notwithstanding anything to the contrary contained in this Section 2.10, the Company may omit from its proxy materials any Stockholder Nominee, and such nomination shall be disregarded and no vote on such Stockholder Nominee shall occur, notwithstanding that proxies in respect of such vote may have been received by the Company, if:

(A) the Eligible Stockholder or Stockholder Nominee breaches any of its agreements, representations or warranties set forth in the Stockholder Notice or otherwise submitted pursuant to this Section 2.10, any of the information in the Stockholder Notice or otherwise submitted pursuant to this Section 2.10 was not, when provided, true, correct and complete, or the Eligible Stockholder or applicable Stockholder Nominee otherwise fails to comply with its obligations pursuant to these Bylaws, including, but not limited to, its obligations under this Section 2.10;

(B) the Stockholder Nominee (1) is not independent under any applicable listing standards, any applicable rules of the Commission and any publicly disclosed standards used by the Board in determining and disclosing the independence of the Company’s Directors, (2) is or has been, within the past three years, an officer or Director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, (3) is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in a criminal proceeding (excluding traffic violations and other minor offenses) within the past ten years or (4) is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended;

(C) the Company has received a notice (whether or not subsequently withdrawn) that a stockholder intends to nominate any candidate for election to the Board pursuant to the advance notice requirements for stockholder nominees for Director in Section 2.9(a); or

(D) the election of the Stockholder Nominee to the Board would cause the Company to violate the Certificate of Incorporation of the Company, these Bylaws, or any applicable law, rule, regulation or listing standard.

(ii) An Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Company’s proxy materials pursuant to this Section 2.10 shall rank such Stockholder Nominees based on the order that the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the Company’s proxy materials and include such assigned rank in its Stockholder Notice submitted to the Company. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 2.10 exceeds the Authorized Number, the Stockholder Nominees to be included in the Company’s proxy materials shall be determined in accordance with the following provisions: one Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 shall be selected from each Eligible Stockholder for inclusion in the Company’s proxy materials until the Authorized Number is reached, going in order of the amount (largest to smallest) of shares of the Company each Eligible Stockholder disclosed as Owned in its Stockholder Notice submitted to the Company and going in the order of the rank (highest to lowest) assigned to each Stockholder Nominee by such Eligible Stockholder. If the Authorized Number is not reached after one Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 has been selected from each Eligible Stockholder, this selection process shall continue as many times as necessary, following the same order each time, until the Authorized Number is reached. Following such determination, if any Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 thereafter is nominated by the Board, thereafter is not included in the Company’s proxy materials or thereafter is not submitted for Director election for
any reason (including the Eligible Stockholder’s or Stockholder Nominee’s failure to comply with this Section 2.10), no other nominee or nominees shall be included in the Company’s proxy materials or otherwise submitted for election as a Director at the applicable annual meeting in substitution for such Stockholder Nominee.

(iii) Any Stockholder Nominee who is included in the Company’s proxy materials for a particular annual meeting of stockholders but withdraws from or becomes ineligible or unavailable for election at the annual meeting for any reason, including for the failure to comply with any provision of these Bylaws (provided that in no event shall any such withdrawal, ineligibility or unavailability commence a new time period (or extend any time period) for the giving of a Stockholder Notice) shall be ineligible to be a Stockholder Nominee pursuant to this Section 2.10 for the next two annual meetings.

(iv) Notwithstanding the foregoing provisions of this Section 2.10, unless otherwise required by law or otherwise determined by the chairman of the meeting or the Board, if the stockholder delivering the Stockholder Notice (or a qualified representative of the stockholder, as defined in Section 2.9(c)(i)) does not appear at the annual meeting of stockholders of the Company to present its Stockholder Nominee or Stockholder Nominees, such nomination or nominations shall be disregarded, notwithstanding that proxies in respect of the election of the Stockholder Nominee or Stockholder Nominees may have been received by the Company.

(v) The Board (and any other person or body authorized by the Board) shall have the power and authority to interpret this Section 2.10 and to make any and all determinations necessary or advisable to apply this Section 2.10 to any persons, facts or circumstances, including, without limitation, the power to determine (1) whether one or more stockholders or beneficial owners qualifies as an Eligible Stockholder, (2) whether a Stockholder Notice complies with this Section 2.10 and has otherwise met the requirements of this Section 2.10, (3) whether a Stockholder Nominee satisfies the qualifications and requirements in this Section 2.10, and (4) whether any and all requirements of this Section 2.10 (or any applicable requirements of Section 2.9) have been satisfied. Any such interpretation or determination adopted in good faith by the Board (or any other person or body authorized by the Board) shall be binding on all persons, including, without limitation, the Company and its stockholders (including, without limitation, any beneficial owners).

(vi) This Section 2.10 shall be the exclusive method for stockholders to include Director nominees for election in the Company’s proxy materials.

SECTION III — BOARD

3.1. **Number and Qualifications.** The business and affairs of the Company shall be managed by or under the direction of its Board. The number of Directors constituting the entire Board shall be not less than six nor more than twenty-one, as fixed from time to time exclusively by a resolution of a majority of the entire Board. As used in these Bylaws, the term “entire Board” means the total authorized number of Directors that the Company would have if there were no vacancies.

3.2. **Term.** Subject to any rights of holders of preferred stock to elect directors, each director shall hold office until the next annual meeting for the election of directors and until the director’s successor is duly elected and qualified.

3.3. **Resignation.** A Director may resign at any time by giving written notice to the Chairman of the Board, to the Chief Executive Officer or the Secretary. Unless otherwise stated in such notice of resignation, the acceptance thereof shall not be necessary to make it effective; and such resignation shall take effect at the time or upon the happening of an event specified therein or, in the absence of such specification, it shall take effect upon the receipt thereof.

3.4. **Vacancies.** Subject to the provisions of the Certificate of Incorporation and the rights of the holders of any class or series of preferred stock to elect directors, any vacancies on the Board for any reason, including from the death, resignation, disqualification or removal of any director, and any newly created directorships resulting by reason of any increase in the number of directors shall be filled exclusively by the Board, acting by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by stockholders. Any directors elected to fill a vacancy shall hold office until the next annual meeting of stockholders or until their successors are duly elected and qualified.
3.5. **Regular Meetings.** Regular meetings of the Board may be held without further notice on such date and at such time and place as shall from time to time be determined by the Board. A meeting of the Board for the election of officers and the transaction of such other business as may come before it may be held without notice immediately following the annual meeting of stockholders.

3.6. **Special Meetings.** Special meetings of the Board may be called by the Chairman of the Board or the Chief Executive Officer or at the request in writing or by the affirmative vote of a majority of the Directors then in office.

3.7. **Notice of Special Meetings.** Notice of the time and place of each special meeting shall be mailed to each Director at least two days before the meeting at his or her residence or usual place of business, or telegraphed, telecopied or electronically transmitted or delivered personally or by telephone to such Director at least one day before the meeting but such notice may be waived by such Director. The notice need not state the purposes of the special meeting and, unless indicated in the notice thereof, any and all business may be transacted at a special meeting.

3.8. **Place of Meetings.** The Directors may hold their meetings and have an office or offices within or outside of Delaware as the Board may from time to time determine.

3.9. **Participation in Meetings by Conference Telephone.** Members of the Board, or of any committee thereof, may participate in a meeting of the Board or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

3.10. **Quorum.** A majority of the total number of Directors then holding office shall constitute a quorum. In the event of lack of a quorum, a majority of the Directors present may adjourn the meeting from time to time without notice, other than announcement at the meeting, until a quorum shall be obtained.

3.11. **Organization.** The Chairman of the Board, or, in the absence of the Chairman of the Board, the Chief Executive Officer, or, in the absence of both, a member of the Board selected by the members present, shall preside at meetings of the Board. The Secretary or an Assistant Secretary of the Company shall act as secretary, but in the absence of the Secretary or an Assistant Secretary, the presiding officer may appoint a secretary.

3.12. **Compensation of Directors.** Directors shall receive such compensation for their services on the Board and any committee thereof and such reimbursement for their expenses of attending meetings of the Board and any committee thereof as the Board may determine from time to time.

3.13. **Action by Written Consent.** Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee thereof. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.14. **Interested Transactions.** No contract or transaction between the Company and one or more of its directors or officers, or between the Company and any other corporation, partnership, association or other organization in which one or more of the Company’s directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because any such director’s or officer’s vote is counted for such purpose if: (a) the material facts as to the director’s or officer’s relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to the director’s or officer’s relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Company as of the time it is authorized, approved or ratified by the Board, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee that authorizes the contract or transaction.
SECTION IV — COMMITTEES OF THE BOARD

4.1. **Creation and Organization.** The standing committees of the Board shall be an Audit Committee; a Compensation and Leadership Development Committee; a Corporate Governance Committee; and an Environment, Health, Safety & Technology Committee, having the respective powers and duties assigned to each in this Section IV and any other powers and duties assigned to such committee by resolution passed by a majority of the entire Board from time to time. Except as specified herein, each such standing committee shall consist of one or more Directors and such other ex officio members as the Board shall from time to time determine. The chairman of each standing committee shall be one or more of such committee’s members who shall be designated as that committee’s chairman by a majority vote of the entire Board. Members of each standing committee shall be elected by a majority vote of the entire Board. Vacancies in any standing committee shall be filled by a majority vote of the entire Board. The Board may appoint management employees of the Company or its subsidiaries to be ex officio members of any standing committee. Ex officio members of standing committees shall be entitled to be present at all meetings of their respective committees and to participate in committee discussions, but shall not be entitled to vote or be counted for quorum purposes. Each standing committee shall fix its own rules of procedure and shall meet where and as provided by such rules, but the presence of a majority of its members shall be necessary to constitute a quorum. The Board may from time to time designate one or more additional committees or special committees with such powers and such members as it may designate in a resolution or resolutions adopted by a majority of the entire Board.

4.2. **Audit Committee.** The Audit Committee shall have the sole authority to appoint or replace the Company’s independent auditors, subject to shareholder ratification at each annual meeting. The Audit Committee shall assist the Board in monitoring:

   (a) the integrity of the financial statements of the Company;
   (b) the independent auditor’s qualifications, independence and performance;
   (c) the performance of the Company’s internal controls and audit function;
   (d) the application of the Company’s accounting principles; and
   (e) the compliance by the Company with legal and regulatory requirements.

The Audit Committee shall prepare the report required by the rules of the Commission to be included in the Company’s annual meeting proxy statement.

4.3. **Compensation and Leadership Development Committee.** The Compensation and Leadership Development Committee shall discharge the Board’s responsibilities relating to the total compensation of the Company’s Chief Executive Officer and other senior executives in a manner consistent with and in support of the business objectives of the Company, competitive practice, and all applicable rules and regulations.

4.4. **Corporate Governance Committee.** The Corporate Governance Committee shall consider and report periodically to the Board on all matters relating to the selection, qualification, and compensation of members of the Board and candidates nominated to the Board, as well as any other matters relating to the duties of the members of the Board. The Committee shall act as a nominating committee with respect to candidates for Directors and will make recommendations to the full Board concerning the size of the Board and structure of committees of the Board. The Committee shall also assist the Board with oversight of corporate governance matters.

4.5. **Environment, Health, Safety & Technology Committee.** The Environment, Health, Safety & Technology Committee shall have:

   (a) the authority and responsibility to assess current aspects of the Company’s environment, health and safety policies and performance and to make recommendations to the Board and the management of the Company with regard to promoting and maintaining superior standards of performance;
   (b) oversight responsibility and shall advise the Board on matters impacting corporate social responsibility and the Company’s public reputation. The Committee’s focus includes the Company’s public policy management, philanthropic contributions, international codes of business conduct, and corporate reputation management. Recognizing that positive perceptions of the Company’s policies and practices are valuable assets, the Committee will monitor these perceptions and will make recommendations to the Board and management to continually enhance the Company’s public standing; and
(c) oversight responsibility to assess all aspects of the Company’s science and technology capabilities in all phases of its activities in relation to its strategies and plans and to make recommendations to the Board and the management of the Company to continually enhance the Company’s science and technology capabilities.

4.6. **Powers Reserved to the Board.** No committee of the Board shall have the power or authority to:

(a) approve or adopt, or recommend to stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval; or

(b) adopt, amend, or repeal these Bylaws.

No committee of the Board shall take any action that is required by these Bylaws, the Certificate of Incorporation or the DGCL to be taken by a vote of a specified proportion of the entire Board.

**SECTION V — OFFICERS**

5.1. **Designation.** The officers of the Company appointed by the Board shall be a Chairman of the Board (provided, that, if a non-employee is designated as Chairman they shall not serve as an officer), a Chief Executive Officer, a Chief Financial Officer, a General Counsel, and may also include a President, one or more Executive Vice Presidents, one or more Vice Presidents, a Treasurer, a Controller, and a Secretary. The Board also may elect or appoint, or provide for the appointment of, and, if delegated to the Chief Executive Officer, the Chief Executive Officer also may elect or appoint, such other officers, assistant officers (including, without limitation one or more Assistant Treasurers, Assistant Controllers and Assistant Secretaries) and agents as may from time to time appear necessary or advisable in the conduct of the business and affairs of the Company.

5.2. **Election and Term.** At its first meeting after each annual meeting of stockholders, the Board shall elect the officers. The term of each officer shall be until the first meeting of the Board following the next annual meeting of stockholders and until such officer’s successor is chosen and qualified, unless a different term is specified in the resolution electing or appointing such officer, or until such person’s earlier death, disqualification or removal.

5.3. **Resignation.** Any officer may resign at any time by giving written notice to the Chairman of the Board, the Chief Executive Officer or the Secretary. Unless otherwise stated in such notice of resignation, the acceptance thereof shall not be necessary to make it effective; and such resignation shall take effect at the time specified therein or, in the absence of such specification, it shall take effect upon the receipt thereof.

5.4. **Removal.** Except where otherwise expressly provided in a contract authorized by the Board, any officer elected or appointed by the Board may be removed at any time with or without cause by the affirmative vote of a majority of the entire Board.

5.5. **Vacancies.** A vacancy in any office for any reason may be filled for the unexpired portion of the term by resolution of the Board. The Board may, in its discretion, leave unfilled for such period of time as it may determine, any offices.

5.6. **Chairman of the Board.** The Chairman of the Board shall preside at all meetings of the Board and shall have such other powers and perform such other duties as may be assigned by the Board.

5.7. **Chief Executive Officer.** The Chief Executive Officer shall be in general and active charge of the business and affairs of the Company, and shall have such other powers and perform such other duties as may be assigned by the Board.

5.8. **Chief Financial Officer.** The Chief Financial Officer shall be the principal financial officer of the Company, and shall have such other powers and perform such other duties as may be assigned by the Board.
5.9. **President.** The President shall have such other powers and perform such other duties as may be assigned by the Board.

5.10. **Executive Vice Presidents.** The Executive Vice Presidents shall assist the Chief Executive Officer in the management of the business and affairs of the Company and shall perform such other duties as may be assigned by the Chief Executive Officer or the Board.

5.11. **Vice Presidents.** Each Vice President shall have such powers and perform such duties as may be assigned by the President or the Board. The Board may designate one or more Vice Presidents as Senior Vice Presidents, Group Vice Presidents or Corporate Vice Presidents.

5.12. **Treasurer.** The Treasurer shall have charge of all funds of the Company and shall perform all acts incident to the position of Treasurer, subject to the control of the Board.

5.13. **Assistant Treasurers.** Each Assistant Treasurer shall have such powers and perform such duties as may be assigned by the Treasurer or the Board.

5.14. **Secretary.** The Secretary or an Assistant Secretary shall keep the minutes and give notices of all meetings of stockholders and Directors and of such committees as directed by the Board. The Secretary shall have charge of such books and papers as the Board may require. The Secretary or any Assistant Secretary is authorized to certify copies of extracts from minutes and of documents in the Secretary’s charge, and anyone may rely on such certified copies to the same effect as if such copies were originals and may rely upon any statement of fact concerning the Company certified by the Secretary or any Assistant Secretary. The Secretary shall perform all acts incident to the office of Secretary, subject to the control of the Board.

5.15. **Assistant Secretaries.** Each Assistant Secretary shall have such powers and perform such duties as may be assigned by the Secretary or the Board.

5.16. **Controller.** The Controller shall be the principal accounting officer of the Company. The Controller shall have such other powers and perform such other duties as may be assigned by the Board and shall submit such reports and records to the Board as it may request.

5.17. **Assistant Controllers.** Each Assistant Controller shall have such powers and perform such duties as may be assigned by the Controller or the Board.

5.18. **General Counsel.** The General Counsel shall be in charge of all matters concerning the Company involving litigation or legal counseling. The General Counsel shall have such other powers and perform such other duties as may be assigned by the Board and shall submit such reports to the Board as it may request.

5.19. **Compensation of Officers.** The officers of the Company shall receive such compensation for their services as the Compensation and Leadership Development Committee may determine.

**SECTION VI — INDEMNIFICATION**

6.1. **Mandatory Indemnification.** The Company shall indemnify, to the fullest extent permitted by Delaware law, any person who was or is a defendant or is threatened to be made a defendant to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person:

(a) is or was a Director, officer or employee of the Company;

(b) is or was a Director, officer or employee of the Company and is or was serving at the request of the Company as a director, trustee, member, member representative, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise; or

(c) is or was serving at the request of the Company as a director, trustee, member, member representative or officer of another corporation, partnership, limited liability company, joint venture, trust or other enterprise

against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such
person’s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person’s conduct was unlawful.

6.2. Permitted Indemnification. The Company may indemnify, to the fullest extent permitted by Delaware law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person:

(a) is or was a Director, officer, employee or agent of the Company; or

(b) is or was serving at the request of the Company as a director, trustee, member, member representative, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person’s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person’s conduct was unlawful.

6.3. Expenses Payable in Advance. Expenses (including attorneys’ fees) incurred by any person who is or was a Director or officer of the Company, or any person who is or was serving at the request of the Company as a director, trustee, member, member representative or officer of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, in defending or investigating a threatened or pending action, suit or proceeding, whether civil, criminal, administrative or investigative, shall be paid by the Company to the fullest extent permitted by Delaware law in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount if it ultimately shall be determined that such person is not entitled to be indemnified by the Company as authorized in this Section VI. Such expenses (including attorneys’ fees) incurred by any person who is or was an employee or agent of the Company, or any person who is or was serving at the request of the Company as an employee or agent of another corporation, partnership, limited liability company, joint venture, trust or enterprise may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

6.4. Judicial Determination of Mandatory Indemnification or Mandatory Advancement of Expenses. Any person may apply to any court of competent jurisdiction in Delaware to order indemnification or advancement of expenses to the extent mandated under Sections 6.1 or 6.3 above. The basis of such order of indemnification or advancement of expenses by a court shall be a determination by such court that indemnification of, or advancement of expenses to, such person is proper in the circumstances. Notice of any application for indemnification or advancement of expenses pursuant to this Section 6.4 shall be given to the Company promptly upon the filing of such application. The burden of proving that such person is not entitled to such mandatory indemnification or mandatory advancement of expenses, or that the Company is entitled to recover the mandatory advancement of expenses pursuant to the terms of an undertaking, shall be on the Company. If successful in whole or in part in obtaining an order for mandatory indemnification or mandatory advancement of expenses, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, such person shall also be entitled to be paid all costs (including attorneys’ fees and expenses) in connection therewith.

6.5. Nonexclusivity. The indemnification and advancement of expenses mandated or permitted by, or granted pursuant to, this Section VI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, any Bylaw, agreement, contract, vote of stockholders or disinterested Directors, or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise both as to action by the person in an official capacity and as to action in another capacity while holding such office it being the policy of the Company that indemnification of the persons specified in Section 6.1 and Section 6.3 shall be made to the fullest extent permitted by law. The provisions of this Section VI shall not be deemed to preclude the indemnification of any person who is not specified in Section 6.1 or 6.3 of this Section VI, but whom the Company has the power or obligation to indemnify under Delaware law or otherwise.
6.6. **Insurance.** The Company may, but shall not be obligated to, purchase and maintain at its expense insurance on behalf of any person who is or was a Director, officer, employee or agent of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, trustee, member, member representative, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any liability asserted against and incurred by such person in any such capacity, or arising out of the person’s status as such, whether or not the Company would have the power or the obligation to indemnify such person against such liability under the provisions of this Section VI.

6.7. **Definitions.** For the purposes of this Section VI references to “the Company” shall include, in addition to the resulting company, any constituent company (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, trustees, members, member representatives, officers, employees or agents, so that any person who is or was a director, trustee, member, member representative, officer, employee or agent of such constituent company, or is or was serving at the request of such constituent company as a director, trustee, member, member representative, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section VI with respect to the resulting or surviving company as such person would have with respect to such constituent company if its separate existence had continued. The term “other enterprise” as used in this Section VI shall include employee benefit plans. References to “fines” in this Section VI shall include excise taxes assessed on a person with respect to an employee benefit plan. The phrase “serving at the request of the Company” shall include any service as a director, trustee, member, member representative, officer, employee or agent that imposes duties on, or involves services by, such director, trustee, member, member representative, officer, employee or agent with respect to any employee benefit plan, its participants or beneficiaries.

6.8. **Survival.** The indemnification and advancement of expenses provided by, or granted pursuant to, this Section VI shall continue as to a person who has ceased to be a Director, officer, employee or agent of the Company, and to a person who has ceased to serve at the request of the Company as a director, trustee, member, member representative, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, and, in each case, shall inure to the benefit of the heirs, executors and administrators of such person.

6.9. **Repeal, Amendment or Modification.** Any repeal, amendment or modification of this Section VI shall not affect any rights or obligations then existing between the Company and any person referred to in this Section VI with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon such state of facts.

**SECTION VII — MISCELLANEOUS**

7.1. **Seal.** The corporate seal shall have inscribed upon it the name of the Company, the year “2018” and the words “Seal” and “Delaware.” The Secretary shall be in charge of the seal and may authorize a duplicate seal to be kept and used by any other officer or person.

7.2. **Waiver of Notice.** Whenever any notice is required to be given to any stockholder or Director of the Company, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

7.3. **Voting of Stock Owned by the Company.** Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Company may be executed in the name of and on behalf of the Company by the Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President or the General Counsel. Any such officer may, in the name of and on behalf of the Company, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Company may own securities and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the Company might have exercised and possessed if present. The Board may from time to time confer like powers upon any other person or persons.
7.4. **Forum for Adjudication of Certain Disputes.** Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company’s stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the provisions of this Section 7.4. Failure to enforce the foregoing provisions would cause the Company irreparable harm and the Company shall be entitled to equitable relief, including injunction and specific performance, to enforce the foregoing provisions.

7.5. **Executive Office.** The principal executive office of the Company shall be located in the city of Midland, State of Michigan, where, as applicable, the books of account and records shall be kept. The Company also may have offices at such other places, both within and without Delaware, as the Board from time to time shall determine or the business and affairs of the Company may require.

**SECTION VIII — AMENDMENT OF BYLAWS**

8.1. The Board is expressly authorized and shall have the power to amend, alter, change, adopt and repeal the Bylaws of the Company at any regular or special meeting of the Board at which there is a quorum by the affirmative vote of a majority of the total number of directors present at such meeting, or by unanimous written consent. The stockholders also shall have power to amend, alter, change, adopt and repeal the Bylaws of the Company at any annual or special meeting subject to the requirements of these Bylaws and the Certificate of Incorporation by the affirmative vote of the holders of a majority of the voting power of all of the shares of capital stock of the Company then entitled to vote.
EMPLOYEE MATTERS AGREEMENT

by and among

DOWDUPONT INC.,

DOW HOLDINGS INC.,

and

CORTEVA, INC.

Dated as of [●]
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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT (the “Agreement”), dated as of [●], by and among DowDuPont Inc., a Delaware corporation (“DowDuPont” or “SpecCo”), Dow Holdings Inc., a Delaware corporation (“Dow” or “MatCo”), and Corteva, Inc., a Delaware corporation (“AgCo”). Each of SpecCo, MatCo, and AgCo is sometimes referred to herein as a “Party” and collectively as the “Parties.”

WHEREAS, the Board of Directors of DowDuPont (the “Board”) has determined that it is appropriate, desirable, and in the best interests of DowDuPont and its stockholders to separate DowDuPont into three independent, publicly traded companies: MatCo, AgCo, and SpecCo;

WHEREAS, in order to effect such separation, upon the terms and subject to the conditions set forth in the Separation and Distribution Agreement, dated as of the date hereof, between MatCo, AgCo, and SpecCo (the “Separation Agreement”), the Parties entered into an internal separation (which has been completed with respect to MatCo prior to the date hereof); and

WHEREAS, in connection with the transactions contemplated by the Separation Agreement, the Parties wish to enter into this Agreement in respect of certain employee matters.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

Capitalized terms used herein but not defined in Section 4.01 or elsewhere in this Agreement shall have the meaning ascribed to such term in the Separation Agreement.

ARTICLE I

GENERAL PRINCIPLES

Except as set forth otherwise in this Agreement, the following general principles shall apply:

Section 1.01 Employee List.

(a) Each of the Parties agrees that as of the date hereof, the Organization and Talent Hub (“OTH”) accurately reflects the identity of the current employees and Deselected Employees of each Heritage Company and, in respect to each such employee: (i) his or her Heritage Company; (ii) the Business to which he or she was Ring-Fenced; (iii) the Party that has selected such employee for employment (directly or indirectly through a Subsidiary) effective prior to the date hereof, or an indication that such employee is a Deselected Employee; (iv) his or her primary work location prior to the Internal Reorganization and following the date hereof; (v) whether he or she is on an expatriate assignment as of the date hereof.
(b) Each of the Parties agrees that as of the date hereof, Appendix I accurately identifies each Impacted Employee undergoing an in-country or international relocation as of the date hereof and each Delayed Employment Employee, LTD Employee and Non-Consenting Employee.

(c) Within sixty (60) days following the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date), each of the Parties shall act to cause an update to the OTH or Appendix I, as applicable, to reflect, as of such date (in the case of clauses (i) through (iv), to the extent they are aware of such circumstances): (i) any Impacted Employee who becomes a Non-Consenting Employee or any Non-Consenting Employee who becomes an Impacted Employee; (ii) any Impacted Employee who becomes a Deselected Employee or any Deselected Employee who becomes an Impacted Employee; (iii) any employment terminations (including terminations for cause, resignations, retirements, and terminations due to death or disability) of any Impacted Employee that was made effective as of or following the date hereof; (iv) corrections of good faith errors or omissions by any Party with respect to any information contained in the OTH or Appendix I, as applicable; and (v) any other changes to the OTH or Appendix I, in each case as agreed to by each Party (the OTH and Appendix I, as so updated and as of 11:59 p.m., Eastern Standard Time on the sixtieth (60th) day following the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date), the “Final OTH” and the “Final Appendix I,” respectively). The Final OTH and the Final Appendix I shall be final and binding on the Parties; provided, however, that the Parties shall update the Final OTH and the Final Appendix I, as applicable, at any time to reflect (x) any Delayed Employment Employee who becomes an employee of the applicable Party or member of its Group pursuant to Section 1.02(c) and (y) any LTD Employee who is a Heritage Dow Employee or a Heritage DuPont Employee who is able to return to active duty employment and becomes an employee of the applicable Party or member of its Group pursuant to Section 1.02(d).

Section 1.02 Employment of Impacted Employees on and After the Applicable Distribution Date.

(a) Except to the extent otherwise required by applicable Law or as otherwise provided in this Agreement, on or prior to the MatCo Distribution Date, the applicable Parties shall have caused, or shall have caused the applicable members of their Groups to cause:

(i) each Heritage Dow AgCo Employee who is not a Delayed Employment Employee or an LTD Employee to cease to be employed by MatCo or any member of the MatCo Group and to be employed by AgCo or a member of the AgCo Group;

(ii) each Heritage Dow SpecCo Employee who is not a Delayed Employment Employee or an LTD Employee to cease to be employed by MatCo or any member of the MatCo Group and to be employed by SpecCo or a member of the SpecCo Group;

(iii) except as set forth on Schedule 1.02(a)(iii) to this Agreement and subject to any applicable Labor Agreements, the termination of employment of each Heritage Dow AgCo Deselected Employee and Heritage Dow SpecCo Deselected Employee;
(iv) each Heritage DuPont MatCo Employee who is employed by AgCo or a member of the AgCo Group and who is not a Delayed Employment Employee or an LTD Employee to cease to be employed by AgCo or any member of the AgCo Group and to be employed by MatCo or a member of the MatCo Group;

(v) each Heritage DuPont MatCo Employee who is employed by SpecCo or a member of the SpecCo Group and who is not a Delayed Employment Employee or an LTD Employee to cease to be employed by SpecCo or any member of the SpecCo Group and to be employed by MatCo or a member of the MatCo Group; and

(vi) except as set forth on Schedule 1.02(a)(vi) to this Agreement and subject to any applicable Labor Agreements, the termination of employment of each Heritage DuPont AgCo Deselected Employee, Heritage DuPont MatCo Deselected Employee and Heritage DuPont SpecCo Deselected Employee.

(b) Except to the extent otherwise required by applicable Law or as otherwise provided in this Agreement, on or prior to the AgCo Distribution Date, AgCo and SpecCo shall have caused, or shall have caused the applicable members of their Groups to cause, (i) each Heritage DuPont AgCo Employee who is not a Delayed Employment Employee or an LTD Employee to cease to be employed by Heritage DuPont (if not AgCo or a member of the AgCo Group) and to be employed by AgCo or a member of the AgCo Group and (ii) each Heritage DuPont SpecCo Employee who is not a Delayed Employment Employee or an LTD Employee to cease to be employed by Heritage DuPont (if not SpecCo or a member of the SpecCo Group) and to be employed by SpecCo or a member of the SpecCo Group.

(c) To the extent any applicable Law, Governmental Entity, Employee Representative Body or consultation obligation prevents the Parties or the members of the applicable Groups from carrying out their obligations under Section 1.02(a) or Section 1.02(b), as the case may be, on or prior to the MatCo Distribution Date or AgCo Distribution Date, as the case may be, with respect to any Impacted Employee (each such employee, a “Delayed Employment Employee”), the applicable Parties shall, or shall cause the members of the applicable Groups to, carry out their obligations under Section 1.02(a) or Section 1.02(b), as the case may be, with respect to such employee on the earliest permissible date following the MatCo Distribution Date or AgCo Distribution Date, as the case may be (the “Delayed Employment Date”). The obligations under this Agreement of the Party that will become the employer (directly or indirectly) of a Delayed Employment Employee that would otherwise commence on the MatCo Distribution Date or AgCo Distribution Date, as the case may be, shall not commence until the Delayed Employment Date, and, for the avoidance of doubt, such delay shall not constitute a breach of obligations under Section 1.04. Between the MatCo Distribution Date and the applicable Delayed Employment Date or AgCo Distribution Date, as the case may be (the “Delayed Employment Period”), to the extent permitted by applicable Law, applicable Labor Agreement, and subject to any consultations with or consent from any Governmental Entity or Employee Representative Body required by applicable Law or applicable Labor Agreement: (i) MatCo, or the applicable member of the MatCo Group, shall use reasonable efforts to provide the services (in the form of a
services agreement, secondments or some other arrangement acceptable to the applicable Parties) of any Delayed Employment Employee who is a Heritage Dow AgCo Employee or a Heritage Dow SpecCo Employee to AgCo, a member of the AgCo Group, SpecCo, or a member of the SpecCo Group, as applicable, in exchange for a reasonable fee and all costs (including all compensation and benefits costs) incurred by MatCo or the applicable member of the MatCo Group, during the Delayed Employment Period; (ii) AgCo, the applicable member of the AgCo Group, SpecCo, or the applicable member of the SpecCo Group, as applicable, shall provide the services of any Delayed Employment Employee who is a Heritage DuPont MatCo Employee to MatCo, or the applicable member of the MatCo Group, in exchange for a reasonable fee and all costs (including all compensation and benefits costs) incurred thereby during the Delayed Employment Period; (iii) AgCo or the applicable member of the AgCo Group shall provide the services of any Delayed Employment Employee who is a Heritage DuPont SpecCo Employee to SpecCo, or the applicable member of the SpecCo Group, in exchange for a reasonable fee and all costs (including all compensation and benefits costs) incurred by MatCo or the applicable member of the MatCo Group during the Delayed Employment Period; and (iv) SpecCo or the applicable member of the SpecCo Group shall provide the services of any Delayed Employment Employee who is a Heritage DuPont AgCo Employee to AgCo, or the applicable member of the AgCo Group, in exchange for a reasonable fee and all costs (including all compensation and benefits costs) incurred by SpecCo or the applicable member of the SpecCo Group during the Delayed Employment Period; provided, however, to the extent such services are not permitted by applicable Law or applicable Labor Agreement, subject to Section 1.17, all costs and other Liabilities pertaining to such Delayed Employment Employees shall be the responsibility of the applicable Party by which they are employed during the Delayed Employment Period.

(d) Except to the extent otherwise required by applicable Law, applicable Labor Agreement, or as otherwise provided in this Agreement, if any Impacted Employee who is an LTD Employee as of the MatCo Distribution Date or AgCo Distribution Date, as the case may be, is able to return to active duty employment (with or without any accommodations required by applicable Law) within six (6) months of the MatCo Distribution Date or AgCo Distribution Date, as the case may be, the Parties shall, or shall cause the members of the applicable Groups to, carry out their obligations under Section 1.02(a) or Section 1.02(b), with respect to such employee (each a “Returning LTD Employee”) on the earliest practicable date (the “Return from LTD Date”) following the date on which such employee becomes able to return to active duty employment (with or without any accommodations required by applicable Law) and shall update the OTH, as the case may be, to reflect any such change. The obligations under this Agreement of the Party that will become the employer (directly or indirectly) of a Returning LTD Employee that would otherwise commence on the MatCo Distribution Date or AgCo Distribution Date shall not commence until the Return from LTD Date, and, for the avoidance of doubt, such delay shall not constitute a breach of obligations under Section 1.04.
(e) Except as set forth on Schedule 1.02(e) to this Agreement, if any LTD Employee who is a Heritage Dow Employee is unable to return to active duty employment (with or without any accommodations required by applicable Law) within six (6) months of the MatCo Distribution Date, such LTD Employee shall not be treated as an Impacted Employee and shall be treated as a Heritage Dow MatCo Employee for all purposes under this Agreement. Each Heritage DuPont Employee who is not actively employed by a member of the AgCo Group or SpecCo Group as of the AgCo Distribution Date and who, before the AgCo Distribution Date, began receiving long-term disability benefits under a Benefit Plan maintained by a member of the AgCo Group or SpecCo Group shall be treated as a Heritage DuPont AgCo Employee to the extent applicable, provided that, to the extent the individual is receiving long-term disability benefits under a Benefit Plan maintained by SpecCo or a member of the SpecCo Group, SpecCo shall continue to administer such benefit on behalf of AgCo and its Affiliates.

(f) Notwithstanding anything to the contrary in Section 1.02 or Section 1.04, it shall not constitute a breach of this Agreement for the Heritage Company that employs a Delayed Employment Employee or Returning LTD Employee as of the applicable Distribution Date (x) to not effect the change of such person’s employment pursuant to Section 1.02 or (y) to not cause such person to cease to be an active participant in any Heritage Dow Benefit Plan or Heritage DuPont Benefit Plan pursuant to Section 1.04, in each case until the Delayed Employment Date or Return from LTD Date, respectively.

Section 1.03 Pay and Benefits.

(a) Except to the extent otherwise required by applicable Law, applicable Labor Agreement, or as provided otherwise in this Agreement, as of the MatCo Distribution Date, (i) MatCo shall, or shall cause the applicable member of the MatCo Group to, provide each Heritage DuPont MatCo Employee with Target Total Direct Compensation that is no less than the Target Total Direct Compensation such employee received immediately prior to the MatCo Distribution Date, as well as market competitive Benefits; (ii) AgCo shall, or shall cause the applicable member of the AgCo Group to, provide each Heritage Dow AgCo Employee with Target Total Direct Compensation that is no less than the Target Total Direct Compensation such employee received immediately prior to the MatCo Distribution Date, as well as market competitive Benefits; (iii) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, provide each Heritage Dow SpecCo Employee with Target Total Direct Compensation that is no less than the Target Total Direct Compensation such employee received immediately prior to the MatCo Distribution Date, as well as market competitive Benefits; (iv) AgCo shall, or shall cause the applicable member of the AgCo Group to, provide each Heritage DuPont AgCo Assigned Employee with Target Total Direct Compensation that is no less than the Target Total Direct Compensation such employee received immediately prior to the MatCo Distribution Date, as well as market competitive Benefits; and (v) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, provide each Heritage DuPont SpecCo Assigned Employee with Target Total Direct Compensation that is no less than the Target Total Direct Compensation such employee received immediately prior to the MatCo Distribution Date, as well as market competitive Benefits.

(b) For the avoidance of doubt, nothing in this Section 1.03 shall require MatCo, AgCo or SpecCo to maintain Target Total Direct Compensation or market competitive Benefits with respect to any Impacted Employee at any time following the MatCo Distribution Date.
Section 1.04 Enrollment into MatCo Benefit Plans, AgCo Benefit Plans, or SpecCo Benefit Plans, as Applicable, as of the Distribution Date.

(a) Enrollment in Benefit Plans. Except to the extent otherwise required by applicable Law, applicable Labor Agreement, or as provided otherwise in this Agreement, including as set forth on Schedule 1.04(a) to this Agreement, other than with respect to the Delayed Employment Employees and the LTD Employees (in which case, for the avoidance of doubt, the obligations of the applicable Heritage Company and applicable Party (or its applicable Affiliate) shall commence upon the Delayed Employment Date or the Return from LTD Date, as the case may be):

(i) MatCo shall, or shall cause the applicable member of the MatCo Group to, take all actions required to cause, (1) on or prior to the MatCo Distribution Date, each Heritage Dow AgCo Employee and Heritage Dow SpecCo Employee to cease to be an active participant in any Heritage Dow Benefit Plan that will not be an AgCo Benefit Plan or SpecCo Benefit Plan following the MatCo Distribution Date and (2) each Heritage DuPont MatCo Employee to commence participation, on or prior to the MatCo Distribution Date, in all MatCo Benefit Plans for which he or she is eligible (provided that, in respect of dependent life, AD&D, flexible spending account and vision benefits, such participation may commence as of the first day of the calendar month following the MatCo Distribution Date);

(ii) AgCo shall, or shall cause the applicable member of the AgCo Group to, take all actions required to cause, (1) on or prior to the MatCo Distribution Date, each Heritage DuPont MatCo Employee who is employed by AgCo or a member of the AgCo Group to cease to be an active participant in any Heritage Dow Benefit Plan that will not be a MatCo Benefit Plan following the MatCo Distribution Date, (2) each Heritage Dow AgCo Employee who is employed by AgCo or a member of the AgCo Group to commence participation, on or prior to the MatCo Distribution Date, in all AgCo Benefit Plans for which he or she is eligible (provided that, in respect of dependent life, AD&D, flexible spending account and vision benefits, such participation may commence as of the first day of the calendar month following the MatCo Distribution Date); (3) on or prior to the AgCo Distribution Date, each Heritage DuPont SpecCo Assigned Employee to cease to be an active participant in any Heritage DuPont SpecCo Benefit Plan that will not be a SpecCo Benefit Plan following the AgCo Distribution Date, and (4) each Heritage DuPont AgCo Assigned Employee to commence participation, on or prior to the AgCo Distribution Date, in all AgCo Benefit Plans for which he or she is eligible (provided that, in respect of dependent life, AD&D, flexible spending account and vision benefits, such participation may commence as of the first day of the calendar month following the AgCo Distribution Date);
(iii) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, take all actions required to cause, (1) on or prior to the MatCo Distribution Date, each Heritage DuPont MatCo Employee who is employed by SpecCo or a member of the SpecCo Group to cease to be an active participant in any Heritage DuPont Benefit Plan that will not be a MatCo Benefit Plan following the MatCo Distribution Date, (2) each Heritage Dow SpecCo Employee who is employed by SpecCo or a member of the SpecCo Group to commence participation, on or prior to the MatCo Distribution Date, in all SpecCo Benefit Plans for which he or she is eligible (provided that, in respect of dependent life, AD&D, flexible spending account and vision benefits, such participation may commence as of the first day of the calendar month following the MatCo Distribution Date); (3) on or prior to the AgCo Distribution Date, each Heritage DuPont AgCo Assigned Employee to cease to be an active participant in any Heritage DuPont Benefit Plan that will not be an AgCo Benefit Plan following the AgCo Distribution Date, and (4) each Heritage DuPont SpecCo Assigned Employee to commence participation, on or prior to the AgCo Distribution Date, in all SpecCo Benefit Plans for which he or she is eligible (provided that, in respect of dependent life, AD&D, flexible spending account and vision benefits, such participation may commence as of the first day of the calendar month following the AgCo Distribution Date);

(b) The Parties shall, and shall cause the members of the applicable Groups to, and as applicable shall use best efforts to cause other Persons to: (i) waive any limitations as to preexisting conditions, evidence of insurability, exclusions, and waiting periods with respect to participation and coverage requirements for each Impacted Employee under his or her respective plans; and (ii) credit such Impacted Employee, for plan year 2019, with the amount of any co-insurance, deductibles and out-of-pocket maximums he or she paid prior to the applicable Distribution Date during plan year 2019.

Section 1.05 Length of Service Crediting.

(a) Heritage DuPont MatCo Employees. Except to the extent otherwise required by applicable Law, applicable Labor Agreement, or as otherwise provided in this Agreement, MatCo shall, or shall cause the applicable member of the MatCo Group to, recognize all service of any Heritage DuPont MatCo Employee with Heritage DuPont or any of its Affiliates and with any predecessor employer (to the extent such predecessor employer service was taken into account under the applicable Heritage DuPont Benefit Plan) for all purposes (including, for purposes of vesting, eligibility to participate and receive benefits, benefit forms, premium subsidies or credits, early retirement and waiver of any reduction factors, and benefit calculations and accruals) under any MatCo Benefit Plans, or MatCo Future Benefit Plans, in which such Heritage DuPont MatCo Employee is, or becomes, eligible to participate on, or after, the MatCo Distribution Date (provided that vacation attributable to imputed or pre-employment service may be credited as other paid time off); provided, however, that, notwithstanding the foregoing, MatCo and each member of the MatCo Group shall not be required to recognize such service for purposes of benefit accruals under any MatCo Benefit Plans or MatCo Future Benefit Plans that (x) are defined benefit pension plans, (y) are other post-employment benefit plans (for the avoidance of doubt, exclusive of severance benefits), or (z) would result in the duplication of any benefits thereunder or the funding thereof.
(b) Heritage Dow AgCo Employees. Except to the extent otherwise required by applicable Law, applicable Labor Agreement, or as otherwise provided in this Agreement, AgCo shall, or shall cause the applicable member of the AgCo Group to, recognize all service of any Heritage Dow AgCo Employee with Heritage Dow or any of its Affiliates and with any predecessor employer (to the extent such predecessor employer service was taken into account under the applicable Heritage Dow Benefit Plan) for all purposes (including, for purposes of vesting, eligibility to participate and receive benefits, benefit forms, premium subsidies or credits, early retirement and waiver of any reduction factors, and benefit calculations and accruals) under any AgCo Benefit Plans, or AgCo Future Benefit Plans in which such Heritage Dow AgCo Employee is, or becomes, eligible to participate on, or after, the MatCo Distribution Date (provided that vacation attributable to imputed or pre-employment service may be credited as other paid time off); provided, however, that, notwithstanding the foregoing, AgCo and each member of the AgCo Group shall not be required to recognize such service for purposes of benefit accruals under any AgCo Benefit Plans or AgCo Future Benefit Plans that (x) are defined benefit pension plans, (y) are other post-employment benefit plans (for the avoidance of doubt, exclusive of severance benefits), or (z) would result in the duplication of any benefits thereunder or the funding thereof.

(c) Heritage Dow SpecCo Employees. Except to the extent otherwise required by applicable Law, applicable Labor Agreement, or as otherwise provided in this Agreement, SpecCo shall, or shall cause the applicable member of the SpecCo Group to, recognize all service of any Heritage Dow SpecCo Employee with Heritage Dow or any of its Affiliates and with any predecessor employer (to the extent such predecessor employer service was taken into account under the applicable Heritage Dow Benefit Plan) for all purposes (including, for purposes of vesting, eligibility to participate in and receive benefits, benefit forms, premium subsidies or credits, early retirement and waiver of any reduction factors, and benefit calculations and accruals) under any SpecCo Benefit Plans, or SpecCo Future Benefit Plans, in which such Heritage Dow SpecCo Employee is, or becomes, eligible to participate on, or after, the MatCo Distribution Date (provided that vacation attributable to imputed or pre-employment service may be credited as other paid time off); provided, however, that, notwithstanding the foregoing, SpecCo and each member of the SpecCo Group shall not be required to recognize such service for purposes of benefit accruals under any SpecCo Benefit Plans or SpecCo Future Benefit Plans that (x) are defined benefit pension plans, (y) are other post-employment benefit plans (for the avoidance of doubt, exclusive of severance benefits), or (z) would result in the duplication of any benefits thereunder or the funding thereof.

(d) Heritage DuPont AgCo Assigned Employees and Heritage DuPont SpecCo Assigned Employees. Except to the extent otherwise required by applicable Law, applicable Labor Agreement, or as otherwise provided in this Agreement, AgCo and SpecCo shall, or shall cause the applicable members of their Groups to, recognize all service of any Heritage DuPont AgCo Assigned Employee or Heritage DuPont SpecCo Assigned Employee with Heritage DuPont or any of its Affiliates and with any predecessor employer (to the extent such predecessor employer service was taken into account under the applicable Heritage DuPont Benefit Plan) for all purposes (including, for purposes of vesting, eligibility to participate in and receive benefits, benefit forms, premium subsidies or credits, early retirement and waiver of any reduction factors, and benefit calculations and accruals) under any AgCo Benefit Plans or AgCo Future Benefit Plans or SpecCo Benefit Plans or SpecCo Future Benefit Plans, respectively, in which such Heritage DuPont AgCo Assigned Employee or Heritage DuPont SpecCo Assigned Employee is, or becomes, eligible to participate on, or after, the AgCo Distribution Date (provided that vacation attributable to imputed or pre-employment service may be credited as other paid time off); provided, however, that, notwithstanding the foregoing, AgCo, SpecCo, and each member of their respective Groups shall not be required to recognize such service for purposes of benefit accruals under any AgCo Benefit Plans or AgCo Future Benefit Plans or SpecCo Benefit Plans or SpecCo Future Benefit Plans, respectively, that (x) are defined benefit pension plans, (y) are other post-employment benefit plans (for the avoidance of doubt, exclusive of severance benefits), or (z) would result in the duplication of any benefits thereunder or the funding thereof.
Section 1.06 Vacation.

(a) Assumed Vacation Liabilities. Except as set forth in Section 1.06(c) and Section 2.01 below or to the extent otherwise required by applicable Law or applicable Labor Agreement, and notwithstanding anything to the contrary in this Agreement (other than Sections 1.06(c) and (d)); (i) effective as of the MatCo Distribution Date, MatCo shall, or shall cause the applicable member of the MatCo Group to, accept, assume (or, as applicable, retain) and perform, discharge, and fulfill, in accordance with their respective terms (“Assume”), all Liabilities for earned but unused vacation benefits of the Heritage DuPont MatCo Employees other than U.S. Grandfathered Time, provided that vacation attributable to imputed or pre-employment service may be credited as other paid time off (the “MatCo Assumed Vacation Liabilities”), and all members of the AgCo Group and SpecCo Group shall be relieved of such MatCo Assumed Vacation Liabilities as of such date; (ii) AgCo shall, or shall cause the applicable member of the AgCo Group to, Assume (1) effective as of the MatCo Distribution Date, all Liabilities for earned but unused vacation benefits of the Heritage Dow AgCo Employees other than U.S. Grandfathered Time and (2) effective as of the AgCo Distribution Date, all Liabilities for earned but unused vacation benefits of the Heritage DuPont SpecCo Assigned Employees other than U.S. Grandfathered Time, in each case provided that vacation attributable to imputed or pre-employment service may be credited as other paid time off (collectively, the “AgCo Assumed Vacation Liabilities”), and all members of the MatCo Group and SpecCo Group, respectively, shall be relieved of such AgCo Assumed Vacation Liabilities as of such dates, respectively; and (iii) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, Assume (1) effective as of the MatCo Distribution Date, all Liabilities for earned but unused vacation benefits of the Heritage Dow SpecCo Employees other than U.S. Grandfathered Time and (2) effective as of the AgCo Distribution Date, all Liabilities for earned but unused vacation benefits of the Heritage DuPont SpecCo Assigned Employees other than U.S. Grandfathered Time, in each case provided that vacation attributable to imputed or pre-employment service may be credited as other paid time off (collectively, the “SpecCo Assumed Vacation Liabilities”), and all members of the MatCo Group and AgCo Group, respectively, shall be relieved of such SpecCo Assumed Vacation Liabilities as of such dates, respectively.

(b) Statement of Assumed Vacation Liabilities. (i) MatCo shall, or shall cause the applicable member of the MatCo Group to, provide AgCo with a statement of the AgCo Assumed Vacation Liabilities and SpecCo with a statement of the SpecCo Assumed Vacation Liabilities pertaining to Heritage Dow AgCo Employees and Heritage Dow SpecCo Employees, respectively, within sixty (60) days after the MatCo Distribution Date; (ii) AgCo shall, or shall cause the applicable member of the AgCo Group to, provide MatCo, within sixty (60) days after the MatCo Distribution Date, with a statement of the MatCo Assumed Vacation Liabilities pertaining to Heritage DuPont MatCo Employees employed by AgCo or a member of the AgCo Group and provide SpecCo, within sixty (60) days after the AgCo Distribution Date, with a statement of the SpecCo Assumed Vacation Liabilities pertaining to Heritage DuPont SpecCo Assigned Employees; and (iii) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, provide MatCo, within sixty (60) days after the MatCo Distribution Date, with a statement of the MatCo Assumed Vacation Liabilities pertaining to Heritage DuPont MatCo employees employed by SpecCo or a member of the SpecCo Group and provide AgCo, within sixty (60) days after the AgCo Distribution Date, with a statement of the AgCo Assumed Vacation Liabilities pertaining to Heritage DuPont AgCo Assigned Employees.
(c) Payment of Vacation Benefits Where Required by Law. Notwithstanding anything to the contrary in this Agreement, where required by applicable Law, applicable Labor Agreement, or the terms and conditions of the applicable Heritage Dow Benefit Plan or Heritage DuPont Benefit Plan: (i) as soon as administratively practicable following the MatCo Distribution Date (and no later than the earlier of the dates required by applicable Law, Labor Agreement or the terms and conditions of the applicable Heritage Dow Benefit Plan or Heritage DuPont Benefit Plan), MatCo shall, or shall cause the applicable member of the MatCo Group to, pay out all earned but unused vacation benefits (in addition to U.S. Grandfathered Time) to each Heritage Dow AgCo Employee and each Heritage Dow SpecCo Employee, in each case, entitled to such benefits; (ii) as soon as administratively practicable following the MatCo Distribution Date (and no later than the earlier of the dates required by applicable Law, Labor Agreement or the terms and conditions of the applicable Heritage Dow Benefit Plan or Heritage DuPont Benefit Plan), AgCo shall, or shall cause the applicable member of the AgCo Group to, pay out all earned but unused vacation benefits (in addition to U.S. Grandfathered Time) to each Heritage DuPont MatCo Employee who is employed by AgCo or a member of the AgCo Group and, as soon as administratively practicable following the MatCo Distribution Date (and no later than the earlier of the dates required by applicable Law, Labor Agreement or the terms and conditions of the applicable Heritage Dow Benefit Plan or Heritage DuPont Benefit Plan), SpecCo shall, or shall cause the applicable member of the SpecCo Group to, pay out all earned but unused vacation benefits (in addition to U.S. Grandfathered Time) to each Heritage DuPont SpecCo Assigned Employee, in each case, entitled to such benefits; and (iii) as soon as administratively practicable following the MatCo Distribution Date (and no later than the earlier of the dates required by applicable Law, Labor Agreement or the terms and conditions of the applicable Heritage Dow Benefit Plan or Heritage DuPont Benefit Plan), SpecCo shall, or shall cause the applicable member of the SpecCo Group to, pay out all earned but unused vacation benefits (in addition to U.S. Grandfathered Time) to each Heritage DuPont AgCo Assigned Employee, in each case, entitled to such benefits. During the remainder of calendar year 2019, each Party shall, or shall cause the applicable member of its Group to, permit any Impacted Employee who receives payment of his or her earned but unused vacation benefits in accordance with this Section 1.06(c) to take vacation attributable to such earned but unused vacation benefits (including U.S. Grandfathered Time) after the applicable Distribution Date; provided, however, that any such vacation attributable to the earned but unused vacation benefits paid in accordance with this Section 1.06(c) shall be on an unpaid basis.
Section 1.07 Severance.

(a) Severance for Terminations Following the Distribution Date. Except to the extent otherwise required by applicable Law, applicable Labor Agreement, or as otherwise provided in this Agreement:

   (i) if, within twelve (12) months following the MatCo Distribution Date, MatCo or any member of the MatCo Group terminates any Heritage DuPont MatCo Employee for any reason that entitles such employee to cash Severance under the applicable MatCo Severance Plan, MatCo shall pay to such employee at least the amount of cash Severance such employee would have received under the applicable Heritage DuPont Severance Plan, factoring in his or her additional length of service and changes in his or her eligible pay between the MatCo Distribution Date and the date of his or her termination, but without regard to any period of service before the applicable Distribution Date that was taken into account in determining the amount of cash Severance actually previously paid or provided by either Heritage Company or any Party in respect of such period by reason of a triggering event that occurred not more than twelve (12) months before the applicable Distribution Date;

   (ii) if AgCo or any member of the AgCo Group terminates (1) any Heritage Dow AgCo Employee within twelve (12) months following the MatCo Distribution Date, or (2) any Heritage DuPont AgCo Assigned Employee within twelve (12) months of the AgCo Distribution Date, in each of the foregoing instances for any reason that entitles such employee to cash Severance under the applicable AgCo Severance Plan, AgCo shall pay to such employee at least the amount of cash Severance such employee would have received under the applicable Heritage Dow Severance Plan or Heritage DuPont Severance Plan, respectively, factoring in his or her additional length of service and changes in his or her eligible pay between the MatCo Distribution Date or the AgCo Distribution Date, as the case may be, and the date of his or her termination, but without regard to any period of service before the applicable Distribution Date that was taken into account in determining the amount of cash Severance actually previously paid or provided by either Heritage Company or any Party in respect of such period by reason of a triggering event that occurred not more than twelve (12) months before the applicable Distribution Date; and

   (iii) if SpecCo or any member of the SpecCo Group terminates (1) any Heritage Dow SpecCo Employee within twelve (12) months following the MatCo Distribution Date or (2) any Heritage DuPont SpecCo Assigned Employee within twelve (12) months of the AgCo Distribution Date, in each of the foregoing instances for any reason that entitles such employee to cash Severance under the applicable SpecCo Severance Plan, SpecCo shall pay to such employee at least the amount of cash Severance such employee would have received under the applicable Heritage Dow Severance Plan or Heritage DuPont Severance Plan, respectively, factoring in his or her additional length of service and changes in his or her eligible pay between the MatCo Distribution Date or the AgCo Distribution Date, and the date of his or her termination, but without regard to any period of service before the applicable Distribution Date that was taken into account in determining the amount of cash Severance actually previously paid or provided by either Heritage Company or any Party in respect of such period by reason of a triggering event that occurred not more than twelve (12) months before the applicable Distribution Date.
Notwithstanding any other provision of this Section 1.07, MatCo, AgCo and SpecCo shall, as applicable, each assume and honor the terms of the Heritage DuPont Key Employee Severance Plan and Senior Executive Severance Plan only with respect to terminations occurring through and including August 31, 2019 of Impacted Employees who participated in either plan prior to the applicable Distribution Date from the applicable Distribution Date (and including such date, to the extent provided in Section 1.07(b)), and any severance paid pursuant to such plans shall be in lieu of any severance otherwise payable pursuant to this Section 1.07 in respect of any termination on or before August 31, 2019.

(b) Severance for Terminations on or Prior to Distribution Date.

(i) Subject to Section 1.07(b)(ii), Section 1.07(b)(iii), Section 1.07(b)(v), Section 1.16(b) and Section 2.02, (1) in any jurisdiction where applicable Law or applicable Labor Agreement requires Severance to be paid to any individual as a result of the Internal Reorganization or otherwise before the applicable Distribution Date (and not solely by reason of the occurrence of the applicable Distribution), the applicable Heritage Company (which, in the case of Heritage DuPont, shall be deemed for this purpose to mean the employer of the individual upon his or her termination of employment) shall be responsible for making such payment of Severance pursuant to the Heritage Dow Severance Plan or the Heritage DuPont Severance Plan, as applicable, and otherwise pursuant to the applicable Labor Agreement or applicable Law; (2) in any jurisdiction where applicable Law or applicable Labor Agreement requires Severance to be paid to any Impacted Employee solely by reason of the occurrence of the applicable Distribution, the applicable Heritage Company shall be responsible for making such payment of Severance pursuant to the Heritage Dow Severance Plan or the Heritage DuPont Severance Plan, as applicable, subject to reimbursement by the Party or member of its Group that will employ such Impacted Employee upon the applicable Distribution; and (3) in any jurisdiction where applicable Law or applicable Labor Agreement does not require Severance to be paid to any Impacted Employee as a result of the Internal Reorganization or the Distribution and such Severance is nonetheless paid at the direction or with the consent of the Party or applicable member of its Group that will employ each Impacted Employee upon the applicable Distribution, such Party or member of its Group shall Assume the obligation to pay Severance to such Impacted Employee and all Liabilities arising therefrom.

(ii) Notwithstanding anything to the contrary in this Agreement and subject to Section 1.07(b)(v): (1) if MatCo or the applicable member of the MatCo Group refuses to provide comparable Target Total Direct Compensation as of the applicable Distribution Date to any Heritage DuPont MatCo Employee and such employee becomes a Non-Consenting Employee, MatCo shall reimburse AgCo or SpecCo, as applicable, for the full amount of any Severance payable to such employee pursuant to the applicable Heritage DuPont Severance Plan; (2) if AgCo or the applicable member of the AgCo Group refuses to provide comparable Target Total Direct Compensation as of the applicable Distribution Date to any Heritage Dow AgCo Employee or Heritage DuPont AgCo Assigned Employee and such employee becomes a Non-Consenting Employee, AgCo shall reimburse MatCo or SpecCo, respectively, for the full amount of any Severance payable to such employee pursuant to the applicable Heritage Dow Severance Plan or Heritage DuPont Severance Plan, respectively; and (3) if SpecCo or the applicable member of the SpecCo Group refuses to provide comparable Target Total Direct Compensation as of the applicable Distribution Date to any Heritage Dow SpecCo Employee or Heritage DuPont SpecCo Assigned Employee and such employee becomes a Non-Consenting Employee, SpecCo shall reimburse MatCo or AgCo, respectively, for the full amount of any Severance payable to such employee pursuant to the Heritage Dow Severance Plan or Heritage DuPont Severance Plan, respectively.
(iii) Notwithstanding anything to the contrary in this Agreement and subject to Section 1.07(b)(v) and Section 2.02: (1) if MatCo or the applicable member of the MatCo Group refuses to provide Comparable Benefits as of the applicable Distribution Date to any Heritage DuPont MatCo Employee and such employee becomes a Non-Consenting Employee, MatCo shall reimburse AgCo or SpecCo, as applicable, for the full amount of any Severance payable to such employee pursuant to the Heritage DuPont Severance Plan; (2) if AgCo or the applicable member of the AgCo Group refuses to provide Comparable Benefits as of the applicable Distribution Date to any Heritage Dow AgCo Employee or Heritage DuPont AgCo Assigned Employee and such employee becomes a Non-Consenting Employee, AgCo shall reimburse MatCo or SpecCo, respectively, for the full amount of any Severance payable to such employee pursuant to the Heritage Dow Severance Plan or Heritage DuPont Severance Plan, respectively; and (3) if SpecCo or the applicable member of the SpecCo Group refuses to provide Comparable Benefits as of the applicable Distribution Date to any Heritage Dow SpecCo Employee or Heritage DuPont SpecCo Assigned Employee and such employee becomes a Non-Consenting Employee, SpecCo shall reimburse MatCo or AgCo, respectively, for the full amount of any Severance payable to such employee pursuant to the Heritage Dow Severance Plan or Heritage DuPont Severance Plan, respectively.

(iv) With respect to each Impacted Employee, each applicable Party agrees that each other applicable Party has satisfied its obligation to provide comparable Target Total Direct Compensation pursuant to Section 1.07(b)(ii) if the Target Total Direct Compensation it or the applicable member of its Group pays to such Impacted Employee is no less than the Target Total Direct Compensation of the applicable Heritage Company for such Impacted Employee immediately prior to the MatCo Distribution Date. With respect to each Impacted Employee, each applicable Party agrees that each other applicable Party has satisfied its obligation to provide Comparable Benefits pursuant to Section 1.07(b)(iii) if the Benefits it or the applicable member of its Group provides to such Impacted Employee are, when taken as a whole, not more than five percent (5%) lower in value than the Benefits the applicable Heritage Company provided to such Impacted Employee immediately prior to the MatCo Distribution Date.
(v) For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, subject to Section 2.02, each of MatCo, AgCo and SpecCo and the members of their respective Groups shall satisfy their respective obligations to provide each Impacted Employee with such terms and conditions of employment, including compensation and benefits, as may be required under applicable Law or any applicable Labor Agreement. Notwithstanding anything to the contrary in this Agreement, subject to Section 2.02, (1) if MatCo or the applicable member of the MatCo Group fails to provide as of the MatCo Distribution Date to any Heritage DuPont MatCo Employee such terms and conditions of employment, including compensation and benefits, as required under applicable Law or any applicable Labor Agreement, MatCo (or the applicable member of its Group) shall be responsible for all resulting Liabilities, including paying or reimbursing AgCo or SpecCo, as applicable, for the full amount of any Severance payable under any applicable Law or Labor Agreement to any such employee who becomes a Non-Consenting Employee; (2) if AgCo or the applicable member of the AgCo Group fails to provide as of the applicable Distribution Date to any Heritage Dow AgCo Employee or Heritage DuPont AgCo Assigned Employee such terms and conditions of employment, including compensation and benefits, as required under applicable Law or any applicable Labor Agreement, AgCo (or the applicable member of its Group) shall be responsible for all resulting Liabilities, including paying such employee or reimbursing MatCo or SpecCo, respectively, for the full amount of any Severance payable under any applicable Law or Labor Agreement to any such employee who becomes a Non-Consenting Employee; and (3) if SpecCo or the applicable member of the SpecCo Group fails to provide as of the applicable Distribution Date to any Heritage Dow SpecCo Employee or Heritage DuPont SpecCo Assigned Employee such terms and conditions of employment, including compensation and benefits, as required under applicable Law or any applicable Labor Agreement, SpecCo (or the applicable member of its Group) shall be responsible for all resulting Liabilities, including paying such employee or reimbursing MatCo or AgCo, respectively, for the full amount of any Severance payable under any applicable Law or Labor Agreement to any such employee who becomes a Non-Consenting Employee.

Section 1.08 Annual Cash Incentives (DuPont STIP; Dow PA).

(a) Annual cash incentive compensation earned or accrued by a Heritage Dow Employee for the fiscal year 2018 shall have been paid by Heritage Dow to such Heritage Dow Employee pursuant to the terms and conditions of the applicable Heritage Dow cash incentive compensation plan or policy. Annual cash incentive compensation earned or accrued by a Heritage DuPont Employee for the fiscal year 2018 shall have been paid by Heritage DuPont to such Heritage DuPont Employee pursuant to the terms and conditions of the applicable Heritage DuPont cash incentive compensation plan or policy.

(b) Annual cash incentive compensation earned or accrued by any Heritage Dow AgCo Employee or Heritage Dow SpecCo Employee for the fiscal year 2019 shall be paid by a member of the AgCo Group or SpecCo Group, as applicable, in 2020, pursuant to the terms and conditions of the applicable AgCo or SpecCo cash incentive compensation plan or policy in place on December 31, 2019. Annual cash incentive compensation earned or accrued by any Heritage DuPont MatCo Employee for the fiscal year 2019 shall be paid by a member of the MatCo Group, as applicable, in 2020, pursuant to the terms and conditions of the applicable MatCo cash incentive compensation plan or policy in effect on December 31, 2019.
Section 1.09 Equity Awards. Except as set forth on Schedule 1.09 to this Agreement:

(a) Shareholder Method Other Awards. Each Shareholder Method Other Award shall be converted into a MatCo Equity Award, AgCo Equity Award and SpecCo Equity Award (including a ratable portion of any accumulated dividend equivalents) in accordance with the provisions of this Section 1.09(a).

(i) Effective as of the MatCo Distribution Date, each Shareholder Method Other Award shall be adjusted by MatCo awarding its holder a MatCo Equity Award covering a number of shares of MatCo Common Stock, rounded up to the nearest number of whole shares, equal to the product of the number of shares subject to the Shareholder Method Other Award multiplied by the MatCo Distribution Ratio.

(ii) Effective as of the AgCo Distribution Date, each Shareholder Method Other Award shall be adjusted by AgCo awarding its holder an AgCo Equity Award covering a number of shares of AgCo Common Stock, rounded up to the nearest number of whole shares, equal to the product of the number of shares subject to the Shareholder Method Other Award multiplied by the AgCo Distribution Ratio.

(b) Employer Method Other Awards. With respect to each Employer Method Other Award (including a ratable portion of any accumulated dividend equivalents):

(i) In the case of an Employer Method Other Award held by or in respect of a person who upon the MatCo Distribution is employed by a member of the MatCo Group or a former employee whose last employment with DowDuPont and its Affiliates was with a member of the MatCo Group (or a holder in respect of such a person), the DowDuPont Equity Award shall be converted as of the MatCo Distribution Date into a MatCo Equity Award issued by MatCo covering a number of shares of MatCo Common Stock, rounded up to the nearest number of whole shares, equal to the product of the number of shares subject to the DowDuPont Equity Award multiplied by the MatCo Conversion Ratio.

(ii) In the case of an Employer Method Other Award held by (or in respect of) any other person, then:

(A) the Employer Method Other Award shall be converted, as of the MatCo Distribution Date, into an adjusted DowDuPont Equity Award (the “Interim Award”) covering a number of shares of DowDuPont Common Stock, rounded up to the nearest number of whole shares, equal to the product of the number of shares subject to the Employer Method Other Award multiplied by the SpecCo Initial Conversion Ratio; and
(B) in the case of an Interim Award held by (I) except as provided in Section 1.09(b)(ii)(B)(III), a person who upon the AgCo Distribution is employed by a member of the AgCo Group, the Interim Award shall be converted as of the AgCo Distribution Date into an AgCo Equity Award issued by AgCo covering a number of shares of AgCo Common Stock, rounded up to the nearest number of whole shares, equal to the product of the number of shares of DowDuPont Common Stock subject to the Interim Award multiplied by the AgCo Conversion Ratio; (II) except as provided in Section 1.09(b)(ii)(B)(III), in the case of an Interim Award held by a person who upon the AgCo Distribution is employed by a member of the SpecCo Group, the Interim Award shall be converted as of the AgCo Distribution Date into a further adjusted SpecCo Equity Award covering a number of shares of DowDuPont Common Stock, rounded up to the nearest number of whole shares, equal to the product of the number of shares of DowDuPont Common Stock subject to the Interim Award multiplied by the SpecCo Subsequent Conversion Ratio, or (III) a person who as of the AgCo Distribution Date is either a person with no identified future role with the AgCo Group or SpecCo Group or a former employee whose last employment with DowDuPont and its Affiliates was with a member of the AgCo Group or the SpecCo Group (or a holder in respect of such a person), the Interim Award shall be adjusted by AgCo awarding its holder an additional AgCo Equity Award covering a number of shares of AgCo Common Stock, rounded up to the nearest number of whole shares, equal to the product of the number of shares subject to the Interim Award multiplied by the AgCo Distribution Ratio.

(c) Stock Options.

(i) Each DowDuPont Option that is a Shareholder Method Award shall be converted into a MatCo Option issued by MatCo as of the MatCo Distribution Date, an AgCo Option issued by AgCo as of the AgCo Distribution Date and an adjusted DowDuPont Option as of the MatCo Distribution Date and/or the AgCo Distribution Date, as applicable, all in accordance with the following provisions of this Section 1.09(c)(i).

(A) Effective as of the MatCo Distribution Date, the DowDuPont Option shall be converted into (I) a MatCo Option covering a number of shares of MatCo Common Stock, rounded down to the nearest whole share, equal to the number of shares of DowDuPont Common Stock subject to the DowDuPont Option immediately before the MatCo Distribution Date multiplied by the MatCo Distribution Ratio and (II) an adjusted DowDuPont Option that continues to cover the same number of shares of DowDuPont Common Stock subject to the DowDuPont Option immediately before the MatCo Distribution Date. The per-share exercise price of the MatCo Option shall equal the product, rounded up to the nearest penny, of the Pre-Distribution Option Price multiplied by a fraction, the numerator of which is the Post-MatCo (MatCo) Share Price and the denominator of which is the Pre-MatCo (SpecCo) Share Price. The per-share exercise price of the adjusted DowDuPont Option (the “Adjusted Option Price”) shall equal the product, rounded up to the nearest penny, of the Pre-Distribution Option Price multiplied by a fraction, the numerator of which is the Post-MatCo (SpecCo) Share Price and the denominator of which is the Pre-MatCo (SpecCo) Share Price.
(B) Effective as of the AgCo Distribution Date, the DowDuPont Option (as adjusted pursuant to the preceding paragraph (A), if applicable) shall be converted into (I) an AgCo Option covering a number of shares of AgCo Common Stock, rounded down to the nearest whole share, equal to the number of shares of DowDuPont Common Stock subject to the adjusted DowDuPont Option immediately before the AgCo Distribution Date multiplied by the AgCo Distribution Ratio and (II) an adjusted DowDuPont Option that continues to cover the same number of shares of DowDuPont Common Stock subject to the DowDuPont Option immediately before the AgCo Distribution Date. The per-share exercise price of the AgCo Option shall equal the product, rounded up to the nearest penny, of the Adjusted Option Price multiplied by a fraction, the numerator of which is the Post-AgCo (AgCo) Share Price and the denominator of which is the Pre-AgCo (SpecCo) Share Price. The per-share exercise price of the adjusted DowDuPont Option shall equal the product, rounded up to the nearest penny, of the Adjusted Option Price multiplied by a fraction, the numerator of which is the Post-AgCo (SpecCo) Share Price and the denominator of which is the Pre-AgCo (SpecCo) Share Price.

(ii) With respect to any DowDuPont Option that is an Employer Method Award:

(A) In the case of a DowDuPont Option held by (or in respect of) a person who upon the MatCo Distribution is employed by a member of the MatCo Group or a former employee whose last employment with DowDuPont and its Affiliates was with a member of the MatCo Group, the DowDuPont Option shall be converted as of the MatCo Distribution Date into a MatCo Option issued by MatCo covering a number of shares of MatCo Common Stock, rounded down to the nearest number of whole shares, equal to the product of the number of shares subject to the DowDuPont Option multiplied by the MatCo Conversion Ratio with a per-share exercise price, rounded up to the nearest penny, equal to the Pre-Distribution Option Price divided by the MatCo Conversion Ratio.

(B) In the case of a DowDuPont Option that is an Employer Method Award held by (or in respect of) any other person:

(I) the DowDuPont Option shall be converted, as of the MatCo Distribution Date, into an adjusted DowDuPont Option (the “Interim Option”) covering a number of shares of DowDuPont Common Stock, rounded down to the nearest number of whole shares, equal to the product of the number of shares subject to the DowDuPont Option multiplied by the SpecCo Initial Conversion Ratio with a per-share exercise price, rounded up to the nearest penny, equal to the Pre-Distribution Option Price divided by the SpecCo Initial Conversion Ratio (the “Interim Exercise Price”); and
(II) in the case of an Interim Option held by (x) except as provided in Section 1.09(c)(ii)(B)(II)(z), a person who upon the AgCo Distribution is employed by a member of the AgCo Group, the Interim Option shall be converted as of the AgCo Distribution Date into an AgCo Option covering a number of shares of AgCo Common Stock, rounded down to the nearest number of whole shares, equal to the product of the number of shares of DowDuPont Common Stock subject to the Interim Option multiplied by the AgCo Conversion Ratio with a per-share exercise price, rounded up to the nearest penny, equal to the Interim Exercise Price divided by the AgCo Conversion Ratio, (y) except as provided in Section 1.09(c)(ii)(B)(II)(z), a person who upon the AgCo Distribution is employed by a member of the SpecCo Group, the Interim Option shall be converted as of the AgCo Distribution Date into a further adjusted SpecCo Equity Award covering a number of shares of DowDuPont Common Stock, rounded down to the nearest number of whole shares, equal to the product of the number of shares of DowDuPont Common Stock subject to the Interim Option multiplied by the SpecCo Subsequent Conversion Ratio with a per-share exercise price, rounded up to the nearest penny, equal to the Interim Exercise Price divided by the SpecCo Subsequent Conversion Ratio, and (z) a person who as of the AgCo Distribution Date is either a person with no identified future role with the AgCo Group or SpecCo Group or a former employee whose last employment with DowDuPont and its Affiliates was with a member of the AgCo Group or the SpecCo Group (or a holder in respect of such a person), the Interim Option shall be converted as of the AgCo Distribution Date into (i) an AgCo Option covering a number of shares of AgCo Common Stock, rounded down to the nearest number of whole shares, equal to the number of shares of DowDuPont Common Stock subject to the Interim Option immediately before the AgCo Distribution Date multiplied by the AgCo Distribution Ratio, with the per-share exercise price of the AgCo Option equal to the product, rounded up to the nearest penny, of the Interim Exercise Price multiplied by a fraction, the numerator of which is the Post-AgCo (AgCo) Share Price and the denominator of which is the Pre-AgCo (SpecCo) Share Price, and (ii) a further adjusted DowDuPont Option that continues to cover the same number of shares of DowDuPont Common Stock subject to the DowDuPont Option immediately before the AgCo Distribution Date, with the per-share exercise price of the adjusted DowDuPont Option equal to the product, rounded up to the nearest penny, of the Interim Exercise Price multiplied by a fraction, the numerator of which is the Post-AgCo (SpecCo) Share Price and the denominator of which is the Pre-AgCo (SpecCo) Share Price.

(d) Award Terms; Vesting; Treatment of Service. Except as otherwise provided in this Section 1.09, the terms and conditions applicable to MatCo Equity Awards and AgCo Equity Awards shall be substantially identical to the terms and conditions applicable to the underlying DowDuPont Equity Award (as set forth in the applicable plan, award agreement or in any otherwise applicable agreement with DowDuPont or its Affiliates). All MatCo Equity Awards and AgCo Equity Awards shall become vested upon the date the underlying DowDuPont Equity Award would have otherwise vested in accordance with the existing vesting schedule. For purposes of determining continued vesting in MatCo Equity Awards, AgCo Equity Awards and DowDuPont Equity Awards, continued service by the holder to the MatCo Group, AgCo Group or SpecCo Group, as the case may be, shall be treated as continuous service with MatCo, AgCo and SpecCo, respectively.

(e) Certain Additional Considerations. Notwithstanding anything to the contrary in this Section 1.09:

(i) To the extent the Board determines before the MatCo Distribution Date that the treatment of an award as a Shareholder Method Award is not practicable due to applicable Laws or the potential imposition of adverse taxes or penalties, such awards shall be treated as Employer Method Awards.
(ii) The Parties shall cooperate in good faith, in respect of jurisdictions outside the United States, to treat Shareholder Method Awards as Employer Method Awards where tax or regulatory considerations render the treatment of Shareholder Method Awards unduly burdensome to the holder thereof.

(iii) All of the adjustments described in this Section 1.09 shall be effected in accordance with Sections 409A and 424 of the Code.

(iv) The Parties hereby acknowledge that the provisions of this Section 1.09 are intended to achieve certain tax, legal and accounting objectives and, in the event such objectives are not achieved, the Parties agree to negotiate in good faith regarding such other actions that may be necessary or appropriate to achieve such objectives.

(f) Equity Plan Adoption; Registration Statement.

(i) Effective as of the MatCo Distribution Date, MatCo shall adopt an equity incentive plan (the “MatCo Stock Plan”), which shall permit the issuance of MatCo Equity Awards as described in this Section 1.09. The MatCo Stock Plan shall be approved before the Effective Time by DowDuPont as MatCo’s sole stockholder.

(ii) Effective as of the AgCo Distribution Date, AgCo shall adopt an equity incentive plan (the “AgCo Stock Plan”), which shall permit the issuance of AgCo Equity Awards as described in this Section 1.09. The AgCo Stock Plan shall be approved before the AgCo Distribution Date by DowDuPont as AgCo’s sole stockholder.

(iii) The Parties shall use commercially reasonable efforts to maintain effective registration statements with the Securities and Exchange Commission with respect to the MatCo Equity Awards, AgCo Equity Awards and SpecCo Equity Awards described in this Section 1.09, to the extent any such registration statement is required by applicable Law.

(g) Settlement, Delivery; Tax Reporting and Withholding.

(i) From and after the applicable Distribution Date, MatCo shall have sole responsibility for the settlement of and/or delivery of shares of MatCo Common Stock pursuant to MatCo Equity Awards to any holder of such award and shall be solely entitled to any exercise price payable in respect of MatCo Options, AgCo shall have sole responsibility for the settlement of and/or delivery of shares of AgCo Common Stock pursuant to AgCo Equity Awards to any holder of such award and shall be solely entitled to any exercise price payable in respect of AgCo Options and SpecCo shall have sole responsibility for the settlement of and/or delivery of shares of DowDuPont Common Stock pursuant to SpecCo Equity Awards to any holder of such award and shall be solely entitled to any exercise price payable in respect of SpecCo Options, and except as otherwise provided in this Section 1.09(g) each entity shall do so without compensation from any other such entity.
(ii) Upon the vesting, payment or settlement, as applicable, of MatCo Equity Awards, AgCo Equity Awards and SpecCo Equity Awards (in each case including with respect to dividends and dividend equivalents), MatCo, AgCo or SpecCo, respectively, shall be solely entitled to a Tax deduction in respect of, and shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of, each holder thereof who is or, upon their last employment termination, was employed by a member of the MatCo Group, AgCo Group or SpecCo Group, respectively (or who holds the award in respect of any such individual), and for ensuring the collection and remittance of applicable employee withholding Taxes to the applicable Governmental Entity. To the extent shares of MatCo Common Stock, AgCo Common Stock or DowDuPont Common Stock are withheld and/or delivered to satisfy Tax withholding obligations in respect of the vesting, payment or settlement of MatCo Equity Awards, AgCo Equity Awards or SpecCo Equity Awards, respectively, to the extent the issuer is not responsible pursuant to this clause (ii) for satisfying the applicable Tax withholding and remittance requirements, the issuer shall remit to the responsible Party cash in an amount sufficient to satisfy such requirements.

(iii) Each of the Parties shall establish an appropriate administration system in order to handle in an orderly manner exercises of MatCo Options, AgCo Options and SpecCo Options and the settlement of other DowDuPont Equity Awards, MatCo Equity Awards, AgCo Equity Awards and SpecCo Equity Awards and to effect the Tax benefits and obligations contemplated by this subsection (g). Each of the Parties shall work together to unify and consolidate all indicative data and payroll and employment information on regular timetables and make certain that each applicable entity’s data and records in respect of such awards are correct and updated on a timely basis. The foregoing shall include employment status and information required for Tax withholding/remittance, compliance with trading windows and compliance with the requirements of applicable Laws.

Section 1.10 Pension/OPEB/Welfare Benefit Claims.

(a) U.S. Pension Plans. There shall be no transfer of assets or liabilities (including without limitation with respect to Actions) between, or otherwise among the Parties in respect of, any Benefit Plan maintained by any of them or their respective Affiliates that is a U.S. defined benefit pension plan intended to satisfy the requirements of Section 401(a) of the Code. Without limiting the foregoing, AgCo or a member of its Group shall maintain all Liability under or otherwise in respect of the DuPont Pension and Retirement Plan, including any Actions in respect thereof.

(b) Non-U.S. Pension Plans.

(i) Except to the extent required by applicable Law or as otherwise provided in subsection (b)(ii), below, there shall be no transfer of assets or liabilities (including without limitation with respect to Actions) between, or otherwise among the Parties in respect of, any Benefit Plan maintained by any of them or their respective Affiliates that is a non-U.S. defined benefit pension plan. For the avoidance of doubt, Schedule 1.10(b)(i) to this Agreement identifies those arrangements where there shall be a transfer of assets or liabilities or both as required by applicable Law, and any arrangement not identified on such Schedule shall be deemed for purposes of this Agreement to be one for which such a transfer of assets or liabilities is not required by applicable Law.
To the extent provided in Schedule 1.10(b)(ii) to this Agreement, the Parties shall cause the transfer of assets or liabilities between, or otherwise among them in respect of, any Benefit Plan maintained by any of them or their respective Affiliates that are non-U.S. defined benefit pension plans, although such transfer of assets or liabilities is not otherwise required by applicable Law.

(c) **OPEB**.

(i) Except to the extent required by applicable Law or as otherwise provided in subsection (c)(ii) or (c)(iii), below, there shall be no transfer of assets or liabilities (including without limitation with respect to Actions) between, or otherwise among the Parties in respect of, any OPEB Plan. For the avoidance of doubt, Schedule 1.10(c)(i) to this Agreement identifies those OPEB Plans where there shall be a transfer of assets or liabilities or both as required by applicable Law, and any OPEB Plan not identified on such Schedule shall be deemed for purposes of this Agreement to be one for which such a transfer of assets or liabilities is not required by applicable Law.

(ii) The Benefit Plans identified on Schedule 1.10(c)(ii) to this Agreement shall be Assumed as indicated therein.

(iii) Notwithstanding anything to the contrary in Sections 1.03, 1.04 or 1.10, SpecCo shall Assume (or cause a member of its Group to Assume) Liabilities related to the E.I. DuPont de Nemours and Company Long Term Care Insurance Plan, which shall not be considered a Benefit for purposes of Section 1.03 or a Benefit Plan for purposes of Section 1.04.

(d) **Welfare Benefit Claims**. Notwithstanding anything to the contrary in this Agreement and except as set forth on Schedule 1.10(d) to this Agreement, (i) MatCo shall remain responsible for any claims under any Heritage Dow Benefit Plans that are welfare benefits plans (the “Heritage Dow Group Welfare Plans”) that were incurred prior to the MatCo Distribution Date with respect to each Heritage Dow AgCo Employee and Heritage Dow SpecCo Employee; (ii) AgCo shall remain responsible for any claims under any Heritage DuPont Benefit Plans that are welfare benefits plans (the “Heritage DuPont Group Welfare Plans”) that were incurred prior to the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date) with respect to each Heritage DuPont MatCo Employee who is employed by AgCo or a member of the AgCo Group immediately prior to the Internal Reorganization or any Heritage DuPont SpecCo Assigned Employee; and (iii) SpecCo shall remain responsible for any claims under any Heritage DuPont Group Welfare Plan that were incurred prior to the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date) with respect to each Heritage DuPont MatCo Employee who is employed by SpecCo or a member of the SpecCo Group immediately prior to the Internal Reorganization or any Heritage DuPont AgCo Assigned Employee; provided, however, that clauses (i) through (iii) shall not apply to any long-term disability coverage for any employee who incurred a short-term disability event but was not an LTD Employee prior to the applicable Distribution Date. Except in the event of any claim for workers’ compensation benefits for purposes of Section 2.08, any claims shall be deemed to be incurred pursuant to the terms and conditions of the Heritage Dow Group Welfare Plan or the Heritage DuPont Group Welfare Plan, as the case may be, provided that the Parties shall use their best efforts to ensure that there is no failure to cover any claim that otherwise would have been covered under a Heritage Company Benefit Plan but for the provisions of this Agreement.
Section 1.11 Labor Matters. Notwithstanding anything to the contrary in this Agreement, subject to Section 2.02, as of the MatCo Distribution Date: (a) MatCo shall honor, or cause the applicable members of the MatCo Group to honor, in accordance with their terms, each of the MatCo Labor Agreements; (b) AgCo shall honor, or cause the applicable members of the AgCo Group to honor, in accordance with their terms, each of the AgCo Labor Agreements; and (c) SpecCo shall honor, or cause the applicable members of the SpecCo Group to honor, in accordance with their terms, each of the SpecCo Labor Agreements. Prior to the date hereof, each Party shall have complied, or shall have caused the applicable member of its Group to comply, and prior to each Distribution Date, each Party shall comply, or shall have caused the applicable member of its Group to comply, with any obligations it has under applicable Laws and applicable Labor Agreements to inform and/or consult with any Employee Representative Body or group of employees in connection with this Agreement, the arrangements proposed in this Agreement, the Internal Reorganization and/or the Distributions. Each of the other Parties and members of their respective Groups who will employ the employees represented by an Employee Representative Body after the Internal Reorganization and/or the Distributions shall have reasonably cooperated (for such information or consultation obligations required to be completed on or prior to the date hereof), and shall reasonably cooperate (for such information or consultation obligations required to be completed after the date hereof), with such Party or member of its Group in order to comply with such obligations, including by providing all documents and information necessary to complete such information and/or consultation requirements.

Section 1.12 Expatriate Assignments.

(a) Allocation of Liabilities for Concluded Expatriate Assignments. Except to the extent otherwise required by applicable Law, and notwithstanding anything to the contrary in Section 1.16: (i) MatCo shall, or shall cause the applicable member of the MatCo Group to, retain (1) all Liabilities (including obligations, if any, to administer, or provide post-repatriation benefits or services under, Heritage Dow’s expatriate programs) arising from or relating to each Heritage Dow Employee whose expatriate assignment ended prior to the MatCo Distribution Date (without regard to which Heritage Company, Party or Group member initiated such expatriate assignment), and (2) all rights to receive any repayment or reimbursement (including repayment or reimbursement of any trailing tax reconciliation or tax equalization by the applicable Impacted Employee) from such Heritage Dow Employee; (ii) AgCo shall, or shall cause the applicable member of the AgCo Group to, retain (1) all Liabilities (including obligations, if any, to administer, or provide post-repatriation benefits or services under, Heritage DuPont’s expatriate programs) arising from or relating to each Heritage DuPont Employee who is employed by AgCo or a member of the AgCo Group as of immediately prior to the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date) and whose expatriate assignment ended prior to such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such expatriate assignment), and (2) all rights to receive any repayment or reimbursement (including repayment or reimbursement of any trailing tax reconciliation or tax equalization by the applicable Impacted Employee) from such Heritage DuPont Employee; and (iii) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, retain (1) all Liabilities (including obligations, if any, to administer, or provide post-repatriation benefits or services under, Heritage DuPont’s expatriate programs) arising from or relating to each Heritage DuPont Employee who is employed by SpecCo or a member of the SpecCo Group as of immediately prior to the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date) and whose expatriate assignment ended prior to such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such expatriate assignment), and (2) all rights to receive any repayment or reimbursement (including repayment or reimbursement of any trailing tax reconciliation or tax equalization by the applicable Impacted Employee) from such Heritage DuPont Employee.
(b) Allocation of Liabilities for Ongoing Expatriate Assignments. Except to the extent otherwise required by applicable Law, and, for the avoidance of doubt, pursuant to Section 1.16: (i) MatCo shall, or shall cause the applicable member of the MatCo Group to, Assume all (1) Liabilities (including obligations, if any, to provide post-repatriation benefits or services under Heritage DuPont’s expatriate programs, provided that, for the avoidance of doubt, except as otherwise required by applicable Law or applicable Labor Agreement, there shall be no obligation to continue such benefits or services) arising from or relating to each Heritage DuPont MatCo Employee whose expatriate assignment began prior to the MatCo Distribution Date and which expatriate assignment is still in progress on the MatCo Distribution Date (without regard to which Heritage Company, Party or Group member initiated such expatriate assignment); and (2) rights to receive any repayment or reimbursement (including repayment or reimbursement of any trailing tax reconciliation or tax equalization by the applicable Impacted Employee) from such Heritage DuPont MatCo Employee; (ii) AgCo shall, or shall cause the applicable member of the AgCo Group to, Assume all (1) Liabilities (including obligations, if any, to provide post-repatriation benefits or services under Heritage Dow’s or Heritage DuPont’s expatriate programs, as applicable, provided that, for the avoidance of doubt, except as otherwise required by applicable Law or applicable Labor Agreement, there shall be no obligation to continue such benefits or services) arising from or relating to each Heritage Dow AgCo Employee and Heritage DuPont AgCo Assigned Employee whose expatriate assignment began prior to the MatCo Distribution Date or AgCo Distribution Date, respectively, and which expatriate assignment is still in progress on such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such expatriate assignment); and (2) rights to receive any repayment or reimbursement (including repayment or reimbursement of any trailing tax reconciliation or tax equalization by the applicable Impacted Employee) from such Heritage Dow AgCo Employee or Heritage DuPont AgCo Assigned Employee, respectively; and (iii) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, Assume all (1) Liabilities (including obligations, if any, to provide post-repatriation benefits or services under Heritage Dow’s or Heritage DuPont’s expatriate programs, as applicable, provided that, for the avoidance of doubt, except as otherwise required by applicable Law or applicable Labor Agreement, there shall be no obligation to continue such benefits or services) arising from or relating to each Heritage Dow SpecCo Employee and Heritage DuPont SpecCo Assigned Employee whose expatriate assignment began prior to the MatCo Distribution Date or AgCo Distribution Date, respectively, and which expatriate assignment is still in progress on such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such expatriate assignment); and (2) rights to receive any repayment or reimbursement (including repayment or reimbursement of any trailing tax reconciliation or tax equalization by the applicable Impacted Employee) from such Heritage Dow SpecCo Employee or Heritage DuPont SpecCo Assigned Employee, respectively.
Section 1.13 In-Country and International Relocations.

(a) Benefits for Impacted Employee Relocations. Except as set forth on Schedule 1.13(a) to this Agreement or to the extent otherwise required by applicable Law or applicable Labor Agreement, and notwithstanding anything to the contrary in Section 1.16: (i) MatCo shall, or shall cause the applicable member of the MatCo Group to, administer and provide benefits or services, pursuant to the applicable Heritage Dow in-country or international relocation program, to any Heritage Dow AgCo Employee or any Heritage Dow SpecCo Employee whose relocation was initiated prior to the MatCo Distribution Date and which relocation is still in progress on the MatCo Distribution Date (without regard to which Heritage Company, Party or Group member initiated such relocation); (ii) AgCo shall, or shall cause the applicable member of the AgCo Group to, administer and provide benefits or services, pursuant to the applicable Heritage DuPont in-country or international relocation program, to any Heritage DuPont MatCo Employee who was employed by AgCo or a member of the AgCo Group when the relocation was initiated prior to the MatCo Distribution Date or AgCo Distribution Date, respectively, and which relocation is still in progress on such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such relocation); and (iii) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, administer and provide benefits or services, pursuant to the applicable Heritage DuPont in-country or international relocation program, to any Heritage DuPont MatCo Employee who was employed by SpecCo or a member of the SpecCo Group when the relocation was initiated or any Heritage DuPont AgCo Assigned Employee, in each case whose relocation was initiated prior to the MatCo Distribution Date or AgCo Distribution Date, respectively, and which relocation is still in progress on such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such relocation).

(b) Allocation of Liabilities for Impacted Employee Relocations. Except as set forth on Schedule 1.13(b) to this Agreement or to the extent otherwise required by applicable Law or applicable Labor Agreement, and, for the avoidance of doubt, pursuant to Section 1.16: (i) MatCo shall, or shall cause the applicable member of the MatCo Group to, Assume (1) all Liabilities arising from or relating to an in-country relocation of any Heritage DuPont MatCo Employee initiated prior to the MatCo Distribution Date and which relocation is still in progress on the MatCo Distribution Date (without regard to which Heritage Company, Party or Group member initiated such in-country relocation), and (2) all Liabilities arising from or relating to an international relocation of any Heritage DuPont MatCo Employee initiated following August 31, 2017 and prior to the MatCo Distribution Date and which relocation is still in progress on the MatCo Distribution Date (without regard to which Heritage Company, Party or Group member initiated such international relocation); (ii) AgCo shall, or shall cause the applicable member of the AgCo Group to, Assume (1) all Liabilities arising from or relating to an in-country relocation of any Heritage Dow AgCo Employee or Heritage DuPont AgCo Assigned Employee initiated prior to the MatCo Distribution Date or AgCo Distribution Date, respectively, and which relocation is still in progress on such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such in-country relocation), and (2) all Liabilities arising from or relating to an international relocation of any Heritage Dow AgCo Employee or Heritage DuPont AgCo Assigned Employee initiated following August 31, 2017 and prior to the MatCo Distribution Date or the AgCo Distribution Date, respectively, and which relocation is still in progress on such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such international relocation); and (iii) SpecCo shall, or shall cause the applicable member of the SpecCo Group to, Assume (1) all Liabilities arising from or relating to an in-country relocation of any Heritage Dow SpecCo Employee or Heritage DuPont SpecCo Assigned Employee initiated prior to the MatCo Distribution Date or AgCo Distribution Date and which relocation is still in progress on such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such in-country relocation), and (2) all Liabilities arising from or relating to an international relocation of any Heritage Dow SpecCo Employee or Heritage DuPont SpecCo Assigned Employee initiated following August 31, 2017 and prior to the MatCo Distribution Date or the AgCo Distribution Date, respectively, and which relocation is still in progress on such Distribution Date (without regard to which Heritage Company, Party or Group member initiated such international relocation).
Section 1.14 Non-Solicitation.

(a) The Parties have invested significant time, costs and resources to select the employees for their proper roles within their respective future workforces. To ensure that each of the Parties receives the benefit of such investments and retains skilled employees necessary to conduct their respective businesses, for a period commencing on the MatCo Distribution Date and ending on the shorter of (x) twenty-four (24) months following the AgCo Distribution Date, but no later than twenty-six (26) months following the MatCo Distribution Date or (b) the maximum period permitted by applicable Law in each applicable jurisdiction:

(i) Without the prior written consent of AgCo’s Chief Human Resources Officer or SpecCo’s Chief Human Resources Officer, as applicable, MatCo shall not, and shall cause the members of the MatCo Group not to, directly or indirectly Solicit: (1) any employee of AgCo, the AgCo Group, SpecCo or the SpecCo Group (excluding any Heritage DuPont MatCo Employee who is a Delayed Employment Employee or Returning LTD Employee, subject to the terms of Section 1.02(c) and Section 1.02(d), as applicable); (2) within ninety (90) days of the applicable termination of employment, any former employee of AgCo, the AgCo Group, SpecCo or the SpecCo Group who was not involuntarily terminated by the applicable Party or Group (other than any Non-Consenting Employee covered by clause (3) of this Section 1.14(a)(i)); or (3) any Heritage Dow Employee or Heritage DuPont Employee who was Ring-Fenced to AgCo or SpecCo and became a Non-Consenting Employee, as applicable;

(ii) Without the prior written consent of MatCo’s Chief Human Resources Officer or SpecCo’s Chief Human Resources Officer, as applicable, AgCo shall not, and shall cause the members of the AgCo Group not to, directly or indirectly, Solicit: (1) any employee of MatCo, the MatCo Group, SpecCo or the SpecCo Group (excluding any Heritage Dow AgCo Employee or Heritage DuPont AgCo Assigned Employee who is a Delayed Employment Employee or Returning LTD Employee, subject to the terms of Section 1.02(d) and Section 1.02(e), as applicable); (2) within ninety (90) days of the applicable termination of employment, any former employee of MatCo, the MatCo Group, SpecCo or the SpecCo Group who was not involuntarily terminated by the applicable Party or Group (other than any Non-Consenting Employee covered by clause (3) of this Section 1.14(a)(ii)); or (3) any Heritage Dow Employee or Heritage DuPont Employee who was Ring-Fenced to MatCo or SpecCo and became a Non-Consenting Employee; and
(iii) Without the prior written consent of MatCo’s Chief Human Resources Officer or AgCo’s Chief Human Resources Officer, as applicable, SpecCo shall not, and shall cause the members of the SpecCo Group not to, directly or indirectly, Solicit: (1) any employee of MatCo, the MatCo Group, AgCo or the AgCo Group (excluding any Heritage Dow SpecCo Employee or Heritage DuPont SpecCo Assigned Employee who is a Delayed Employment Employee or Returning LTD Employee, subject to the terms of Section 1.02(d) and Section 1.02(e), as applicable); (2) within ninety (90) days of the applicable termination of employment, any former employee of MatCo, the MatCo Group, AgCo or the AgCo Group who was not involuntarily terminated by the applicable Party or Group (other than any Non-Consenting Employee covered by clause (3) of this Section 1.14(a)(iii)); or (3) any Heritage Dow Employee or Heritage DuPont Employee who was Ring-Fenced to MatCo or AgCo and became a Non-Consenting Employee.

Notwithstanding the foregoing, the restrictions on solicitation in this Section 1.14 (A) shall not apply to solicitations made to the public generally through bona fide public advertisements or job postings that are not targeted at employees of any Party or of any member of such Party’s Group, and (B) shall not restrict any Party or member of its Group from soliciting or hiring any individual who provided services to such Party or member of its Group pursuant to an Operating Services Agreement (as defined in the Separation Agreement) upon the termination of such Operating Services Agreement.

(b) If, at the time of enforcement of this Section 1.14, a court shall hold that the duration, scope or other restrictions stated herein are unreasonable under circumstances then existing, the Parties agree that the maximum duration, scope or other restrictions reasonable under such circumstances shall be substituted for the stated duration, scope or other restrictions and that the court shall be allowed to revise the restrictions contained herein to cover the maximum duration, scope and other restrictions then permitted by applicable Law.

Section 1.15 Employee Records. To the extent required by applicable Law or as reasonably required in order for the Parties to perform their obligations under this Agreement or as provided in Schedule 1.15 to this Agreement, each Party shall, and shall cause the applicable member of its Group to, transfer copies of all applicable employee records, data or information, and compliance-related training documents, with respect to each Impacted Employee to the applicable Party or applicable member of its Group (“Employee Records”) in a manner compliant with applicable Law and as agreed upon by the applicable members of the applicable Groups in each Relevant Jurisdiction and, with respect to medical records (which shall not include “protected health information” as described in the following sentence), in accordance with the treatment of employee medical records provided in Schedule 1.15 to this Agreement; provided, however, that no transfer shall be necessary to the extent such employee records are already in the possession and control of the applicable member of its Group. For the avoidance of doubt, Employee Records do not include “protected health information” under the Health Insurance Portability and Accountability Act of 1996, as amended, or any similar state, local or foreign Law. To the extent there are any employee records, data or information not transferred pursuant to this Section 1.15, then the Party in control of such records, data or information shall preserve and provide access to such records, data and information in accordance with and subject to the terms of Section 9.1 and Section 9.2 of the Separation Agreement.
Section 1.16 HR Liabilities.

(a) In General. Except to the extent otherwise required by applicable Law or as otherwise provided in this Agreement: (i) MatCo shall, or shall cause a member of the MatCo Group to, Assume all of the MatCo HR Liabilities; (ii) AgCo shall, or shall cause a member of the AgCo Group to, Assume all of the AgCo HR Liabilities; and (iii) SpecCo shall, or shall cause a member of the SpecCo Group to, Assume all of the SpecCo HR Liabilities, in each case, regardless of (v) when or where such Liabilities arose or arise; (w) whether the facts upon which they are based occurred prior to, on, or subsequent to the Effective Time; (x) where or against whom such Liabilities are asserted or determined; (y) regardless of whether arising from or alleged to arise from negligence, gross negligence, recklessness, violation of Law, fraud, or misrepresentation by any member of the MatCo Group, AgCo Group, or SpecCo Group, as the case may be, or any of their past or present respective directors, officers, employees, agents, Subsidiaries, or Affiliates; and (z) which entity is named in any Action associated with any Liability.

(b) Liabilities for Deselected Employees. Except to the extent otherwise required by applicable Law or as otherwise provided in this Agreement,

(i) MatCo shall, or shall cause a member of the MatCo Group to, Assume all of the HR Liabilities related to (1) each Heritage Dow MatCo Deselected Employee, (2) each Heritage DuPont MatCo Deselected Employee who is terminated by AgCo or SpecCo after MatCo or a member of the MatCo Group (x) deselects such person in violation of applicable Law or (y) deselects such person in accordance with applicable Law but does not provide adequate documentation and supporting materials to AgCo or SpecCo, as the case may be, sufficient to allow such Party to terminate and, where applicable, obtain a valid release from such person, and (3) each Heritage Dow AgCo Deselected Employee and Heritage Dow SpecCo Deselected Employee whom AgCo or SpecCo, respectively, deselects in accordance with applicable Law and in respect of whom AgCo or SpecCo, respectively, provides MatCo with adequate documentation and supporting materials sufficient to allow MatCo to terminate and obtain a valid release from such person;

(ii) AgCo shall, or shall cause a member of the AgCo Group to, Assume all of the HR Liabilities related to (1) each Heritage DuPont AgCo Deselected Employee, (2) each Heritage Dow AgCo Deselected Employee or Heritage DuPont AgCo Deselected Employee who is terminated by MatCo or SpecCo, respectively, after AgCo or a member of the AgCo Group (x) deselects such person in violation of applicable Law or (y) deselects such person in accordance with applicable Law but does not provide adequate documentation and supporting materials to MatCo or SpecCo, as the case may be, sufficient to allow such Party to terminate and, where applicable, obtain a valid release from such person, and (3) each Heritage DuPont MatCo Deselected Employee and Heritage DuPont SpecCo Deselected Employee, in each case who is employed by AgCo or a member of the AgCo Group, whom MatCo or SpecCo, respectively, deselect in accordance with applicable Law and in respect of whom MatCo or SpecCo, respectively, provide AgCo with adequate documentation and supporting materials sufficient to allow AgCo to terminate and obtain a valid release from such person;
(iii) SpecCo shall, or shall cause a member of the SpecCo Group to, Assume all of the HR Liabilities related to (1) each Heritage DuPont SpecCo Deselected Employee, (2) each Heritage Dow SpecCo Deselected Employee or Heritage DuPont SpecCo Deselected Employee who is terminated by MatCo or AgCo, respectively, after SpecCo or a member of the SpecCo Group (x) deselects such person in violation of applicable Law or (y) deselects such person in accordance with applicable Law but does not provide adequate documentation and supporting materials to MatCo or AgCo, as the case may be, sufficient to allow such Party to terminate and, where applicable, obtain a valid release from such person, and (3) each Heritage DuPont MatCo Deselected Employee and Heritage DuPont AgCo Deselected Employee, in each case who is employed by SpecCo or a member of the SpecCo Group, whom MatCo or AgCo, respectively, deselect in accordance with applicable Law and in respect of whom MatCo or AgCo, respectively, provide SpecCo with adequate documentation and supporting materials sufficient to allow SpecCo to terminate and obtain a valid release from such person.

(iv) Each Party agrees to supply each other Party with documentation and supporting materials as may reasonably be requested by such other Party with respect to subclauses 1 and 3 of each of clauses (i) through (iii) of this Section 1.16(b) (including any notice required pursuant to the Older Workers Benefit Protection Act of 1990), and to preserve selection and deselection records for any applicable statute of limitations, provide reasonable access to each other Party and reasonably cooperate with each other Party in connection with any claims or proceedings with respect to this Section 1.16(b); provided, however, that each Party legally responsible for terminating any Deselected Employee shall be responsible for delivering such materials to such Deselected Employees.

(c) Liabilities for Non-Consenting Employees. For the avoidance of doubt, except to the extent otherwise required by applicable Law or as otherwise provided in this Agreement, including Section 1.07(b):

(i) MatCo shall, or shall cause a member of the MatCo Group to, Assume all of the HR Liabilities related to any Non-Consenting Employee who is a Heritage Dow Employee;

(ii) AgCo shall, or shall cause a member of the AgCo Group to, Assume all of the HR Liabilities related to any Non-Consenting Employee who is a Heritage DuPont AgCo Aligned Employee; and
(iii) SpecCo shall, or shall cause a member of the SpecCo Group to, Assume all of the HR Liabilities related to any Non-Consenting Employee who is a Heritage DuPont SpecCo Aligned Employee or a Heritage DuPont MatCo Aligned Employee.

(d) Liabilities for Former Employees. Except to the extent otherwise required by applicable Law or as otherwise provided in Section 1.16(b) with respect to Deselected Employees or Section 1.16(c) with respect to Non-Consenting Employees or this Section 1.16(d) with respect to Former Other Business Employees, any HR Liability in respect of individuals who, as of immediately prior to the applicable Distribution Date, are former employees of Heritage Dow or Heritage DuPont or any of their respective predecessors or former Affiliates, shall be, to the extent not otherwise addressed herein, (i) a MatCo HR Liability to the extent relating to, arising out of, by reason of or otherwise in connection with the Material Sciences Business; (ii) an AgCo HR Liability to the extent relating to, arising out of, by reason of or otherwise in connection with the Agriculture Business; and (iii) a SpecCo HR Liability to the extent relating to, arising out of, by reason of or otherwise in connection with the Specialty Products Business. With respect to the HR Liabilities pertaining to any Former Other Business Employee, to the extent not otherwise addressed herein, the principles of the Separation Agreement shall apply to such HR Liability.

(e) Joint and Several Liabilities. With respect to HR Liabilities that, under applicable Law or Labor Agreement, result in joint and several liability between two or more Parties, such HR Liabilities, to the extent not otherwise addressed herein, shall be apportioned among the Parties based on the principles of the Separation Agreement in respect of shared liabilities.

Section 1.17 Indemnification. Except to the extent otherwise required by applicable Law or as otherwise provided in this Agreement:

(a) MatCo Indemnification. MatCo shall, and shall cause each member of the MatCo Group to, indemnify, defend, and hold harmless the AgCo Indemnitees and the SpecCo Indemnitees from and against any and all Indemnifiable Losses of the AgCo Indemnitees and SpecCo Indemnitees, respectively, to the extent relating to, arising out of, by reason of or otherwise in connection with any failure of MatCo or any member of the MatCo Group to discharge any of their respective obligations (including such obligations of MatCo that may arise prior to the MatCo Distribution Date) under this Agreement, including failure to Assume any HR Liability in accordance with this Agreement.

(b) AgCo Indemnification. AgCo shall, and shall cause each member of the AgCo Group to, indemnify, defend, and hold harmless the MatCo Indemnitees and the SpecCo Indemnitees from and against any and all Indemnifiable Losses of the MatCo Indemnitees and SpecCo Indemnitees, respectively, to the extent relating to, arising out of, by reason of or otherwise in connection with any failure of AgCo or any member of the AgCo Group to discharge any of their respective obligations (including such obligations of AgCo that may arise prior to the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date)) under this Agreement, including failure to Assume any HR Liability in accordance with this Agreement.
(c) **SpecCo Indemnification.** SpecCo shall, and shall cause each member of the SpecCo Group to, indemnify, defend, and hold harmless the MatCo Indemnitees and the AgCo Indemnitees from and against any and all Indemnifiable Losses of the MatCo Indemnitees and AgCo Indemnitees, respectively, to the extent relating to, arising out of, by reason of or otherwise in connection with any failure of SpecCo or any member of the SpecCo Group to discharge any of their respective obligations (including such obligations of SpecCo that may arise prior to the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date)) under this Agreement, including failure to Assume any HR Liability in accordance with this Agreement.

(d) The following sections of the Separation Agreement shall apply *mutatis mutandis* to this Agreement as if such provisions had been set out expressly in this Agreement: 8.5 (Procedures for Third Party Claims), excluding Section 8.5(f) thereof, 8.6 (Procedures for Direct Claims), 8.7 (Cooperation in Defense and Settlement), 8.8 (Indemnification Payments), 8.9 (Indemnification Obligations Net of Insurance Proceeds and Other Amounts) and 8.10 (Additional Matters; Survival of Indemnities).

Section 1.18 **Compliance with Applicable Laws.** Notwithstanding any obligation set forth in this Agreement, on and following the applicable Distribution Date, each Party shall, and shall cause each member of its Group to, comply with all applicable Laws with respect to the employment or termination of any Impacted Employee. For the avoidance of doubt, if any Party or member of its Group fails to discharge its obligations under this section, any Indemnifiable Losses suffered by either of the other two Parties or any members of their respective Groups arising from such failure shall be subject to indemnification pursuant to this Section 1.18.

Section 1.19 **Transition Services.** Except as expressly provided otherwise in this Agreement, the Parties agree that no member of any Group shall provide, or shall cause to be provided, any transition services on and after the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date) in respect of employee benefits or human resources services for any Impacted Employees.

Section 1.20 **Good-Faith Negotiations.** Notwithstanding anything in this Agreement to the contrary (including the treatment of outstanding equity awards and annual incentive awards as described herein), the Parties agree to negotiate in good faith regarding the need for any treatment different from that provided herein.

Section 1.21 **Third Party Beneficiaries.** Notwithstanding anything contained in the Agreement to the contrary, no provision of this Agreement is intended to, or does, require any Party to keep any Person employed for any period of time or constitute the establishment or adoption of, or amendment to, any Benefit Plan. This Agreement is solely for the benefit of, and is only enforceable by, the Parties and their permitted successors and assigns and should not be deemed to confer upon third parties any remedy, benefit, claim, liability, reimbursement, claim of Action or other right of any nature whatsoever, including any rights of employment for any specified period, in excess of those existing without reference to this Agreement.

Section 1.22 **Effective Time.** This Agreement shall be effective as of the Effective Time and shall cease to be of any force or effect if the Separation Agreement is terminated.
ARTICLE II

UNITED STATES

The provisions of this Article II apply only in respect of matters that arise in respect of the employment of individuals within the United States or the termination thereof.

Section 2.01 Payment of U.S. Grandfathered Vacation Benefits. Notwithstanding anything to the contrary in this Section 2.01, except to the extent otherwise required by an applicable Law or applicable Labor Agreement, as soon as administratively practicable following the MatCo Distribution Date (and no later than the earlier of the dates required by applicable Law or Labor Agreement, in each case, to the extent applicable): (i) AgCo shall pay out to each Heritage DuPont MatCo Employee in the U.S. all earned but unused vacation benefits remaining in the employee’s 2014 Bank (as defined in the DuPont Vacation Plan), based on the employee’s hourly rate of pay or average hourly earnings as of December 31, 2014; and (ii) MatCo shall pay out to each Heritage Dow AgCo Employee and Heritage Dow SpecCo Employee in the U.S. all earned but unused service vacation benefits under the Dow Corning Service Vacation policy (the vacation benefits described in this Section 2.01, “U.S. Grandfathered Time”).

Section 2.02 Special Provisions Applicable to U.S. Unions and U.S. Union Contracts. As of the MatCo Distribution Date, and continuing thereafter for as long as required by applicable Law: (i) AgCo shall recognize the labor union that is party to the Dow Midland Labor Agreement as the sole and exclusive bargaining representative for the classification of employees set forth in such agreement who are Heritage Dow AgCo Employees, and shall negotiate, or have negotiated, in good faith a new Labor Agreement with such labor union, and shall honor such new Labor Agreement; and (ii) SpecCo shall recognize the labor union that is party to the Dow Midland Labor Agreement as the sole and exclusive bargaining representative for the classification of employees set forth in such agreement who are Heritage Dow SpecCo Employees, and shall negotiate, or have negotiated, in good faith a new Labor Agreement with such labor union, and shall honor such new Labor Agreement. To the extent a new Labor Agreement has not been reached prior to the MatCo Distribution Date between either AgCo or SpecCo and the labor union party to the Dow Midland Labor Agreement, each of AgCo and SpecCo reserves the right to set initial terms and conditions of employment for the Heritage Dow AgCo Employees and the Heritage Dow SpecCo Employees covered by such agreement, respectively, subject to applicable Law and Section 1.03.

Section 2.03 RESERVED.

Section 2.04 U.S. Tax-Qualified Defined Contribution Plans.

(a) Heritage Dow U.S. Savings Plans.

(i) Except as otherwise provided in Section 2.04(a)(ii), effective as of the MatCo Distribution Date, contributions under The Dow Chemical Company Employees’ Savings Plan (the “Heritage Dow U.S. Savings Plan”), in respect of the Heritage Dow AgCo Employees and the Heritage Dow SpecCo Employees, in each case, who participated in the Heritage Dow U.S. Savings Plan (each, a “Heritage Dow U.S. Savings Plan Participant” and, collectively, the “Heritage Dow U.S. Savings Plan Participants”), shall cease. AgCo and SpecCo shall each designate a defined contribution retirement plan (with respect to the defined contribution retirement plan designated by AgCo, the “AgCo U.S. Savings Plan” and with respect to the defined contribution retirement plan designated by SpecCo, the “SpecCo U.S. Savings Plan”) for the benefit of Heritage Dow U.S. Savings Plan Participants who are Heritage Dow AgCo Employees or Heritage Dow SpecCo Employees, respectively.
(ii) Notwithstanding Section 2.04(a)(i), effective as of the MatCo Distribution Date, a member of the SpecCo Group shall become the sponsor of the Multibase, Inc. 401(k) Profit Sharing Plan.

(b) **Heritage DuPont U.S. Savings Plans.**

(i) Effective as of the MatCo Distribution Date, contributions under DuPont Retirement Savings Plan (the “Heritage DuPont U.S. Savings Plan”), in respect of Heritage DuPont MatCo Employees who participated in the Heritage DuPont U.S. Savings Plan (each, a “Heritage DuPont U.S. Savings Plan Participant” and, collectively, the “Heritage DuPont U.S. Savings Plan Participants”), shall cease. MatCo shall designate a defined contribution retirement plan (the “MatCo U.S. Savings Plan”) for the benefit of the Heritage DuPont U.S. Savings Plan Participants.

(ii) Effective as of the AgCo Distribution Date, contributions under the Heritage DuPont U.S. Savings Plan in respect of Heritage DuPont SpecCo Employees who are Heritage DuPont U.S. Savings Plan Participants shall cease. AgCo and SpecCo agree to cooperate in good faith to cause a trustee-to-trustee transfer of all assets and liabilities (including plan loans in-kind) under the Heritage DuPont U.S. Savings Plan in respect of Heritage DuPont SpecCo Assigned Employees who are Heritage DuPont U.S. Savings Plan Participants as of the AgCo Distribution Date to the SpecCo U.S. Savings Plan, which transfer shall occur as soon as practicable following the AgCo Distribution Date and shall be conducted in accordance with Section 414(l) of the Code, Treasury Regulation Section 1.414(l)-1 and Section 208 of the Employee Retirement Income Security Act of 1974, as amended.

Section 2.05 U.S. Non-Retiree Welfare Benefits.

(a) **Welfare Benefit Plans.** (i) On or prior to the MatCo Distribution Date, MatCo shall designate welfare benefit plans for the U.S. Heritage DuPont MatCo Employees (the “MatCo Group U.S. Welfare Plans”); (ii) AgCo shall designate welfare benefit plans, on or prior to the MatCo Distribution Date, for the U.S. Heritage Dow AgCo Employees and, on or prior to the AgCo Distribution Date, for the U.S. Heritage DuPont AgCo Assigned Employees (the “AgCo Group U.S. Welfare Plans”); and (iii) SpecCo shall designate welfare benefit plans, on or prior to the MatCo Distribution Date, for the U.S. Heritage Dow SpecCo Employees and, on or prior to the AgCo Distribution Date, for the U.S. Heritage DuPont SpecCo Assigned Employees (the “SpecCo Group U.S. Welfare Plans” and together with the MatCo Group U.S. Welfare Plans and the AgCo Group U.S. Welfare Plans, the “Group U.S. Welfare Plans”). Pursuant to Section 1.04, on or prior to the MatCo Distribution Date (or, as between AgCo and SpecCo, the AgCo Distribution Date), (i) Heritage Dow shall cause each Heritage Dow AgCo Employee and Heritage Dow SpecCo Employee to cease to participate in and accrue benefits under all Heritage Dow Benefit Plans that are welfare benefits plans in the United States (the “Heritage Dow Group U.S. Welfare Plans”); (ii) AgCo shall cause each Heritage DuPont MatCo Employee who is employed by AgCo or a member of the AgCo Group and each Heritage DuPont SpecCo Assigned Employee to cease to participate in and accrue benefits under all Heritage DuPont Benefit Plans that are welfare benefit plans in the United States (the “Heritage DuPont Group U.S. Welfare Plans”); (iii) SpecCo shall cause each Heritage DuPont MatCo Employee who is employed by SpecCo or a member of the SpecCo Group and each Heritage DuPont AgCo Assigned Employee to cease to participate in and accrue benefits under all Heritage DuPont Group U.S. Welfare Plans; and (iv) each Party shall, or shall cause the applicable member of its Group to, cause each U.S. Impacted Employee to be eligible to participate in the applicable Group U.S. Welfare Plan pursuant to Section 1.04 immediately following the Distribution Date.
Section 2.06 Certain Nonemployee Director Arrangements. Unless otherwise expressly provided in this Agreement (including Section 1.09 and Section 2.07), (a) MatCo shall Assume all responsibility for provision of compensation and benefits (i) in respect of the period on and following the MatCo Distribution Date in respect of individuals who are nonemployee directors of MatCo upon or after the MatCo Distribution, (ii) in respect of any individual who was a nonemployee director of The Dow Chemical Company on or before August 31, 2017, and (iii) in respect of any individual set forth on Schedule 2.06(a) to this Agreement, (b) SpecCo shall Assume all responsibility for provision of compensation and benefits in respect of the period on and following the AgCo Distribution Date in respect of individuals who are nonemployee directors of SpecCo as of immediately following the AgCo Distribution, and (c) AgCo shall Assume all responsibility for compensation and benefits otherwise provided or to be provided to current or former nonemployee directors of SpecCo or DuPont.

Section 2.07 Non-Qualified Deferred Compensation Plans.

(a) In General. Except as provided in subsection (b), below, there shall be no transfer among the Parties or their Affiliates of assets or liabilities in respect of nonqualified deferred compensation plans maintained by any of them or their respective Subsidiaries.

(b) Transferred Assets/Liabilities. Effective as of the AgCo Distribution Date:

(i) AgCo or its applicable Affiliate shall assign to SpecCo, and SpecCo shall assume from AgCo, all of AgCo’s rights and obligations under the nonqualified deferred compensation arrangements provided in Schedule 2.07(b)(i) to this Agreement in respect of each individual who as of the AgCo Distribution Date is a director or employee of SpecCo (or, as applicable, a member of the SpecCo Group) (to the extent so assigned and assumed, the “Transferred NQDC Plans”).

(ii) Pursuant to and in accordance with Section 15 of the Amended and Restated E. I. du Pont de Nemours and Company Trust Agreement between DuPont and Wells Fargo Bank, National Association as in effect July 31, 2017 (the “Existing Rabbi Trust”), AgCo shall establish a trust with terms substantially identical to the Existing Rabbi Trust (“New Rabbi Trust”) and SpecCo shall direct the trustee of the Existing Rabbi Trust to transfer to the trustee of the New Rabbi Trust, in kind, such portion of the “Plan Accounts” under the Existing Rabbi Trust attributable to the Transferred NQDC Plans.
Section 2.08 Workers’ Compensation Claims. Without limiting Sections 1.17, 5.03 or 5.04, and without regard to the legal entity obligated to discharge such liabilities under applicable Law, (a) MatCo shall be responsible for all claims for workers’ compensation benefits which are incurred (i) at any time by Heritage Dow MatCo Employees, (ii) prior to the MatCo Distribution Date by Heritage Dow AgCo Employees or Heritage Dow SpecCo Employees, and (iii) on or following the MatCo Distribution Date by Heritage DuPont MatCo Employees; (b) AgCo shall be responsible for all claims for workers’ compensation benefits which are incurred (i) at any time by Heritage DuPont AgCo Employees, (ii) prior to the MatCo Distribution Date by Heritage DuPont SpecCo Employees, and (iii) on or following the MatCo Distribution Date by Heritage Dow AgCo Employees; and (c) SpecCo shall be responsible for all claims for workers’ compensation benefits which are incurred (i) at any time by Heritage DuPont SpecCo Employees, and (ii) on or following the MatCo Distribution Date by Heritage Dow SpecCo Employees. For purposes of this Section 2.08, a claim for workers’ compensation benefits shall be deemed to be incurred when the event giving rise to the claim occurs, and all Liabilities attributable thereto (regardless when payable) shall be deemed to relate back to such event.

Section 2.09 Payroll and Related Taxes.

(a) Allocation of Payroll and Related Obligations. Each entity that is the employing legal entity of any Heritage Dow Employee or Heritage DuPont Employee during any portion of 2019 shall, in respect of the period of its employment, be responsible in respect of such employee for all payroll obligations, Tax withholdings, other applicable payroll deductions (including garnishments and union dues), and Tax reporting obligations (including delivery of a Form W-2 or similar earnings statement covering the 2019 tax year), and the applicable employer shall separately account for any such withholdings or deductions and apply them exclusively in satisfaction of the obligation in respect of which they were withheld or deducted.

(b) Payment of Taxes and Filings. The Parties shall use commercially reasonable efforts to cooperate with each other and with third-party providers to avoid the restart of taxes imposed under the United States Federal Insurance Contributions Act, as amended (FICA), or the United States Federal Unemployment Tax Act, as amended (FUTA) on or after the Distribution Date with respect to the U.S. Impacted Employees, effectuate withholding and remittance of taxes, required tax reporting, correction of overpayment or underpayment of compensation prior to the applicable Distribution Date or responding to any inquiries or audits from any Governmental Entity with respect to employment taxes, in each of the foregoing cases, in a timely, efficient, and appropriate manner.
ARTICLE III
CERTAIN NON-U.S. JURISDICTION MATTERS

Section 3.01 Heritage DuPont Puerto Rico Savings Plan. Effective as of the AgCo Distribution Date, contributions under the DuPont Puerto Rico Savings and Investment Plan (the “Heritage DuPont Puerto Rico Savings Plan”) in respect of Heritage DuPont SpecCo Employees who are Heritage DuPont Puerto Rico Savings Plan participants shall cease. AgCo and SpecCo agree to cooperate in good faith to cause a trustee-to-trustee transfer of all assets and liabilities (including plan loans in-kind) under the Heritage DuPont Puerto Rico Savings Plan in respect of Heritage DuPont SpecCo Assigned Employees who are Heritage DuPont Puerto Rico Savings Plan participants as of the AgCo Distribution Date to the defined contribution retirement savings plan designated by SpecCo, which transfer shall occur as soon as practicable following the AgCo Distribution Date and shall be conducted in accordance with any applicable provisions of the Internal Revenue Code of Puerto Rico, as amended, and the Employee Retirement Income Security Act of 1974, as amended.

Section 3.02 Certain Actions. Without limiting Section 1.10(b), AgCo shall Assume (or cause a member of its Group to Assume) Liabilities in regard to the Action described in Schedule 3.02 to this Agreement.

ARTICLE IV
ADDITIONAL DEFINED TERMS

Section 4.01 Certain Defined Terms. Except as noted in Section 4.02, terms used herein shall have the meanings defined below:

“Action” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Affiliate” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“AgCo Benefit Plan” means any Benefit Plan that AgCo or any member of the AgCo Group sponsors, maintains, or contributes to that is in place as of the Distribution Date.

“AgCo Common Stock” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“AgCo Conversion Ratio” means a fraction, the numerator of which is the Pre-AgCo (SpecCo) Share Price, and the denominator of which is the Post-AgCo (AgCo) Share Price.

“AgCo Distribution Date” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“AgCo Distribution Impacted Employee” means any Heritage DuPont AgCo Assigned Employee or Heritage DuPont SpecCo Assigned Employee.

“AgCo Distribution Ratio” means a ratio equal to [●].
“AgCo Equity Award” means an equity incentive award to be issued by AgCo in accordance with Section 1.09.

“AgCo Future Benefit Plan” means any Benefit Plan that AgCo or any member of the AgCo Group assumes, adopts, establishes, or begins sponsoring, maintaining, or contributing to on or after the Distribution Date.

“AgCo Group” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“AgCo HR Liabilities” mean all HR Liabilities for any (a) Heritage Dow AgCo Employee, (b) Heritage DuPont AgCo Aligned Employee, or (c) Heritage Dow AgCo Aligned Employee other than a Heritage Dow AgCo Employee, and any HR Liability allocated to AgCo pursuant to Section 1.16(b), Section 1.16(c) or Section 1.16(d).

“AgCo Indemnitees” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“AgCo Labor Agreement” means any agreement with any Employee Representative Body that pertains to any Heritage Dow AgCo Employees or Heritage DuPont AgCo Assigned Employees, other than the Dow Midland Labor Agreement.

“AgCo Option” means each AgCo Equity Award that is a Stock Option.

“AgCo Severance Plan” means any AgCo Benefit Plan that provides Severance benefits, as determined as of the applicable Distribution Date.

“Agriculture Asset” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Agriculture Business” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Ancillary Agreement” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Assets” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Benefit Plans” mean all compensation and benefit plans, including any welfare plans, medical, dental, and vision plans, life insurance plans, cafeteria plans, retirement, and other deferred compensation plans.

“Benefits” mean all benefits offered to new hires under the Benefit Plans of the applicable Heritage Company, Party or member of the applicable Group.
“Business” means (i) with respect to AgCo, the Agriculture Business, (ii) with respect to MatCo, the Materials Science Business or (iii) with respect to SpecCo, the Specialty Products Business.

“Business Day” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.


“Comparable Benefits” means the value of Benefits offered to new hires by the applicable Heritage Company as of the day before the applicable Distribution Date with such Benefits comparability assessed on an aggregate basis for all Impacted Employees in the same country as a group and not individually for each Impacted Employee in such country, provided that no Party or member of its Group shall be required to replicate any specific Benefit or Benefit Plan of any Heritage Company, and each applicable Party or any member of its Group may compensate for any difference in the value of any Benefit by increasing or decreasing other Benefits or compensation or both.

“Consents” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Conveyancing and Assumption Instrument” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Deselected Employee” means, collectively, each Heritage Dow AgCo Deselected Employee, Heritage Dow MatCo Deselected Employee, Heritage Dow SpecCo Deselected Employee, Heritage DuPont AgCo Deselected Employee, Heritage DuPont MatCo Deselected Employee and Heritage DuPont SpecCo Deselected Employee.

“Discontinued and/or Divested Operations and Businesses” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Distribution” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Distribution Date” means, with respect to actions taken or to be taken with respect to MatCo Distribution Impacted Employees, the MatCo Distribution Date, and with respect to actions taken or to be taken with respect to AgCo Distribution Impacted Employees, the AgCo Distribution Date.

“Dow” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Dow Midland Labor Agreement” means the Agreement between The Dow Chemical Company, Midland, MI and United Steelworkers AFL-CIO-CLC on behalf of Local Union 12075-00, dated as of February 10, 2017.

“DowDuPont Common Stock” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“DowDuPont Equity Award” means each Restricted Stock Award, Restricted Stock Unit, Performance Stock Unit and Stock Option denominated in DowDuPont Common Stock, in each case that is outstanding immediately before the MatCo Distribution Date and that, in respect of any adjustments made in respect of the AgCo Distribution, remains outstanding immediately before the AgCo Distribution Date.

“DowDuPont Option” means each DowDuPont Equity Award that is a Stock Option.
“DuPont” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.


“Effective Time” means [●], Eastern Standard Time, on the MatCo Distribution Date.

“Emergency Arbitrator” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Employee Representative Body” means any union, works council, or other agency or representative body certified or otherwise recognized for the purposes of bargaining collectively or established for the purposes of notification of or consultation on behalf of any employees.

“Employer Method Award” means each DowDuPont Equity Award that is not a Shareholder Method Award.

“Employer Method Other Award” means each Employer Method Award that is not a Stock Option.

“Final Determination” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Former Other Business Employee” means any former employee (as of immediately prior to the applicable Distribution Date) whose employment with the MatCo Group, AgCo Group or SpecCo Group or any of their respective predecessors or former Affiliates was primarily related to the Discontinued and/or Divested Operations and Businesses and who, as of immediately prior to the applicable Distribution Date, was no longer employed by any of the Parties or a member of their Group.

“Governmental Entity” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Group” means (a) with respect to SpecCo, the SpecCo Group; (b) with respect to MatCo, the MatCo Group; and (c) with respect to AgCo, the AgCo Group.

“Heritage Company” means Heritage Dow or Heritage DuPont, collectively or individually, as the context requires.

“Heritage Dow” shall have the meaning ascribed to “Historical Dow” in Section 1.01 of the Separation Agreement.
“Heritage Dow AgCo Aligned Employee” means any Heritage Dow Employee who has been Ring-Fenced to the Agriculture Business as memorialized in accordance with Section 1.01.

“Heritage Dow AgCo Deselected Employee” means any Heritage Dow AgCo Aligned Employee whom AgCo has selected to not become a Heritage Dow AgCo Employee as memorialized in accordance with Section 1.01.

“Heritage Dow AgCo Employee” means any Heritage Dow AgCo Aligned Employee whom AgCo has selected to become an employee of AgCo or a member of the AgCo Group and who is not a Non-Consenting Employee, as memorialized in accordance with Section 1.01.

“Heritage Dow Benefit Plan” means any Benefit Plan sponsored, maintained, or contributed to by Heritage Dow that was in place immediately prior to the Effective Time.

“Heritage Dow Employee” means an employee who was or is on the payroll of Heritage Dow immediately prior to the Internal Reorganization.

“Heritage Dow MatCo Aligned Employee” means any Heritage Dow Employee who has been Ring-Fenced to the Materials Science Business.

“Heritage Dow MatCo Deselected Employee” means any Heritage Dow MatCo Aligned Employee whom MatCo has selected to not become a Heritage Dow MatCo Employee as memorialized in accordance with Section 1.01.

“Heritage Dow MatCo Employee” means any Heritage Dow MatCo Aligned Employee whom MatCo has selected to become an employee of MatCo or a member of the MatCo Group and who is not a Non-Consenting Employee, as memorialized in accordance with Section 1.01.

“Heritage Dow Severance Plan” means any Heritage Dow Benefit Plan that provides Severance benefits, as determined as of the MatCo Distribution Date.

“Heritage Dow SpecCo Aligned Employee” means any Heritage Dow Employee who has been Ring-Fenced to the Specialty Products Business as memorialized in accordance with Section 1.01.

“Heritage Dow SpecCo Deselected Employee” means any Heritage Dow SpecCo Aligned Employee whom SpecCo has selected to not become a Heritage Dow SpecCo Employee as memorialized in accordance with Section 1.01.

“Heritage Dow SpecCo Employee” means any Heritage Dow SpecCo Aligned Employee whom SpecCo has selected to become an employee of SpecCo or a member of the SpecCo Group and who is not a Non-Consenting Employee, as memorialized in accordance with Section 1.01.
“Heritage DuPont” shall have the meaning ascribed to “Historical DuPont” in Section 1.01 of the Separation Agreement.

“Heritage DuPont AgCo Aligned Employee” means any Heritage DuPont Employee who has been Ring-Fenced to the Agriculture Business as memorialized in accordance with Section 1.01.

“Heritage DuPont AgCo Assigned Employee” means any Heritage DuPont AgCo Employee who has or will become an employee of AgCo or a member of the AgCo Group pursuant to Section 1.02 (without regard to Section 1.02(a)).

“Heritage DuPont AgCo Deselected Employee” means any Heritage DuPont AgCo Aligned Employee whom AgCo has selected to not become a Heritage DuPont AgCo Employee as memorialized in accordance with Section 1.01.

“Heritage DuPont AgCo Employee” means any Heritage DuPont AgCo Aligned Employee whom AgCo has selected to become an employee of AgCo or a member of the AgCo Group and who is not a Non-Consenting Employee, as memorialized in accordance with Section 1.01.

“Heritage DuPont Benefit Plan” means any Benefit Plan sponsored, maintained, or contributed to by Heritage DuPont that was in place immediately prior to the Effective Time.

“Heritage DuPont Employee” means an employee who was or is on the payroll of Heritage DuPont immediately prior to the Internal Reorganization.

“Heritage DuPont MatCo Aligned Employee” means any Heritage DuPont Employee who has been Ring-Fenced to Materials Science Business as memorialized in accordance with Section 1.01.

“Heritage DuPont MatCo Deselected Employee” means any Heritage DuPont MatCo Aligned Employee whom MatCo has selected to not become a Heritage DuPont MatCo Employee as memorialized in accordance with Section 1.01.

“Heritage DuPont MatCo Employee” means any Heritage DuPont MatCo Aligned Employee whom MatCo has selected to become an employee of MatCo or a member of the MatCo Group and who is not a Non-Consenting Employee, as memorialized in accordance with Section 1.01.

“Heritage DuPont Severance Plan” means any Heritage DuPont Benefit Plan that provides Severance benefits, as determined as of the applicable Distribution Date.

“Heritage DuPont SpecCo Aligned Employee” means any Heritage DuPont Employee who has been Ring-Fenced to the Specialty Products Business as memorialized in accordance with Section 1.01.
“Heritage DuPont SpecCo Assigned Employee” means any Heritage DuPont SpecCo Employee who has or will become an employee of SpecCo or a member of the SpecCo Group pursuant to Section 1.02 (without regard to Section 1.02(a)).

“Heritage DuPont SpecCo Deselected Employee” means any Heritage DuPont SpecCo Aligned Employee whom SpecCo has selected to not become a Heritage DuPont SpecCo Employee as memorialized in accordance with Section 1.01.

“Heritage DuPont SpecCo Employee” means any Heritage DuPont SpecCo Aligned Employee whom SpecCo has selected to become an employee of SpecCo or a member of the SpecCo Group and who is not a Non-Consenting Employee, as memorialized in accordance with Section 1.01.

“HR Liabilities” means all Liabilities arising out of, by reason of, or otherwise in connection with, the employment of, or termination of the employment of, any employee by the applicable Heritage Company, Party or applicable member of its Group or predecessor thereof, excluding all Liabilities arising out of, by reason of, or otherwise in connection with, the failure to notify, consult with, bargain or negotiate with, or seek consent from such employee or the Employee Representative Body representing such employee and any fines or penalties imposed or assessed by any Governmental Entity in respect of such a failure and, for the avoidance of doubt, excluding Liabilities attributable to inventor remuneration and any other rights of an employee under a patent (which rights are addressed to the extent applicable in the Separation Agreement).

“Impacted Employee” means each MatCo Distribution Impacted Employee and AgCo Distribution Impacted Employee.

“Indemifiable Loss” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Indemnifying Party” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Indemnitee” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Internal Reorganization” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Labor Agreement” means any agreement with any Employee Representative Body that pertains to any Impacted Employees.

“Law” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Liabilities” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“LTD Employee” means any individual who is receiving long term disability benefits or long term income replacement benefits from any Heritage Company or a member of their respective Groups or is otherwise treated by any such entity as being on long term sick leave or disability status under the applicable Law in the applicable jurisdiction.
“Losses” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“MatCo Benefit Plan” means any Benefit Plan that MatCo or any member of the MatCo Group sponsors, maintains, or contributes to that is in place as of the MatCo Distribution Date.

“MatCo Common Stock” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“MatCo Conversion Ratio” means a fraction, the numerator of which is the Pre-MatCo (SpecCo) Share Price, and the denominator of which is the Post-MatCo (MatCo) Share Price.

“MatCo Distribution Date” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“MatCo Distribution Impacted Employee” means any Heritage DuPont MatCo Employee, Heritage Dow AgCo Employee, or Heritage Dow SpecCo Employee, collectively or individually, as the context requires.

“MatCo Distribution Ratio” means a ratio equal to [●].

“MatCo Equity Award” means an equity incentive award to be issued by MatCo in accordance with Section 1.09.

“MatCo Future Benefit Plan” means any Benefit Plan that MatCo or any member of the MatCo Group assumes, adopts, establishes, or begins sponsoring, maintaining, or contributing to on or after the MatCo Distribution Date.

“MatCo Group” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“MatCo HR Liabilities” mean all HR Liabilities for any (a) Heritage DuPont MatCo Employee, (b) Heritage Dow MatCo Aligned Employee, or (c) Heritage DuPont MatCo Aligned Employee other than a Heritage DuPont MatCo Employee, and any HR Liability allocated to MatCo pursuant to Section 1.16(b), Section 1.16(c) or Section 1.16(d).

“MatCo Indemnites” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“MatCo Labor Agreement” means any agreement with any Employee Representative Body that pertains to any Heritage DuPont MatCo Employees.

“MatCo Option” means each MatCo Equity Award that is a Stock Option.

“MatCo Severance Plan” means any MatCo Benefit Plan that provides Severance benefits, as determined as of the MatCo Distribution Date.
“Materials Science Asset” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Materials Science Business” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Non-Consenting Employee” means: any (i) Heritage Dow AgCo Aligned Employee who has been selected by AgCo to be an employee of AgCo or a member of the AgCo Group on and after the MatCo Distribution Date; (ii) Heritage Dow SpecCo Aligned Employee who has been selected by SpecCo to be an employee of SpecCo or a member of the SpecCo Group on and after the MatCo Distribution Date; (iii) Heritage DuPont MatCo Aligned Employee who has been selected by MatCo to be an employee of MatCo or a member of the MatCo Group on and after the MatCo Distribution Date; (iv) Heritage DuPont AgCo Aligned Employee who has been selected by AgCo to be an employee of AgCo or a member of the AgCo Group on and after the AgCo Distribution Date; or (v) Heritage DuPont SpecCo Aligned Employee who has been selected by SpecCo to be an employee of SpecCo or a member of its Group on and after the AgCo Distribution Date, in each of the foregoing cases, who has the right under applicable Law or applicable Labor Agreement to object to, opt out of, refuse to consent to, or otherwise fail to acquiesce to, and who has (x) validly objected to, opted out of, refused to consent to, or otherwise failed to acquiesce to, the automatic transfer of their employment to the applicable Party or a member of its Group by operation of applicable Law, in cases where such employee is subject to automatic transfer by operation of applicable Law, (y) validly refused to consent to, refused to accept the offer to, refused to execute a tripartite agreement or otherwise failed to acquiesce to, become an employee of the applicable Party or member of its Group, or (z) validly objected to, opted out of, refused to consent to, or otherwise failed to acquiesce to, changes in his or her compensation or employee benefits by validly resigning or terminating his or her employment with, validly withdrawing his or her consent to employment with or validly rejecting his or her transfer to, the applicable Party or a member of its Group, in accordance with and to the extent permitted by applicable Law or an applicable Labor Agreement.

“OPEB Plan” means any Benefit Plan that is considered an other post-employment benefit plan, including retiree medical and retiree life insurance arrangements. For the avoidance of doubt, OPEB shall not include any Benefit Plan that is a pension or other defined benefit plans, severance plan or deferred compensation plan.

“Performance Stock Unit” means a performance-based restricted stock unit award.

“Person” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Post-AgCo (AgCo) Share Price” means the opening per-share price of AgCo Common Stock on the New York Stock Exchange on the AgCo Distribution Date (or, if none, on the first trading day thereafter).
“Post-AgCo (SpecCo) Share Price” means the opening per-share price of DowDuPont Common Stock on the New York Stock Exchange on the AgCo Distribution Date (or, if none, on the first trading day thereafter).

“Post-MatCo (MatCo) Share Price” means the opening per-share price of MatCo Common Stock on the New York Stock Exchange on the MatCo Distribution Date (or, if none, on the first trading day thereafter).

“Post-MatCo (SpecCo) Share Price” means the opening per-share price of DowDuPont Common Stock on the New York Stock Exchange on the MatCo Distribution Date (or, if none, on the first trading day thereafter).

“Pre-AgCo (SpecCo) Share Price” means the closing per-share price of DowDuPont Common Stock on the New York Stock Exchange trading the “regular way” on the last trading day immediately prior to the AgCo Distribution Date.

“Pre-Distribution Option Price” means the per-share exercise price under a DowDuPont Option immediately prior to the applicable Distribution Date.

“Pre-MatCo (SpecCo) Share Price” means the closing per-share price of DowDuPont Common Stock on the New York Stock Exchange trading the “regular way” on the last trading day immediately prior to the MatCo Distribution Date.

“Relevant Jurisdiction” means any jurisdiction in which one or more employees are employed immediately prior to the Effective Time.

“Relevant Time” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Restricted Stock Award” means a restricted stock award.

“Restricted Stock Unit” means a time-based restricted stock unit award.

“Ring-Fence” means the identification of each employee to the Agriculture Business, the Materials Science Business or the Specialty Products Business, as applicable.

“Severance” means any severance, redundancy or other similar separation benefit.

“Shareholder Method Award” means (a) each DowDuPont Equity Award that is a Restricted Stock Award, (b) each DowDuPont Equity Award held by nonemployee directors of the Board, (c) each DowDuPont Equity Award held by Edward D. Breen or Stacy L. Fox, (d) each DowDuPont Equity Award that is a Performance Stock Unit and (e) each DowDuPont Equity Award granted on February 15, 2018.

“Shareholder Method Other Award” means each Shareholder Method Award that is not a Stock Option.
“Solicit” means any acts or attempts by any Party (the “Soliciting Party”) to (i) solicit, entice, recruit, or otherwise induce to (x) terminate employment with the then-current employing Party or with a member of such Party’s Group, and/or (y) commence employment with the Soliciting Party or with a member of such Soliciting Party’s Group; or (ii) order, pressure, incentivize, encourage, induce or otherwise cause any other Person to engage in any of the conduct set forth in clause (i) of this definition.

“SpecCo Benefit Plan” means any Benefit Plan that SpecCo or any member of the SpecCo Group sponsors, maintains, or contributes to that is in place as of the Distribution Date.

“SpecCo Equity Award” means a DowDuPont Equity Award that, after application of Section 1.09, remains denominated in DowDuPont Common Stock.

“SpecCo Future Benefit Plan” means any Benefit Plan that SpecCo or any member of the SpecCo Group assumes, adopts, establishes, or begins sponsoring, maintaining, or contributing to on or after the Distribution Date.

“SpecCo Group” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“SpecCo HR Liabilities” mean all HR Liabilities for any (a) Heritage Dow SpecCo Employee, (b) Heritage DuPont SpecCo Employee, or (c) Heritage Dow SpecCo Aligned Employee other than a Heritage Dow SpecCo Employee, and any HR Liability allocated to SpecCo pursuant to Section 1.16(b), Section 1.16(c) or Section 1.16(d).

“SpecCo Indemnitees” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“SpecCo Initial Conversion Ratio” means a fraction, the numerator of which is the Pre-MatCo (SpecCo) Share Price, and the denominator of which is the Post-MatCo (SpecCo) Share Price.

“SpecCo Labor Agreement” means any agreement with any Employee Representative Body that pertains to any Heritage Dow SpecCo Employees or Heritage DuPont SpecCo Assigned Employees, other than the Dow Midland Labor Agreement.

“SpecCo Option” means each SpecCo Equity Award that is a Stock Option.

“SpecCo Severance Plan” means any SpecCo Benefit Plan that provides Severance benefits, as determined as of the applicable Distribution Date.

“SpecCo Subsequent Conversion Ratio” means a fraction, the numerator of which is the Pre-AgCo (SpecCo) Share Price, and the denominator of which is the Post-AgCo (SpecCo) Share Price.

“Specialty Products Asset” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.
“Specialty Products Business” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Stock Option” means an option to acquire common stock.

“Subsidiary” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Target Total Direct Compensation” means, (a) with respect to any Heritage DuPont Employee with a salary grade below 13 or any Heritage Dow Employee with a salary grade below 415, base pay plus target annual variable pay; and (b) with respect to any Heritage DuPont Employee with a salary grade at or above 13 or any Heritage Dow Employee with a salary grade at or above 415, base pay plus target annual variable pay plus target long term incentive compensation.

“Tax” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Tax Contest” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Tax Matters Agreement” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Tax Return” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Taxing Authority” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“Transfer” shall have the meaning ascribed to it in Section 1.01 of the Separation Agreement.

“U.S. Heritage Dow AgCo Employee” means each Heritage Dow AgCo Employee whose primary work location country, immediately prior to the MatCo Distribution Date, is the United States.

“U.S. Heritage Dow SpecCo Employee” means each Heritage Dow SpecCo Employee whose primary work location country, immediately prior to the MatCo Distribution Date, is the United States.

“U.S. Heritage DuPont AgCo Assigned Employee” means each Heritage DuPont AgCo Assigned Employee whose primary work location country, immediately prior to the AgCo Distribution Date, is the United States.

“U.S. Heritage DuPont MatCo Employee” means each Heritage DuPont MatCo Employee whose primary work location country, immediately prior to the MatCo Distribution Date, is the United States.

“U.S. Heritage DuPont SpecCo Assigned Employee” means each Heritage DuPont SpecCo Assigned Employee whose primary work location country, immediately prior to the AgCo Distribution Date, is the United States.

“U.S. Impacted Employees” means each Impacted Employee whose primary work location country, immediately prior to the MatCo Distribution Date, is the United States.

“U.S. Union Contracts” mean the collective bargaining agreements set forth on Appendix II.

Section 4.02 Other Defined Terms in this Agreement. The following terms have the meanings set forth in the sections of this Agreement set forth below:

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ARTICLE V

GENERAL PROVISIONS

Section 5.01 General. Subject to the terms and conditions of this Agreement, each of the Parties shall, and shall cause the other members of its Group to, cooperate with each other and use commercially reasonable efforts, on and after the Effective Time, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on their respective parts under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement.
Section 5.02 Limitation of Liability. No Party shall have any Liability to any other Party in the event that any information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate.

Section 5.03 Transfers Not Effected on or Prior to the Effective Time; Transfers Deemed Effective as of the Effective Time.

(a) Except as otherwise set forth herein, to the extent that any Transfers or Assumptions contemplated by this Agreement shall not have been consummated at or prior to the Effective Time, the Parties shall use commercially reasonable efforts to effect such Transfers or Assumptions as promptly following the Effective Time as practicable. Nothing herein shall be deemed to require or constitute the Transfer of any Assets or the Assumption of any Liabilities which by their terms or operation of Law cannot be transferred; provided, however, that the Parties and their respective Subsidiaries shall cooperate and use commercially reasonable efforts to seek to obtain, in accordance with applicable Law, any necessary consents for the Transfer of all Assets and Assumption of all Liabilities contemplated hereby to the fullest extent permitted by applicable Law.

(b) If and when the consents and/or conditions, the absence or non-satisfaction of which caused the deferral of Transfer of any Asset or deferral of the Assumption of any Liability pursuant to this Agreement, are obtained or satisfied, the Transfer, assignment, Assumption or novation of the applicable Asset or Liability shall be effected without further consideration in accordance with and subject to the terms of this Agreement and shall, to the extent possible without the imposition of any undue cost on any Party, be deemed to have become effective as of the Effective Time.

(c) The Party (or relevant member of its Group) retaining any Asset or Liability due to the deferral of the transfer of such Asset or the deferral of the Assumption of such Liability pursuant to this Agreement shall (i) not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced, assumed, or agreed in advance to be reimbursed by the Party (or relevant member of its Group) entitled to such Asset or the Person intended to be reimbursed by the Party (or relevant member of its Group) entitled to such Asset or the Person intended to be subject to such Liability, other than reasonable attorneys’ fees and recording or similar or other incidental fees, all of which shall be promptly reimbursed by the Party (or relevant member of its Group) entitled to such Asset or the Person intended to be subject to such Liability; and (ii) be indemnified for all Indemnifiable Losses or other Liabilities arising out of any actions (or omissions to act) of such retaining Party taken at the direction of the other Party (or relevant member of its Group) in connection with and relating to such retained Asset or Liability, as the case may be. Except as otherwise expressly provided herein, none of SpecCo, MatCo or AgCo or any of their respective Affiliates shall be required to commence any litigation or offer or pay any money or otherwise grant any accommodation (financial or otherwise) to any third party with respect to any Assets or Liabilities not Transferred as of the Effective Time; provided, however, that any Party to which such Asset or Liability has not been Transferred or Assumed, respectively, due to the deferral of the Transfer of such Asset or the deferral of the Assumption of such Liability may request that the Party retaining such Asset or Liability commence litigation, which request shall be considered in good faith by the Party retaining such Asset or Liability; provided, further, that a Party’s good faith determination not to commence litigation shall not in and of itself constitute a breach of this Section 5.03, but the foregoing shall not preclude consideration of a Party’s good faith for purposes of determining compliance with this Section 5.03.
(d) Notwithstanding anything else set forth in this Section 5.03 to the contrary, none of MatCo, SpecCo or AgCo, nor any of their Subsidiaries, shall be required by this Section 5.03 to take any action that may, in the good faith judgment of such Person, (x) result in a violation of any obligation which any such Person has to any third party; or (y) violate applicable Law.

(e) The failure to obtain a Consent shall not in and of itself constitute a breach of this Agreement; provided, that the foregoing shall not preclude consideration of a Party’s efforts in pursuing such Consent for purposes of determining compliance with this Section 5.03.

(f) To the extent permitted by applicable Law, with respect to Assets and Liabilities described in Section 5.03(a), each of SpecCo, MatCo and AgCo shall, and shall cause the members of its respective Group to, (i) treat for all Tax purposes (A) the deferred Assets as assets having been Transferred to and owned by the Party entitled to such Assets not later than the applicable Relevant Time; and (B) the deferred Liabilities as liabilities having been Assumed and owned by the Person intended to be subject to such Liabilities not later than the applicable Relevant Time; and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest).

Section 5.04 Wrong Pockets.

(a) Subject to Section 5.03, (i) if at any time within twenty-four (24) months after the applicable Relevant Time any Party discovers that any Agriculture Asset is held by any member of the SpecCo Group, the MatCo Group or any of their respective then-Affiliates, SpecCo and MatCo shall, and shall cause the other members of their respective Group and its and their respective then-Affiliates to, use their respective reasonable best efforts to promptly procure the transfer of the relevant Agriculture Asset to AgCo or an Affiliate of AgCo designated by AgCo for no additional consideration; (ii) if at any time within twenty-four (24) months after the MatCo Distribution, any Party discovers that any Materials Science Asset is held by SpecCo, AgCo or any of their respective Affiliates, SpecCo and AgCo shall use their respective reasonable best efforts to promptly procure the transfer of the relevant Materials Science Asset to MatCo or an Affiliate of MatCo designated by MatCo for no additional consideration; and (iii) if at any time within twenty-four (24) months after the applicable Relevant Time, any Party discovers that any Specialty Products Asset is held by MatCo, AgCo or any of their respective Affiliates, MatCo and AgCo shall use their respective reasonable best efforts to promptly procure the transfer of the relevant Specialty Products Asset to SpecCo or an Affiliate of SpecCo designated by SpecCo for no additional consideration; provided that in the case of clause (i), neither SpecCo or MatCo nor any of their respective Affiliates, in the case of clause (ii), neither SpecCo or AgCo nor any of their respective Affiliates, or in the case of clause (iii), neither MatCo or AgCo nor any of their respective Affiliates, shall be required to commence any litigation or offer or pay any money or otherwise grant any accommodation (financial or otherwise) to any third party. If reasonably practicable and permitted under applicable Law, such Transfer may be effected by rescission of the applicable portion of a Conveyancing and Assumption Instrument as may be agreed by the relevant Parties.
(b) On and prior to the twenty-four (24) month anniversary following the applicable Relevant Time, if any Party or any member of its Group or (or any of its or their respective then-Affiliates) owns any Asset, that, although not Transferred pursuant to this Agreement, is agreed by such Party and the other applicable Party in their good faith judgment to be an Asset that more properly belongs to such other Party or a member of its Group, or is an Asset that such other Party or a member of its Group was intended to have the right to continue to use (other than, as between any two Parties, any Asset acquired from an unaffiliated third party by a Party or member of such Party’s Group following the applicable Relevant Time), then the Party or a member of its Group (or applicable then-Affiliate) owning such Asset shall, as applicable, (i) Transfer any such Asset to the Party or a member of its Group identified as the appropriate transferee and following such Transfer, such Asset shall be an Agriculture Asset, Materials Science Asset or Specialty Products Asset, as the case may be; or (ii) grant such mutually agreeable rights with respect to such Asset to permit such continued use, subject to, and consistent with this Agreement, including with respect to Assumption of associated Liabilities. If reasonably practicable and permitted under applicable Law, such Transfer may be effected by rescission of the applicable portion of a Conveyancing and Assumption Instrument as may be agreed by the relevant Parties.

Section 5.05 Novation of Liabilities. Section 2.9 of the Separation Agreement (Novation of Liabilities) shall apply *mutatis mutandis* to this Agreement as if such provisions had been set out expressly in this Agreement.

Section 5.06 Negotiation and Arbitration. In the event of a controversy, dispute or Action between the Parties arising out of, in connection with, or in relation to this Agreement or any of the transactions contemplated hereby or thereby, the following sections of the Separation Agreement shall apply *mutatis mutandis* to this Agreement as if such provisions had been set out expressly in this Agreement: 10.1 (Negotiation and Arbitration) and 10.2 (Continuity of Service and Performance).
Section 5.07 Insurance. Subject to Section 2.08, Article 11 of the Separation Agreement (Insurance), excluding Section 11.8 thereof (Certain Matters Relating to Organizational Documents), shall apply *mutatis mutandis* to this Agreement as if such provisions had been set out expressly in this Agreement.

Section 5.08 Miscellaneous.

(a) *Complete Agreement; Construction.* This Agreement, including the Exhibits and Schedules, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Exhibit or Schedule hereto, this Agreement shall prevail. In the event and to the extent that there shall be a conflict between the provisions of (i) this Agreement and the Separation Agreement, the Separation Agreement shall control; (ii) this Agreement and any Conveyancing and Assumption Instrument, this Agreement shall control; and (iii) this Agreement and any agreement which is not another Ancillary Agreement (other than a Conveyancing and Assumption Instrument), this Agreement shall control unless both (x) it is specifically stated in such agreement that such agreement controls and (y) either (1) each of AgCo, MatCo and SpecCo has executed such agreement (for the avoidance of doubt, members of their respective Groups shall not qualify) on or prior to the MatCo Distribution Date or (2) after the MatCo Distribution, such agreement has been executed after the MatCo Distribution Date by a member of the Group that it is to be enforced against.

(b) *Counterparts.* This Agreement may be executed and delivered (including by facsimile or other means of electronic transmission, such as by electronic mail in “pdf” form) in more than one counterpart, all of which shall be considered one and the same agreement, each of which when executed shall be deemed to be an original, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to each of the Parties.

(c) *Notices.* All notices and other communications to be given to any Party under this Agreement shall be sufficiently given for all purposes hereunder if such notices and communications satisfy the requirements set forth in Section 12.6 of the Separation Agreement.
(d) Waivers. Any provision of this Agreement may be waived, if and only if, such waiver is in writing and signed by the Party against whom the waiver is to be effective. Notwithstanding the foregoing, no failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. Any consent required or permitted to be given by any Party to any other Party under this Agreement shall be in writing and signed by the Party giving such consent and shall be effective only against such Party (and the members of its Group).

(e) Amendments. Subject to the terms of Section 5.08(h), this Agreement may not be modified or amended except by an agreement in writing signed by each of the Parties.

(f) Assignment. Except as otherwise provided for in this Agreement, neither this Agreement nor any right, interest or obligation shall be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Parties (not to be unreasonably withheld, conditioned or delayed), and any attempt to assign any rights, interests or obligations arising under this Agreement without such consent shall be void; except, that a Party may assign this Agreement or any or all of the rights, interests and obligations hereunder in connection with a merger, reorganization or consolidation transaction in which such Party is a constituent party but not the surviving entity or the sale by such Party of all or substantially all of its Assets; provided, that the surviving entity of such merger, reorganization or consolidation transaction or the transferee of such Assets shall assume all the obligations of the relevant Party by operation of law or pursuant to an agreement in writing, reasonably satisfactory to the other Parties, to be bound by the terms of this Agreement as if named as a Party hereto; provided, however, that in the case of each of the preceding clauses, no assignment permitted by this Section 5.08(f) shall release the assigning Party from Liability for the full performance of its obligations under this Agreement, unless agreed to in writing by the non-assigning Parties.

(g) Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors and permitted transferees and assigns.

(h) Certain Termination and Amendment Rights. This Agreement may be terminated at any time prior to the MatCo Distribution Date by and in the sole discretion of DowDuPont without the approval of MatCo or AgCo or the stockholders of DowDuPont. After the MatCo Distribution Date, but prior to the AgCo Distribution Date, this Agreement may not be terminated or amended except by an agreement in writing signed by DowDuPont and MatCo. After the AgCo Distribution Date, this Agreement may not be terminated or amended except by an agreement in writing signed by SpecCo, MatCo and AgCo. Notwithstanding the foregoing, Section 1.17 of this Agreement and Section 11.2 of the Separation Agreement (Liability Policies) (as incorporated pursuant to Section 5.07 hereof (Insurance)) shall not be terminated or amended after the Effective Time in a manner adverse to the third party beneficiaries thereof without the Consent of any such Person. Notwithstanding the foregoing, this Agreement may be terminated or amended as among any Parties that remain Affiliates, so long as such amendment does not adversely affect any Party that is no longer an Affiliate, in which case, only with the consent of such Party.
(i) **Payment Terms.**

(a) Except as set forth in Section 1.17 or as otherwise expressly provided to the contrary in this Agreement, any amount to be paid or reimbursed by a Party (and/or a member of such Party’s Group), on the one hand, to another Party (and/or a member of such Party’s respective Group), on the other hand, under this Agreement shall be paid or reimbursed hereunder within thirty (30) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

(b) Except as set forth in Section 1.17 or as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within thirty (30) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to LIBOR (in effect on the date on which such payment was due) plus 3% calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment; provided, however, in the event that LIBOR is no longer commonly accepted by market participants, then an alternative floating rate index that is commonly accepted by market participants, which AgCo, MatCo and SpecCo shall jointly determine, each acting in good faith.

(c) In the event of a dispute or disagreement with respect to all or a portion of any amounts requested by any Party (and/or a member of such Party’s Group) as being payable, the payor Party shall in no event be entitled to withhold payments for any such amounts (and any such disputed amounts shall be paid in accordance with Section 11.2 of the Separation Agreement (Liability Policies) (as incorporated pursuant to Section 5.07 hereof (Insurance)), subject to the right of the payor Party to dispute such amount following such payment); provided, that in the event that following the resolution of such dispute it is determined that the payee Party (and/or a member of the payee Party’s Group) was not entitled to all or a portion of the payment made by the payor Party, the payee Party shall repay (or cause to be repaid) such amounts to which it was not entitled, including interest, to the payor Party (or its designee), which amounts shall bear interest at a rate per annum equal to LIBOR plus 3%, calculated for the actual number of days elapsed, accrued from the date on which such payment was made by the payor Party to the payee Party.

(d) Without the Consent of the Party receiving any payment under this Agreement specifying otherwise, all payments to be made by SpecCo, MatCo or AgCo under this Agreement shall be made in U.S. dollars. Except as expressly provided herein, any amount which is not expressed in U.S. dollars shall be converted into U.S. dollars by using the Bloomberg fixing rate at 5:00 pm New York City Time on the day before the date the payment is required to be made or, as applicable, on which an invoice is submitted (provided, however, that with regard to any payments in respect of Indemnifiable Losses for payments made to third parties, the date shall be the day before the relevant payment was made to the third party) or in the Wall Street Journal on such date if not so published on Bloomberg. Except as expressly provided herein, in the event that any indemnification payment required to be made hereunder may be denominated in a currency other than U.S. dollars, the amount of such payment shall be converted into U.S. dollars on the date in which notice of the claim is given to the Indemnifying Party.
(j) **No Circumvention.** The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause or allow any member of any such Party’s Group to take any actions (including the failure to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification or payment pursuant to Section 1.17).

(k) **Subsidiaries.** Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party on and after the MatCo Distribution Date or the AgCo Distribution Date, as applicable.

(l) **Third Party Beneficiaries.** Except (i) as provided in Section 1.17 relating to Indemnitees and for the release under Section 8.1 of the Separation Agreement (as incorporated pursuant to Section 1.17(d) hereof) of any Person provided therein; (ii) as provided in Sections 11.2 and 11.8 of the Separation Agreement (in each case as incorporated pursuant to Section 5.07 hereof (Insurance)) relating to the directors, officers, employees, fiduciaries or agents provided therein; and (iii) as specifically provided in this Agreement, this Agreement is solely for the benefit of, and is only enforceable by, the Parties and their permitted successors and assigns and should not be deemed to confer upon third parties any remedy, benefit, claim, liability, reimbursement, claim of Action or other right of any nature whatsoever, including any rights of employment for any specified period, in excess of those existing without reference to this Agreement.

(m) **Title and Headings.** Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(n) **References; Interpretation.** For the purposes of this Agreement, (i) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (ii) references to the terms Article, Section, paragraph, clause, Exhibit and Schedule are references to the Articles, Sections, paragraphs, clauses, Exhibits and Schedules to this Agreement unless otherwise specified; (iii) the terms “hereof,” “herein,” “hereby,” “hereto,” and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (iv) references to “$” shall mean U.S. dollars; (v) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (vi) the word “or” shall not be exclusive; (vii) references to “written” or “in writing” include in electronic form; (viii) the Parties have each participated in the negotiation and drafting of this Agreement, except as otherwise stated herein, if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions in this Agreement; (ix) a reference to any Person includes such Person’s successors and permitted assigns; (x) any reference to “days” means calendar days unless Business Days are expressly specified; (xi) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and if the last day of such period is not a
Business Day, the period shall end on the next succeeding Business Day; (xii) any statute defined or referred to herein means such statute as from time to time amended, modified or supplemented, unless otherwise specifically indicated; (xiii) the use of the phrases “the date of this Agreement”, “the date hereof”, “of even date herewith” and terms of similar import shall be deemed to refer to the date set forth in the preamble to this Agreement; (xiv) the phrase “ordinary course of business” shall be deemed to be followed by the words “consistent with past practice” whether or not such words actually follow such phrase; (xv) where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning; and (xvi) any consent given by any party hereto pursuant to this Agreement shall be valid only if contained in a written instrument signed by such Party. Unless the context requires otherwise, references in this Agreement to “AgCo” shall also be deemed to refer to the applicable member of the AgCo Group, references to “MatCo” shall also be deemed to refer to the applicable member of the MatCo Group, references to “SpecCo” shall also be deemed to refer to the applicable member of the SpecCo Group and, in connection therewith, any references to actions or omissions to be taken, or refrained from being taken, as the case may be, by AgCo, MatCo or SpecCo shall be deemed to require AgCo, MatCo or SpecCo, as the case may be, to cause the applicable members of the AgCo Group, the MatCo Group or the SpecCo Group, respectively, to take, or refrain from taking, any such action.

(o) Exhibits and Schedules. The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein. Nothing in the Exhibits or Schedules constitutes an admission of any Liability or obligation of any member of the SpecCo Group, the MatCo Group or the AgCo Group or any of their respective Affiliates to any third party, nor, with respect to any third party, an admission against the interests of any member of the SpecCo Group, the MatCo Group or the AgCo Group or any of their respective Affiliates. The inclusion of any item or Liability or category of item or Liability on any Exhibit or Schedule is made solely for purposes of allocating potential Liabilities among the Parties and shall not be deemed as or construed to be an admission that any such Liability exists.

(p) Governing Law. This Agreement and any dispute arising out of, in connection with or relating to this Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to the conflicts of laws principles thereof.

(q) Specific Performance. The Parties acknowledge and agree that irreparable harm would occur in the event that the Parties do not perform any provision of this Agreement in accordance with its specific terms or otherwise breach the Agreement and the remedies at law for any breach or threatened breach of this Agreement, including monetary damages, are inadequate compensation for any Indemnifiable Loss. Accordingly, from and after the Effective Time, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Parties agree that the Party or Parties to this Agreement who are or are to be thereby aggrieved shall, subject and pursuant to the terms of this Section 5.08 (including for the avoidance of doubt, after compliance with all notice and negotiation provisions herein), have the right to specific performance and injunctive or other equitable relief of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that any defense in any action for specific performance that a remedy at law would be adequate is hereby waived, and that any requirements for the securing or posting of any bond with such remedy are hereby waived.
(r) **Severability.** In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid, legal and enforceable provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(s) **No Duplication; No Double Recovery.** Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

(t) **Tax Treatment of Payments.** To the extent permitted by applicable Law, unless otherwise required by a Final Determination, the Separation Agreement, the Tax Matters Agreement or this Agreement or otherwise agreed to among the Parties, for U.S. federal Tax purposes, any payment made pursuant to this Agreement shall be treated as follows: (i) to the extent the member or assets of the payor Group and the member or assets of the payee Group to which the liability for payment relates were separated in a tax-free distribution for U.S. federal Tax purposes, such payment shall be treated as a tax-free contribution or tax-free distribution, as applicable, with respect to the stock of the applicable member of the payee Group or payor Group, occurring immediately prior to the relevant transaction in the Internal Reorganization; and (ii) to the extent the member or assets of the payor Group and the member or assets of the payee Group to which the liability for payment relates were separated in a taxable transaction for U.S. federal Tax purposes, such payment shall be treated as an adjustment to the price or amount, as applicable, of the relevant transaction in the Internal Reorganization. Payments of interest shall be treated as deductible by the Indemnifying Party or its relevant Subsidiary and as income to the Indemnitee or its relevant Subsidiary, as permitted and applicable. In the case of each of the foregoing, no Party shall take any position inconsistent with such treatment. In the event that a Taxing Authority asserts that a Party’s treatment of a payment pursuant to this Agreement should be other than as set forth in this Section 5.08(t), such Party shall use its commercially reasonable efforts to contest such challenge.

[Signature page follows]
IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed as of the date first written above by its respective officers thereunto duly authorized.

**DOWDUPONT INC.**

By: ________________________________
    Name: ___________________________
    Title: ___________________________

**DOW HOLDINGS INC.**

By: ________________________________
    Name: ___________________________
    Title: ___________________________

**CORTEVA, INC.**

By: ________________________________
    Name: ___________________________
    Title: ___________________________
MATCO/SPECCO IP CROSS LICENSE AGREEMENT

by and between

DOW HOLDINGS INC.

and

DOWDUPONT INC.

Dated as of [*]
This MATCO/SPECCO IP CROSS-LICENSE AGREEMENT (this “Agreement”), dated as of [*] (the “Effective Date”), is entered into by and between DowDuPont Inc. (“SpecCo”), a Delaware corporation, [the SpecCo Licensors and the SpecCo Licensees,] and Dow Holdings Inc., a Delaware corporation (“MatCo”), [the MatCo Licensors and the MatCo Licensees] (each of SpecCo and MatCo, a “Party” and together, the “Parties”).

**WHEREAS,** the Parties are parties to that certain Separation Agreement, dated [*] (the “Separation Agreement”);

**WHEREAS,** as of and following the Effective Time (as defined in the Separation Agreement), each Party and its Affiliates have rights to certain Patents, Know-How, Copyrights and Software (each, as defined in the Separation Agreement); and

**WHEREAS,** in connection with the Separation Agreement, MatCo wishes to grant to SpecCo, and SpecCo wishes to grant to MatCo, a license and other rights to certain of such Patents, Know-How, Copyrights and Software, in each case as and to the extent set forth herein.

**NOW, THEREFORE,** in consideration of the foregoing and the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

**ARTICLE I**

**DEFINITIONS AND INTERPRETATION**

Section 1.1 General. As used in this Agreement, the following terms shall have the meanings set forth in this Section 1.1. Capitalized terms that are not defined in this Agreement shall have the meanings set forth in the Separation Agreement.

(1) “Action” means any demand, action, claim, cause of action, suit, countersuit, arbitration, inquiry, case, litigation, subpoena, proceeding or investigation (whether civil, criminal or administrative) by or before any court or grand jury, any Governmental Entity or any arbitration or mediation tribunal or authority.

(2) “Authorized User” means MatCo and its Affiliates, including, for clarity, any Person that becomes an Affiliate of MatCo after the Effective Date (but, subject to Section 10.2, only for so long as such Person remains an Affiliate of MatCo) and its and their Personnel.

(3) “Business Software” means with respect to a Licensor, all Software to the extent Controlled by such Licensor or any of its Affiliates as of the Effective Date, which Software is reasonably required as of the Effective Date for the conduct of (i) the Specialty Products Business if the Licensee is SpecCo, including as listed on section (i) of Schedule V, or (ii) the Materials Science Business if the Licensee is MatCo, including as listed on section (ii) of Schedule V, in each case (in respect of the foregoing (i) and (ii)), only if and to the extent such Licensee and its Affiliates have not been granted a license or other rights to use such Software under the Separation Agreement or any other Ancillary Agreement. Notwithstanding the foregoing, Business Software expressly excludes any and all Excluded IP.
(4) “Confidential Information” shall have the meaning provided to it in the Umbrella Secrecy Agreement.

(5) “Contract” means any agreement, contract, subcontract, obligation, note, indenture, instrument, option, lease, sublease, promise, arrangement, release, warranty, license, sublicense, insurance policy, purchase order or legally binding commitment or undertaking of any nature (whether written or oral and whether express or implied).

(6) “Controlled” means, with respect to any Patent, Know-How, Copyright or Software, such Intellectual Property is owned by the applicable Party or any of its Affiliates and such Party or any of its Affiliates has the ability to grant a license or other rights in, to or under such Patent, Know-How, Copyright or Software (respectively) on the terms and conditions set forth herein (other than pursuant to a license or other rights granted pursuant to this Agreement) without violating any Contract entered into as of or prior to the Effective Date between such Party or any of its Affiliates, on the one hand, and any Third Party, on the other hand.

(7) “Controlling Party” has the meaning set forth in Section 5.2(c).

(8) “Cover” means, with respect to any Patent, in the absence of a license granted under an unexpired claim that has not been adjudicated, without limitation to Section 8.3, to be invalid or unenforceable by a final, binding decision of a court or other Governmental Entity of competent jurisdiction that is unappealable or unappealed within the time permitted for appeal of such Patent (or if such Patent is a patent application, a claim in such patent application if such patent application were to issue as a patent), the practice of the applicable invention or technology, or performance of the applicable process, would infringe such claim. For clarity, and by way of example, an issued Patent Covers a product if, in the absence of a license granted under such a claim of such Patent, making, using, selling, offering for sale, importing or exporting such product infringes such claim.

(9) “Designated SpecCo Standards” has the meaning set forth in Section 10.2(b)(ii).

(10) “Discussion Notice” has the meaning set forth in Section 8.3(b).

(11) “Engineering Models and Databases” means (a) physical property databases, (b) empirical or mathematical dynamic or steady state models of processes, equipment and/or reactions and databases containing data resulting from such models, (c) computations of equipment or unit operation operating conditions including predictive or operational behavior and (d) databases with historical operational data.

(12) “Engineering Standards” means standards, protocols, processes and policies, including engineering guidelines, for designing, constructing, maintaining and operating facilities.
(13) “Ethylene Copolymer Plant” means those sites and facilities that were owned by SpecCo or one its Affiliates prior to the Effective Date and transferred to MatCo or one its Affiliates as of the Effective Date as a result of the Internal Reorganization, including each of those certain facilities used in the operation of the Materials Science Business as of the Effective Date located at: (i) Sabine River Plant, C Unit Building 158, 3055 FM 1006 Road, Orange, TX 77631, (ii) Sabine River Plant, D Unit Building 1055, 3055 FM 1006 Road, Orange, TX 77631, and (iii) DuPont – Victoria F-Unit, 2697 Old Bloomington Road N, Victoria, TX 77905.

(14) “Excluded IP” means (i) DuPont Safety, Health and Environmental Standards (including SpecCo Licensed SHE Standards), (ii) Engineering Standards (including the SpecCo Licensed Engineering Standards), (iii) Regulatory Data, (iv) Operating Systems and Tools (as that term is defined in the OS&T License Agreement), (v) the Licensed Software, Plant Configuration, Firmware, MOD™ 5 Hardware and MOD™ 5 Systems (as the foregoing terms in this subsection (v) are defined in the MOD™ 5 Software Agreement) (collectively, the “MOD5 Systems Excluded IP”), (vi) the TMODS Systems (as that term is defined in the TMODS License Agreement) (including object code and source code thereof), together with all process operator training simulator data files which contain process and control information for simulating the operation of plants, and all documentation therefor, (vii) Trademarks, and (viii) the Intellectual Property set forth on Schedule A.

(15) “Exclusively Licensed IP” means the SpecCo Exclusively Licensed Patents and the MatCo Exclusively Licensed Patents.

(16) “Governmental Approvals” means the consents, registrations, approvals, licenses, permits, notifications or authorizations obtained or to be obtained from, any Governmental Entity.

(17) “Governmental Entity” means any nation or government, any state, municipality or other political subdivision thereof and any entity, body, agency, commission, department, board, bureau or court, whether domestic, foreign, multinational or supranational exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government and any executive official thereof.

(18) “Holding Party” has the meaning set forth in Section 2.12(a).

(19) “Indemnifying Party” has the meaning set forth in Section 6.1(a).

(20) “Indemnitees” has the meaning set forth in Section 6.1(a).

(21) “Intellectual Property” means all intellectual property and industrial property rights of any kind or nature, including all U.S. and foreign (i) Patents, (ii) trademarks, service marks, corporate names, trade names, Internet domain names, social media accounts or handles, logos, slogans, trade dress and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing (collectively, “Trademarks”), (iii) copyrights and copyrightable subject matter (collectively, “Copyrights”), (iv) rights of privacy and publicity, (v) moral rights and rights of attribution and integrity, (vi) Know-How, (vii) all applications and registrations for the foregoing and (viii) all rights and remedies against past, present, and future infringement, misappropriation, or other violation of the foregoing, in each case (with respect to the foregoing clauses (i) through (viii)), excluding all IT Assets (except Software).
(22) [“IT Assets” means all (i) Software (including any Copyrights therein), computer systems, and telecommunications equipment, (iii) documentation, reference, resource and training materials to the extent relating thereto, and (iv) Contracts relating to any of the foregoing clauses (i) through (iii) (including Software license agreements, source code escrow agreements, support and maintenance agreements, electronic database access contracts, domain name registration agreements, website hosting agreements, Software or website development agreements, outsourcing agreements, service provider agreements, interconnection agreements and telecommunications agreements); provided, that, notwithstanding the foregoing, IT Assets shall exclude Know-How contained or stored in any of the items described in the foregoing subsections (i) through (iii) and Patents that claim any such Know-How.]

(23) “Know-How” means trade secrets and rights in all other confidential and proprietary information, including know-how, inventions, algorithms, logic, standard operating conditions and procedures, proprietary processes, formulae, data, databases and other compilations of data, drawings, models and methodologies, including confidential information set forth in laboratory notebooks, laboratory reports, Plant Operating Documents, and Engineering Models and Databases (except to the extent such information is Covered by any Patents), in each case of the foregoing, to the extent confidential and proprietary. For the avoidance of doubt, “Know-How” includes notices of invention and invention disclosures for which a Patent has not been filed as of the Effective Date (e.g., NOIs and ICDs, as such terms are understood and used by the Parties as of the Effective Date).

(24) “Know-How Materials” means those written, electronic, computerized, digital or other similar tangible or intangible media to the extent containing or embodying any MatCo Licensed Know-How, SpecCo Licensed Know-How, MatCo Licensed Copyrights, SpecCo Licensed Copyrights, SpecCo Licensed Standards or Business Software.

(25) “Licensed Copyrights” means (i) with respect to the licenses granted to MatCo hereunder, the SpecCo Licensed Copyrights and the Copyrights licensed under Section 2.3(b) and 2.4 hereof, and (ii) with respect to the licenses granted to SpecCo hereunder, the MatCo Licensed Copyrights and the Copyrights licensed under Section 2.3(a) hereof.

(26) “Licensed Facility” means any facility owned by or operated on behalf of an Authorized User.

(27) “Licensed IP” means (i) with respect to the licenses granted to [MatCo or the MatCo Licensees, as applicable.] hereunder, the SpecCo Licensed IP, the Intellectual Property licensed under Section 2.3(b) and 2.4 hereof, the Patents Controlled by SpecCo or any of its Affiliates and licensed under Section 2.6 hereof, and the Business Software owned by SpecCo or any of its Affiliates, and (ii) with respect to the licenses granted to [SpecCo or the SpecCo Licensees, as applicable.] hereunder, the MatCo Licensed IP, the Intellectual Property licensed under Section 2.3(a) hereof, the Patents Controlled by MatCo or any of its Affiliates and licensed under Section 2.6 hereof, and the Business Software owned by MatCo or any of its Affiliates.
(28) “Licensed Know-How” means (i) with respect to the licenses granted to [MatCo or the MatCo Licensees, as applicable] hereunder, the SpecCo Licensed Know-How and the Know-How licensed under Section 2.3(b) and 2.4 hereof, and (ii) with respect to the licenses granted to [SpecCo or the SpecCo Licensees, as applicable] hereunder, the MatCo Licensed Know-How and the Know-How licensed under Section 2.3(a) hereof.

(29) “Licensed Patents” means (i) with respect to the licenses granted to [MatCo or the MatCo Licensees, as applicable] hereunder, the SpecCo Licensed Patents, and (ii) with respect to the licenses granted to [SpecCo or the SpecCo Licensees, as applicable] hereunder, the MatCo Licensed Patents.

(30) “Licensee” means (i) [the relevant SpecCo Licensee, including as set forth on Schedule B, Schedule C, Schedule E, and Schedule G, as applicable] with respect to the MatCo Licensed IP and the Patents Controlled by MatCo or any of its Affiliates and licensed under Section 2.6 hereof, and [SpecCo and its applicable Affiliates] with respect to the Intellectual Property licensed under Section 2.3(a) hereof and the Business Software licensed by MatCo or any of its Affiliates hereunder, and (ii) [the relevant MatCo Licensees, including as set forth on Schedule J, Schedule K, Schedule M, Schedule O, and Schedule W, as applicable] with respect to the SpecCo Licensed IP, the Intellectual Property licensed under Section 2.4 hereof, and the Patents Controlled by SpecCo or any of its Affiliates and licensed under Section 2.6 hereof, and [MatCo and its applicable Affiliates] with respect to the Intellectual Property licensed under Section 2.3(b) hereof and the Business Software licensed by SpecCo or any of its Affiliates hereunder.

(31) “Licensor” means (i) [the relevant SpecCo Licensees, including as set forth on Schedule B, Schedule C, Schedule E, and Schedule G, as applicable,] with respect to the MatCo Licensed IP and the Patents Controlled by MatCo or any of its Affiliates and licensed under Section 2.6 hereof, and [SpecCo and its applicable Affiliates] with respect to the Intellectual Property licensed under Section 2.3(b) hereof, and the Business Software owned by SpecCo or any of its Affiliates, and (ii) [the relevant MatCo Licensees, including as set forth on Schedule B, Schedule C, Schedule E, and Schedule G, as applicable,] with respect to the SpecCo Licensed IP, the Intellectual Property licensed under Section 2.4 hereof, and the Patents Controlled by SpecCo or any of its Affiliates and licensed under Section 2.6 hereof, and [MatCo and its applicable Affiliates] with respect to the Intellectual Property licensed under Section 2.3(a) hereof and the Business Software licensed by MatCo or any of its Affiliates.

(32) “Local Standards” has the meaning set forth in Section 2.4(b).

(33) “Manufacturing Product Agreement” means those certain Manufacturing Product Agreement(s) and Product for Resale Agreement(s) between MatCo or its Affiliate on the one hand and SpecCo or its Affiliate on the other hand, that have been entered into as of the Effective Date.

(34) “MatCo Exclusive Patent Field” means, with respect to each SpecCo Exclusively Licensed Patent, the field of use corresponding thereto on Schedule F, and natural evolutions thereof; provided that the license granted under Section 2.1(c) hereof shall be non-exclusive with respect to such natural evolutions[, and such natural evolutions shall in no event include uses in any SpecCo Exclusive Patent Field].
“MatCo Exclusively Licensed Patents” means any and all (i) Patents set forth on Schedule E to the extent Controlled by MatCo or any of its Affiliates as of the Effective Date and (ii) to the extent Controlled by MatCo or any of its Affiliates as of or following the Effective Date, continuations, divisionals, renewals, continuations-in-part, patents of addition, restorations, extensions, supplementary protection certificates, reissues, and re-examinations of, and all other Patents that claim priority to, such Patents and foreign equivalents thereof, in each case to the extent the claims are supported by such Patents set forth on Schedule E (but in all cases expressly excluding any and all Excluded IP).

“MatCo Know-How Field” means the field of the Materials Science Business, as defined in the Separation Agreement, including as set forth on, and subject to, Schedule D, and natural evolutions thereof.

“MatCo Licensed Copyrights” means any and all Copyrights to the extent Controlled by MatCo or any of its Affiliates, and Used in the Specialty Products Business, as of the Effective Date, including the Copyrights set forth on Schedule B. Notwithstanding the foregoing, MatCo Licensed Copyrights expressly exclude any and all (i) Know-How, (ii) IT Assets and (iii) Excluded IP.

“MatCo Licensed IP” means the MatCo Licensed Patents, MatCo Licensed Know-How and MatCo Licensed Copyrights.

“MatCo Licensed Know-How” means any and all Know-How to the extent Controlled by MatCo or any of its Affiliates, and Used in the Specialty Products Business, as of the Effective Date, including the Know-How set forth on Schedule C. Notwithstanding the foregoing, MatCo Licensed Know-How expressly excludes any and all (i) IT Assets and (ii) Excluded IP.

“MatCo Licensed Patents” means any and all MatCo Exclusively Licensed Patents and MatCo Non-Exclusively Licensed Patents.

“MatCo Licensees” means The Dow Chemical Company, Rohm and Haas Chemicals LLC, Rohm and Haas Company, Union Carbide Corporation, and Performance Materials NA, Inc.

“MatCo Licensors” means The Dow Chemical Company, a Delaware corporation.

“MatCo Non-Exclusive Patent Field” means (a) with respect to each Patent described within subsection (i) of the SpecCo Non-Exclusively Licensed Patent definition, the field of use corresponding thereto on Schedule H, and natural evolutions thereof; provided that, such natural evolutions shall in no event include uses in any SpecCo Exclusive Patent Field, (b) with respect to each Patent described within subsection (ii) of the SpecCo Non-Exclusively Licensed Patent definition, the MatCo Know-How Field and (c) with respect to each Patent described within subsection (iii) of the SpecCo Non-Exclusively Licensed Patent definition, the field of use in which the SpecCo Reference Patent for which such Patent described in subsection (iii) of the SpecCo Non-Exclusively Licensed Patent definition is a continuation, divisional, renewal, continuation-in-part, patent of addition, restoration, extension, supplementary protection certificate, reissue or re-examination, or to which such Patent described in subsection (iii) of the SpecCo Non-Exclusively Licensed Patent definition otherwise claims priority, (and, for clarity, that supports the claims of such Patent described in subsection (iii) of the SpecCo Non-Exclusively Licensed Patent definition) is licensed to MatCo and its Affiliates hereunder and natural evolutions thereof; provided that, such natural evolutions shall in no event include uses in any SpecCo Exclusive Patent Field.
(44) “MatCo Non-Exclusively Licensed Patents” means any and all (i) Patents set forth on Schedule G to the extent Controlled by MatCo or any of its Affiliates as of the Effective Date, (ii) Patents to the extent such Patents Cover any MatCo Licensed Know-How and are Controlled by MatCo or any of its Affiliates following the Effective Date and (iii) to the extent Controlled by MatCo or any of its Affiliates as of or following the Effective Date, continuations, divisionals, renewals, continuations-in-part, patents of addition, restorations, extensions, supplementary protection certificates, reissues and re-examinations of, and all other Patents that claim priority to, any Patents described in either of the foregoing subsections (i) or (ii), and foreign equivalents thereof, in each case to the extent the claims are supported by any Patents described in either of the foregoing subsections (i) or (ii) (but in all cases expressly excluding any and all Excluded IP) (such Patents described in the foregoing subsections (i) and (ii), the “MatCo Reference Patents”).


(46) “MatCo Scheduled Licensed Patents” means the MatCo Licensed Patents listed on Schedule E and Schedule G hereto, to the extent Controlled by MatCo or any of its Affiliates as of the Effective Date (but expressly excluding any and all Excluded IP), which Schedules may be supplemented from time to time upon the written notice by MatCo or any of its Affiliates to SpecCo (which notice shall not be effective until twenty (20) days of receipt by SpecCo thereof) to include, to the extent Controlled by MatCo or any of its Affiliates at the relevant time, continuations, divisionals, renewals, continuations-in-part, patents of addition, restorations, extensions, supplementary protection certificates, reissues and re-examinations of, and all other Patents that claim priority to, the Patents listed on Schedule E or Schedule G as of the Effective Date (as applicable), and foreign equivalents thereof, in each case to the extent the claims are supported by any Patents listed on Schedule E or Schedule G as of the Effective Date, as applicable.

(47) “Merger Time” means the effective time of the mergers of E. I. du Pont de Nemours and Company and the Dow Chemical Company with wholly owned subsidiaries of DowDuPont, Inc.

(48) “MOD™ 5 Software Agreement” means that certain MOD™ 5 Computerized Process Control Software Agreement entered into by and between Rofan Services LLC and SpecCo, dated as of the Effective Date.

(49) “Non-Practicing Entity” means any Person for which such Person’s (and all of its Affiliates’) principal source of revenue is the offering of licenses or covenants not to sue or seeking damages through the prosecution of lawsuits with respect to Patents.

(50) “Notifying Party” has the meaning set forth in Section 2.7(a).
(51) “OS&T License Agreement” means that certain Operating Systems and Tools License Agreement entered into by and between Dow Global Technologies LLC and SpecCo, dated as of the Effective Date.

(52) “Patent Challenge” means any direct or indirect (including by voluntarily supporting an Action brought by another Person) challenge to the validity, patentability, enforceability or inventorship of any Scheduled Licensed Patent, including in (i) any court (including any declaratory judgment action), or (ii) activity or Action before a patent office or other Governmental Entity or registrar, including any reissue, reexamination, pre-grant review, post-grant review, opposition, inter partes review, third party observations, protest or similar proceeding.

(53) “Patent Challenge Liquidated Damages” has the meaning set forth in Section 8.3(c)(ii)(4).

(54) “Patent Challenge Notice” has the meaning set forth in Section 8.3(a).

(55) “Patents” means patents, patent applications, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions and extensions thereof.

(56) “Personnel” means, with respect to a Party or its Affiliates, such Party’s or Affiliate’s employees, officers, agents, consultants, and contractors, and any other Person over whom such Party or Affiliate exercises control.

(57) “Product” means, with respect to each Manufacturing Product Agreement, the definition for “Product” as set forth in such Manufacturing Product Agreement, including those products set forth on Schedule S and Schedule T hereto.

(58) “Product Field of Use” means, with respect to a Product supplied by or on behalf of one Party or any of its Affiliates to the other Party or any of its Affiliates under a Manufacturing Product Agreement, the “Field of Use” for such Product, as such term is defined in the applicable Manufacturing Product Agreement.

(59) “Promote” means to solicit customers for, solicit orders for, advertise, market or otherwise promote.

(60) “Receiving Party” has the meaning set forth in Section 2.7(a).

(61) “Regulatory Data” means any and all regulatory data (including studies, data, raw data, efficacy data, reports, physical samples, reviews (including business risk reviews), opinions, self-GRAS determinations, information or other compliance requirements, including safety, risk and exposure assessments and modeling for product contamination or impurity issues), in written, electronic, computerized, digital, or other tangible or intangible media, actually submitted to, or maintained to support a submission to (whether submitted or not), a Governmental Entity or a Third Party to seek, obtain or maintain a Governmental Approval or demonstrate regulatory compliance.

(62) “Requesting Party” has the meaning set forth in Section 2.12(a).
(63) “Scheduled Licensed Patents” means the MatCo Scheduled Licensed Patents and the SpecCo Scheduled Licensed Patents.

(64) “Seller” means the Party that is, or has one or more Affiliates that are, the “Seller” under a Manufacturing Product Agreement.

(65) “Software” means all computer programs (whether in source code, object code, or other form), software implementations of algorithms, and related documentation, including flowcharts and other logic and design diagrams, technical, functional and other specifications, and user and training materials related to any of the foregoing.

(66) “SpecCo Exclusive Patent Field” means, with respect to each MatCo Exclusively Licensed Patent, the field of use corresponding thereto on Schedule N, and natural evolutions thereof; provided that the license granted under Section 2.2(c) hereof shall be non-exclusive with respect to such natural evolutions[, and such natural evolutions shall in no event include uses in any MatCo Exclusive Patent Field.]

(67) “SpecCo Exclusively Licensed Patents” means any and all (i) Patents set forth on Schedule M to the extent Controlled by SpecCo or any of its Affiliates as of the Effective Date and (ii) to the extent Controlled by SpecCo or any of its Affiliates as of or following the Effective Date, continuations, divisionals, renewals, continuations-in-part, patents of addition, restorations, extensions, supplementary protection certificates, reissues and re-examinations of, and all other Patents that claim priority to, such Patents and foreign equivalents thereof, in each case to the extent the claims are supported by such Patents set forth on Schedule M (but in all cases expressly excluding any and all Excluded IP).

(68) “SpecCo Know-How Field” means the field of the Specialty Products Business, as defined in the Separation Agreement[, including as set forth on, and subject to, Schedule L] and natural evolutions thereof.

(69) “SpecCo Licensed Copyrights” means any and all Copyrights to the extent Controlled by SpecCo or any of its Affiliates, and Used in the Materials Science Business, as of the Effective Date, including the Copyrights set forth on Schedule J. Notwithstanding the foregoing, SpecCo Licensed Copyrights expressly exclude any and all (i) Know-How, (ii) IT Assets and (iii) Excluded IP.

(70) “SpecCo Licensed Engineering Standards” means Engineering Standards (including as set forth on Schedule W(i)), each, to the extent both (i) owned by SpecCo or any of its Affiliates, or with respect to which SpecCo or any of its Affiliates has the right to grant the license or other rights granted to MatCo hereunder without payment obligations to any Third Party, as of the Effective Date and (ii) (x) that is actually used in the operation of any Ethylene Copolymer Plant by MatCo or its Affiliates in the conduct of the Materials Science Business as of the Effective Date or (y) is reasonably necessary to use any Local Standard (including, for clarity, the Engineering Standards used in the creation, development or derivation of such Local Standard to the extent reasonably necessary to use such Local Standard), which SpecCo Licensed Engineering Standards, for clarity, include the DuPont Engineering Standards & Guidelines and the DuPont Pipe and Valve Codes & Specifications. Notwithstanding the foregoing, the SpecCo Licensed Engineering Standards shall expressly exclude (i) Regulatory Data, (ii) the MOD5 Systems Excluded IP owned by SpecCo or any of its Affiliates, (iii) Operating Systems and Tools (as that term is defined in the OS&T License Agreement), (iv) TMODS Systems (as that term is defined in the TMODS License Agreement), (v) Trademarks, and (vi) the Intellectual Property set forth on Schedule A.

(72) “SpecCo Licensed Know-How” means any and all Know-How to the extent Controlled by SpecCo or any of its Affiliates, and Used in the Materials Science Business, as of the Effective Date, including the Know-How set forth on Schedule K. Notwithstanding the foregoing, SpecCo Licensed Know-How expressly excludes any and all (i) IT Assets and (ii) Excluded IP.

(73) “SpecCo Licensed Patents” means any and all SpecCo Non-Exclusively Licensed Patents and SpecCo Exclusively Licensed Patents.

(74) “SpecCo Licensed SHE Standards” means the DuPont Safety, Health, and Environmental Standards (including as set forth on Schedule W(ii)), each, to the extent both (i) owned by SpecCo or any of its Affiliates, or with respect to which SpecCo or any of its Affiliates has the right to grant the license or other rights granted to MatCo hereunder without payment obligations to any Third Party, as of the Effective Date and (ii) (x) that is actually used in the operation of any Ethylene Copolymer Plant by MatCo or its Affiliates in the conduct of the Materials Science Business as of the Effective Date or (y) is reasonably necessary to use any Local Standard (including, for clarity, the DuPont Safety, Health, and Environmental Standards used in the creation, development or derivation of such Local Standard to the extent reasonably necessary to use such Local Standard). Notwithstanding the foregoing, the SpecCo Licensed SHE Standards shall expressly exclude (i) Regulatory Data, (ii) the MOD5 Systems Excluded IP owned by SpecCo or any of its Affiliates, (iii) Operating Systems and Tools (as that term is defined in the OS&T License Agreement), (iv) TMODS Systems (as that term is defined in the TMODS License Agreement), (v) Trademarks, and (vi) the Intellectual Property set forth on Schedule A.

(75) “SpecCo Licensed Standards” means the SpecCo Licensed SHE Standards and the SpecCo Licensed Engineering Standards.

(76) “[SpecCo Licensees” means Rohm and Haas Electronic Materials CMP, Inc.]


(78) “SpecCo Non-Exclusive Patent Field” means (a) with respect to each Patent described within subsection (i) of the MatCo Non-Exclusively Licensed Patent definition, the field of use corresponding thereto on Schedule P, and natural evolutions thereof; provided that such natural evolutions shall in no event include uses in any MatCo Exclusive Patent Field; (b) with respect to each Patent described within subsection (ii) of the MatCo Non-Exclusively Licensed Patent definition, the SpecCo Know-How Field, and (c) with respect to each Patent described within subsection (iii) of the MatCo Non-Exclusively Licensed Patent definition, the field of use in which the MatCo Reference Patent for which such Patent described in subsection (iii) of the MatCo Non-Exclusively Licensed Patent definition is a continuation, divisional, renewal, continuation-in-part, patent of addition, restoration, extension, supplementary protection certificate, reissue, or re-examination, or to which such Patent described in subsection (iii) of the MatCo Non-Exclusively Licensed Patent definition otherwise claims priority, (and, for clarity, that supports the claims of such Patent described in subsection (iii) of the MatCo Non-Exclusively Licensed Patent definition) is licensed to SpecCo and its Affiliates hereunder and natural evolutions thereof; provided that, such natural evolutions shall in no event include uses in any MatCo Exclusive Patent Field.]
(79) “SpecCo Non-Exclusively Licensed Patents” means any and all (i) Patents set forth on Schedule O to the extent Controlled by SpecCo or any of its Affiliates as of the Effective Date, (ii) Patents to the extent such Patents Cover any SpecCo Licensed Know-How and are Controlled by SpecCo or any of its Affiliates following the Effective Date and (iii) to the extent Controlled by SpecCo or any of its Affiliates as of or following the Effective Date, continuations, divisionals, renewals, continuations-in-part, patents of addition, restorations, extensions, supplementary protection certificates, reissues and re-examinations of, and all other Patents that claim priority to, any Patents described in either of the foregoing subsections (i) or (ii), and foreign equivalents thereof, in each case to the extent the claims are supported by any Patents described in either of the foregoing subsections (i) or (ii) (but in all cases expressly excluding any and all Excluded IP) (such Patents described in the foregoing subsections (i) and (ii), the “SpecCo Reference Patents”).


(81) “SpecCo Scheduled Licensed Patents” means the SpecCo Licensed Patents listed on Schedule M and Schedule O hereto, to the extent Controlled by SpecCo or any of its Affiliates as of the Effective Date (but expressly excluding any and all Excluded IP), which Schedules may be supplemented from time to time upon the written notice by SpecCo or any of its Affiliates to MatCo (which notice shall not be effective until twenty (20) days of receipt by MatCo thereof) to include, to the extent Controlled by SpecCo or any of its Affiliates at the relevant time, continuations, divisionals, renewals, continuations-in-part, patents of addition, restorations, extensions, supplementary protection certificates, reissues and re-examinations of, and all other Patents that claim priority to, the Patents listed on Schedule M or Schedule O as of the Effective Date (as applicable), and foreign equivalents thereof, in each case to the extent the claims are supported by any Patents listed on Schedule M or Schedule O as of the Effective Date, as applicable.

(82) “Sublicensee” has the meaning set forth in Section 2.8(a).

(83) “Term” has the meaning set forth in Section 8.1.

(84) “Terminated Licenses” has the meaning set forth in Section 8.3(e).
(85) “Third Party” means any Person other than SpecCo, MatCo, and their respective Affiliates.

(86) “Third Party Infringement” has the meaning set forth in Section 5.1.

(87) “Third Party Payments” means any and all obligations on the part of Licensor or its Affiliates to pay royalties, sublicense fees, milestones or other amounts to Third Parties pursuant to Contracts existing as of the Effective Date (or, in the case of Wrong Pockets Patents, Contracts existing as of the date of the Wrong Pockets Notice) to which Licensor or any of its Affiliates is a party or is otherwise bound, in each case to the extent that such obligation to pay arises from, or is a result of the grant to or exercise by Licensee or any Sublicensees of, any license, sublicense or other right to practice granted hereunder.

(88) “TMODS License Agreement” means that certain DuPont TMODS Dynamic Process Simulation Software Agreement entered into by and between MatCo and SpecCo, dated as of the Effective Date.

(89) “Umbrella Secrecy Agreement” means the Umbrella Secrecy Agreement, dated as of the Effective Date, between the Parties and the other signatories thereto.

(90) “Used” means, with respect to the applicable Patent, Copyright or Know-How, that, as of the Effective Date, (i) such Intellectual Property is actually used, or (ii) (1) there is a bona fide plan and intention to use such Intellectual Property with a product that is expected to be commercially launched within eight and one half (8.5) years of the Effective Date or that is set forth on Schedule R, and (2) senior management has agreed to or approved, in writing, a capital investment or commitment to allocate resources or man-hours to implement such plan and intention, in each case in respect of the foregoing subsections (i) and (ii), as established by contemporaneous written records created in the ordinary course of business (which records shall be in a form consistent with the form that actual use, or similar plans and approvals, as applicable, were documented by the applicable Party (or its predecessors in interest) prior to the Merger Time).

(91) “Wrong Pockets Patent” shall have the meaning set forth in Section 2.7(c).

(92) “Wrong Pockets Notice” shall have the meaning set forth in Section 2.7(a).

Section 1.2 References; Interpretation. For the purposes of this Agreement, (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, clause, Exhibit and Schedule are references to the Articles, Sections, paragraphs, clauses, Exhibits and Schedules to this Agreement unless otherwise specified; (c) the terms “hereof,” “herein,” “hereby,” “hereto,” and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (d) references to “$” shall mean U.S. dollars; (e) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) references to “written” or “in writing” include in electronic form; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) the Parties have each participated in the negotiation and drafting of this Agreement and, except as otherwise stated herein, if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions in this Agreement; (j) a reference to any Person includes such Person’s successors and permitted assigns; (k) any reference to “days” means calendar days unless Business Days are expressly specified; (l) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day; (m) any statute defined or referred to herein means such statute as from time to time amended, modified or supplemented, unless otherwise specifically indicated; (n) the use of the phrases “the date of this Agreement”, “the date hereof”, “of even date herewith” and terms of similar import shall be deemed to refer to the date set forth in the preamble to this Agreement; (o) the phrase “ordinary course of business” shall be deemed to be followed by the words “consistent with past practice” whether or not such words actually follow such phrase; (p) where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning; and (q) any consent given by any Party pursuant to this Agreement shall be valid only if contained in a written instrument signed by such Party. Unless the context requires otherwise, references in this Agreement to “MatCo” shall also be deemed to refer to the applicable member of the MatCo Group, references to “SpecCo” shall also be deemed to refer to the applicable member of the SpecCo Group and, in connection therewith, any references to actions or omissions to be taken, or refrained from being taken, as the case may be, by MatCo or SpecCo shall be deemed to require MatCo or SpecCo, as the case may be, to cause the applicable members of the MatCo Group or the SpecCo Group, respectively, to take, or refrain from taking, any such action.
ARTICLE II
GRANTS OF RIGHTS

Section 2.1 Licenses to MatCo of SpecCo Licensed IP.

(a) Non-Exclusive License to Know-How and Copyrights. Subject to the terms and conditions of this Agreement (including Section 2.1(d)), [the SpecCo Licensors hereby grant, and SpecCo shall cause its Affiliates to grant], to [the relevant MatCo Licensees as set forth on Schedule J or Schedule K, as applicable,] an irrevocable, royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, non-exclusive license in, to and under the SpecCo Licensed Know-How and the SpecCo Licensed Copyrights for any and all uses in the MatCo Know-How Field. For clarity, subject to the terms and conditions of this Agreement, the license in, to and under the applicable SpecCo Licensed IP set forth in this Section 2.1(a) shall include the right to practice the same to make (including have made), use, sell, offer for sale, import, and export any and all products within the MatCo Know-How Field, and use, practice, copy, perform, render, develop, improve, display, redistribute, modify, and make derivative works of such SpecCo Licensed IP, within the MatCo Know-How Field.
(b) Non-Exclusive License to Patents. Subject to the terms and conditions of this Agreement (including Section 2.1(d)), [the SpecCo Licensors] hereby grant to [the relevant MatCo Licensees as set forth on Schedule O, as applicable] an irrevocable (subject to Section 8.3), royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, non-exclusive license in, to and under the SpecCo Non-Exclusively Licensed Patents for any and all uses in the applicable MatCo Non-Exclusive Patent Field. For clarity, subject to the terms and conditions of this Agreement, the license in, to and under the SpecCo Non-Exclusively Licensed Patents set forth in this Section 2.1(b) shall include the right to practice the same to make (including have made), use, sell, offer for sale, import, and export any and all products within the applicable MatCo Non-Exclusive Patent Field.

(c) Exclusive License to Patents. Subject to the terms and conditions of this Agreement (including Section 2.1(d)), [the SpecCo Licensors] hereby grant to [the relevant MatCo Licensees as set forth on Schedule M, as applicable] an irrevocable (subject to Section 8.3), royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, exclusive (even as to SpecCo and its Affiliates, but subject to Section 8.3) license in, to and under the SpecCo Exclusively Licensed Patents for any and all uses in the applicable MatCo Exclusive Patent Field. For clarity, subject to the terms and conditions of this Agreement, the license in, to and under the SpecCo Exclusively Licensed Patents set forth in this Section 2.1(c) shall include the right to practice the same to make (including have made), use, sell, offer for sale, import, and export any and all products within the applicable MatCo Exclusive Patent Field.

(d) Products Supplied Under Manufacturing Product Agreements. With respect to Products supplied to MatCo or its Affiliates under the Manufacturing Product Agreement for which SpecCo or any of its Affiliates is Seller, the rights granted in this Section 2.1 shall include rights under the applicable SpecCo Licensed IP to (i) use, sell, offer for sale, market, promote, distribute, import and export, certify, submit for registration, and permit sub-registration of such Products (which, for clarity, are set forth on Schedule S) and (ii) solely upon the delivery of a Shortfall Transition Request, a Voluntary Project Transition Request or a Termination Transition Request (as the foregoing terms are defined in the applicable Manufacturing Product Agreement) and solely to the extent permitted under the applicable Manufacturing Product Agreement, make and have made such Products, in each case of (i) and (ii), [solely in the applicable Product Field of Use], but, notwithstanding anything to the contrary herein, shall not otherwise include rights to make or have made any such Products.

Section 2.2 Licenses to SpecCo of MatCo Licensed IP.

(a) Non-Exclusive License to Know-How and Copyrights. Subject to the terms and conditions of this Agreement (including Section 2.2(d)), [the MatCo Licensors hereby grant, and MatCo shall cause its Affiliates to grant], to [the relevant SpecCo Licensees as set forth on Schedule C and Schedule B, as applicable] an irrevocable, royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, non-exclusive license in, to and under the MatCo Licensed Know-How and MatCo Licensed Copyrights for any and all uses in the SpecCo Know-How Field. For clarity, subject to the terms and conditions of this Agreement, the license in, to and under the applicable MatCo Licensed IP set forth in this Section 2.2(a) shall include the right to practice the same to make (including have made), use, sell, offer for sale, import, and export any and all products within the SpecCo Know-How Field, and use, practice, copy, perform, render, develop, improve, display, redistribute, modify, and make derivative works of such MatCo Licensed IP, within the SpecCo Know-How Field.
(b) Non-Exclusive License to Patents. Subject to the terms and conditions of this Agreement (including Section 2.2(d)), [the MatCo Licensors] hereby grant to [the relevant SpecCo Licensees as set forth on Schedule G, as applicable] an irrevocable (subject to Section 8.3), royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, non-exclusive license in, to and under the MatCo Non-Exclusively Licensed Patents for any and all uses in the applicable SpecCo Non-Exclusive Patent Field. For clarity, subject to the terms and conditions of this Agreement, the license in, to and under the MatCo Non-Exclusively Licensed Patents set forth in this Section 2.2(b) shall include the right to practice the same to make (including have made), use, sell, offer for sale, import, and export any and all products within the applicable SpecCo Non-Exclusive Patent Field.

(c) Exclusive License to Patents. Subject to the terms and conditions of this Agreement (including Section 2.2(d)), [the MatCo Licensors] hereby grant to [the relevant SpecCo Licensees as set forth on Schedule E, as applicable] an irrevocable (subject to Section 8.3), royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, exclusive (even as to MatCo and its Affiliates, but subject to Section 8.3) license in, to and under the MatCo Exclusively Licensed Patents for any and all uses in the applicable SpecCo Exclusive Patent Field. For clarity, subject to the terms and conditions of this Agreement, the license in, to and under the MatCo Exclusively Licensed Patents set forth in this Section 2.2(c) shall include the right to practice the same to make (including have made), use, sell, offer for sale, import, and export any and all products within the applicable SpecCo Exclusive Patent Field.

(d) Products Supplied Under Manufacturing Product Agreements. With respect to Products supplied to SpecCo or its Affiliates under the Manufacturing Product Agreement for which MatCo or any of its Affiliates is Seller, the rights granted in this Section 2.2 shall include rights under the applicable MatCo Licensed IP to (i) use, sell, offer for sale, market, promote, distribute, import and export, certify, submit for registration, and permit sub-registration of such Products (which, for clarity, are set forth on Schedule T) and (ii) solely upon the delivery of a Shortfall Transition Request, a Voluntary Project Transition Request or a Termination Transition Request (as the foregoing terms are defined in the applicable Manufacturing Product Agreement) and solely to the extent permitted under the applicable Manufacturing Product Agreement, make and have made such Products, in each case of (i) and (ii), [solely in the applicable Product Field of Use], but, notwithstanding anything to the contrary herein, shall not otherwise include rights to make or have made any such Products.

Section 2.3 Licenses for Product Supply.

(a) Subject to the terms and conditions of this Agreement, MatCo hereby grants, and shall cause its Affiliates to grant, to SpecCo and its Affiliates a royalty-free, fully paid-up, worldwide non-exclusive license in, to and under (i) the MatCo Licensed IP, and (ii) any other Intellectual Property (except any Excluded IP) to the extent as of the Effective Date, MatCo or its Affiliates has the ability to grant the license set forth in this Section 2.3(a), and the related rights set forth herein, on the terms and conditions set forth herein without violating any Contract entered into as of or prior to the Effective Date between MatCo or any of its Affiliates, on the one hand, and any Third Party, on the other hand (subject to Section 2.9 hereof), in each case (with respect to the foregoing subsections (i) and (ii)), solely to the extent reasonably necessary to perform SpecCo’s and its Affiliates’ obligations as Seller under the Manufacturing Product Agreements, including to manufacture for and supply to MatCo the Products under such Manufacturing Product Agreements in accordance with and subject to the terms thereof.
(b) Subject to the terms and conditions of this Agreement, SpecCo hereby grants, and shall cause its Affiliates to grant, to MatCo and its Affiliates a royalty-free, fully paid-up, worldwide non-exclusive license in, to and under (i) the SpecCo Licensed IP and (ii) any other Intellectual Property (except any Excluded IP) to the extent as of the Effective Date, SpecCo or its Affiliates has the ability to grant the license set forth in this Section 2.3(b), and the related rights set forth herein, on the terms and conditions set forth herein without violating any Contract entered into as of or prior to the Effective Date between SpecCo or any of its Affiliates, on the one hand, and any Third Party, on the other hand (subject to Section 2.9 hereof), in each case (with respect to the foregoing subsections (i) and (ii)), solely to the extent reasonably necessary to perform MatCo’s and its Affiliates’ obligations as Seller under the Manufacturing Product Agreements, including to manufacture for and supply to SpecCo the Products under such Manufacturing Product Agreements in accordance with and subject to the terms thereof.

(c) The licenses granted in this Section 2.3 shall be sublicensable in writing to subcontractors to the extent permitted under the applicable Manufacturing Product Agreements, in accordance with, and subject to, the terms of the applicable Manufacturing Product Agreements.

Section 2.4 License to SpecCo Licensed Standards.

(a) Subject to the terms and conditions of this Agreement, [the applicable SpecCo Licensors hereby grant, and SpecCo shall cause its Affiliates to grant], to [the relevant MatCo Licensees as set forth on Schedule W, as applicable,] an irrevocable, royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), non-exclusive license to use the SpecCo Licensed Standards at the Licensed Facilities solely in connection with the conduct of the Materials Science Business by MatCo or any of its Affiliates. Without limiting the foregoing, the grant in this Section 2.4 includes a right and license to use, reproduce, distribute, display, perform, adapt, modify and create derivative works of the SpecCo Licensed Standards by and among the Authorized Users only for the licensed uses set forth in this Section 2.4.

(b) Notwithstanding anything to the contrary herein, neither SpecCo nor any of its Affiliates shall have any obligation with respect to training MatCo or any of its Affiliates to implement or use the SpecCo Licensed Standards. For clarity, the SpecCo Licensed Standards shall not be subject to any updates by SpecCo or its Affiliates (even if SpecCo or its Affiliates update the same for their own use). The Parties acknowledge that from time to time applicable Law may conflict with and supersede aspects of SpecCo Licensed Standards and Licensor shall have no obligation to Licensee with respect thereto in such event. For clarity, as between the Parties, MatCo shall own all Intellectual Property (including, for clarity, Copyrights) in any DuPont Safety, Health and Environmental Standards or Engineering Standards that constitute Intellectual Property included in the Materials Science Assets (“Local Standards”).
Section 2.5 Business Software License. Subject to the terms and conditions of this Agreement, Licensor (or its Affiliate, as applicable) hereby grants, and shall cause its Affiliates to grant, to Licensee (or its Affiliate, as applicable) an irrevocable, royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, non-exclusive license to its Business Software for use solely in connection with, if such Licensee is SpecCo, the Specialty Products Business or, if such Licensee is MatCo, the Materials Science Business.

Section 2.6 Heritage Products License.

(a) Subject to the terms and conditions of this Agreement, [The Dow Chemical Company hereby grants, and MatCo shall cause its Affiliates to grant], to [Rohm and Haas Electronic Materials CMP, Inc.] an irrevocable (subject to Section 8.3), royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, non-exclusive license to any and all Patents that (i) were Controlled by E. I. du Pont de Nemours and Company or any of its then-Affiliates as of immediately prior to the Merger Time and (ii) are Controlled by MatCo or any of its Affiliates as of the Effective Date as a result of the Internal Reorganization, together with, to the extent Controlled by MatCo or any of its Affiliates as of or following the Effective Date, continuations, divisionals, renewals, continuations-in-part, patents of addition, restorations, extensions, supplementary protection certificates, reissues and re-examinations of, and all other Patents that claim priority to, such Patents and foreign equivalents thereof, in each case to the extent the claims are supported by such Patents (the foregoing, collectively, the “MatCo Transferred Patents”) to make (including have made), use, sell, offer for sale, import, and export, solely in the SpecCo Know-How Field, products sold commercially by or on behalf of E. I. du Pont de Nemours and Company and its then-Affiliates at any time prior to the Merger Time, other than products included in the Agriculture Business or the Materials Science Business (the “SpecCo Heritage Products”) in the same manner (in all material respects) as such SpecCo Heritage Products were made, used, sold, offered for sale, imported and exported by such Persons prior to the Merger Time (the “SpecCo Restricted Heritage Uses”) and updates, enhancements, modifications and similar evolutions thereof in which the essential character of such SpecCo Heritage Product and SpecCo Restricted Heritage Use are retained in all material respects. Solely to the extent its rights to such product derive from the license granted under this Section 2.6(a), and upon MatCo’s written request identifying such product or use, SpecCo shall reasonably promptly demonstrate (and shall use commercially reasonable efforts to demonstrate within sixty (60) days following such request) to MatCo by clear and convincing evidence comprised of contemporaneous written records (which records shall be in a form consistent with the form that commercial sales (with respect to a purported SpecCo Heritage Product) or actual use (with respect to a purported SpecCo Restricted Heritage Use) was documented by SpecCo (or its predecessors in interest)) created prior to the Merger Time in the ordinary course of business that a product qualifies as a SpecCo Heritage Product (or an update, enhancement, modification or similar evolution thereof within the scope of the foregoing license grant) and that the use thereof qualifies as a SpecCo Restricted Heritage Use (or an update, enhancement, modification or similar evolution thereof within the scope of the foregoing license grant).
(b) Subject to the terms and conditions of this Agreement, [the applicable SpecCo Licensors hereby grant, and SpecCo shall cause its Affiliates to grant], to [Performance Materials NA, Inc.] an irrevocable (subject to Section 8.3), royalty-free, fully paid-up, sublicensable (to the extent permitted in Section 2.8), transferable (subject to Section 10.2), worldwide, non-exclusive license to any and all Patents that (i) were Controlled by the Dow Chemical Company or any of its then-Affiliates as of immediately prior to the Merger Time, (ii) are Controlled by SpecCo or any of its Affiliates as of the Effective Date as a result of the Internal Reorganization, together with, to the extent Controlled by SpecCo or any of its Affiliates as of or following the Effective Date, continuations, divisionals, renewals, continuations-in-part, patents of addition, restorations, extensions, supplementary protection certificates, reissues and re-examinations of, and all other Patents that claim priority to, such Patents and foreign equivalents thereof, in each case to the extent the claims are supported by such Patents (the foregoing, collectively, the “SpecCo Transferred Patents”) to make (including have made), use, sell, offer for sale, import, and export, solely in the MatCo Know-How Field, products sold commercially by or on behalf of the Dow Chemical Company and its then-Affiliates at any time prior to the Merger Time, other than products included in the Agriculture Business or the Specialty Products Business (the “MatCo Heritage Products”) in the same manner (in all material respects) as such MatCo Heritage Products were made, used, sold, offered for sale, imported and exported by such Persons prior to the Merger Time (the “MatCo Restricted Heritage Uses”) and updates, enhancements, modifications and similar evolutions thereof in which the essential character of such MatCo Heritage Product and MatCo Restricted Heritage Use are retained in all material respects. Solely to the extent its rights to such product derive from the license granted under this Section 2.6(b), and upon SpecCo’s written request identifying such product or use, MatCo shall reasonably promptly demonstrate (and shall use commercially reasonable efforts to demonstrate within sixty (60) days following such request) to SpecCo by clear and convincing evidence comprised of contemporaneous written records (which records shall be in a form consistent with the form that commercial sales (with respect to a purported MatCo Heritage Product) or actual use (with respect to a purported MatCo Restricted Heritage Use) was documented by MatCo (or its predecessors in interest)) created prior to the Merger Time in the ordinary course of business that a product qualifies as a MatCo Heritage Product (or an update, enhancement, modification or similar evolution thereof within the scope of the foregoing license grant) and that the use thereof qualifies as a MatCo Restricted Heritage Use (or an update, enhancement, modification or similar evolution thereof within the scope of the foregoing license grant).
Section 2.7 Wrong Pockets.

(a) A Party (a “Notifying Party”) shall have the right to provide prompt written notice (a “Wrong Pockets Notice”) to the other Party (a “Receiving Party”), including in response to an inquiry from the Receiving Party, if, following the Effective Date:

(i) a Notifying Party identifies a Patent Controlled by the other Party as of the Effective Date that is not included in the Licensed Patents licensed to such Notifying Party, and such Notifying Party reasonably believes that such Patent was Used in the Specialty Products Business or the Materials Science Business, as applicable, as of the Effective Date; or

(ii) a Notifying Party identifies a Use by such Notifying Party of a Licensed Patent that is not (1) in the case of a Notifying Party that Controls such Licensed Patent, within the scope of its retained rights (i.e., such use is within the scope of the Receiving Party’s exclusively licensed field of use with respect to such Patent hereunder) or (2) in the case of a Notifying Party that is the Licensee, within such Notifying Party’s licensed field of use hereunder (i.e., such use is not captured by any MatCo Patent Field or SpecCo Patent Field, as applicable), and, in each case (in respect of the foregoing (1) and (2)), such Notifying Party reasonably believes that the Use of such Licensed Patent as of the Effective Date was within the Specialty Products Business (if SpecCo is the Notifying Party) or the Materials Science Business (if MatCo is the Notifying Party).

(b) Each Wrong Pockets Notice shall both identify the applicable Patent and describe the Use thereof in the Specialty Products Business (if the Notifying Party is SpecCo), or the Materials Science Business (if the Notifying Party is MatCo), as of the Effective Date.

(c) Unless otherwise agreed in writing by the Parties, if a Notifying Party provides a Wrong Pockets Notice in accordance with Section 2.7(a), the Notifying Party shall, within sixty (60) days of providing the Wrong Pockets Notice, demonstrate to the Receiving Party by clear and convincing evidence (the “Evidentiary Requirement”) that the identified Patent was Used in the manner identified in the Wrong Pockets Notice within the Specialty Products Business (if the Notifying Party is SpecCo) or the Materials Science Business (if the Notifying Party is MatCo) as of the Effective Date (such evidence, the “Demonstration of Use”).

The Receiving Party shall notify the Notifying Party in writing within thirty (30) days of receipt of the Demonstration of Use whether it reasonably believes in good faith that the Demonstration of Use satisfies the Evidentiary Requirement. Solely to the extent (with respect to the Patent and Use identified in the applicable Wrong Pockets Notice) that the Demonstration of Use satisfies the Evidentiary Requirements (whether determined by the Receiving Party in accordance with the foregoing, or in accordance with Section 9.1), or if the Receiving Party fails to provide the Notifying Party with a response regarding whether the Demonstration of Use satisfies the Evidentiary Requirements within the applicable thirty (30) day period in accordance with the foregoing, such Patent shall be licensed to the Notifying Party for such Use (in the case of a Wrong Pockets Notice described in Section 2.7(a)(i)) (each such Patent, a “Wrong Pockets Patent”), such Use shall be included in the Notifying Party’s retained field of use with respect to such Patent (in the case of a Wrong Pockets Notice described in subsection (1) of Section 2.7(a)(ii)), or such Use shall be included in the Notifying Party’s field of use for such Patent (in the case of a Wrong Pockets Notice described in subsection (2) of Section 2.7(a)(ii)), as applicable, in each case, as further described in the following subsections (i) through (iii).
(i) Subject to the foregoing in this Section 2.7(c), unless otherwise agreed in writing by the Parties, with respect to a Wrong Pockets Notice described in Section 2.7(a)(i), each Patent identified in such notice (if the Demonstration of Use therefor satisfies the Evidentiary Requirement or the Receiving Party fails to provide the Notifying Party with a response in accordance with this Section 2.7(c)) shall be a MatCo Non-Exclusively Licensed Patent if SpecCo is the Notifying Party or a SpecCo Non-Exclusively Licensed Patent if MatCo is the Notifying Party, and for clarity, the license to the Notifying Party therefor shall be non-exclusive and the field for which it is licensed pursuant to this Agreement (which, for clarity, shall be deemed to be a SpecCo Non-Exclusive Patent Field if SpecCo is the Notifying Party and a MatCo Non-Exclusive Patent Field if MatCo is the Notifying Party) shall be limited solely to the Use made by such Notifying Party and its Affiliates as of the Effective Date (to the extent that the Demonstration of Use therefor satisfies the Evidentiary Requirement) and natural evolutions thereof, subject to the terms and conditions of any licenses and other rights granted by or on behalf of Licensor or any of its Affiliates to any Third Parties with respect to such Patent prior to the date of the Wrong Pockets Notice.

(ii) Subject to the foregoing in this Section 2.7(c), unless otherwise agreed in writing by the Parties, with respect to a Wrong Pockets Notice described in subsection (1) of Section 2.7(a)(ii), each Use for a Licensed Patent identified in the Wrong Pockets Notice in the Notifying Party’s retained field of use for such Patent (to the extent the Demonstration of Use therefor satisfies the Evidentiary Requirement or the Receiving Party fails to provide the Notifying Party with a response in accordance with this Section 2.7(c)) shall be deemed to be a SpecCo Non-Exclusive Patent Field if SpecCo is the Receiving Party and a MatCo Non-Exclusive Patent Field if MatCo is the Receiving Party, and such Use and natural evolutions thereof shall no longer be included in the exclusive field for which such Patent is licensed to the Receiving Party pursuant to this Agreement; provided that the rights with respect to such Use retained by the Notifying Party shall be subject to the terms and conditions of any licenses and other rights granted by or on behalf of the Receiving Party or any of its Affiliates to any Third Parties with respect to such Patent prior to the date of the Wrong Pockets Notice.

(iii) Subject to the foregoing in this Section 2.7(c), unless otherwise agreed in writing by the Parties, with respect to a Wrong Pockets Notice described in subsection (2) of Section 2.7(a)(ii), each Use for a Licensed Patent identified in the Wrong Pockets Notice (to the extent that Demonstration of Use therefor satisfies the Evidentiary Requirement or the Receiving Party fails to provide the Notifying Party with a response in accordance with this Section 2.7(c)) and natural evolutions thereof shall be deemed to be a SpecCo Non-Exclusive Patent Field if SpecCo is the Notifying Party and a MatCo Non-Exclusive Patent Field if MatCo is the Notifying Party and the license granted to such field shall be nonexclusive; provided that the rights with respect to such Use retained by the Notifying Party shall be subject to the terms and conditions of any licenses and other rights granted by or on behalf of the Receiving Party or any of its Affiliates to any Third Parties with respect to such Patent prior to the date of the Wrong Pockets Notice.
(d) Notwithstanding anything to the contrary herein, unless otherwise agreed upon by the Parties, each Party shall only have two (2) years after the Effective Date to provide a Wrong Pockets Notice pursuant to Section 2.7(a) to the other Party; provided that, in the case of Section 2.7(a)(i), with respect to Patent applications filed prior to the Effective Date, such period shall extend until the date that is six (6) months after the publication of such Patent application if the expiration of such six (6) month period occurs after such two (2) year period expires.

(e) Notwithstanding the foregoing Sections 2.7(a) through (d), unless and only to the extent that the Receiving Party provides its prior written consent (which the Receiving Party may withhold in its sole discretion), in the event that the Parties expressly discussed prior to the Effective Date that:

(i) any Patent would not be included in the Notifying Party’s Licensed Patents in the case of a Wrong Pockets Notice described in Section 2.7(a)(i), such Patent shall not be included in the Notifying Party’s Licensed Patents (provided that, in determining that such Patent would not be a Licensed Patent hereunder, the Parties discussed prior to the Effective Date the Use identified in the Wrong Pockets Notice for such Patent);

(ii) any Use would not be included in the Notifying Party’s retained field of use for a specific Licensed Patent in the case of a Wrong Pockets Notice described in subsection (1) of Section 2.7(a)(ii), such Use shall not be included in the Notifying Party’s retained field of use for such Patent; and

(iii) any Use would not be included in the Notifying Party’s field of use for a specific Licensed Patent in the case of a Wrong Pockets Notice described in subsection (2) of Section 2.7(a)(ii) (as applicable), such Use shall not be included in the Notifying Party’s licensed field of use for such Patent.

(f) For clarity, (i) SpecCo and its Affiliates shall not be required to submit a Wrong Pockets Notice with respect to any SpecCo Restricted Heritage Use of a SpecCo Heritage Product under a SpecCo Transferred Patent or any update, enhancement, modification or similar evolution thereof licensed under Section 2.6, and (ii) MatCo and its Affiliates shall not be required to submit a Wrong Pockets Notice with respect to any MatCo Restricted Heritage Use of a MatCo Heritage Product under a MatCo Transferred Patent or any update, enhancement, modification or similar evolution thereof licensed under Section 2.6.

Section 2.8 Sublicenses.

(a) Licensee may sublicense the license and rights granted to Licensee under Sections 2.1, 2.2, 2.4, 2.5 and 2.6 (as applicable) to (a) its Affiliates and (b) Third Parties in connection with the operation of the business of Licensee or its Affiliates, but not for the independent use of any such Third Party, including distributors that need to practice the applicable Intellectual Property to provide ordinary course distribution services to Licensee and its Affiliates; provided that, with respect to the SpecCo Licensed Standards, sublicensing to such Third Parties shall be solely for such Third Parties to provide services to the Materials Science Business in the ordinary course at any or all Licensed Facilities (but not for the independent use of such Third Party), and (c) with the prior written consent of Licensor, other Third Parties (each such Affiliate or Third Party, or subcontractor granted a sublicense under Section 2.3, a “Sublicensee”).
(b) Each sublicense granted by a Licensee under the license granted to such Licensee in Sections 2.1, 2.2, 2.4, 2.5 and 2.6 shall be granted pursuant to an agreement that (i) is subject to, and consistent with, the terms and conditions of this Agreement and includes provisions at least as protective of Licensor and its Affiliates as the provisions of this Agreement (except that such sublicense shall not be required to provide rights for Licensor to audit Sublicensee in accordance with, and subject to, Section 2.13 (1) if the sublicense is granted to an Affiliate, (2) with respect to sublicenses of Licensed Know-How, Licensed Copyrights or Business Software where the primary purpose of such arrangement with sublicensee is not to grant access to such Licensed Know-How, Licensed Copyrights or Business Software or (3) with respect to sublicenses of the licenses granted under Section 2.6), (ii) to the extent with respect to Licensed Patents or SpecCo Licensed Standards and if Sublicensee is a Third Party, provides that Licensor shall be an intended beneficiary thereunder with the right of direct enforcement against the Sublicensee (including, for clarity, with respect to the audit rights set forth in Section 2.13 to the extent applicable), and (iii) to the extent with respect to Licensed Patents or SpecCo Licensed Standards, is in writing if the Sublicensee is a Third Party. For clarity, granting a sublicense shall not relieve Licensee of any obligations hereunder and Licensee shall cause each of its Sublicensees to comply, and shall remain responsible for its Sublicensees’ compliance, with the terms hereof applicable to Licensee.

Section 2.9 Third Party Rights.

(a) Notwithstanding anything to the contrary herein, the terms and conditions of this Agreement (including the licenses granted under Sections 2.1 through 2.6) are subject to any and all rights of and obligations owed to any Third Parties with respect to the Licensed IP under any Contracts existing as of the Effective Date (or in the case of any Wrong Pockets Patents, existing as of or prior to the date of the Wrong Pockets Notice) to which Licensor or any of its Affiliates is a party or is otherwise bound, and to the extent that, as a result of such rights or obligations, any license or other rights granted hereunder: (i) may not be granted without the consent of or payment of a fee or other consideration; or (ii) will cause Licensor or any of its Affiliates to be in breach of any of its or their obligations to any Third Party, the applicable licenses and other rights granted hereunder shall only be granted to the extent such consent has been obtained or such fee or other consideration has been paid. Except for any Intellectual Property licensed pursuant to Section 2.3, the Parties shall use commercially reasonable efforts to obtain any such consents to the extent required to grant Licensee the rights granted hereunder; provided that, (i) the foregoing shall not require the Parties to duplicate any obligations undertaken under the Separation Agreement and (ii) notwithstanding anything herein to the contrary, Licensor shall have no obligation to agree to or make any payments or other concessions, except as mutually agreed in writing between the Parties, or participate in any act or omission that will cause Licensor to be in breach of its or their obligations to any Third Party. Notwithstanding the foregoing, Licensee shall not be deemed in breach of this Section 2.9(a) only if, and for such time, Licensee is not aware of such rights of or obligations owed to such Third Party.
(b) Notwithstanding anything to the contrary herein, Third Party Payments, if any, with respect to the Licensed IP (except for any Intellectual Property licensed under Section 2.3) shall be Licensee’s sole responsibility. Licensee shall pay the Third Party Payments directly to the applicable Third Party; provided that if such Third Party does not permit Licensee to pay such Third Party Payments to such Third Party directly (whether pursuant to the applicable Contract or otherwise) after the Parties have used commercially reasonable efforts to permit the Licensee to pay the Third Party directly, the Parties shall cooperate in good faith to ensure that such Third Party Payments are paid by Licensee to Licensor in a manner that ensures Licensor’s payment thereof is in compliance with the obligations to the applicable Third Party. Such cooperation shall include Licensee (i) preparing and providing Licensor with reasonably detailed written reports reflecting calculation of the applicable Third Party Payments and any other information required by the applicable Third Parties and (ii) paying Licensor the applicable Third Party Payments by wire transfer of immediately available funds to the bank account designated by Licensor in writing no less than ten (10) days prior to the due date of such payment pursuant to the terms of the applicable Contract. If either Party becomes aware of any Third Party Payments, it shall reasonably promptly notify the other Party in writing, and notwithstanding anything to the contrary in this Section 2.9(b), Licensee shall not be deemed in breach of this Section 2.9(b) if, and for such time, Licensee is not aware of the applicable Third Party Payments; provided that, upon learning of such Third Party Payments, Licensee shall promptly pay such Third Party Payments to the applicable Third Party directly (or such other Person as reasonably directed by Licensor) to the extent such Third Party Payments are past due.

(c) Certain agreements subject to Subsections (a) and (b) hereof are set forth on Schedule U hereto.

Section 2.10 No Use or Promotion Outside Field. Each Party shall not, and shall cause its Affiliates to not: (a) as Licensee, exercise rights under any Licensed IP except to the extent expressly licensed hereunder or expressly agreed upon in advance in writing by Licensor, and (b) without limiting the foregoing, (1) if such Party is MatCo, Promote use of products or services (A) Covered by an issued SpecCo Licensed Patent outside the MatCo Patent Field, or (B) Covered by an issued MatCo Licensed Patent in the SpecCo Exclusive Patent Field, or (2) if such Party is SpecCo, Promote products or services (x) Covered by an issued MatCo Licensed Patent outside the SpecCo Patent Field, or (y) Covered by an issued SpecCo Licensed Patent in the MatCo Exclusive Patent Field (the field of use restrictions described in the foregoing clauses (1) and (2), “Field Restrictions”). There shall be no affirmative obligation hereunder on either Party to monitor its customers’ use of such Party’s products or services. For clarity, products or services sold by a Party under this Agreement are not authorized sales under the Patent licenses granted herein for any use outside the Field Restrictions.

Section 2.11 Reservation of Rights. Each Party reserves its and its Affiliates’ rights in and to all Intellectual Property that is not expressly licensed or otherwise granted hereunder. Without limiting the foregoing, this Agreement and the licenses and rights granted herein do not, and shall not be construed to, confer any rights upon either Party, its Affiliates, or its Sublicenses by implication, estoppel, or otherwise as to any of the other Party’s Intellectual Property (including, for clarity, any Excluded IP, except to the extent expressly licensed under Section 2.4).
Section 2.12 Retention and Transfer of Licensed Know-How.

(a) If SpecCo or MatCo (the “Requesting Party”) reasonably believes that any Know-How Materials are in possession or control of the other Party (such Party, the “Holding Party”) or any of its Affiliates and such Know-How Materials are not in the possession or control of the Requesting Party or any of its Affiliates, and the Requesting Party makes a request in writing during the two (2) year period following the Effective Date that the Holding Party deliver the Know-How Materials to the Requesting Party, the Holding Party shall review such request and, to the extent in the possession or control of the Holding Party or any of its Affiliates and, for purposes of Business Software only, is reasonably accessible to the Holding Party for purposes of transfer to the Requesting Party (provided that, subject to the below provisos, such accessibility shall not take into account whether such Business Software is integrated with other Software), deliver the Know-How Materials to the Requesting Party as promptly as reasonably practicable and in any event within thirty (30) Business Days of receiving such request from the Requesting Party; provided that, the Holding Party shall notify the Requesting Party within such thirty (30) Business Day period if it reasonably believes that such request requires a longer period of review to determine if the request concerns MatCo Licensed Know-How, SpecCo Licensed Know-How, MatCo Licensed Copyrights, SpecCo Licensed Copyrights, SpecCo Licensed Standards or Business Software (as applicable) or to locate the applicable Know-How Materials, and the Holding Party shall take all reasonable steps to review and provide such Know-How Materials (as applicable) within an additional sixty (60) days of expiration of such initial thirty (30) Business Day period; provided, further, with respect to any Business Software requested by a Requesting Party hereunder that is integrated with other Software, the Parties shall discuss in good faith a reasonable deadline in lieu of the foregoing timing for delivering any such Business Software to the Requesting Party, and the Requesting Party agrees that it shall bear all reasonable out-of-pocket costs and expenses of preparing such Software for delivery subject to the Requesting Party’s advance approval of such costs; provided, further, to the extent the request does not constitute MatCo Licensed Know-How, MatCo Licensed Copyrights or Business Software (if the Requesting Party is SpecCo) or SpecCo Licensed Know-How, SpecCo Licensed Copyrights, SpecCo Licensed Standards, or Business Software (if the Requesting Party is MatCo), the Holding Party shall not be required to deliver such Know-How Materials to the Requesting Party, but shall provide the Requesting Party with an explanation in reasonable detail of the basis of such determination and shall make itself and its relevant Affiliates available to discuss in good faith with the Requesting Party.

(b) For clarity, and notwithstanding anything to the contrary, in no event shall Licensor or its Affiliates be required hereunder to provide any written, electronic, computerized, digital or other tangible or intangible media to the extent comprising, containing or reflecting any MatCo Licensed Know-How, SpecCo Licensed Know-How, MatCo Licensed Copyrights, SpecCo Licensed Copyrights, SpecCo Licensed Standards, or Business Software to Licensee, that (i) has already been provided to, or is in the possession of, Licensee or its Affiliates or (ii) is used to make any Products. For the avoidance of doubt, nothing in this Agreement shall be interpreted as requiring that Licensor or any of its Affiliates transfer or grant access to tangible biological material to Licensee or any of its Affiliates.
Section 2.13 Audit. Not more than once per year, or at any time a Party has a reasonable, good faith belief that the other Party has materially breached this Agreement, or (to the extent with respect to this Agreement) the Umbrella Secrecy Agreement, and provides written notice to such other Party as well as detailed documentation or other evidence of such alleged breach, upon thirty (30) days’ advance written notice, such first Party may cause an independent Third Party auditor that is reasonably acceptable to the audited Party and subject to written confidentiality obligations that are reasonably acceptable to the audited Party to audit, during regular business hours and in a manner that complies with the reasonable building and security requirements of the audited Party and its Affiliates, the books, records and facilities of such audited Party and its Affiliates to the extent reasonably necessary to determine such audited Party’s and its Affiliates’ compliance with this Agreement or (to the extent with respect to this Agreement) the Umbrella Secrecy Agreement. Any audit conducted under this Section 2.13 shall not interfere unreasonably with the operations of such audited Party or any of its Affiliates. The Party requesting the audit shall pay the costs of conducting such audit; provided that if such audit reveals a material breach of this Agreement or (to the extent with respect to this Agreement), the Umbrella Secrecy Agreement, the audited Party shall pay all such costs. Upon conclusion of the audit, the Third Party auditor shall furnish to both Parties a report stating only its findings during such audit as to whether or not the audited Party is in compliance with this Agreement, and if such audit has revealed a breach, shall include no more information than is reasonably necessary to provide the basis for such finding. All information learned or obtained from such audit shall be deemed Confidential Information for purposes of this Agreement. Notwithstanding anything to the contrary in this Section, the audited Party may require that the Third Party conducting the audit pursuant to this Section 2.13 be accompanied by the audited Party’s (and in the case of an audit of its Affiliates or Sublicensees, its Affiliate’s or its Sublicensee’s, respectively) representatives at all times during such audit. For clarity, Licensee shall cause its Affiliates that are Sublicensees to comply with this Section 2.13.

ARTICLE III
OWNERSHIP

Section 3.1 Ownership. As between the Parties (including their respective Affiliates), (a) SpecCo acknowledges and agrees that MatCo and its Affiliates own the MatCo Licensed IP, the Intellectual Property licensed to SpecCo under Section 2.3(a), the Business Software licensed to SpecCo under Section 2.5, and the Patents Controlled by MatCo or any of its Affiliates and licensed under Section 2.6, (b) MatCo acknowledges and agrees that SpecCo and its Affiliates own the SpecCo Licensed IP, the Intellectual Property licensed to MatCo under Section 2.3(b) and Section 2.4, the Business Software licensed to MatCo under Section 2.5, and the Patents Controlled by SpecCo or any of its Affiliates and licensed under Section 2.6, and (c) each Party acknowledges and agrees that (i) except to the extent expressly provided herein, neither Party, nor its Affiliates or its Sublicensees, will acquire any ownership rights in the Licensed IP licensed to such Party hereunder, and (ii) such Party shall not, and shall cause its Affiliates and its Sublicensees to not, represent or make any claim that they have ownership of any right, title or interest in any such Licensed IP. To the extent that a Party, its Affiliates or its Sublicensees (as applicable) is assigned or otherwise obtains ownership of any right, title or interest in or to any Licensed IP in contravention of this Section 3.1, such Party hereby assigns, and shall cause its Affiliates and Sublicensees (as applicable) to assign, to the other Party (or to such Affiliate or Third Party designated by such other Party in writing) all such right, title and interest.
Section 4.1 Responsibility and Cooperation.

(a) Subject to Section 4.1(b), as between the Parties, Licensor shall have sole responsibility (but not the obligation) for filing, prosecuting and maintaining all Patents within the Licensed IP with respect to which such Licensor or any of its Affiliates is granting a license to Licensee hereunder. Licensor shall be solely responsible for all costs and expenses incurred in connection with such filing, prosecution and maintenance.

(b) If, during the Term, Licensor decides to abandon, or otherwise allow to lapse, any issued SpecCo Licensed Patent (if SpecCo is the Licensor) or MatCo Licensed Patent (if MatCo is the Licensor) or published application therefor, Licensor shall use commercially reasonable efforts to notify Licensee of such decision at least thirty (30) days prior to any deadline for taking action to avoid abandonment (or other loss of rights) of such Patent. Upon receipt of such notice, Licensee shall have the right to elect to assume responsibility for such prosecution and maintenance solely by providing Licensor with written notice of such election within thirty (30) days (or such shorter period requested where the final deadline is in less than thirty (30) days) following such notice from Licensor, and Licensor shall either: (i) withdraw its decision to abandon and continue prosecuting or maintaining such Patent at its expense; or (ii) assign, and hereby does assign, its entire right, title, and interest in such Patent to Licensee at Licensee’s sole cost and expense (provided that, for clarity, Licensee shall not be required to pay any additional consideration to Licensor in exchange for such assignment, but shall be required to reimburse Licensor for its out-of-pocket costs and expenses incurred in connection with assigning such Patent); provided that, Licensor shall not be in breach of the foregoing if Licensor uses commercially reasonable efforts to notify Licensee of its decision to abandon (or otherwise lose rights) but inadvertently and in good faith fails to so notify Licensee. In the event that Licensor assigns a Licensed Patent to Licensee in accordance with the foregoing clause (ii), such Patent shall no longer be (i) if the Licensor is SpecCo, a SpecCo Licensed Patent and instead shall be a MatCo Non-Exclusively Licensed Patent, for which the applicable SpecCo Non-Exclusive Patent Field shall be all fields of use other than the MatCo Exclusive Patent Field applicable to such Patent (if any), or (ii) if the Licensor is MatCo, a MatCo Licensed Patent and instead shall be a SpecCo Non-Exclusively Licensed Patent, for which the applicable MatCo Non-Exclusive Patent Field shall be all fields of use other than the SpecCo Exclusive Patent Field applicable to such Patent (if any). Notwithstanding anything to the contrary herein, in the event that any Licensed Patent is assigned to Licensee pursuant to this Section, such Licensed Patent shall be subject to the terms and conditions of any licenses and other rights granted by or on behalf of Licensor or any of its Affiliates with respect to such Licensed Patent prior to the date of such assignment (to the extent that such terms and conditions do not conflict with any of the terms hereof), and unless otherwise agreed in writing, the assignee Party may abandon such Patent without notice or obligation of assignment to the other Party.
(c) For clarity, Licensor’s obligations under Section 4.1(b) do not apply to the (i) filing or validating of any national or regional applications based on any international or regional Patent applications or filings (including any PCT or EPO applications) whether or not designated under such applications or filings, (ii) filing of any Patent application, including the filing of any divisional, continuation or continuation-in-part application, or (iii) maintaining or prosecuting of any unpublished Patent applications. If any Licensed Patent subject to this Section 4.1 is subject to the terms of any Contract existing as of the Effective Date to which the Licensor or any of its Affiliates is a party or otherwise bound whereby a Third Party has the right to elect to assume responsibility for prosecution or maintenance of, or request assignment of, such Licensed Patent, and such Third Party elects not to exercise all such rights in such Licensed Patent, such Licensed Patent shall become subject to the terms of Section 4.1(b), except if Licensor’s grant of such rights to Licensee, or Licensee’s exercise of such rights, would breach any contractual rights or obligations owed to such Third Party or any of its Affiliates. Licensor shall ensure that all current and future owners of the Licensed Patents are subject to the obligations to assign such Licensed Patents to Licensee contained in this Section 4.1.

(d) Upon the reasonable request of the Party that controls filing, prosecution or maintenance of any Exclusively Licensed IP in accordance with Section 4.1(a) or 4.1(b), the other Party (i.e., the recipient of the exclusive license) shall provide reasonable assistance to such Party in connection with such activities (including by providing information, obtaining signatures and authorizations, and taking such other actions as may be required by applicable Law), and such requesting Party shall reimburse such other Party’s out-of-pocket costs incurred in connection therein. For clarity, neither such other Party nor any of its Affiliates shall be required by the foregoing in this Section 4.1 to take or omit to take any action that it reasonably believes contravenes any applicable Law.

Section 4.2 No Additional Obligations. For clarity, this Agreement shall not obligate either Party to disclose to the other Party, or maintain, register, monitor, prosecute, pay for or offer to pay for (including by offering remuneration to any inventors), defend, enforce or otherwise manage any Intellectual Property, except to the extent expressly set forth herein.

Section 4.3 Third Party Agreements. For clarity, and notwithstanding anything to the contrary in this Article IV, the Parties’ rights and obligations set forth in this Article IV shall be subject to the terms of any Contracts existing as of the Effective Date to which the Licensor or any of its Affiliates is a party or otherwise bound, subject to the requirements for Licensor to notify Licensee pursuant to Section 2.9.

ARTICLE V
ENFORCEMENT

Section 5.1 Notice. With respect to any Licensed IP, Licensee shall promptly notify Licensor in writing of (a) any Third Party activities that constitute, or would reasonably be expected to constitute, an infringement, misappropriation or other violation within the exclusive field for which Licensee has been granted a license hereunder of any such Licensed IP licensed to Licensee hereunder or (b) any Third Party allegations of invalidity or unenforceability of any Exclusively Licensed IP licensed to Licensee hereunder (each of the foregoing (a) and (b), a “Third Party Infringement”); provided that an attorney in Licensee’s or its Affiliates’ in-house legal department becomes aware of and reasonably believes that such Third Party Infringement may have occurred (provided that, for clarity, Licensee shall have no obligation to independently investigate or conduct any infringement or other analysis of the conduct alleged to constitute a Third Party Infringement) and Licensee reasonably believes that such Third Party Infringement could be material to Licensor.
Section 5.2 Defense and Enforcement.

(a) Licensor First Right. Subject to the remainder of this Section 5.2, as between the Parties, Licensor shall have the first right, but not the obligation, at its own cost and expense, to control enforcement or defense against any Third Party Infringement of the Licensed IP under which Licensor is granting a license to Licensee hereunder (including by bringing an Action or entering into settlement discussions).

(b) Licensee’s Rights.

(i) As between the Parties, Licensee shall have the right, but not the obligation, at its own cost and expense, to control enforcement or defense against any Third Party Infringement of the Exclusively Licensed IP with respect to which Licensee is granted a license hereunder (including by bringing an Action or entering into settlement discussions) if (1) Licensor provides Licensee with written notice that it is not exercising its right to control enforcement of such Exclusively Licensed IP (as described in Section 5.2(a)) and that Licensee may do so at its option, or (2) Licensor fails to initiate, or file the relevant response to, the Action (if any), or commence settlement discussions, with respect to the applicable Third Party Infringement prior to or upon the earlier of (A) expiration of the one hundred eighty (180) day period following first receipt by either Party of notice from the other Party of such Third Party Infringement or (B) ten (10) Business Days prior to the deadline for filing, or filing the applicable response to, such Action (if any). Licensor shall use commercially reasonable efforts to notify Licensee of a decision not to exercise its right to control enforcement or defense, as applicable, with respect to any Exclusively Licensed IP, but shall have no liability for any good faith, inadvertent failure to so notify Licensee. Notwithstanding the foregoing, Licensee shall not have any right to control such enforcement or defense pursuant to the foregoing if Licensor provides Licensee with written notice that it is not exercising its right to control enforcement or defense, as applicable, of such Licensed IP (as described in Section 5.2(a)) and that it has reasonably determined in good faith that the Licensed IP should not be enforced or defended at such time, and provides Licensee an opportunity to discuss such reasoning in good faith with Licensor.

(ii) In the case of any infringement, misappropriation, or other violation, or any Third Party allegations of invalidity or unenforceability, of any Licensed IP non-exclusively licensed to Licensee hereunder, Licensee may request (which request Licensor may deny if Licensor reasonably determines that such Licensed IP should not be enforced or defended, and discusses its reasoning therefor with Licensee) that Licensor enforce or defend (as applicable) such Licensed IP (including by bringing an Action or entering into settlement discussions), and if such request is granted, such enforcement or defense (as applicable) shall be controlled by Licensor at Licensee’s sole cost and expense.
(c) Cooperation. If the Party controlling enforcement or defense of any Licensed IP against any Third Party Infringement in accordance with Section 5.2(a) or 5.2(b) (such Party, the “Controlling Party”) brings an Action or enters into settlement discussions with respect thereto, the other Party shall provide reasonable assistance in connection therewith, at the Controlling Party’s request and such other Party shall be reimbursed for its reasonable out-of-pocket costs and expenses incurred in connection therewith. The Controlling Party shall keep the other Party regularly informed of the status and progress of such enforcement or defense, as applicable, and shall reasonably consider the other Party’s comments in connection with any Action or settlement discussions with respect thereto. Notwithstanding anything to the contrary herein, such other Party may, at its sole discretion and cost and expense, join as a party to any such Action; provided that, if necessary for standing purposes, such Party shall join such Action upon the Controlling Party’s reasonable request and the Controlling Party shall reimburse the other Party’s reasonable out-of-pocket costs and expenses incurred in connection therewith. Such other Party shall have the right to be represented by counsel (which shall act in an advisory capacity only, except for matters solely directed to such Party) of its own choice in any such Action at its own cost and expense (subject to reimbursement of such other Party’s costs and expenses as described in, and subject to, the immediately preceding sentence). Notwithstanding the foregoing, in the event of enforcement or defense in accordance with Section 5.2(b)(ii), the Party that is not the Controlling Party shall be solely responsible for all costs and expenses incurred pursuant to this Section 5.2(c).

(d) Settlements. Notwithstanding anything to the contrary herein, the Controlling Party shall not, without the prior written consent (not to be unreasonably withheld, conditioned or delayed) of the other Party, settle any Third Party Infringement (i) with respect to the Exclusively Licensed IP, if doing so would (a) adversely affect the validity, enforceability or scope, or admit non-infringement, of any such Exclusively Licensed IP that such other Party or its Affiliates are licensing to the Controlling Party hereunder or (b) specifically or by operation of law, grant or waive any of the Controlling Party’s rights under any such Exclusively Licensed IP within the field that the Controlling Party or its Affiliates are granting an exclusive license to the other Party hereunder or (ii) with respect to any Licensed IP, if doing so would give rise to liability or any other obligations of such other Party, its Affiliates or its Sublicensees for which the Controlling Party is unwilling or unable to, or otherwise does not, provide full indemnification.

(e) Recoveries. Any and all amounts recovered by the Controlling Party in any Action regarding a Third Party Infringement or settlement with respect thereto shall, unless otherwise agreed (including in an agreement in connection with obtaining consent to settlement), be allocated first to reimburse the Controlling Party’s out-of-pocket costs and expenses incurred in connection with such Action or settlement (including its obligations to the other Party pursuant to Section 5.2(c)) and next to the other Party’s out-of-pocket costs and expenses incurred in connection with such Action or settlement. Any and all remaining amounts recovered shall be (i) allocated proportionally between the Parties (provided that the Third Party
Infringement to which such recovery relates is of the Exclusively Licensed IP and within the exclusive field in which the applicable Licensee is granted a license hereunder) based on the impact of such Third Party Infringement on each Party’s relevant field of use or (ii) retained by the Controlling Party (provided that, for purposes of this clause (ii), the Third Party Infringement to which such recovery relates is not of the Exclusively Licensed IP within the exclusive field in which the applicable Licensee is granted a license hereunder).

(f) Interferences, etc. Notwithstanding anything to the contrary in Article IV or this Article V, in the event that any Third Party allegations of invalidity or unenforceability of any Patents included in the Licensed IP licensed to Licensee hereunder arise in an opposition, interference, reissue proceeding, reexamination or other patent office proceeding, Article IV shall govern the Parties’ rights and obligations with respect thereto.

Section 5.3 Third Party Agreements. For clarity, and notwithstanding anything to the contrary in this Article V, the Parties’ rights and obligations set forth in this Article V shall be subject to the terms of any Contracts existing as of the Effective Date to which the Licensor or any of its Affiliates is a party or otherwise bound, subject to the requirements for Licensor to notify Licensee pursuant to Section 2.9.

ARTICLE VI
INDEMNIFICATION

Section 6.1 Indemnification.

(a) Each Party (the “Indemnifying Party”) agrees to indemnify, release, defend and hold harmless the other Party and its Affiliates and its and their directors, officers, agents, and successors (each, an “Indemnitee” and collectively, the “Indemnitees”) from and against any and all Indemnifiable Losses incurred or suffered by any of the Indemnitees, to the extent arising out of, relating to or resulting from (a) breach by the Indemnifying Party of this Agreement; (b) if the Indemnifying Party is the Licensee, use of the Licensed IP hereunder by or on behalf of such Party or its Sublicensees; and (c) if the Indemnifying Party is the Licensor, breach by or on behalf of Licensee, its Affiliates or its Sublicensees of any contractual rights of or contractual obligations owed to any Third Parties with respect to the Licensed IP; provided that, prior to such breach, Licensor or any of its Affiliates is aware, and Licensee and its Affiliates are not aware, of such contractual rights or obligations, in each case (in respect of the foregoing subsections (a) through (c)), except to the extent that such Indemnifiable Losses (i) are subject to indemnification by the other Party pursuant to this Section 6.1 or (ii) arise out of fraud, bad faith, gross negligence or willful misconduct of the other Party or its Affiliates.

(b) Except for the entitlement to specific performance or other equitable remedy, each solely as contemplated by Section 10.12, the remedies provided in this Section 6.1 shall be deemed the sole and exclusive remedies of the Parties with respect to the subject matter of this Agreement, and the Parties each hereby waive to the extent permitted by applicable Law any other remedy to which they or any of their respective Indemnitees are entitled to hereunder at law or in equity with respect thereto.
Section 6.2 Indemnification Procedures. The indemnification procedures set forth in Sections 8.5 through 8.10 of the Separation Agreement shall apply to the matters indemnified hereunder, mutatis mutandis.

Section 6.3 Disclaimer of Representations and Warranties. EACH PARTY HEREBY ACKNOWLEDGES THAT, EXCEPT TO THE EXTENT EXPRESSLY SET FORTH IN THE SEPARATION AGREEMENT OR IN ANY OF THE OTHER ANCILLARY AGREEMENTS, EACH OF SPECCO (ON BEHALF OF ITSELF AND EACH MEMBER OF THE SPECCO GROUP) AND MATCO (ON BEHALF OF ITSELF AND EACH MEMBER OF THE MATCO GROUP) UNDERSTANDS AND AGREES THAT NEITHER PARTY IS REPRESENTING OR WARRANTING IN ANY WAY UNDER THIS AGREEMENT (INCLUDING WITH RESPECT TO ANY CONSENTS REQUIRED IN CONNECTION HEREWITH, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY OR SCOPE OF THE LICENSED IP) AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS ALL SUCH REPRESENTATIONS AND WARRANTIES. EXCEPT AS MAY EXPRESSLY BE SET FORTH IN THE SEPARATION AGREEMENT OR IN ANY OTHER ANCILLARY AGREEMENT, ALL LICENSED IP IS BEING LICENSED ON AN “AS IS,” “WHERE IS,” AND “WITH ALL FAULTS” BASIS.

Section 6.4 Limitation on Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT (INCLUDING THIS ARTICLE VI), EXCEPT WITH RESPECT TO BREACHES OF ARTICLE VII, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, AT LAW OR IN EQUITY, AND “LOSSES” SHALL NOT INCLUDE ANY AMOUNTS FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES; PROVIDED THAT NOTHING HEREIN SHALL PREVENT ANY INDEMNITEE FROM BEING INDEMNIFIED PURSUANT TO ARTICLE VI FOR ALL COMPONENTS OF AWARDS AGAINST THEM IN ANY THIRD PARTY CLAIM.

ARTICLE VII
CONFIDENTIALITY

Section 7.1 Disclosure and Use Restrictions. The Parties acknowledge and agree that the Umbrella Secrecy Agreement is hereby incorporated into this Agreement, and shall apply to the transactions contemplated by this Agreement, mutatis mutandis. For the avoidance of doubt, Licensee’s material breach of the Umbrella Secrecy Agreement with respect to Confidential Information shall constitute a material breach of this Agreement.

ARTICLE VIII
TERM

Section 8.1 Term. The terms of the licenses and other grants of rights (and related obligations) under this Agreement (the “Term”) shall remain in effect (a) to the extent with respect to the Patents licensed hereunder and Licensed Copyrights, on a Patent-by-Patent and Licensed Copyright-by-Licensed Copyright basis, until expiration, invalidation or abandonment of such Licensed Patent or Licensed Copyright (as applicable), (b) to the extent with respect to any Licensed Know-How, until such Licensed Know-How no longer constitutes Confidential Information; provided that, after expiration of the Term with respect to any Licensed Know-How, the licenses granted hereunder to such Know-How shall survive such expiration in perpetuity, and (c) with respect to Business Software and SpecCo Licensed Standards, in perpetuity. Notwithstanding the foregoing and anything to the contrary herein, the licenses granted in Section 2.3 and rights and obligations of the Parties to the extent with respect thereto shall terminate on a Product-by-Product basis upon termination of the applicable Manufacturing Product Agreement with respect to such Product.
Section 8.2 Effect of Termination.

(a) Accrued Rights. Expiration of this Agreement, in part or in its entirety, shall be without prejudice to any rights which shall have accrued to the benefit of either Party prior to such expiration.

(b) Survival. The following provisions of this Agreement, together with all other provisions of this Agreement that expressly specify that they survive, shall survive expiration of this Agreement, in part or in its entirety: [•].

Section 8.3 Patent Challenge.

(a) Patent Challenge Notice. In the event of a Patent Challenge by Licensee or any of its Affiliates against any MatCo Scheduled Licensed Patents (if Licensor is MatCo) or SpecCo Scheduled Licensed Patents (if Licensor is SpecCo), Licensee shall notify Licensor promptly (but in no event more than ten (10) Business Days) after Licensee’s general counsel or chief patent counsel (or if such position does not exist, any of Licensee’s or its Affiliates’ employees with substantially similar or greater seniority, and responsibilities that include substantially similar responsibilities) first learns of such Patent Challenge (and if Licensor has not already been notified by Licensee of such Patent Challenge, Licensor shall use reasonable efforts to provide written notice to Licensee if Licensor’s chief patent counsel (or if such position does not exist, any of Licensor’s or its Affiliates’ employees with substantially similar or greater seniority, and responsibilities that include substantially similar responsibilities) knows such Patent Challenge has been filed) (each notice provided by either Party in accordance with this Section 8.3(a), the “Patent Challenge Notice”). Upon a Licensee Challenge Executive learning of such a Patent Challenge or, if earlier, upon receipt of a Patent Challenge Notice in the event that such Patent Challenge Notice is provided by Licensor, Licensee shall promptly take all steps necessary (in accordance with applicable Law) to withdraw or have withdrawn such Patent Challenge.

(b) Discussion Process. In the event of a Patent Challenge by Licensee or any of its Affiliates against any MatCo Scheduled Licensed Patents (if Licensor is MatCo) or SpecCo Scheduled Licensed Patents (if Licensor is SpecCo), without limiting Licensee’s obligations in Section 8.3(a), following Licensee’s written request (provided such request is made no more than ten (10) Business Days after the Patent Challenge Notice is provided to either Party) (each such request, the “Discussion Notice”), each Party shall commence the escalation process set forth in Sections 8.3(b)(i) through 8.3(b)(ii) below (the “Escalation Process”).
(i) Within ten (10) Business Days of Licensor’s receipt of the Discussion Notice from Licensee, each Party’s respective presidents of any business unit or division to which the Patent Challenge relates (or if such position does not exist, any of Licensee’s or its Affiliates’ employees with substantially similar or greater seniority, and responsibilities that include substantially similar responsibilities) and general counsels will commence discussions (which, for clarity, may be in person or via videoconference or teleconference) that will last for a period of no more than fifteen (15) Business Days (unless otherwise agreed in writing by the Parties) (the period of such discussions, the “Initial Executive Officer Escalation Period”) regarding the Patent Challenge.

(ii) Following completion of the Initial Executive Officer Escalation Period, either Party may, on written notice (“Escalation Notice”) to the other Party within five (5) Business Days of expiration of the Initial Executive Officer Escalation Period, submit such matter for discussion by their respective chief executive officers. Such chief executive officers shall commence discussions regarding the applicable Patent Challenge (which, for clarity, may be in person or via videoconference or teleconference) within ten (10) Business Days of the Escalation Notice, and such discussions will last for no more than ten (10) Business Days (unless otherwise agreed in writing by the Parties) (the period of such discussions, the “CEO Escalation Period”).

(iii) All offers, promises, conduct and statements, whether oral or written, made in the course of the Escalation Process by any of the Parties or their Affiliates, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the Parties or any of their Affiliates and, in any Action, shall be governed by Rule 408 of the Federal Rules of Evidence and any applicable similar state or foreign rule, and evidence of such discussions shall not be admissible in any future Action between the Parties, any of their Affiliates and/or any Indemnitee; provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation or discussion.

certain Inadvertent Patent Challenges.

(i) For purposes of this Section 8.3:

(1) “Inadvertent Patent Challenge” means each Patent Challenge by Licensee or its Affiliates that (i) none of the Licensee Challenge Executives approved prior to or at the time of the filing of the Patent Challenge or (ii) none of the Licensee Challenge Executives that approved such Patent Challenge had actual knowledge at the time of the filing of such Patent Challenge that the applicable MatCo Scheduled Licensed Patent or SpecCo Scheduled Licensed Patent, as the case may be, was subject to the terms of this Section 8.3. All Patent Challenges are presumed to be Inadvertent Patent Challenges absent clear and convincing evidence otherwise.
“Licensee Challenge Executives” means (i) Licensee’s chief patent counsel, (ii) the president of any business unit or division to which the Patent Challenge relates, (iii) any executive officer of Licensee or (iv) any executive officer of the ultimate parent entity of any member of Licensee’s Group at the time of such Patent Challenge (or, in each case of the foregoing (i) through (iv), if any such positions do not exist, any of Licensee’s or its Affiliates’ employees with substantially similar or greater seniority, and responsibilities that include substantially similar responsibilities).

(ii) In the case of an Inadvertent Patent Challenge, unless otherwise agreed in writing by the Parties, Sections 8.3(c)(ii)(1) through 8.3(c)(ii)(4) below shall apply if and only if (x) Licensee has failed to withdraw, or have withdrawn, the Patent Challenge in accordance with Section 8.3(a) (provided that such failure is a result of any Laws or other rules of any Governmental Entity or registrar with which such Patent Challenge was filed that preclude such withdrawal, and not attributable in any respect to any delay (or other act or omission that could reasonably be anticipated to preclude such withdrawal) within the reasonable control of Licensee) and (y) if requested by Licensor and solely to the extent permitted by applicable Law, as soon as reasonably practicable, Licensee submits (or has submitted) documentation to the applicable Governmental Entity or registrar retracting the arguments made in such Patent Challenge; provided, that, if Licensee has provided a Discussion Notice to Licensor in accordance with Section 8.3(b), Licensor shall not exercise any of its rights or remedies set forth in Sections 8.3(c)(ii)(1) through 8.3(c)(ii)(4) until (1) the CEO Escalation Period expires if an Escalation Notice is provided in accordance with Section 8.3(b)(ii) in respect of such Patent Challenge or (2) the Initial Executive Officer Escalation Period expires if an Escalation Notice is not provided in accordance with Section 8.3(b)(ii) in respect of such Patent Challenge.

(1) In the case of the first such Inadvertent Patent Challenge (if any), Licensee shall pay Licensor fifty-million dollars ($50,000,000) in liquidated damages, and Licensor may, at its option, terminate this Agreement to the extent with respect to any and all licenses and rights granted under this Agreement to such Licensee or any of its Affiliates, or convert to non-exclusive any and all exclusive licenses granted under this Agreement to such Licensee or any of its Affiliates, with respect to all MatCo Patent Fields (if MatCo is the Licensee) or SpecCo Patent Fields (if SpecCo is Licensee) for which any and all Licensed Patents that are the subject of such Patent Challenge are licensed to such Licensee or any of its Affiliates hereunder (including, for clarity, the licenses and rights to any and all other Patents licensed to such Licensee and its Affiliates to the extent in such MatCo Patent Fields or SpecCo Patent Fields, as applicable).

(2) In the case of the second such Inadvertent Patent Challenge (if any), Licensee shall pay Licensor one hundred million dollars ($100,000,000) in liquidated damages, and Licensor may, at its option, terminate this Agreement to the extent with respect to any and all licenses and rights granted under this Agreement to such Licensee or any of its Affiliates, or convert to non-exclusive any and all exclusive licenses granted under this Agreement to such Licensee or any of its Affiliates, with respect to all MatCo Patent Fields (if MatCo is Licensee) or SpecCo Patent Fields (if SpecCo is Licensee) for which any and all Licensed Patents that are the subject of such Patent Challenge are licensed to such Licensee or any of its Affiliates hereunder (including, for clarity, the licenses and rights to any and all other Patents licensed to such Licensee and its Affiliates to the extent in such MatCo Patent Fields or SpecCo Patent Fields, as applicable).
(3) In the case of the third such Inadvertent Patent Challenge (if any), or to the extent Licensor has not exercised all of its rights expressly set forth in this Section 8.3(c), any Patent Challenge after the third such Inadvertent Patent Challenge), Licensor shall have the right to terminate this Agreement to the extent with respect to any and all licenses and rights granted under this Agreement to such Licensee or any of its Affiliates with respect to Patents, or convert to non-exclusive any or all exclusive licenses to the Licensed Patents granted under this Agreement to such Licensee or any of its Affiliates.

(4) Licensee shall pay amounts described in the foregoing subsections (1) and (2) (such amounts, the “Patent Challenge Liquidated Damages”) to Licensor within twenty (20) Business Days of Licensor’s written notice that it is exercising its rights under such subsection, and such payment shall be made by wire transfer of immediately available funds into an account designated in writing by Licensor. The Parties intend that the Patent Challenge Liquidated Damages constitute compensation, and not a penalty. The Parties acknowledge and agree that the harm to Licensor and its Affiliates caused by a Patent Challenge would be impossible or very difficult to accurately estimate as of the Effective Date, and that the Patent Challenge Liquidated Damages are a reasonable estimate of the anticipated or actual harm that might arise from one or more Patent Challenges. Licensee’s payment of the Patent Challenge Liquidated Damages, together with the other remedies set forth in this Section 8.3, are Licensee’s sole liability and entire obligation and Licensor’s exclusive remedies for each such Patent Challenge as described herein.

(d) Other Patent Challenges. Unless otherwise agreed upon in writing by the Parties, in the case of (i) any Inadvertent Patent Challenge for which Sections 8.3(c)(ii)(1) through 8.3(c)(ii)(4) do not apply (including, for clarity, any Inadvertent Patent Challenge for which Licensee does not comply with Section 8.3(a)) or (ii) any Patent Challenge that is not an Inadvertent Patent Challenge, in respect of the foregoing (i) and (ii), Licensor may, at Licensor’s option, (x) terminate this Agreement to the extent with respect to any and all licenses and rights granted to Licensee or any of its Affiliates hereunder with respect to Patents or (y) convert to non-exclusive any and all exclusive licenses to the Licensed Patents granted to Licensee or any of its Affiliates under this Agreement; provided that, if Licensee has provided a Discussion Notice to Licensor in accordance with Section 8.3(b), Licensor shall not exercise any of its rights or remedies set forth in this Section 8.3(d) until (x) the CEO Escalation Period expires if an Escalation Notice is provided in accordance with Section 8.3(b)(ii) in respect of such Patent Challenge or (y) the Initial Executive Officer Escalation Period expires if an Escalation Notice is not provided in accordance with Section 8.3(b)(ii) in respect of such Patent Challenge.
(e) Effects of Termination. Upon any termination by Licensor pursuant to this Section 8.3, (i) any and all sublicenses that have been granted to a Sublicensee with respect to the licenses and rights that have been terminated (such licenses, the “Terminated Licenses”) shall automatically terminate and (ii) Licensee shall, and shall ensure that its Affiliates and Sublicensees, immediately cease use of all Licensed IP under the Terminated Licenses. For clarity, in the event that a Licensor elects to terminate this Agreement with respect to all licenses granted by such Licensor to Licensee under this Section 8.3, this Agreement shall remain in full force and effect with respect to all licenses granted to such terminating Licensor by such terminated Licensee.

(f) For avoidance of doubt, Licensor may not terminate any licenses or rights granted to Licensee or any of its Affiliates hereunder or convert to non-exclusive any exclusive licenses if Licensee complies with Section 8.3(a) with respect to an Inadvertent Patent Challenge, and such Inadvertent Patent Challenge is withdrawn.

ARTICLE IX
DISPUTE RESOLUTION

Section 9.1 Negotiation and Arbitration. In the event of a controversy, dispute or Action between the Parties arising out of, in connection with, or in relation to this Agreement or any of the transactions contemplated hereby, including with respect to the interpretation, performance, nonperformance, validity or breach thereof, and including any Action based on contract, tort, statute or constitution, including the arbitrability of such controversy, dispute or Action, the procedures as set forth in Article X of the Separation Agreement shall apply, mutatis mutandis.

ARTICLE X
MISCELLANEOUS

Section 10.1 Complete Agreement; Construction. This Agreement, including the Exhibits and Schedules, together with the Separation Agreement, the Umbrella Secrecy Agreement and other Ancillary Agreements, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter. In the case of any ambiguity or conflict between the terms and conditions of this Agreement and the Separation Agreement, the terms and conditions of the Separation Agreement shall take precedence (unless in this Agreement, any such conflicting provision is specifically and expressly agreed by the Parties to take precedence for the limited purposes of this Agreement).

Section 10.2 Assignment.

(a) Neither this Agreement nor any of the rights, interests or obligations of a Party under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise, by such Party without the prior written consent of the other Party (which consent may be granted or withheld in such other Party’s sole discretion); provided however, that such first Party (i) may assign, in whole or in part, by operation of law or otherwise, any of the foregoing to one or more of its Affiliates and (ii) may assign, in whole or in part, by operation of law or otherwise, any of the foregoing to the successor to all or a portion of the business or assets to which this Agreement relates; provided that, (x) the assigning Party shall promptly notify the non-assigning Party in writing of any assignments it makes under Section 10.2(a)(ii) and (y) in either case of (i) or (ii), the party to whom this Agreement is assigned shall agree in writing to be bound by the terms of this Agreement as if named as a “Party” hereto with respect to all or such portion of this Agreement so assigned. Notwithstanding the foregoing, in the event that a Party exercises its rights in accordance with the foregoing to assign this Agreement, in part or in whole, to a Non-Practicing Entity, and such assignment is a bona fide assignment, the Parties’ rights and obligations set forth in Section 8.3 to the extent with respect to such assignment to such Non-Practicing Entity shall have no force and effect (and, for clarity, any attempt to assign this Agreement, in part or in whole, to any Non-Practicing Entity with the intent to subsequently assign to any Person that is not a Non-Practicing Entity to circumvent Section 8.3 shall be void ab initio).
(b) Notwithstanding the foregoing:

(i) in the event that a Party assigns or otherwise transfers its rights and obligations with respect to a Manufacturing Product Agreement to another Person in accordance with the terms thereof, the licenses set forth in Sections 2.1(d), 2.2(d), 2.3(a) and 2.3(b) (as applicable), together with any other provisions herein to the extent related thereto, may be assigned or otherwise transferred to such Third Party without the other Party’s consent; and

(ii) MatCo may not assign any of the rights, interests or obligations under this Agreement with respect to the SpecCo Licensed Standards to any Third Party without the prior written consent of SpecCo, which consent shall not be unreasonably withheld, delayed or conditioned (but may assign this Agreement in accordance with Section 10.2(a) without such consent with respect to Local Standards, together with any SpecCo Licensed Standards, solely as and to the extent incorporated into and/or reasonably necessary to use such Local Standards as of the date of such assignment (“Designated SpecCo Standards”)); provided that in the event that SpecCo does not provide such consent, any Third Party to which MatCo assigns any right or obligation in accordance with Section 10.2(a)(ii) shall be, and hereby is, granted a transitional license with respect to the SpecCo Licensed Standards (other than the Designated SpecCo Standards) as follows: such assignee may continue to use under this Agreement such SpecCo Licensed Standards used by Licensee or the relevant site, facility and/or portion of the Materials Science Business prior to the applicable transaction for a transitional period of up to twelve (12) months to the extent reasonably necessary to transition to alternative technology (provided that such transitional period may be extended upon reasonable request subject to the prior written consent of SpecCo, which consent may not be unreasonably withheld, delayed or conditioned), if such assignee agrees in writing that:

(1) The SpecCo Licensed Standards shall be treated as Confidential Information of SpecCo under terms at least as restrictive as the terms in the Umbrella Secrecy Agreement;
(2) The SpecCo Licensed Standards shall be used only within and for the support of the transferred business, site or facility and shall be shared only with Persons who have a reasonable need to know them for that purpose; and

(3) No later than the end of the transitional period, all copies of the SpecCo Licensed Standards in the possession of the transferred business, site or facility shall be destroyed; provided that, for clarity, destruction of such SpecCo Licensed Standards shall not be required with respect to Designated SpecCo Standards otherwise licensed pursuant to the portion of the Agreement assigned. On request by SpecCo, the affected business, site or facility shall confirm that the required destruction has occurred.

(c) Any assignment or other disposition in violation of this Section 10.2 shall be void. No assignment shall relieve the assigning Party of any of its obligations under this Agreement that accrued prior to such assignment unless agreed to by the non-assigning Party.

Section 10.3 Counterparts. This Agreement may be executed and delivered (including by facsimile or other means of electronic transmission, such as by electronic mail in “pdf” form) in more than one counterpart, all of which shall be considered one and the same agreement, each of which when executed shall be deemed to be an original, and shall become effective when signed by each of the Parties and delivered to each of the Parties.

Section 10.4 Notices. All notices and other communications to be given to any Party under this Agreement shall be sufficiently given for all purposes hereunder if in writing and delivered by hand, courier or overnight delivery service, or five (5) days after being mailed by certified or registered mail, return receipt requested, with appropriate postage prepaid, or electronically mailed (with a response confirming receipt), and shall be directed to the address set forth below (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.4):

To SpecCo:

[ ]
[ ]
Attn: [ ]
Email: [ ]

To MatCo:

The Dow Chemical Company
Global Dow Center
2211 H.H. Dow Way
Midland, MI 48674
Attn: Chief IP Counsel, IP Legal
Email: DFrickey@dow.com
Section 10.5 Waivers. Any provision of this Agreement may be waived, if and only if, such waiver is in writing and
signed by the Party against whom the waiver is to be effective. Notwithstanding the foregoing, no failure to exercise and no delay in
exercising, on the part of any Party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof; nor shall any
single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the
exercise of any other right, remedy, power or privilege. Any consent required or permitted to be given by any Party to any other Party
under this Agreement shall be in writing and signed by the Party giving such consent and shall be effective only against such Party
(and the members of its Group).

Section 10.6 Amendments. This Agreement may not be modified or amended except by an agreement in writing signed
by each of the Parties.

Section 10.7 Affiliates. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all
actions, agreements and obligations set forth herein to be performed by any Affiliate of such Party.

Section 10.8 Third Party Beneficiaries. Except as provided in Article VI relating to Indemnitees, this Agreement is
solely for the benefit of, and is only enforceable by, the Parties and their permitted successors and assigns and should not be deemed
to confer upon Third Parties any remedy, benefit, claim, liability, reimbursement, claim of Action or other right of any nature
whatsoever, in excess of those existing without reference to this Agreement.

Section 10.9 Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference
only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 10.10 Exhibits and Schedules. The Exhibits and Schedules shall be construed with and as an integral part of
this Agreement to the same extent as if the same had been set forth verbatim herein.

Section 10.11 Governing Law. This Agreement and any dispute arising out of, in connection with or relating to this
Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to the
conflicts of laws principles thereof.
Section 10.12 Specific Performance. The Parties acknowledge and agree that irreparable harm would occur in the event that the Parties do not perform any provision of this Agreement in accordance with its specific terms or otherwise breach this Agreement and the remedies at law for any breach or threatened breach of this Agreement, including monetary damages, are inadequate compensation for any such non-performance or breach. Accordingly, in the event of any actual or threatened default in or breach of, any of the terms, conditions and provisions of this Agreement, the Parties agree that the Party or Parties to this Agreement who are or are to be thereby aggrieved shall, subject and pursuant to the terms of this Article X (including for the avoidance of doubt, after compliance with all notice and negotiation provisions herein), have the right to specific performance and injunctive or other equitable relief of its or their rights under this Agreement in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that any defense in any action for specific performance that a remedy at law would be adequate is hereby waived, and that any requirements for the securing or posting of any bond with such remedy are hereby waived.

Section 10.13 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid, legal and enforceable provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 10.14 No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

Section 10.15 Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by a Licensor are, and will otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, licenses of rights to “intellectual property” as defined under Section 101 of the United States Bankruptcy Code regardless of the form or type of intellectual property under or to which such rights and licenses are granted and regardless of whether the intellectual property is registered in or otherwise recognized by or applicable to the United States of America or any other country or jurisdiction. The Parties agree that each Licensee will retain and may fully exercise all of their rights and elections under the United States Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the United States Bankruptcy Code, the Party hereto that is not a party to such proceeding will be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in the non-subject Party’s possession, will be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon the non-subject Party’s written request therefore, unless the Party subject to such proceeding continues to perform all of its obligations under this Agreement or (b) if not delivered under clause (a) above, following the rejection of this Agreement by or on behalf of the Party subject to such proceeding upon written request therefore by the non-subject Party.

* * * * *

[End of page left intentionally blank]
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

DOWDUPONT INC.

By: ________________________________
Name: 
Title:

DOW HOLDINGS INC.

By: ________________________________
Name: 
Title:
Section 1. Purpose and Prior Plan Awards

(a) General. The purpose of the Dow Holdings Inc. 2019 Stock Incentive Plan is (i) to help Dow Holdings Inc. and its Affiliates retain, attract, and motivate their officers, employees, consultants, independent contractors, advisors, and/or directors and (ii) to provide incentives linked to the growth and success of the Company’s businesses and to increases in Company shareholder value. This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended.

(b) Impact on Awards Issued under Prior Plans. Except as otherwise provided by the Committee or in an Award agreement, Employer Method Awards shall remain in effect pursuant to their existing terms, and to the relevant terms of the applicable Prior Plans.

Section 2. Definitions

For purposes of the Plan, capitalized terms have the meaning provided below, or, if not provided below, as provided elsewhere in the Plan:

“Age and Service Requirements” shall mean the attainment of age 55 and the completion of at least 10 years of service with the Company and its Affiliates.

“Affiliate” means (a) any Subsidiary or (b) an entity that directly or through one or more intermediaries controls, is controlled by, or is under common control with, the Company.

“Award” means an award that is granted under the Plan. For the avoidance of doubt, the term “Award” includes an award granted under the Plan to a Shareholder Method Award Holder pursuant to Section 5(a)(ii) hereof and the Employee Matters Agreement.

“Award Cycle” means a period of consecutive fiscal years, or portions thereof, over which Performance Awards are to be earned.

“Board” means the Board of Directors of the Company.

“Cause” means termination of employment for any of the following reasons, as determined by the Company or employing Affiliate: unsatisfactory attendance; unsatisfactory performance which is willful, deliberate, or the result of carelessness or negligence; dishonesty (including, but not limited to, falsification of reports or the unauthorized removal or misuse of Company property); theft; unethical conduct; lying; insubordination (including, but not limited to, willful negligence or refusal to carry out instructions); violation of Company work or safety rules; disclosure of confidential information about the Company; unauthorized possession of firearms; violation of a substance abuse policy; and evidence of commission of a felony, or any other reason determined by the Company or the employing Affiliate.
“Change in Control” means the occurrence of the earliest of the following events:

(a) One person or a group acquires stock that, combined with stock previously owned, controls more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company; provided, however, if any one person, or more than one person acting as a group, is considered to effectively control the Company (within the meaning of Treas. Regs. Section 1.409A-3(i)(5)(vi)), the acquisition of additional control of the Company by the same person or persons is not considered to cause a change in the ownership of the Company;

(b) During any twelve-month period, either (i) any person or group acquires stock possessing thirty percent (30%) or more of the total voting power of the stock of the Company, or (ii) the majority of the Board is replaced by persons whose appointment or election is not endorsed by a majority of the Board before the date of such appointment or election; or

(c) During any twelve-month period, a person or a group acquires assets of the Company having a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the Company’s assets immediately before such acquisition(s). For purposes of this definition, a transfer of assets by the Company is not treated as a Change in Control if the assets are transferred to (1) a stockholder of the Company in exchange for or with respect to its stock; (2) a corporation, fifty percent (50%) or more of the total value or voting power of which is owned directly or indirectly by the Company; (3) a person or more than one person acting as a group that owns fifty percent (50%) or more of the stock of the Company or (4) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by a person described in clause (3).

“Child” means a person who is either the natural or legally adopted child of a Participant or a Participant’s legal spouse.


“Committee” means the Committee described in Section 3.

“Common Stock” means common stock of the Company, par value $[●] per share, and such other securities of the Company as may be substituted for Common Stock under the terms of the Plan.

“Company” means Dow Holdings Inc., a Delaware corporation, and any successor thereto.

“Continuous Service” means that the Participant’s service with the Company and its Affiliates, whether as an officer, employee, consultant, independent contractor, advisor, or Director, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company and its Affiliates or a change in the entity for which the Participant renders such service shall not constitute a termination of the Participant’s Continuous Service; provided, however, that if the entity for which such Participant is rendering services ceases to be an Affiliate of the Company, as determined by the Board in its sole discretion, such Participant’s Continuous Service shall be considered to have terminated on the date such entity ceased to be an Affiliate. To the extent permitted by law, the Committee shall have the authority to determine whether a termination of Continuous Service has occurred in the case of (i) any leave of absence, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors.
“Director” means a member of the Board.

“Disability” or “disabled” means, except as provided in Section 15(k), a Participant’s inability to perform the essential functions of their position, as a result of a physical or a mental condition, as determined by the Committee.

“Dividend Equivalents” mean an amount payable in cash or Common Stock, as determined by the Committee, with respect to an Award of Restricted Stock or Restricted Stock Units equal to what would have been received if the shares underlying the Award had been owned by the Participant.

“Domestic Partner” means a person who, together with a Participant, meets the following requirements:

a. the two people live together on the determination date;
b. the two people are not legally married to other persons;
c. the two people are each other’s sole domestic partner in a committed relationship similar to a legal marriage and with the intent to remain in the relationship indefinitely;
d. each of the two people shall be legally competent and able to enter into a contract;
e. the two people are not related to each other in a way which would prohibit legal marriage;
f. in entering the relationship with each other, neither of the two people are acting fraudulently or under duress;
g. the two people are financially interdependent with each other;
h. evidence satisfactory to the Committee is provided that the two people are registered as domestic partners or partners in a civil union in a state or municipality or country that legally recognizes such domestic partnerships or civil unions; and
i. both people have signed a statement acceptable to the Committee that has been provided to the Committee.

“Eligible Individuals” means officers, employees, consultants, independent contractors, advisors, and Directors of the Company or any Affiliate. Notwithstanding the foregoing, a person who would otherwise be an Eligible Individual shall not be an Eligible Individual in any jurisdiction where such person’s participation in the Plan would be unlawful.

“Employee Matters Agreement” means the Employee Matters Agreement, dated as of [●], by and among DowDuPont Inc., Dow Holdings Inc., and Corteva, Inc., as amended.

“Employer Method Award” means each award granted under a Prior Plan that is held by an Employer Method Award Holder where the shares underlying such award are converted into shares of Common Stock on the Transaction Date, as provided by the Committee pursuant to the requirements of the Employee Matters Agreement.
“Employer Method Award Holder” means each person who, as of the Transaction Date, has an outstanding Award under a Prior Plan and (a) is employed by the Company and its Subsidiaries or (b) whose last employment with DowDuPont Inc. and its Affiliates was with The Dow Chemical Company and its Subsidiaries.


“Exercise Price” means (a) in the case of Stock Options, the price specified in the applicable Award agreement as the price-per-share at which shares of Common Stock may be purchased pursuant to such Stock Option or (b) in the case of Stock Appreciation Rights, the price specified in the applicable Award agreement as the price-per-share used to calculate the amount payable to the Participant upon exercise of such Stock Appreciation Right.

“Effective Time” has the meaning set forth in Section 16(a).

“Fair Market Value” means, on any date, except as otherwise provided by the Committee the closing market price of a share of Common Stock, as reported on the consolidated transaction reporting system for New York Stock Exchange issues on such date or, if the Common Stock was not traded on such date, on the next preceding day on which the Common Stock was traded. In the event the Common Stock is not traded on the New York Stock Exchange, the Fair Market Value of the Common Stock shall be determined by the Board in good faith.

“Outside Director” means a Director who qualifies as independent for purposes of the NYSE listing rules and as a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Exchange Act.

“Participant” means (a) an Eligible Individual who is granted an Award under the Plan, (b) an Employer Method Award Holder, and (c) if applicable, as determined by the Committee, a Shareholder Method Award Holder who is granted an Award under the Plan in accordance with the requirements of, and subject to the provisions of, the Employee Matters Agreement.

“Performance Awards” means Awards granted under Section 9.

“Performance Goals” means the performance goals established in connection with the grant of Performance Awards.

“Plan” means the Dow Holdings Inc. 2019 Stock Incentive Plan, as set forth herein and as amended from time to time.

“Prior Plan” means (a) the Dow Chemical Company Amended and Restated 2012 Stock Incentive Plan, (b) the Dow Chemical Company 1988 Award and Option Plan, (c) the Dow Chemical Company Amended and Restated 2003 Non-Employee Directors’ Stock Incentive Plan, (d) The E. I. du Pont de Nemours and Company Equity Incentive Plan, and (e) The E. I. du Pont de Nemours and Company Stock Performance Plan.
“Restricted Stock” means shares of Common Stock issued under the Plan subject to restrictions specified in the applicable Award agreement.

“Restricted Stock Units” means an Award based on the value of Common Stock that is an unfunded and unsecured promise to deliver shares of Common Stock, cash, or other property upon the attainment of specified vesting or performance conditions, as specified in the applicable Award agreement.

“Shareholder Method Award” means a “Shareholder Method Award” or “Shareholder Method Other Award”, as such terms are defined in the Employee Matters Agreement.

“Shareholder Method Award Holder” means each person who holds a Shareholder Method Award.

“Stock Appreciation Right” or a “SAR” means an Award granted under Section 7.

“Stock Option” means an Award granted under Section 6.

“Subsidiary” means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

“Substitute Award” means an Award granted under Section 4(d).

“Transaction Date” means the “MatCo Distribution Date”, as such term is defined in the Separation and Distribution Agreement, dated as of [●], by and among DowDuPont Inc., Dow Holdings Inc., and Corteva, Inc., as amended.

Section 3. Administration

(a) Committee. The Plan shall be administered by the Compensation Committee of the Board or such other committee of the Board as the Board may from time to time designate (the “Committee”), which shall be composed solely of Outside Directors numbering no fewer than two and shall be appointed by and serve at the pleasure of the Board.

(b) Powers. Subject to the terms of the Plan, the Committee shall have the authority to take any and all actions that it determines to be necessary or advisable in connection with the administration of the Plan, including, without limitation, to:

(i) determine who is an Eligible Individual and select the Eligible Individuals to whom Awards may from time to time be granted, the type or types of Awards to be granted to such Eligible Individual, and the number of Awards to be granted and the number of shares of Common Stock or dollar amount to which an Award will relate;
(ii) determine the terms and conditions of any Award granted hereunder, including but not limited to, the exercise price, grant price or purchase price, any restrictions or limitations on the Award, and the vesting or performance conditions applicable to the Award;

(iii) modify, amend, or adjust the terms and conditions of any Award, at any time or from time to time, including, but not limited to, the content of Performance Goals, vesting conditions, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, based in each case on such considerations as the Committee in its sole discretion determines;

(iv) determine whether, to what extent, and under what circumstances, Common Stock, cash, and other amounts payable with respect to an Award shall be deferred;

(v) determine whether, to what extent, and under what circumstances (A) an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property, or (B) an Award may be canceled, forfeited, or surrendered;

(vi) determine whether, to what extent, and under what circumstances Awards may be transferred, notwithstanding restrictions and limits on the transfer of Awards set forth in the Plan and in any Award agreement;

(vii) determine the extent to which adjustments are required pursuant to Section 4(c);

(viii) determine whether conditions and events described in the Plan or in Award agreements are satisfied, including whether a Participant is Disabled or retired, whether a Change in Control has taken place, and whether a Participant has been involuntarily terminated;

(ix) determine and apply such policies and procedures as it deems appropriate to provide for clawback or recoupment of Awards, as provided under Section 14 of the Plan or under the terms of an Award agreement;

(x) adopt, alter, and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable;

(xi) prescribe and amend the terms of the Award agreements and the terms of or form of any document or notice required to be delivered to the Company by Participants;
(xii) interpret the terms and provisions of the Plan and any Award issued under the Plan (and any Award agreement relating thereto) and define terms not otherwise defined in the Plan or an Award agreement;

(xiii) make exceptions to any provision of the Plan or Award agreement if the Committee in good faith determines that it is appropriate to do so;

(xiv) make and approve corrections in the documentation or administration of any Award;

(xv) adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of jurisdictions outside of the United States in which the Company or any Affiliate may operate; and

(xvi) make all other determinations deemed necessary or advisable for the administration of the Plan.

(c) Actions and Interpretations by the Committee. The Committee may act only by a majority of its members then in office. The Committee’s interpretation of the Plan, any Awards granted under the Plan, any Award agreement, and all decisions and determinations with respect to the Plan are final, binding, and conclusive on all parties. The Committee shall consider such factors as it deems relevant, in its sole and absolute discretion, in making such decisions, determinations and interpretations. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Affiliate, by the Company’s or an Affiliate’s accountant, attorney, consultant, or other professional retained by the Company or the Committee to assist in the administration of the Plan.

(d) Delegation of Authority. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange or market or quotation system on which the Company is traded, listed, or quoted, the Committee may delegate to any subcommittee composed of one or more directors (who need not be members of the Committee), and/or to one or more officers of the Company, all or any portion of the Committee’s responsibilities under Section 3(b) above, including but not limited to the authority to grant Awards to Eligible Individuals; provided that any resolution delegating authority to grant Awards shall specify the maximum number of shares of Common Stock underlying Awards that may be granted pursuant to such delegated authority; provided, further that no such officer shall designate himself or herself as a recipient of any Awards granted pursuant to such delegated authority. Notwithstanding the foregoing, no delegation may be made by the Committee that would cause Awards or other transactions under the Plan to cease to be exempt from Section 16(b) of the Exchange Act. The Committee may also delegate any or all aspects of the administration of the Plan to one or more officers or employees of the Company or any Subsidiary, and/or to one or more agents. The acts of delegates under this Section 3(d) shall be treated hereunder as acts of the Committee and such delegates shall report to the Committee regarding the delegated duties and responsibilities and any Awards so granted. Any delegation may be revoked by the Committee at any time.
(e) Action by the Board. Any authority granted to the Committee under the Plan may also be exercised by the full Board, except to the extent that the grant or exercise of such authority would cause any Award or transaction to become subject to (or lose an exemption under) the short-swing profit recovery provisions of Section 16 of the Exchange Act. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.

Section 4. Common Stock Subject to Plan

(a) Shares and Cash Available. Shares of Common Stock subject to an Award under the Plan may be authorized and unissued shares or may be treasury shares. The number of shares of Common Stock and cash available under the Plan are described in this Section 4, subject to adjustment as provided in Section 4(c).

(1) The maximum aggregate number of shares of Common Stock that may be delivered pursuant to (A) Awards granted under the Plan and (B) Employer Method Awards shall be \[\text{maximum number of shares}\] shares.

(2) If, after the Effective Time, any Award (including for this purpose any Employer Method Award) (A) is forfeited or otherwise expires, terminates, or is canceled without the delivery of all shares of Common Stock subject thereto, or (B) is settled other than by the delivery of shares of Common Stock (including by cash settlement), then, in the case of clauses (A) and (B), the number of shares of Common Stock subject to such Award that were not issued shall again become available to be delivered pursuant to Awards under the Plan; provided that the following shares of Common Stock shall not again become available to be delivered pursuant to Awards under the Plan:

(i) shares of Common Stock tendered or withheld upon the exercise of a Stock Option to cover the exercise price;

(ii) shares of Common Stock subject to a stock-settled Stock Appreciation Right that are not issued upon the net settlement of such award; and

(iii) shares of Common Stock tendered or withheld by the Company to satisfy any tax withholding obligation with respect to any Award.

(3) For the purpose of calculating the maximum number of shares that may be issued pursuant to all Awards (including determining the amount of shares that are added back to the Plan pursuant to this Section 4(a)): (i) every one share underlying a Stock Option or Stock Appreciation Right (including any Employer Method Award that would be a Stock Option or Stock Appreciation Right if granted under the Plan) shall count as one share; and (ii) every one share underlying Restricted Stock, Restricted Stock Units, or any other full-value Award (including any Employer Method Award that would be a Restricted Stock, Restricted Stock Unit or other full-value Award if granted under the Plan) shall count as \[\text{maximum number of shares}\] shares.
Individual Award Limits. Subject to adjustment as provided in Section 4(c), the following limits apply:

1. the maximum aggregate number of shares of Common Stock subject to Awards granted in any one fiscal year to any Participant who is not a non-employee Director shall be 3,000,000 shares; and

2. the maximum aggregate number of shares of Common Stock subject to Awards granted in any one fiscal year to any non-employee Director shall be 15,000 shares; provided, however, that in the fiscal year in which a non-employee Director first joins the Board or is first designated as Chairman of the Board or Lead Director, the maximum aggregate number of shares of Common Stock subject to Awards granted in such year to such non-employee Director shall be 30,000 shares.

Adjustments. Upon the occurrence of any of the events listed in the last sentence of this Section 4(c), the Committee or Board may make substitutions or adjustments in (1) the aggregate number and kind of shares reserved for issuance under the Plan, (2) the individual Award limits set forth in Section 4(b), (3) the number, kind, and Exercise Price of shares subject to outstanding Stock Options and Stock Appreciation Rights, (4) the number and kind of shares subject to other outstanding Awards granted under the Plan, and/or (5) such other equitable substitution or adjustments as it may determine to be appropriate; provided, however, that the number of shares of Common Stock subject to any Award shall always be rounded down to the nearest whole number. The actions described in the preceding sentence may be taken if the Committee or Board determines that there has been (i) a change in corporate capitalization (such as a stock split or a reverse stock split), (ii) a corporate transaction, merger, consolidation, separation (including a spin off), or other distribution of stock or property of the Company, (iii) an extraordinary cash dividend, (iv) any reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code) or (v) any partial or complete liquidation of the Company.

Substitute Awards. The Committee may grant Awards under the Plan (each, a “Substitute Award”) in substitution for stock and stock-based awards held by employees, directors, consultants or advisors of a business or entity that is acquired by, or whose assets are acquired by, the Company. The Committee may direct that the Substitute Award be granted on such terms and conditions as the Committee considers appropriate in the circumstances, including provisions that preserve the aggregate option spread as of the closing date of any such transaction in a manner that complies with Section 409A of the Code. Delivery of shares of Common Stock subject to Substitute Awards shall not count against the maximum number of shares of Common Stock available for delivery under the Plan set forth in Section 4(a) or the individual award limits set forth in Section 4(b).

Section 5. Eligibility; Awards Generally

Eligibility for Awards.

General. The Committee may grant Awards under the Plan to Eligible Individuals. The Committee’s selection of a person to participate in the Plan at any time shall not require the Committee to select such person to participate in the Plan at any other time.
(ii) **Shareholder Method Award Holder.** The Committee shall grant Awards under the Plan to Shareholder Method Award Holders in accordance with the requirements of, and subject to the provisions of, the Employee Matters Agreement.

(b) **Types of Awards.** Awards may be made under the Plan in the form of (1) Stock Options, (2) Stock Appreciation Rights, (3) Performance Awards, (4) Restricted Stock, (5) Restricted Stock Units, and (6) other stock-settled or cash-settled awards that the Committee determines are consistent with the purpose of the Plan and the interests of the Company. Awards may be granted in tandem with other Awards.

(c) **Minimum Vesting Condition.** Any Restricted Stock or Restricted Stock Unit that vests based on the achievement of Performance Goals will be subject to an Award Cycle of at least twelve months from the date of grant. Any Restricted Stock or Restricted Stock Unit that vests solely based on continued service to the Company and its Affiliates will be subject to a vesting period of at least 36 months from the date of grant, but may be subject to pro-rata vesting over such period. Notwithstanding the foregoing, (A) the Committee may provide for the satisfaction and/or lapse of all vesting conditions under any such Award in the event of the Participant’s death, disability, retirement or termination of Continuous Service or in connection with a Change in Control, and (B) the Committee may provide that any such restriction or limitation will not apply in the case of a Restricted Stock or Restricted Stock Unit that is issued in payment or settlement of compensation that has been earned by the Participant. Notwithstanding the foregoing, up to 5% of the aggregate number of shares of Common Stock authorized for issuance under the Plan as set forth in Section 4(a)(1) may be issued pursuant to Restricted Stock and/or Restricted Stock Units without respect to the 12-month or 36-month restrictions described in this Section 5(c).

(d) **Non-Transferability.** Each Award may not be sold, transferred for value, pledged, assigned, or otherwise alienated or hypothecated by a Participant other than by will or the laws of descent and distribution, and each Stock Option or Stock Appreciation Right shall be exercisable only by the Participant during his or her lifetime. Notwithstanding the foregoing, to the extent permitted by the Committee, the person to whom an Award is initially granted may transfer an Award to any “family member” of the Grantee (as such term is defined in Section A1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as amended (“Form S-8”)), to trusts solely for the benefit of such family members and to partnerships in which such family members and/or trusts are the only partners; provided that, (i) as a condition thereof, the transferor and the transferee must execute a written agreement containing such terms as specified by the Committee, and (ii) the transfer is pursuant to a gift or a domestic relations order to the extent permitted under the General Instructions to Form S-8. Except to the extent specified otherwise in the agreement the Committee provides for such transferor and transferee to execute, all vesting, exercisability and forfeiture provisions that are conditioned on the transferor’s Continuous Service shall continue to be determined with reference to the transferor’s Continuous Service (and not to the status of the transferee) after any transfer of an Award pursuant to this Section 5(d), and the responsibility to pay any taxes in connection with an Award shall remain with the transferor notwithstanding any transfer other than by will or intestate succession.
(e) Conditions Upon Shares Subject to Awards. The Committee may provide that the Common Stock issued upon exercise of a Stock Option or Stock Appreciation Right or otherwise issued upon settlement of an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Committee in its discretion may specify prior to such exercise or settlement, including without limitation, conditions on vesting or transferability, forfeiture or repurchase provisions and method of payment for the Common Stock issued upon such exercise or settlement (including the actual or constructive surrender of Common Stock already owned by the Participant) or payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued under an Award, including without limitation (i) restrictions under an insider trading policy or pursuant to applicable law, (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and holders of other Company equity compensation arrangements, (iii) restrictions as to the use of a specified brokerage firm for such resales or other transfers and (iv) provisions requiring Common Stock be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.

Section 6. Stock Options

(a) Grant. The Committee shall have the authority to grant Stock Options to any Eligible Individual. All stock options granted pursuant to the Plan shall be non-qualified stock options. Stock Options may be granted alone or in addition to other Awards granted under the Plan. The date of grant of a Stock Option shall occur no earlier than the date the Committee approves such grant to an Eligible Individual, determines the number of shares of Common Stock to be subject to such Stock Option, and specifies the material terms and provisions of such Stock Option. Stock Options shall be evidenced by Award agreements, the terms and provisions of which may differ.

(b) Award Terms. Stock Options granted under the Plan shall be subject to the following terms and conditions, as well as any additional terms and conditions as the Committee shall deem desirable:

1. **Option Term.** The Committee shall determine the stated term of each Stock Option granted under the Plan. No Stock Option shall be exercisable more than ten years after the date the Stock Option is granted.

2. **Exercise Price.** The Committee shall determine the Exercise Price applicable to Stock Options granted under the Plan. The Exercise Price applicable to a Stock Option shall not be less than the Fair Market Value of one share of Common Stock on the date of grant, except in connection with a Substitute Award that is a Stock Option, to the extent consistent with Section 409A of the Code.

3. **Method of Exercise.** Any Stock Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as set forth in the Award Agreement. A Stock Option shall be deemed exercised when the Company or the Company’s designee designated to accept notice of exercise receives: (i) written or electronic notice of exercise (in accordance with the Award agreement) from the person entitled to exercise the Stock Option specifying the number of Shares to be purchased and (ii) full payment for the Shares (in a form permitted under Section 6(b)(4)) with respect to which the Stock Option is exercised.
Payment of Exercise Price. The exercise price of any Stock Option may be paid in cash or such other method as determined by the Committee, to the extent permitted by applicable law, including an irrevocable commitment by a broker to pay over such amount from a sale of the shares of Common Stock issuable under a Stock Option, the delivery of previously owned shares of Common Stock, or the withholding of shares of Common Stock deliverable upon exercise.

(c) No Repricing; No Reload Grants. Except for adjustments pursuant to Section 4(c), at any time when the Exercise Price of a Stock Option exceeds the Fair Market Value of a share of Common Stock, the Company shall not, without shareholder approval, reduce the Exercise Price of such Stock Option or exchange such Stock Option for a new Award with a lower (or no) Exercise Price or for cash. Stock Options shall not be granted under the Plan in consideration for and shall not be conditioned upon the delivery of shares of Common Stock to the Company in payment of the exercise price and/or tax withholding obligation under any other employee stock option.

(d) No Shareholder Rights. Participants shall have no voting rights and will have no rights to receive dividends or Dividend Equivalents in respect of a Stock Option or any shares of Common Stock subject to a Stock Option until the Participant has become the holder of record of such shares.

Section 7. Stock Appreciation Rights

(a) Grant. The Committee may grant Stock Appreciation Rights to any Eligible Individual. The date of grant of a Stock Appreciation Right shall occur no earlier than the date the Committee approves such grant to an Eligible Individual, determines the number of shares of Common Stock to be subject to such Stock Appreciation Right and specifies the material terms and provisions of such Stock Appreciation Right. Stock Appreciation Rights shall be evidenced by Award agreements, the terms and provisions of which may differ.

(b) Award Terms. Stock Appreciation Rights granted under the Plan shall be subject to the following terms and conditions, as well as any additional terms and conditions as the Committee shall deem desirable:

(1) Term. The Committee shall determine the stated term of each Stock Appreciation Right granted under the Plan. No Stock Appreciation Right shall be exercisable more than ten years after the date of grant.

(2) Exercise Price. The Exercise Price applicable to a Stock Appreciation Right shall not be less than the Fair Market Value of the Common Stock on the date of grant, except in connection with a Substitute Award that is a Stock Appreciation Right, to the extent consistent with Section 409A of the Code.
Exercise and Settlement. Stock Appreciation Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. Upon the exercise of a Stock Appreciation Right, a Participant shall be entitled to receive an amount in cash, shares of Common Stock, or a combination thereof, in value equal to (1) the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the applicable Exercise Price, multiplied by (2) the number of shares of Common Stock in respect of which the Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

Tandem SARs. Stock Appreciation Rights may be granted to Participants from time to time in tandem with or as a component of Stock Options granted under the Plan (“Tandem SARs”). Upon exercise of a Tandem SAR as to some or all of the shares covered by the grant, the related Stock Option shall be canceled automatically to the extent of the number of shares covered by such exercise. Conversely, if the related Stock Option is exercised as to some or all of the shares covered by the grant, the related Tandem SAR, if any, shall be canceled automatically to the extent of the number of shares covered by such option exercise. Any Stock Appreciation Right granted in tandem with a Stock Option may be granted at the same time such Stock Option is granted or at any time thereafter before exercise or expiration of such Stock Option. All Tandem SARs shall have the same exercise price as the Stock Option to which they relate.

No Repricing. Except for adjustments pursuant to Section 4(c), at any time when the Exercise Price of a Stock Appreciation Right exceeds the Fair Market Value of a share of Common Stock, the Company shall not, without shareholder approval, reduce the Exercise Price of such Stock Appreciation Right and shall not exchange such Stock Appreciation Right for a new Award with a lower (or no) Exercise Price or for cash.

No Shareholder Rights. Participants shall have no voting rights and will have no rights to receive dividends or Dividend Equivalents in respect of a Stock Appreciation Right or any shares of Common Stock subject to a Stock Appreciation Right until the Participant has become the holder of record of such shares.

Section 8. Restricted Stock and Restricted Stock Units

Grant. The Committee may grant Awards of Restricted Stock or Restricted Stock Units to any Eligible Individual, subject to such terms and conditions as may be determined by the Committee. Awards of Restricted Stock Units may be settled in cash, shares of Common Stock, or a combination thereof. Awards of Restricted Stock and Restricted Stock Units shall be evidenced by Award agreements, the terms and provisions of which may differ.
(b) Delivery of Restricted Stock. Shares of Restricted Stock shall be delivered to the Participant at the time of grant either by book-entry registration or by delivering to the Participant, or a custodian or escrow agent (including, without limitation, the Company or one or more of its employees) designated by the Committee, a stock certificate or certificates registered in the name of the Participant. If physical certificates representing shares of Restricted Stock are registered in the name of the Participant, such certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

(c) Dividends and Dividend Equivalents. Participants who hold Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to those shares of Restricted Stock, unless determined otherwise by the Committee. The Committee will determine whether any such dividends or distributions will be automatically reinvested in additional shares of Restricted Stock and/or subject to the same restrictions on transferability as the Restricted Stock with respect to which they were distributed or whether such dividends or distributions will be paid in cash. Unless otherwise provided in the Award agreement, during the period prior to shares being issued in the name of a Participant under any Award of Restricted Stock Units, the Company shall pay or accrue Dividend Equivalents on each date dividends on Common Stock are paid, subject to such conditions as the Committee may deem appropriate. The time and form of any such payment of Dividend Equivalents shall be specified in the Award agreement. Notwithstanding anything herein to the contrary, in no event will dividends or Dividend Equivalents be paid during the Award Cycle with respect to Awards of Restricted Stock or Stock Units that are subject to Performance Goals, and no dividends or Dividend Equivalents will be paid with respect to performance-based Restricted Stock or shares underlying performance-based Stock Units that do not vest.

Section 9. Performance Awards

(a) Grant. The Committee may condition the vesting or value of an Award upon the achievement of one or more Performance Goals, which such Award shall constitute a Performance Award for purposes of the Plan. The Committee may grant Performance Awards to any Eligible Individual. Performance Awards may be awarded either alone or in addition to other Awards granted under the Plan. Performance Awards shall be evidenced by Award agreements, the terms and provisions of which may differ.

(b) Settlement. At the expiration of the Award Cycle, the Committee shall evaluate the Participant’s and/or the Company’s performance in light of any Performance Goals for such Performance Award, and shall determine the number of shares of Common Stock (or other applicable payment measures) that have been earned by the Participant. The Committee shall then cause to be delivered (1) a number of shares of Common Stock equal to the number of Performance Shares determined by the Committee to have been earned, or (2) cash equal to the product of (x) the Fair Market Value as of the date of settlement multiplied by (y) such number of Performance Shares determined to have been earned, as the Committee shall elect.

Section 10. Other Awards

Subject to the provisions of the Plan, the Committee, may grant Awards of Common Stock and other Awards that are valued in whole or in part by reference to, or are otherwise based upon, Common Stock, including, without limitation, fully vested Common Stock, deferred stock units, and
dividend equivalents. Such Awards may be granted either alone or in conjunction with other Awards granted under the Plan and may settle in cash, shares of Common Stock or a combination thereof. Each such Award shall be confirmed by, and be subject to, the terms of an Award Agreement.

Section 11. Change in Control

(a) No Assumption or Continuation of Awards. Unless otherwise expressly provided in (i) the Award agreement, (ii) an employment agreement or similar written agreement with the Company or any of its Affiliates, or (iii) the definitive transaction agreement governing such Change in Control, in the event of a Change in Control in which the acquiring or surviving company does not assume or continue outstanding Awards upon the Change in Control, all outstanding Awards that are not assumed or continued shall be treated as follows:

(i) Stock Options and Stock Appreciation Rights shall become fully vested and exercisable as of immediately prior to the Change in Control;

(ii) Restricted Stock and Restricted Stock Units shall become fully vested as of immediately prior to the Change in Control; and

(iii) Performance Awards shall become fully vested at target performance levels as of the Change in Control.

(b) Vesting of Assumed or Continued Awards. Unless otherwise expressly provided in (i) the Award agreement, (ii) an employment agreement or similar written agreement with the Company or any of its Affiliates, or (iii) the definitive transaction agreement governing such Change in Control, in the event of a Change in Control in which the acquiring or surviving company does assume or continue outstanding Awards upon the Change in Control, if the Participant’s Continuous Service is involuntarily terminated within 24 months after a Change in Control:

(i) Stock Options and Stock Appreciation Rights shall become fully vested as of the termination date, and exercisable no later than 30 days following such termination date;

(ii) Restricted Stock and Restricted Stock Units shall become fully vested as of such termination date, and shall be delivered no later than 30 days following such termination date; and

(iii) Performance Awards shall become fully vested at target performance levels as of such termination date, and shall be delivered no later than 30 days following such termination date.

(c) Cancellation of Awards. Notwithstanding Sections 11(a) and 11(b), in the event of a Change in Control, the Committee may in its discretion provide that outstanding Awards, whether vested or unvested, shall be cancelled in exchange for cash and/or other consideration with a value equal to (i) for Stock Options or Stock Appreciation Rights, the excess, if any, of the Fair Market Value of the shares underlying such Award on the date of such Change in Control over the aggregate exercise price; provided that, if the Fair Market Value of a share on such date does not exceed the per share exercise price, the Committee may cancel such Stock Option or Stock Appreciation Right for no consideration and (ii) for all other Awards, the Fair Market Value of the shares underlying such Award on the date of such Change in Control.
Section 12. Amendment and Termination

(a) The Board may amend, alter or discontinue the Plan and the Committee may amend or alter any Award agreement made under the Plan but, except as provided pursuant to the provisions of Section 4(c) or Section 11, no such amendment shall be made without the approval of the shareholders of the Company where such approval is required by applicable law or the NYSE listing rules.

(b) Notwithstanding Section 12(a), no amendment or alteration to the Plan or an Award agreement shall be made which would impair the rights of the holder of an Award without such holder’s consent; provided that, no such consent shall be required if the Committee determines in its sole discretion and prior to the date of any Change in Control that such amendment or alteration either is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation or to meet the requirements of or avoid adverse financial accounting consequences under any accounting standard.

Section 13. Unfunded Status of Plan

The Plan is an “unfunded” plan for incentive and deferred compensation. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or make payments; provided, however, that unless the Committee otherwise determines, the existence of such trusts or other arrangements is consistent with the “unfunded” status of the Plan.

Section 14. Recoupment of Awards

The Committee shall establish such policies and procedures as it deems appropriate to provide for clawback or recoupment of Awards. Pursuant to such policies and procedures, among other things, the Committee may require forfeiture of an Award, repayment of an Award (or proceeds therefrom), or recoupment from other payments otherwise due to the Participant or beneficiary.

Section 15. General Provisions

(a) Compliance with Laws. The Plan, the Awards thereunder, and the obligation of the Company to deliver shares of Common Stock under such Awards, shall be subject to all applicable foreign, federal, state and local laws, rules and regulations, stock exchange rules and regulations, and to such approvals by any governmental or regulatory agency as may be required. The Company shall not be required to register in a Participant’s name or deliver Common Stock prior to the completion of any registration or qualification of such shares under any foreign, federal, state or local law or any ruling or regulation of any government body which the Committee shall determine to be necessary or advisable. To the extent the Company is unable to
or the Committee deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by
the Company’s counsel to be necessary to the lawful issuance and sale of any shares of Common Stock hereunder, the Company and
its Affiliates shall be relieved of any liability with respect to the failure to issue or sell such shares of Common Stock as to which such
requisite authority shall not have been obtained. No Stock Option or Stock Appreciation Right shall be exercisable and no Common
Stock shall be issued and/or transferable under any other Award unless a registration statement with respect to the Common Stock
underlying such Award is effective and current or the Company has determined that such registration is unnecessary.

(b) Non-U.S. Participants. In the event an Award is granted to or held by a Participant who is employed or providing services
outside the United States, the Committee may, in its sole discretion, modify the provisions of the Plan or of such Award as they
pertain to such individual to comply with applicable foreign law or to recognize differences in local law, currency or tax policy. The
Committee may also impose conditions on the grant, issuance, exercise, vesting, settlement or retention of Awards in order to comply
with such foreign law and/or to minimize the Company’s obligations with respect to tax equalization for Participants employed
outside their home country.

(c) No Limit on Other Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting
other or additional compensation arrangements for its employees.

(d) No Right to Employment, Reelection or Continued Service. Nothing in the Plan or an Award Agreement shall interfere with
or limit in any way the right of the Company, and its Affiliates to terminate any Participant’s employment, service on the Board or
service for the Company and its Affiliates at any time or for any reason not prohibited by law, nor shall the Plan or an Award itself
confer upon any Participant any right to continue his or her employment or service for any specified period of time. Neither an Award
nor any benefits arising under the Plan shall constitute an employment or service contract with the Company, or any Affiliate. Subject
to Section 12, the Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Board
without giving rise to any liability on the part of the Company and its Affiliates.

(e) Tax Withholding. To the extent required by applicable federal, state, local or foreign law, the Committee may and/or a
Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise with
respect to any Award, or the issuance or sale of any shares of Common Stock. The Company shall not be required to recognize any
Participant rights under an Award, to issue shares of Common Stock or to recognize the disposition of such shares of Common Stock
until such obligations are satisfied. To the extent permitted or required by the Committee, these obligations may or shall be satisfied
by the Company withholding cash from any compensation otherwise payable to or for the benefit of a Participant, the Company
withholding a portion of the shares of Common Stock that otherwise would be issued to a Participant under such Award or any other
award held by the Participant or by the Participant tendering to the Company cash or, if allowed by the Committee, shares of Common
Stock.
(f) **Death Beneficiary.** The Committee shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary (including a trust beneficiary) to whom any amounts payable in the event of the Participant’s death are to be paid or by whom any rights of the Participant, after the Participant’s death, may be exercised. In the event a Participant fails to designate a beneficiary, or if for any reason the designation is legally ineffective, or if no designated beneficiary survives to the date that distribution is payable, any amount due under the Plan to the Participant shall be payable, in the following order: (1) to the Participant’s legal spouse or Domestic Partner; (2) to the Participant’s surviving Children in equal shares; or (3) to the Participant’s estate. Upon the divorce of a Participant, a prior designation of a legal spouse as a beneficiary shall be automatically null and void, and the Plan shall not be liable to the former spouse.

(g) **Affiliate Employees.** In the case of a grant of an Award to any employee of an Affiliate of the Company, the Company may, if the Committee so directs, issue or transfer the shares of Common Stock, if any, covered by the Award to the Affiliate, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Affiliate will transfer the shares of Common Stock to the employee in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. All shares of Common Stock underlying Awards that are forfeited or canceled revert to the Company.

(h) **Electronic Signatures.** For purposes of the Plan, a document shall be considered to be executed if signed electronically pursuant to procedures approved by the Company.

(i) **Governing Law.** The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of choice or conflict of laws that would otherwise refer to the laws of another jurisdiction.

(j) **Indemnification.** Each person who is or shall have been a member of the Committee, or of the Board, or an officer of the Company to whom authority was delegated in accordance with Section 3 shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company’s approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability, or expense is a result of his or her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company’s charter or bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.
Section 409A.

(1) It is intended that the provisions of the Plan and the Awards granted hereunder avoid the adverse consequences under Section 409A of the Code, and all provisions of the Plan and any Award shall be construed and interpreted in a manner consistent with that intent.

(2) No Participant or creditors or beneficiaries of a Participant shall have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under the Plan to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment, except as required by applicable law. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to any Participant or for the benefit of any Participant under the Plan may not be reduced by, or offset against, any amount owing by any such Participant to the Company or any of its Affiliates.

(3) If an Award is subject to Section 409A of the Code and payment is due upon a termination of employment or service, payment shall only be made if such termination constitutes a “separation from service” within the meaning of Section 409A of the Code.

(4) If, at the time of a Participant’s separation from service (within the meaning of Section 409A of the Code), (A) such Participant shall be a specified employee (within the meaning of Section 409A of the Code) and (B) an amount payable pursuant to an Award constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the first day of the seventh month following such separation from service.

(5) If an Award is subject to Section 409A of the Code and payment is due upon a Participant’s Disability, payment shall be made upon a determination by the Committee that the Participant is disabled within the meaning of Treas. Reg. § 1.409A-3(i)(4).

(6) Solely with respect to any Award that constitutes “deferred compensation” subject to Section 409A of the Code and that is payable on account of a Change in Control (including any installments or stream of payments that are accelerated on account of a Change in Control), a Change in Control shall occur only if such event also constitutes a “change in the ownership”, “change in effective control”, and/or a “change in the ownership of a substantial portion of assets” of the Company as those terms are defined under Treas. Reg. § 1.409A-3(i)(5), but only to the extent necessary to establish a time or form of payment that complies with Section 409A of the Code, without altering the definition of Change in Control for any other purpose.
(7) Notwithstanding any provision of the Plan to the contrary, the Company reserves the right to make amendments to any Award as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant’s account in connection with an Award (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold such Participant harmless from any or all of such taxes or penalties.

Section 16. Term of the Plan

(a) Effective Time. The Plan shall be effective as of the date it is approved by the Company’s shareholders by the affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote with respect to the Plan’s approval (the “Effective Time”). If the Plan is not approved by the shareholders of the Company, the Plan and any awards granted under the Plan shall be null and void.

(b) Expiration Date. No Award shall be granted under the Plan after the tenth anniversary of the Effective Time. Unless otherwise expressly provided in the Plan or in an applicable Award agreement, any Award granted hereunder, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under any such Award, shall nevertheless continue thereafter.
PERFORMANCE STOCK UNIT AWARD AGREEMENT

DOW HOLDINGS INC. 2019 STOCK INCENTIVE PLAN

The individual ("Grantee") named in the accompanying award letter for [YEAR] grants (the “Notice”) has been granted performance stock units with respect to a specified number of shares of Dow Holdings Inc. common stock, par value $[*] per share (the “Shares”), as set forth in the Notice (the “Award”). The target number of Units subject to the Award (the “Target Units”), and the vesting schedule applicable to the Target Units, are set forth in the Notice. However, the actual number of Units earned pursuant to the Award will be determined based on the achievement of specified performance goal(s) (the “Performance Goals”) during a specified performance period (the “Performance Period”), up to a maximum percentage of the Target Units, all as set forth in the Notice. The Units are subject to the provisions of the Dow Holdings Inc. 2019 Stock Incentive Plan (the “Plan”), the Notice, and this Performance Stock Unit Award Agreement (together with the Notice, the “Agreement”). Capitalized terms used in this Agreement and not otherwise defined shall have the meanings assigned to such terms in the Plan. This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended.

1. Grant of Units. The Company has granted to the Grantee, as of the Date of Grant specified in the Notice, the target number of Units as set forth in the Notice, which represent the right to receive an equal number of shares of the Company’s Common Stock, on the terms set forth in the Plan and in this Agreement. Grantee shall have no right to the delivery of any Shares until the Units vest in accordance with the Plan and this Agreement.

2. Vesting of Units. Subject to Sections 3, 4 and 5 below, the Award shall vest in accordance with the schedule set forth in the Notice and shall immediately cease to vest upon the date the Grantee’s Continuous Service is terminated for any or no reason (such date, the “Termination Date”), with any Units that remain unvested and unearned as of the Termination Date to be immediately cancelled and forfeited by the Grantee.

3. Termination of Continuous Service.
   a. Death and Disability.
      i. Default Rule. In the event Grantee’s Continuous Service terminates due to death or Disability, the Target Units, to the extent not already vested, shall become fully vested as of the Termination Date, and shall be settled in accordance with Section 6 hereof as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.
      ii. Grants in Year of Termination. Notwithstanding the foregoing in this Section 3(a), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant, the number of Target Units subject to the Award shall be pro-rated by multiplying the number of Target Units subject to the Award by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is twelve. The remaining number of Target Units shall be immediately canceled and forfeited without consideration as of the Termination Date. Such pro-rated number of Target Units shall
remain outstanding until the end of the vesting period set forth in the Notice, and shall be settled in accordance with
Section 6 hereof, as if the Grantee had remained in Continuous Service through the last day of the vesting period.

b. **Age and Service Requirements.**

   i. **Default Rule.** In the event Grantee’s Continuous Service terminates after the Grantee has satisfied the Age and
   Service Requirements, the Target Units shall become fully vested as of the Termination Date, and shall be settled in
   accordance with Section 6 hereof, as if the Grantee had remained in Continuous Service through the last day of the vesting
   period set forth in the Notice.

   ii. **Grants in Year of Termination.** Notwithstanding the foregoing in this Section 3(b), if the Grantee’s Termination
   Date occurs in the same calendar year as the Date of Grant and the Grantee has been in Continuous Service for at least six
   months during such calendar year, the number of Target Units subject to the Award shall be pro-rated by multiplying the
   number of Target Units subject to the Award by a fraction, the numerator of which is the number of completed calendar
   months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is
   twelve. The remaining number of Target Units shall be immediately canceled and forfeited without consideration as of the
   Termination Date. Such pro-rated number of Target Units shall remain outstanding until the end of the vesting period set
   forth in the Notice, and shall be settled in accordance with Section 6 hereof, as if the Grantee had remained in Continuous
   Service through the last day of the vesting period. If the Grantee has been in Continuous Service for less than six months
   during such calendar year, the Award shall be immediately canceled and forfeited without consideration as of the
   Termination Date.

   iii. **Involuntary Separation from Service.** Notwithstanding anything to the contrary in this Agreement, and for the
   avoidance of doubt, in the event a Grantee who has satisfied the Age and Service Requirements terminates employment
   involuntarily in a manner that makes the Grantee entitled to receive severance benefits pursuant to a severance plan
   maintained by the Company or a Subsidiary, and provided that the Grantee satisfies all conditions applicable to the payment
   of such severance (including, without limitation, any release condition), then the Award shall be subject to the treatment set
   forth in subparagraphs (i)-(ii) above, and not the treatment described in Section 3(c) below.

c. **Involuntary Separation from Service.**

   i. **Default Rule.** In the event the Grantee’s Continuous Service terminates in a manner that makes the Grantee entitled
   to receive severance benefits pursuant to a severance plan maintained by the Company or a Subsidiary, and provided that
   the Grantee satisfies all conditions applicable to the payment of such severance (including, without limitation, any release
   condition), the number of Target
Units subject to the Award shall be pro-rated by multiplying the number of Target Units subject to the Award by a fraction, the numerator of which is equal to the number of completed calendar months worked during the vesting period set forth in the Notice, and the denominator of which is equal to the number of months in the vesting period. The remaining number of Target Units shall be immediately canceled and forfeited without consideration as of the Termination Date. Such pro-rated number of Target Units shall remain outstanding until the end of the vesting period set forth in the Notice, and shall be settled in accordance with Section 6 hereof, as if the Grantee had remained in Continuous Service through the last day of the vesting period.

ii. Grants in Year of Termination. Notwithstanding the foregoing in this Section 3(c), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant and the Grantee has been in Continuous Service for at least six months during such calendar year, the number of Target Units subject to the Award shall be pro-rated by multiplying the number of Target Units subject to the Award by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is equal to the number of months in the vesting period set forth in the Notice. The remaining number of Target Units shall be immediately canceled and forfeited without consideration as of the Termination Date. Such pro-rated number of Target Units shall remain outstanding until the end of the vesting period set forth in the Notice, and shall be settled in accordance with Section 6 hereof, as if the Grantee had remained in Continuous Service through the last day of the vesting period. If the Grantee has been in Continuous Service for less than six months during such calendar year, the Award shall be immediately canceled and forfeited without consideration as of the Termination Date.

iii. Special Circumstances. If the Grantee’s Continuous Service terminates in a manner that does not entitle the Grantee to receive any severance benefits from a severance plan maintained by the Company or a Subsidiary, the Award may be treated in the manner set forth in Section 3(c)(i), but only if the Grantee and the Company have executed a written separation agreement providing that the Award shall receive such treatment.

d. Divestitures and Transfers.

i. Termination Due to Divestiture – Hired by Purchaser. If the Grantee’s Continuous Service terminates in connection with a divestiture, sale, or other transaction, and the Grantee either (A) continues in employment with the divested entity following the closing of a stock transaction, or (B) is offered and accepts employment with the purchaser in connection with an asset transaction, then the Award shall be treated in the same manner as if the Grantee’s Continuous Service had terminated due to death or Disability, as set forth in Section 3(a) above.
ii. Termination Due to Divestiture – Offer Declined. If the Grantee’s Continuous Service terminates in connection with a divestiture, sale, or other transaction, and the Grantee is offered but declines employment with the purchaser in such transaction, then the Award shall be immediately canceled and forfeited without consideration as of the Grantee’s Termination Date.

iii. Transfer to Joint Venture – Less Than 50% Company Ownership. If the Grantee’s Continuous Service terminates because of his or her transfer to a joint venture in which the Company and its Subsidiaries own less than fifty percent (50%) of the outstanding voting securities of the joint venture entity, then the Award shall be treated in the same manner as if the Grantee’s Continuous Service had terminated due to death or Disability, as set forth in Section 3(a) above. For the avoidance of doubt, a secondment of the Grantee to a joint venture is not a termination for purposes of this Section 3(d)(iii).

iv. Transfer to a Joint Venture or Subsidiary – 50% or Greater Company Ownership. If the Grantee transfers employment to a joint venture or other entity in which the Company and its Subsidiaries own fifty percent (50%) or more of the outstanding voting securities of such entity, then the Award shall continue in effect in accordance with and subject to the terms and conditions set forth in this Agreement. For the avoidance of doubt, a secondment of the Grantee to a joint venture is not a transfer for purposes of this Section 3(d)(iv).

e. Cause. If the Grantee’s Continuous Service is terminated due to Cause, then the Award shall be immediately canceled and forfeited without consideration as of the Termination Date.

4. Change in Control. In the event of a Change in Control, the Committee may determine the treatment of the Award subject to and in accordance with the provisions of the Plan.

5. Forfeiture; Recoupment.

   a. Event of Restatement. If the Committee determines that Grantee’s acts or omissions contributed to the need to restate any previously issued financial statements, the Committee may require the Grantee to reimburse or repay to the Company, or the Company may reduce the amount of the Award, by up to the amount of any “gain” the Grantee received. For purposes of this Section 5(a), “gain” shall mean the amount that the Grantee received in connection with the Award (including the proceeds of any sale of Common Stock after the Award has been settled), less the amount that the Grantee should have received based upon the restated financial results. The Company may recover amounts due under this Section 5(a) by all means available, including obtaining direct repayment from the Grantee, withholding such amount from other amounts owed by the Company or an Affiliate to the Grantee (or with respect to the Grantee), and/or causing the cancellation of any outstanding incentive award due to the Grantee under the Plan or otherwise. This Section 5(a) shall not affect the Company’s ability to pursue any other available rights and remedies under applicable law.
b. **Unfair Competition.** If the Committee determines that Grantee has engaged in “unfair competition”, the Grantee shall (i) immediately forfeit the Award (whether earned or unearned) as of the date Grantee first engaged in such unfair competition, as determined by the Committee, and (ii) promptly pay to the Company the Fair Market Value of any Shares issued pursuant to the Award within the three years preceding such date. For purposes of this Section 5(b), “unfair competition” means any act or omission by Grantee that (x) competes, or is intended to compete, with the Company, or (y) is or may be harmful to the interests of the Company. For purposes of this Section 5(b), “Company” shall mean the Company and/or any Subsidiary or Affiliate that has employed the Grantee, retained the Grantee’s services or to which the Grantee provided services. This Section 5(b) shall not affect the Company’s ability to pursue any other available rights and remedies under applicable law.

c. **Unpaid Leave of Absence.** In the event Grantee takes an unpaid leave of absence from the Company or any Subsidiary, the Committee may in its discretion take any action that is consistent with the terms of the Plan and applicable law, including but not limited to suspending vesting of the Award during the period of leave, or causing Grantee to forfeit any unvested portion of this Award.

d. **Acceptance of Award Terms.** If the Grantee fails to accept the terms of the Award before the deadline set forth in the Notice, such Award shall be forfeited in its entirety, unless otherwise provided by the Committee.

6. **Calculation and Settlement of Units.** Following the completion of the Performance Period, the Committee shall review and certify the achievement of the Performance Goals, and determine the applicable percentage of Units that will be earned and paid following the end of the vesting period. The Award shall, to the extent earned in accordance with the foregoing, the Notice, and the remainder of this Agreement, be settled in actual shares of Common Stock within 30 days following the last day of the vesting period set forth in the Notice. If the Units become vested and earned in connection with a Change in Control under Section 4, such Units shall be settled at the time and in the manner provided under the Plan.

7. **Dividend Equivalents.** Grantee shall be entitled to accrue Dividend Equivalents with respect to the payment of cash dividends on the Shares underlying the Award during the period beginning on the Date of Grant and ending, with respect to each Share subject to the Award, on the earlier of the date on which the vested portion of the Award is settled, or the date the unvested portion of the Award expires or is otherwise forfeited. Such Dividend Equivalents shall accumulate during the vesting period set forth in the Notice, and shall be paid to Grantee within 60 days following the end of such vesting period, provided that the Grantee has vested in the underlying Award. For the avoidance of doubt, no Dividend Equivalents shall be paid with respect to a forfeited Award. If such Dividend Equivalents will be paid in cash, Grantees who are located outside of the U.S. will receive payment of their Dividend Equivalents in local currency, with such amount to be converted from U.S. dollars based on the Company’s inter-company trading rate in effect at the time of delivery (or such other method as the Committee may determine in its sole discretion). No interest shall be earned or paid with respect to such Dividend Equivalents.
8. **Beneficiary Designation.** To the extent permitted by the Committee, Grantee may designate a beneficiary (including a trust beneficiary) to receive any Common Stock issued with respect to the Award following Grantee’s death by identifying a beneficiary in writing in a manner designated by the Committee. Any such designation shall be effective upon receipt by the Company at any time prior to Grantee’s death. A beneficiary, legal guardian, legal representative, or other person claiming any rights hereunder is subject to all terms and conditions of this Agreement and the Plan and to any additional restrictions deemed necessary or appropriate by the Committee. Subject to the foregoing, a beneficiary designation may be changed or revoked by Grantee at any time, provided that the change or revocation is filed with and received by the Company prior to the Grantee’s death. No beneficiary designation, change, or revocation will be effective unless it is in writing in a manner designated by the Committee and received by the Company before Grantee’s death. In the event the Grantee fails or is not permitted to designate a beneficiary, or if for any reason the designation is legally ineffective, or if no designated beneficiary survives to the date that distribution is payable, any amount due under the Plan to the Grantee shall be payable, in the following order: (1) to the Grantee’s legal spouse or Domestic Partner; (2) to the Grantee’s surviving Children in equal shares; or (3) to the Grantee’s estate. Upon the divorce of the Grantee, a prior designation of a legal spouse as a beneficiary shall be automatically null and void, and the Plan shall not be liable to the former spouse.

9. **No Shareholder Rights.** Neither the Award nor the Shares underlying the Award confers to Grantee or Grantee’s beneficiary any rights of a shareholder of the Company, including a right to receive any dividends, Dividend Equivalents (except as provided in Section 7), or other distributions with respect to the Common Stock underlying the Award, unless and until shares of Common Stock are issued to such person pursuant to the Award.

10. **No Right to Continued Service.** Nothing in this Agreement shall interfere with, limit, or affect in any way, the right of the Company or any Affiliate to terminate Grantee’s employment or service at any time, nor confer upon Grantee any right to continue in the employment or service of the Company or any Affiliate.

11. **Payment of Taxes.** Grantee will, no later than the date as of which any amount related to the Award first becomes taxable, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state, local, or non-U.S. taxes of any kind that the Company determines is sufficient to satisfy such withholding tax requirements. If Grantee fails to do so, then the Company shall withhold Units as may be necessary to cover such tax obligations.

12. **Section 409A.** This Agreement and payments hereunder shall be interpreted to be compliant with or exempt from the requirements of Section 409A of the Code.

13. **Governing Law.** The Award and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of choice or conflict of laws that would otherwise refer to the laws of another jurisdiction.

14. **Plan Controls.** The terms contained in the Plan are hereby incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, or as to matters as to which this Agreement is silent, the provisions of the Plan shall be controlling and determinative.
15. **Entire Agreement.** Subject to the following sentence, this Agreement and the Plan constitute the entire agreement between the parties and supersede all prior agreements and understandings relating to the subject matter of this Agreement and the Plan. Notwithstanding the foregoing sentence, this Agreement does not supersede any agreement between Grantee and the Company and/or its Affiliates that imposes non-competition, non-disclosure, non-solicitation, or other obligations on the Grantee. The terms of any such agreement described in the preceding sentence shall remain in full force and shall not be affected by the terms of this Agreement.

16. **Severability.** If any one or more provisions of this Agreement are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions of this Agreement shall nevertheless be binding and enforceable.

17. **Waiver.** The waiver by the Company with respect to Grantee’s compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Grantee of such provision of this Agreement.

18. **Reformation.** It is the intention of Grantee and the Company that if any of the restrictions, limitations, or obligations of the Grantee set forth in this Agreement are found by a court of competent jurisdiction to be overly broad, unreasonable, or otherwise unenforceable then these restrictions, limitations, or obligations shall be modified and enforced to the greatest extent that the court deems permissible.

19. **Successors and Third-Party Beneficiaries.** This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan. Each of the Company’s Affiliates shall be deemed to be a third-party beneficiary under this Agreement. The provisions of this Agreement extend to these third-party beneficiaries.

20. **Notice.** Notices and communications under this Agreement must be in writing (and in the case of notices by the Company, any such notice must be made by an individual authorized by the Committee to communicate regarding the subject of the notice) and unless provided otherwise in this Agreement or by the Committee, either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to: [Title] 2211 H.H. Dow Way, Midland, MI 48674, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

21. **Whistleblower Protections.** Nothing in this Agreement, any other agreement, or policy of the Company or its Affiliates is intended, or should be interpreted, to prohibit the Grantee from (1) reporting possible violations of federal law or regulation to any government agency or entity, (2) making any disclosures that are protected under the whistleblower provisions of federal law or regulation, or (3) otherwise cooperating with any government inquiry, in each case without advance approval by, or prior, contemporaneous, or subsequent notice to, anyone in the Company of its Affiliates.
22. Data Privacy. The Grantee acknowledges and agrees that the Company and its Affiliates will process and retain certain personal data for the purposes of (1) calculating Awards, (2) monitoring Award terms and conditions, and (3) otherwise administering the Plan and Awards made under it. Such personal data may include, among other things, the Grantee’s address, email address, social security number, pay data, job title, and employment dates. The Grantee consents to such processing, and to the sharing of such personal data with the Company, its Affiliates, its agents, its advisers, its regulators, and tax authorities, wherever appropriate.

23. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company. The Grantee also agrees that all online acknowledgements shall have the same force and effect as a written signature.

24. Addendum. Notwithstanding the provisions in this Agreement, if the Grantee resides and/or works outside the United States, the Award shall be subject to the special terms and conditions set forth in the addendum to this Agreement (the “Addendum”). Moreover, if the Grantee relocates to one of the jurisdictions included in the Addendum, the special terms and conditions for such jurisdiction will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes a part of this Agreement.
NOTICE OF GRANT OF RESTRICTED STOCK

DOW HOLDINGS INC.

2019 STOCK INCENTIVE PLAN

The Grantee named below ("Grantee") has been granted restricted stock with respect to a specified number of shares of Dow Holdings Inc. common stock, par value $[●] per share (the "Shares"), as set forth below (this "Award"). This Award is subject to the provisions of the Dow Holdings Inc. 2019 Stock Incentive Plan (the "Plan"), this Notice of Grant of Restricted Stock (this "Notice") and the Restricted Stock Award Agreement (together with this Notice, the "Agreement"). Capitalized terms used in this Agreement and not otherwise defined shall have the meanings assigned to such terms in the Plan. This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended.

Grantee: [●]
Number of Shares: [●]
Grant Price: $[●]
Date of Grant: [●]
Vesting Schedule: Subject to the provisions of the Plan and this Agreement, this award will become vested on the second anniversary of the Date of Grant, provided that Grantee has been in Continuous Service since the Date of Grant.

By signing below, Grantee shall be deemed to have agreed to the terms and conditions of the Plan and this Agreement.

DOW HOLDINGS INC.

By: ________________________________
   Name:
   Title:

GRANTEE

By: ________________________________
   Name:
   Date:
RESTRICTED STOCK AWARD AGREEMENT

DOW HOLDINGS INC. 2019 STOCK INCENTIVE PLAN

1. Grant of Award. The Company has granted to the Grantee, as of the Date of Grant specified in the Notice, an award of restricted stock (“Restricted Stock”) with respect to the number of shares of the Company’s Common Stock, par value $[•] per share, as set forth in the Notice, on the terms set forth in the Plan and in this Agreement.

2. Vesting of Award; Forfeiture. Shares of Restricted Stock will vest and become nonforfeitable in accordance with the schedule set forth in the Notice. Except as provided below, the Award shall immediately cease to vest upon the date the Grantee’s Continuous Service as a Director ends for any or no reason, with any portion of the Award that remains unvested as of such date to be immediately cancelled and forfeited by the Grantee. Notwithstanding the foregoing, if the Grantee ceases to be a Director before the vesting date set forth in the Notice due to (a) death, (b) disability, (c) personal family illness, or (d) expiration of service due to not being renominated or reelected by the shareholders of the Company, the Grantee will vest immediately in the Restricted Stock.

3. Transfer Restrictions. Shares of Restricted Stock may not be sold, assigned, exchanged, transferred, pledged, hypothecated or otherwise disposed of by the Grantee, except as provided in Section 4 and Section 5 below.

4. Lifting of Transfer Restrictions. With respect to vested shares of Restricted Stock, the restrictions set forth in Section 3 above shall lapse upon the earliest to occur of:
   a. Grantee’s death,
   b. Grantee’s resignation as a Director due to disability or personal family illness,
   c. The expiration of the Director’s term of service,
   d. Grantee’s failure to be reelected as a Director, or
   e. Grantee’s resignation as a Director for any other reason, provided that Grantee has attended at least 50% of the total Board and committee meetings which the Grantee was eligible to attend within the 12 months preceding the resignation date.

5. Change in Control. In the event of a Change in Control, the Award shall become fully vested upon the consummation of the Change in Control, and all restrictions on transfer shall lapse as of such date, subject to applicable law.

6. Rights as a Stockholder. The Grantee shall be entitled to all of the rights of a stockholder with respect to the shares of Common Stock underlying the Award, including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares since the date of issuance of such shares.

7. Legends. Shares shall be issued in the Grantee’s name and held in book-entry form with the appropriate legend noting the limitations on transferability, the risk of forfeiture, any other restrictions under this Agreement, and applicable securities law restrictions.

8. No Right to Continued Service. Nothing in this Agreement shall interfere with, limit, or affect in any way, the right of the Company or any Affiliate to terminate Grantee’s service at any time, nor confer upon Grantee any right to continue in the service of the Company or any Affiliate.
9. Payment of Taxes. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award. The Company makes no representation or undertaking regarding the tax treatment of the grant or vesting of the Award or the subsequent sale of any of the underlying shares. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee’s tax liability.

10. Section 409A. This Agreement and payments hereunder are intended to be exempt from the requirements of Section 409A of the Code.

11. Governing Law. This Award and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of choice or conflict of laws that would otherwise refer to the laws of another jurisdiction.

12. Plan Controls. The terms contained in the Plan are hereby incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, or as to matters as to which this Agreement is silent, the provisions of the Plan shall be controlling and determinative.

13. Entire Agreement. Subject to the following sentence, this Agreement and the Plan constitute the entire agreement between the parties and supersede all prior agreements and understandings relating to the subject matter of this Agreement and the Plan. Notwithstanding the foregoing sentence, this Agreement does not supersede any agreement between Grantee and the Company and/or its Affiliates that imposes non-competition, non-disclosure, non-solicitation, or other obligations on the Grantee. The terms of any such agreement described in the preceding sentence shall remain in full force and shall not be affected by the terms of this Agreement.

14. Severability. If any one or more provisions of this Agreement are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions of this Agreement shall nevertheless be binding and enforceable.

15. Waiver. The waiver by the Company with respect to Grantee’s compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Grantee of such provision of this Agreement.

16. Reformation. It is the intention of Grantee and the Company that if any of the restrictions, limitations, or obligations of the Grantee set forth in this Agreement are found by a court of competent jurisdiction to be overly broad, unreasonable, or otherwise unenforceable then these restrictions, limitations, or obligations shall be modified and enforced to the greatest extent that the court deems permissible.

17. Successors and Third-Party Beneficiaries. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan. Each of the Company’s Affiliates shall be deemed to be a third-party beneficiary under this Agreement. The provisions of this Agreement extend to these third-party beneficiaries.

18. Notice. Notices and communications under this Agreement must be in writing (and in the case of notices by the Company, any such notice must be made by an individual authorized by the Committee to communicate regarding the subject of the notice) and unless provided otherwise in this Agreement or by the Committee, either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to: [ADDRESS], or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.
19. **Whistleblower Protections.** Nothing in this Agreement, any other agreement, or policy of the Company or its Affiliates is intended, or should be interpreted, to prohibit the Grantee from (1) reporting possible violations of federal law or regulation to any government agency or entity, (2) making any disclosures that are protected under the whistleblower provisions of federal law or regulation, or (3) otherwise cooperating with any government inquiry, in each case without advance approval by, or prior, contemporaneous, or subsequent notice to, anyone in the Company or its Affiliates.

20. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company. The Grantee also agrees that all online acknowledgements shall have the same force and effect as a written signature.

21. **Data Privacy.** The Grantee acknowledges and agrees that the Company and its Affiliates will process and retain certain personal data for the purposes of (1) calculating Awards, (2) monitoring Award terms and conditions, and (3) otherwise administering the Plan and Awards made under it. Such personal data may include, among other things, the Grantee’s address, email address, social security number, pay data, job title, and service dates. The Grantee consents to such processing, and to the sharing of such personal data with the Company, its Affiliates, its agents, its advisers, its regulators, and tax authorities, wherever appropriate.
RESTRICTED STOCK UNIT AWARD AGREEMENT

DOW HOLDINGS INC. 2019 STOCK INCENTIVE PLAN

The individual ("Grantee") named in the accompanying award letter for [YEAR] grants (the “Notice”) has been granted restricted stock units with respect to a specified number of shares of Dow Holdings Inc. common stock, par value $[*] per share (the “Shares”), as set forth in the Notice (the “Units” or this “Award”). The Units are subject to the provisions of the Dow Holdings Inc. 2019 Stock Incentive Plan (the “Plan”), the Notice, and this Restricted Stock Unit Award Agreement (together with the Notice, the “Agreement”). Capitalized terms used in this Agreement and not otherwise defined shall have the meanings assigned to such terms in the Plan. This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended.

1. Grant of Units. The Company has granted to the Grantee, as of the Date of Grant specified in the Notice, the number of Units as set forth in the Notice, which represent the right to receive an equal number of shares of the Company’s Common Stock, on the terms set forth in the Plan and in this Agreement. Grantee shall have no right to the delivery of any Shares until the Units vest in accordance with the Plan and this Agreement.

2. Vesting of Units. Subject to Sections 3, 4 and 5 below, the Units shall vest in accordance with the vesting schedule set forth in the Notice and shall immediately cease to vest upon the date the Grantee’s Continuous Service is terminated for any or no reason (such date, the “Termination Date”), with any Units that remain unvested as of the Termination Date to be immediately cancelled and forfeited by the Grantee.

3. Termination of Continuous Service.
   a. Death and Disability.
      i. Default Rule. In the event Grantee’s Continuous Service terminates due to death or Disability, the Units, to the extent not already vested, shall become fully vested as of the Termination Date, and shall be settled in accordance with the schedule set forth in Section 6 hereof as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.
      ii. Grants in Year of Termination. Notwithstanding the foregoing in this Section 3(a), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant, the Units shall instead vest on a pro rata basis determined by multiplying the total number of Units subject to this Award by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is twelve. The remaining unvested Units shall be immediately canceled and forfeited without consideration as of the Termination Date. Any Units that vest due to this Section 3(a)(ii) shall be settled in accordance with the schedule set forth in Section 6 hereof as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.
**b. Age and Service Requirements.**

i. Default Rule. In the event Grantee’s Continuous Service terminates after the Grantee has satisfied the Age and Service Requirements, the Units, to the extent not already vested, shall become fully vested as of the Termination Date, and shall be settled in accordance with the schedule set forth in Section 6 hereof as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.

ii. Grants in Year of Termination. Notwithstanding the foregoing in this Section 3(b), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant and the Grantee has been in Continuous Service for at least six months during such calendar year, the Units shall instead vest on a pro rata basis determined by multiplying the total number of Units subject to this Award by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is twelve. The remaining unvested Units shall be immediately canceled and forfeited without consideration as of the Termination Date. If the Grantee has been in Continuous Service for less than six months during such calendar year, the Units shall be immediately canceled and forfeited without consideration as of the Termination Date. Any Units that vest due to this Section 3(b)(ii) shall be settled in accordance with the schedule set forth in Section 6 hereof as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.

iii. Involuntary Separation from Service. Notwithstanding anything to the contrary in this Agreement, and for the avoidance of doubt, in the event a Grantee who has satisfied the Age and Service Requirements terminates employment involuntarily in a manner that makes the Grantee entitled to receive severance benefits pursuant to a severance plan maintained by the Company or a Subsidiary, and provided that the Grantee satisfies all conditions applicable to the payment of such severance (including, without limitation, any release condition), then the Units shall be subject to the treatment set forth in subparagraphs (i)-(ii) above, and not the treatment described in Section 3(c) below.

**c. Involuntary Separation from Service.**

i. Default Rule. In the event the Grantee’s Continuous Service terminates in a manner that makes the Grantee entitled to receive severance benefits pursuant to a severance plan maintained by the Company or a Subsidiary, and provided that the Grantee satisfies all conditions applicable to the payment of such severance (including, without limitation, any release condition), the Units shall vest on a pro rata basis determined by multiplying the total number of Units subject to this Award by a fraction, the numerator of which is equal to the number of completed calendar months worked during the vesting period, and the denominator of which is equal to the number of months in the vesting period. The remaining unvested portion of the Units (if any) shall be immediately cancelled and forfeited without
consideration as of the Termination Date. Any Units that vest due to this Section 3(c)(i) shall be settled in accordance with the schedule set forth in Section 6 hereof as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.

ii. Grants in Year of Termination. Notwithstanding the foregoing in this Section 3(c), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant and the Grantee has been in Continuous Service for at least six months during such calendar year, the Units shall instead vest on a pro rata basis determined by multiplying the total number of Units subject to this Award by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is the number of months in the vesting period. The remaining unvested Units shall be immediately canceled and forfeited without consideration as of the Termination Date. If the Grantee has been in Continuous Service for less than six months during such calendar year, the Units shall be immediately canceled and forfeited without consideration as of the Termination Date. Any Units that vest due to this Section 3(c)(ii) shall be settled in accordance with the schedule set forth in Section 6 hereof as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.

iii. Special Circumstances. If the Grantee’s Continuous Service terminates in a manner that does not entitle the Grantee to receive any severance benefits from a severance plan maintained by the Company or a Subsidiary, the Units may be treated in the manner set forth in Section 3(c)(i), but only if the Grantee and the Company have executed a written separation agreement providing that the Units shall receive such treatment.

d. Divestitures and Transfers.

i. Termination Due to Divestiture – Hired by Purchaser. If the Grantee’s Continuous Service terminates in connection with a divestiture, sale, or other transaction, and the Grantee either (A) continues in employment with the divested entity following the closing of a stock transaction, or (B) is offered and accepts employment with the purchaser in connection with an asset transaction, then the Units shall be treated in the same manner as if the Grantee’s Continuous Service had terminated due to death or Disability, as set forth in Section 3(a) above.

ii. Termination Due to Divestiture – Offer Declined. If the Grantee’s Continuous Service terminates in connection with a divestiture, sale, or other transaction, and the Grantee is offered but declines employment with the purchaser in such transaction, then the Units shall be immediately canceled and forfeited without consideration as of the Grantee’s Termination Date.
iii. Transfer to Joint Venture – Less Than 50% Company Ownership. If the Grantee’s Continuous Service terminates because of his or her transfer to a joint venture in which the Company and its Subsidiaries own less than fifty percent (50%) of the outstanding voting securities of the joint venture entity, then the Units shall be treated in the same manner as if the Grantee’s Continuous Service had terminated due to death or Disability, as set forth in Section 3(a) above. For the avoidance of doubt, a secondment of the Grantee to a joint venture is not a termination for purposes of this Section 3(d)(iii).

iv. Transfer to a Joint Venture or Subsidiary – 50% or Greater Company Ownership. If the Grantee transfers employment to a joint venture or other entity in which the Company and its Subsidiaries own fifty percent (50%) or more of the outstanding voting securities of such entity, then the Units shall continue in effect in accordance with and subject to the terms and conditions set forth in this Agreement. For the avoidance of doubt, a secondment of the Grantee to a joint venture is not a transfer for purposes of this Section 3(d)(iv).

e. **Cause.** If the Grantee’s Continuous Service is terminated due to Cause, then this Award (including both any vested or non-vested Units) shall be immediately canceled and forfeited without consideration as of the Termination Date.

4. **Change in Control.** In the event of a Change in Control, the Committee may determine the treatment of the Units subject to and in accordance with the provisions of the Plan.

5. **Forfeiture; Recoupment.**

   a. **Event of Restatement.** If the Committee determines that Grantee’s acts or omissions contributed to the need to restate any previously issued financial statements, the Committee may require the Grantee to reimburse or repay to the Company, or the Company may reduce the amount of this Award, by up to the amount of any “gain” the Grantee received. For purposes of this Section 5(a), “gain” shall mean the amount that the Grantee received in connection with this Award (including the proceeds of any sale of Common Stock after this Award has been settled), less the amount that the Grantee should have received based upon the restated financial results. The Company may recover amounts due under this Section 5(a) by all means available, including obtaining direct repayment from the Grantee, withholding such amount from other amounts owed by the Company or an Affiliate to the Grantee (or with respect to the Grantee), and/or causing the cancellation of any outstanding incentive award due to the Grantee under the Plan or otherwise. This Section 5(a) shall not affect the Company’s ability to pursue any other available rights and remedies under applicable law.

   b. **Unfair Competition.** If the Committee determines that Grantee has engaged in “unfair competition”, the Grantee shall (i) immediately forfeit the Units (whether vested or unvested) as of the date Grantee first engaged in such unfair competition, as determined by the Committee, and (ii) promptly pay to the Company the Fair Market Value of any Shares issued pursuant to this Award within the three years preceding such date. For purposes of this Section 5(b), “unfair competition” means any act or omission by Grantee that (x) competes, or is intended to compete,
with the Company, or (y) is or may be harmful to the interests of the Company. For purposes of this Section 5(b), “Company” shall mean the Company and/or any Subsidiary or Affiliate that has employed the Grantee, retained the Grantee’s services or to which the Grantee provided services. This Section 5(b) shall not affect the Company’s ability to pursue any other available rights and remedies under applicable law.

c. **Unpaid Leave of Absence.** In the event Grantee takes an unpaid leave of absence from the Company or any Subsidiary, the Committee may in its discretion take any action that is consistent with the terms of the Plan and applicable law, including but not limited to suspending vesting of the Award during the period of leave, or causing Grantee to forfeit any unvested portion of this Award.

d. **Acceptance of Award Terms.** If the Grantee fails to accept the terms of the Award before the deadline set forth in the Notice, such Award shall be forfeited in its entirety, unless otherwise provided by the Committee.

6. **Settlement in Common Stock.** The Units shall be settled in actual shares of Common Stock within 30 days following the end of the vesting period set forth in the Notice, irrespective of whether such Units become vested at an earlier time under Section 3 hereof. If the Units become vested in connection with a Change in Control under Section 4, such Units shall be settled at the time and in the manner provided under the Plan.

7. **Dividend Equivalents.** Grantee shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on the Shares underlying this Award during the period beginning on the Date of Grant and ending, with respect to each Share subject to this Award, on the earlier of the date on which this Award is settled or the date on which it expires or is otherwise forfeited. Such Dividend Equivalents shall be paid to Grantee on the date the corresponding cash dividend is paid to shareholders of the Company’s Common Stock (or as soon as practicable thereafter). If such Dividend Equivalents are paid in cash, Grantees who are located outside of the U.S. will receive payment of their Dividend Equivalents in local currency, with such amount to be converted from U.S. dollars based on the Company’s inter-company trading rate in effect at the time of delivery (or such other method as the Committee may determine in its sole discretion). Notwithstanding the foregoing, if the Notice provides that Dividend Equivalents will be accumulated during the vesting period set forth in the Notice and paid in Common Stock, such Dividend Equivalents shall be subject to the same time and form of payment, and the same vesting and forfeiture conditions, as the remainder of the Award. No interest shall be earned or paid with respect to such Dividend Equivalents.

8. **Beneficiary Designation.** To the extent permitted by the Committee, Grantee may designate a beneficiary (including a trust beneficiary) to receive any Common Stock issued with respect to the Units following Grantee’s death by identifying a beneficiary in writing in a manner designated by the Committee. Any such designation shall be effective upon receipt by the Company at any time prior to Grantee’s death. A beneficiary, legal guardian, legal representative, or other person claiming any rights hereunder is subject to all terms and conditions of this Agreement and the Plan and to any additional restrictions deemed necessary or appropriate by the Committee. Subject to the foregoing, a beneficiary designation may be changed or
revoked by Grantee at any time, provided that the change or revocation is filed with and received by the Company prior to the Grantee’s death. No beneficiary designation, change, or revocation will be effective unless it is in writing in a manner designated by the Committee and received by the Company before Grantee’s death. In the event the Grantee fails or is not permitted to designate a beneficiary, or if for any reason the designation is legally ineffective, or if no designated beneficiary survives to the date that distribution is payable, any amount due under the Plan to the Grantee shall be payable, in the following order: (1) to the Grantee’s legal spouse or Domestic Partner; (2) to the Grantee’s surviving Children in equal shares; or (3) to the Grantee’s estate. Upon the divorce of the Grantee, a prior designation of a legal spouse as a beneficiary shall be automatically null and void, and the Plan shall not be liable to the former spouse.

9. **No Shareholder Rights.** Neither this Award nor the Shares underlying this Award confers to Grantee or Grantee’s beneficiary any rights of a shareholder of the Company, including a right to receive any dividends, Dividend Equivalents (except as provided in Section 7), or other distributions with respect to the Common Stock underlying the Units, unless and until shares of Common Stock are issued to such person pursuant to this Award.

10. **No Right to Continued Service.** Nothing in this Agreement shall interfere with, limit, or affect in any way, the right of the Company or any Affiliate to terminate Grantee’s employment or service at any time, nor confer upon Grantee any right to continue in the employment or service of the Company or any Affiliate.

11. **Payment of Taxes.** Grantee will, no later than the date as of which any amount related to the Units first becomes taxable, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state, local, or non-U.S. taxes of any kind that the Company determines is sufficient to satisfy such withholding tax requirements. If Grantee fails to do so, then the Company shall withhold Units as may be necessary to cover such tax obligations.

12. **Section 409A.** This Agreement and payments hereunder shall be interpreted to be compliant with or exempt from the requirements of Section 409A of the Code.

13. **Governing Law.** This Award and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of choice or conflict of laws that would otherwise refer to the laws of another jurisdiction.

14. **Plan Controls.** The terms contained in the Plan are hereby incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, or as to matters as to which this Agreement is silent, the provisions of the Plan shall be controlling and determinative.

15. ** Entire Agreement.** Subject to the following sentence, this Agreement and the Plan constitute the entire agreement between the parties and supersede all prior agreements and understandings relating to the subject matter of this Agreement and the Plan. Notwithstanding the foregoing sentence, this Agreement does not supersede any agreement between Grantee and the Company and/or its Affiliates that imposes non-competition, non-disclosure, non-solicitation, or other obligations on the Grantee. The terms of any such agreement described in the preceding sentence shall remain in full force and shall not be affected by the terms of this Agreement.
16. Severability. If any one or more provisions of this Agreement are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions of this Agreement shall nevertheless be binding and enforceable.

17. Waiver. The waiver by the Company with respect to Grantee’s compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Grantee of such provision of this Agreement.

18. Reformation. It is the intention of Grantee and the Company that if any of the restrictions, limitations, or obligations of the Grantee set forth in this Agreement are found by a court of competent jurisdiction to be overly broad, unreasonable, or otherwise unenforceable then these restrictions, limitations, or obligations shall be modified and enforced to the greatest extent that the court deems permissible.

19. Successors and Third-Party Beneficiaries. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan. Each of the Company’s Affiliates shall be deemed to be a third-party beneficiary under this Agreement. The provisions of this Agreement extend to these third-party beneficiaries.

20. Notice. Notices and communications under this Agreement must be in writing (and in the case of notices by the Company, any such notice must be made by an individual authorized by the Committee to communicate regarding the subject of the notice) and unless provided otherwise in this Agreement or by the Committee, either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to: [Title] 2211 H.H. Dow Way, Midland, MI 48674, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

21. Whistleblower Protections. Nothing in this Agreement, any other agreement, or policy of the Company or its Affiliates is intended, or should be interpreted, to prohibit the Grantee from (1) reporting possible violations of federal law or regulation to any government agency or entity, (2) making any disclosures that are protected under the whistleblower provisions of federal law or regulation, or (3) otherwise cooperating with any government inquiry, in each case without advance approval by, or prior, contemporaneous, or subsequent notice to, anyone in the Company or its Affiliates.

22. Data Privacy. The Grantee acknowledges and agrees that the Company and its Affiliates will process and retain certain personal data for the purposes of (1) calculating Awards, (2) monitoring Award terms and conditions, and (3) otherwise administering the Plan and Awards made under it. Such personal data may include, among other things, the Grantee’s address, email address, social security number, pay data, job title, and employment dates. The Grantee consents to such processing, and to the sharing of such personal data with the Company, its Affiliates, its agents, its advisers, its regulators, and tax authorities, wherever appropriate.
23. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company. The Grantee also agrees that all online acknowledgements shall have the same force and effect as a written signature.

24. **Addendum.** Notwithstanding the provisions in this Agreement, if the Grantee resides and/or works outside the United States, this Award shall be subject to the special terms and conditions set forth in the addendum to this Agreement (the “Addendum”). Moreover, if the Grantee relocates to one of the jurisdictions included in the Addendum, the special terms and conditions for such jurisdiction will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes a part of this Agreement.
STOCK APPRECIATION RIGHT AWARD AGREEMENT

DOW HOLDINGS INC. 2019 STOCK INCENTIVE PLAN

The individual ("Grantee") named in the accompanying award letter for [YEAR] grants (the “Notice”) has been granted a stock appreciation right (this “SAR” or this “Award”) with respect to a specified number of shares of Dow Holdings Inc. common stock, par value $[●] per share (the “Shares”), as set forth in the Notice. This SAR is subject to the provisions of the Dow Holdings Inc. 2019 Stock Incentive Plan (the “Plan”), the Notice, and the Stock Appreciation Right Award Agreement (together with the Notice, the “Agreement”). Capitalized terms used in this Agreement and not otherwise defined shall have the meanings assigned to such terms in the Plan. This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended.

1. Grant of SAR. The Company has granted to the Grantee, as of the Date of Grant specified in the Notice, a stock appreciation right with respect to the number of Shares set forth in the Notice, which is a right to receive, for each such Share, a cash payment based on the appreciation between the Exercise Price specified in the Notice and the Fair Market Value of a Share on the exercise date, subject to the provisions of the Plan and this Agreement.

2. Vesting and Exercisability. Subject to Sections 3, 4, and 6 below, this SAR shall vest and become exercisable in accordance with the vesting schedule set forth in the Notice and shall immediately cease to vest or become exercisable upon the date the Grantee’s Continuous Service is terminated for any or no reason (such date, the “Termination Date”), with (a) any vested portion of this SAR that remains unexercised as of the ninetieth (90th) day after the Termination Date to be immediately cancelled and forfeited by the Grantee as of such date (or, if earlier, the Date of Expiration set forth in the Notice) and (b) any unvested portion of this SAR to be immediately cancelled and forfeited by the Grantee as of the Termination Date. Upon exercise of this SAR, the related stock option to purchase Shares (if any) shall be canceled automatically to the extent of the number of Shares covered by such exercise. Conversely, if a related stock option to purchase Shares is exercised, this SAR shall be cancelled automatically to the extent of the number of shares covered by such option exercise.

3. Termination of Continuous Service.
   a. Death and Disability.
      i. Default Rule. In the event Grantee’s Continuous Service terminates due to death or Disability, this SAR shall continue to vest and become exercisable in accordance with the vesting schedule set forth in the Notice, as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.
      ii. Grants in Year of Termination. Notwithstanding the foregoing in this Section 3(a), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant, this SAR shall instead vest and become exercisable only with respect to the number of Shares determined by multiplying the total number of Shares subject to this SAR by a fraction, the numerator of which is the number of
completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is twelve. Such prorated portion shall vest and become exercisable ratably in accordance with the vesting schedule set forth in the Notice. The remaining unvested portion of this SAR (if any) shall be immediately canceled and forfeited without consideration.

   iii. Exercisability. The vested and exercisable portion of this SAR (including any portion that vests and becomes exercisable following the termination of Continuous Service pursuant to this Section 3(a)), shall remain exercisable until the Date of Expiration set forth in the Notice.

b. Age and Service Requirements.

   i. Default Rule. In the event Grantee’s Continuous Service terminates after the Grantee has satisfied the Age and Service Requirements, this SAR shall become exercisable in accordance with the vesting schedule set forth in the Notice, as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.

   ii. Grants in Year of Termination. Notwithstanding the foregoing in this Section 3(b), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant and the Grantee has been in Continuous Service for at least six months during such calendar year, this SAR shall instead vest and become exercisable only with respect to the number of Shares determined by multiplying the total number of Shares subject to this SAR by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is twelve. Such prorated portion shall vest and become exercisable ratably in accordance with the vesting schedule set forth in the Notice. The remaining unvested portion of this SAR (if any) shall be immediately canceled and forfeited without consideration. If the Grantee has been in Continuous Service for less than six months during such calendar year, this SAR shall be immediately canceled and forfeited without consideration as of the Termination Date.

   iii. Exercisability. The vested and exercisable portion of this SAR (including any portion that vests and becomes exercisable following the termination of Continuous Service pursuant to this Section 3(b)), shall remain exercisable until the Date of Expiration set forth in the Notice.

   iv. Involuntary Separation from Service. Notwithstanding anything to the contrary in this Agreement, and for the avoidance of doubt, in the event a Grantee who has satisfied the Age and Service Requirements terminates employment involuntarily in a manner that makes the Grantee entitled to receive severance benefits pursuant to a severance plan maintained by the Company or a Subsidiary, and provided that the Grantee satisfies all conditions applicable to the payment of such severance (including, without limitation, any release condition), then this SAR shall be subject to the treatment set forth in subparagraphs (i)-(iii) above, and not the treatment described in Section 3(c) below.
c. **Involuntary Separation from Service.**

i. **Default Rule.** In the event the Grantee’s Continuous Service terminates in a manner that makes the Grantee entitled to receive severance benefits pursuant to a severance plan maintained by the Company or a Subsidiary, and provided that the Grantee satisfies all conditions applicable to the payment of such severance (including, without limitation, any release condition), this SAR shall vest on a pro-rata basis determined by multiplying the number of Shares subject to this SAR by a fraction, the numerator of which is the number of completed calendar months worked during the vesting period, and the denominator of which is equal to the number of months in the vesting period. The remaining unvested portion of this SAR (if any) shall be immediately cancelled and forfeited without consideration as of the Termination Date.

ii. **Grants in Year of Termination.** Notwithstanding the foregoing in this Section 3(c), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant and the Grantee has been in Continuous Service for at least six months during such calendar year, this SAR shall instead vest and become exercisable only with respect to the number of Shares determined by multiplying the total number of Shares subject to this SAR by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is equal to the number of months in the vesting period. Such prorated portion shall vest and become exercisable ratably in accordance with the vesting schedule set forth in the Notice. The remaining unvested portion of this SAR (if any) shall be immediately canceled and forfeited without consideration. If the Grantee has been in Continuous Service for less than six months during such calendar year, this SAR shall be immediately canceled and forfeited without consideration as of the Termination Date.

iii. **Exercisability.** The vested and exercisable portion of this SAR (including any portion that vests and becomes exercisable following the termination of Continuous Service pursuant to this Section 3(c)), shall remain exercisable until the Date of Expiration set forth in the Notice.

iv. **Special Circumstances.** If the Grantee’s Continuous Service terminates in a manner that does not entitle the Grantee to receive any severance benefits from a severance plan maintained by the Company or a Subsidiary, this SAR may be treated in the manner set forth in Section 3(c)(i), but only if the Grantee and the Company have executed a written separation agreement providing that this SAR shall receive such treatment.
d. **Divestitures and Transfers.**

i. **Termination Due to Divestiture – Hired by Purchaser.** If the Grantee’s Continuous Service terminates in connection with a divestiture, sale, or other transaction, and the Grantee either (A) continues in employment with the divested entity following the closing of a stock transaction, or (B) is offered and accepts employment with the purchaser in connection with an asset transaction, then this SAR shall be treated in the same manner as if the Grantee’s Continuous Service had terminated due to death or Disability, as set forth in Section 3(a) above.

ii. **Termination Due to Divestiture – Offer Declined.** If the Grantee’s Continuous Service terminates in connection with a divestiture, sale, or other transaction, and the Grantee is offered but declines employment with the purchaser in such transaction, then this SAR shall be immediately canceled and forfeited without consideration as of the Grantee’s Termination Date.

iii. **Transfer to Joint Venture – Less Than 50% Company Ownership.** If the Grantee’s Continuous Service terminates because of his or her transfer to a joint venture in which the Company and its Subsidiaries own less than fifty percent (50%) of the outstanding voting securities of the joint venture entity, then this SAR shall be treated in the same manner as if the Grantee’s Continuous Service had terminated due to death or Disability, as set forth in Section 3(a) above. For the avoidance of doubt, a secondment of the Grantee to the joint venture is not a termination for purposes of this Section 3(d)(iii).

iv. **Transfer to a Joint Venture or Subsidiary – 50% or Greater Company Ownership.** If the Grantee transfers employment to a joint venture or other entity in which the Company and its Subsidiaries own fifty percent (50%) or more of the outstanding voting securities of such entity, then this SAR shall continue in effect in accordance with and subject to the terms and conditions set forth in this Agreement. For the avoidance of doubt, a secondment of the Grantee to the joint venture is not a transfer for purposes of this Section 3(d)(iv).

e. **Cause.** If the Grantee’s Continuous Service is terminated due to Cause, then this SAR (including both any vested or non-vested portions) shall be immediately canceled and forfeited without consideration as of the Termination Date.

4. **Change in Control.** In the event of a Change in Control, the Committee may determine the treatment of this SAR subject to and in accordance with the provisions of the Plan. If this SAR vests in connection with a Change in Control, the SAR shall become exercisable at the time and in the manner provided under the Plan.

5. **Exercise of SAR.** This SAR may be exercised, in whole or in part, to the extent vested at any time prior to the Date of Expiration (or, if earlier, the time this SAR is cancelled and forfeited by the Grantee in accordance with Sections 2, 3, 4 or 6) by giving written notice of exercise.
to the Company in a manner designated by the Committee that specifies the number of shares of Common Stock subject to such exercise. Prior to such notice of exercise, and prior to the delivery of any payment pursuant to such exercise, Grantee (or Grantee’s beneficiary) shall make arrangements satisfactory to the Company for the payment of any taxes required to be withheld in connection with the exercise of this SAR under all applicable laws and regulations of any governmental authority, whether federal, state or local and whether domestic or foreign. The cash payment for the Shares subject to the exercise of this SAR shall be delivered to Grantee as soon as administratively practicable following the Company’s receipt of Grantee’s notice of exercise.

6. **Expiration; Forfeiture; Recoupment.**

   a. **Expiration.** Notwithstanding anything in this Agreement to the contrary, this SAR (whether vested or unvested) shall expire and cease to be exercisable as of the Date of Expiration.

   b. **Event of Restatement.** If the Committee determines that Grantee’s acts or omissions contributed to the need to restate any previously issued financial statements, the Committee may require the Grantee to reimburse or repay to the Company, or the Company may reduce the amount of this Award, by up to the amount of any “gain” the Grantee received. For purposes of this Section 6(b), “gain” shall mean the amount that the Grantee received in connection with this Award, less the amount that the Grantee should have received based upon the restated financial results. The Company may recover amounts due under this Section 6(b) by all means available, including obtaining direct repayment from the Grantee, withholding such amount from other amounts owed by the Company or an Affiliate to the Grantee (or with respect to the Grantee), and/or causing the cancellation of any outstanding incentive award due to the Grantee under the Plan or otherwise. This Section 6(b) shall not affect the Company’s ability to pursue any other available rights and remedies under applicable law.

   c. **Unfair Competition.** If the Committee determines that Grantee has engaged in “unfair competition”, the Grantee shall (i) immediately forfeit this SAR (whether vested or unvested) as of the date Grantee first engaged in such unfair competition, as determined by the Committee, and (ii) promptly pay to the Company the cash payment received for all Shares exercised pursuant to this Award within the three years preceding such date. For purposes of this Section 6(c), “unfair competition” means any act or omission by Grantee that (x) competes, or is intended to compete, with the Company, or (y) is or may be harmful to the interests of the Company. For purposes of this Section 6(c), “Company” shall mean the Company and/or any Subsidiary or Affiliate that has employed the Grantee, retained the Grantee’s services or to which the Grantee provided services. This Section 6(c) shall not affect the Company’s ability to pursue any other available rights and remedies under applicable law.

   d. **Termination by Grantee.** If the Grantee terminates his or her employment with the Company and its Subsidiaries for any reason other than death, Disability or following the satisfaction of the Age and Service Requirements within the one-year period after this SAR is exercised, the Grantee shall pay to the Company the cash payment received for all Shares subject to such exercise. This requirement shall be waived only if the Company (or its duly appointed agent(s)) determines in its sole discretion that such waiver is in the best interests of the Company and its Subsidiaries.
e. **Unpaid Leave of Absence.** In the event Grantee takes an unpaid leave of absence from the Company or any Subsidiary, the Committee may in its discretion take any action that is consistent with the terms of the Plan and applicable law, including but not limited to suspending vesting of the Award during the period of leave, or causing Grantee to forfeit any unvested portion of this Award.

f. **Acceptance of Award Terms.** If the Grantee fails to accept the terms of the Award before the deadline set forth in the Notice, such Award shall be forfeited in its entirety, unless otherwise provided by the Committee.

7. **Beneficiary Designation.** To the extent permitted by the Committee, Grantee may designate a beneficiary (including a trust beneficiary) to receive any payment pursuant to the exercise of unexercised Shares following Grantee’s death by identifying a beneficiary in writing in a manner designated by the Committee. Any such designation shall be effective upon receipt by the Company at any time prior to Grantee’s death. A beneficiary, legal guardian, legal representative, or other person claiming any rights hereunder is subject to all terms and conditions of this Agreement and the Plan and to any additional restrictions deemed necessary or appropriate by the Committee. Subject to the foregoing, a beneficiary designation may be changed or revoked by Grantee at any time, provided that the change or revocation is filed with and received by the Company prior to the Grantee’s death. No beneficiary designation, change, or revocation will be effective unless it is in writing in a manner designated by the Committee and received by the Company before Grantee’s death. In the event the Grantee fails or is not permitted to designate a beneficiary, or if for any reason the designation is legally ineffective, or if no designated beneficiary survives to the date that distribution is payable, any amount due under the Plan to the Grantee shall be payable, in the following order: (1) to the Grantee’s legal spouse or Domestic Partner; (2) to the Grantee’s surviving Children in equal shares; or (3) to the Grantee’s estate. Upon the divorce of the Grantee, a prior designation of a legal spouse as a beneficiary shall be automatically null and void, and the Plan shall not be liable to the former spouse.

8. **No Shareholder Rights.** Neither this Award nor the Shares underlying this Award confers to Grantee or Grantee’s beneficiary any rights of a shareholder of the Company, including a right to receive any dividends, Dividend Equivalents, or other distributions with respect to the Common Stock underlying this SAR.

9. **No Right to Continued Service.** Nothing in this Agreement shall interfere with, limit, or affect in any way, the right of the Company or any Affiliate to terminate Grantee’s employment or service at any time, nor confer upon Grantee any right to continue in the employment or service of the Company or any Affiliate.

10. **Payment of Taxes.** Grantee will, no later than the date of exercise of this SAR, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state, local, or non-U.S. taxes of any kind that the Company determines is sufficient to satisfy such withholding tax requirements with respect to the Shares subject to such exercise. If Grantee fails to do so, then the Company shall withhold from the cash payment deliverable upon exercise as may be necessary to cover such tax obligations.
11. Section 409A. This Agreement and payments hereunder shall be interpreted to be exempt from the requirements of Section 409A of the Code pursuant to Section 1.409A-1(b)(5)(i) of the Treasury regulations promulgated under Section 409A of the Code.

12. Governing Law. This Award and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of choice or conflict of laws that would otherwise refer to the laws of another jurisdiction.

13. Plan Controls. The terms contained in the Plan are hereby incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, or as to matters as to which this Agreement is silent, the provisions of the Plan shall be controlling and determinative.

14. Entire Agreement. Subject to the following sentence, this Agreement and the Plan constitute the entire agreement between the parties and supersede all prior agreements and understandings relating to the subject matter of this Agreement and the Plan. Notwithstanding the foregoing sentence, this Agreement does not supersede any agreement between Grantee and the Company and/or its Affiliates that imposes non-competition, non-disclosure, non-solicitation, or other obligations on the Grantee. The terms of any such agreement described in the preceding sentence shall remain in full force and shall not be affected by the terms of this Agreement.

15. Severability. If any one or more provisions of this Agreement are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions of this Agreement shall nevertheless be binding and enforceable.

16. Waiver. The waiver by the Company with respect to Grantee’s compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Grantee of such provision of this Agreement.

17. Reformation. It is the intention of Grantee and the Company that if any of the restrictions, limitations, or obligations of the Grantee set forth in this Agreement are found by a court of competent jurisdiction to be overly broad, unreasonable, or otherwise unenforceable then these restrictions, limitations, or obligations shall be modified and enforced to the greatest extent that the court deems permissible.

18. Successors and Third-Party Beneficiaries. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan. Each of the Company’s Affiliates shall be deemed to be a third-party beneficiary under this Agreement. The provisions of this Agreement extend to these third-party beneficiaries.

19. Notice. Notices and communications under this Agreement must be in writing (and in the case of notices by the Company, any such notice must be made by an individual authorized by the Committee to communicate regarding the subject of the notice) and unless provided otherwise
in this Agreement or by the Committee, either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to: [Title] 2211 H.H. Dow Way, Midland, MI 48674, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

20. Whistleblower Protections. Nothing in this Agreement, any other agreement, or policy of the Company or its Affiliates is intended, or should be interpreted, to prohibit the Grantee from (1) reporting possible violations of federal law or regulation to any government agency or entity, (2) making any disclosures that are protected under the whistleblower provisions of federal law or regulation, or (3) otherwise cooperating with any government inquiry, in each case without advance approval by, or prior, contemporaneous, or subsequent notice to, anyone in the Company or its Affiliates.

21. Data Privacy. The Grantee acknowledges and agrees that the Company and its Affiliates will process and retain certain personal data for the purposes of (1) calculating Awards, (2) monitoring Award terms and conditions, and (3) otherwise administering the Plan and Awards made under it. Such personal data may include, among other things, the Grantee’s address, email address, social security number, pay data, job title, and employment dates. The Grantee consents to such processing, and to the sharing of such personal data with the Company, its Affiliates, its agents, its advisers, its regulators, and tax authorities, wherever appropriate.

22. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company. The Grantee also agrees that all online acknowledgements shall have the same force and effect as a written signature.

23. Addendum. Notwithstanding the provisions in this Agreement, if the Grantee resides and/or works outside the United States, this SAR shall be subject to the special terms and conditions set forth in the addendum to this Agreement (the “Addendum”). Moreover, if the Grantee relocates to one of the jurisdictions included in the Addendum, the special terms and conditions for such jurisdiction will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes a part of this Agreement.
STOCK OPTION AWARD AGREEMENT

DOW HOLDINGS INC. 2019 STOCK INCENTIVE PLAN

The individual ("Grantee") named in the accompanying award letter for [YEAR] grants (the “Notice”) has been granted a stock option (this “Option” or this “Award”) to purchase a specified number of shares of Dow Holdings Inc. common stock, par value $[•] per share (the “Shares”), as set forth in the Notice. This Option is subject to the provisions of the Dow Holdings Inc. 2019 Stock Incentive Plan (the “Plan”), the Notice, and the Stock Option Award Agreement (together with the Notice, the “Agreement”). Capitalized terms used in this Agreement and not otherwise defined shall have the meanings assigned to such terms in the Plan. This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended.

1. Grant of Option. The Company has granted to the Grantee, as of the Date of Grant specified in the Notice, a stock option to purchase from the Company the number of Shares set forth in the Notice at the Exercise Price specified in the Notice, subject to the provisions of the Plan and this Agreement.

2. Vesting and Exercisability. Subject to Sections 3, 4, and 6 below, this Option shall vest and become exercisable in accordance with the vesting schedule set forth in the Notice and shall immediately cease to vest or become exercisable upon the date the Grantee’s Continuous Service is terminated for any or no reason (such date, the “Termination Date”), with (a) any vested portion of this Option that remains unexercised as of the ninetieth (90th) day after the Termination Date to be immediately cancelled and forfeited by the Grantee as of such date (or, if earlier, the Date of Expiration set forth in the Notice) and (b) any unvested portion of this Option to be immediately cancelled and forfeited by the Grantee as of the Termination Date.

3. Termination of Continuous Service.
   a. Death and Disability.
      i. Default Rule. In the event Grantee’s Continuous Service terminates due to death or Disability, this Option shall continue to vest and become exercisable in accordance with the vesting schedule set forth in the Notice, as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.
      ii. Grants in Year of Termination. Notwithstanding the foregoing in this Section 3(a), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant, this Option shall instead vest and become exercisable only with respect to the number of Shares determined by multiplying the total number of Shares subject to this Option by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is twelve. Such prorated portion shall vest and become exercisable ratably in accordance with the vesting schedule set forth in the Notice. The remaining unvested portion of this Option (if any) shall be immediately canceled and forfeited without consideration.
iii. Exercisability. The vested and exercisable portion of this Option (including any portion that vests and becomes exercisable following the termination of Continuous Service pursuant to this Section 3(a)), shall remain exercisable until the Date of Expiration set forth in the Notice.

b. **Age and Service Requirements.**

i. **Default Rule.** In the event Grantee’s Continuous Service terminates after the Grantee has satisfied the Age and Service Requirements, this Option shall become exercisable in accordance with the vesting schedule set forth in the Notice, as if the Grantee had remained in Continuous Service through the last day of the vesting period set forth in the Notice.

ii. **Grants in Year of Termination.** Notwithstanding the foregoing in this Section 3(b), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant and the Grantee has been in Continuous Service for at least six months during such calendar year, this Option shall instead vest and become exercisable only with respect to the number of Shares determined by multiplying the total number of Shares subject to this Option by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is twelve. Such prorated portion shall vest and become exercisable ratably in accordance with the vesting schedule set forth in the Notice. The remaining unvested portion of this Option (if any) shall be immediately canceled and forfeited without consideration. If the Grantee has been in Continuous Service for less than six months during such calendar year, this Option shall be immediately canceled and forfeited without consideration as of the Termination Date.

iii. **Exercisability.** The vested and exercisable portion of this Option (including any portion that vests and becomes exercisable following the termination of Continuous Service pursuant to this Section 3(b)), shall remain exercisable until the Date of Expiration set forth in the Notice.

iv. **Involuntary Separation from Service.** Notwithstanding anything to the contrary in this Agreement, and for the avoidance of doubt, in the event a Grantee who has satisfied the Age and Service Requirements terminates employment involuntarily in a manner that makes the Grantee entitled to receive severance benefits pursuant to a severance plan maintained by the Company or a Subsidiary, and provided that the Grantee satisfies all conditions applicable to the payment of such severance (including, without limitation, any release condition), then this Option shall be subject to the treatment set forth in subparagraphs (i)-(iii) above, and not the treatment described in Section 3(c) below.
c. **Involuntary Separation from Service.**

i. **Default Rule.** In the event the Grantee’s Continuous Service terminates in a manner that makes the Grantee entitled to receive severance benefits pursuant to a severance plan maintained by the Company or a Subsidiary, and provided that the Grantee satisfies all conditions applicable to the payment of such severance (including, without limitation, any release condition), this Option shall vest on a pro-rata basis determined by multiplying the number of Shares subject to this Option by a fraction, the numerator of which is the number of completed calendar months worked during the vesting period, and the denominator of which is equal to the number of months in the vesting period. The remaining unvested portion of this Option (if any) shall be immediately cancelled and forfeited without consideration as of the Termination Date.

ii. **Grants in Year of Termination.** Notwithstanding the foregoing in this Section 3(c), if the Grantee’s Termination Date occurs in the same calendar year as the Date of Grant and the Grantee has been in Continuous Service for at least six months during such calendar year, this Option shall instead vest and become exercisable only with respect to the number of Shares determined by multiplying the total number of Shares subject to this Option by a fraction, the numerator of which is the number of completed calendar months in such calendar year during which Grantee remained in Continuous Service, and the denominator of which is equal to the number of months in the vesting period. Such prorated portion shall vest and become exercisable ratably in accordance with the vesting schedule set forth in the Notice. The remaining unvested portion of this Option (if any) shall be immediately canceled and forfeited without consideration. If the Grantee has been in Continuous Service for less than six months during such calendar year, this Option shall be immediately canceled and forfeited without consideration as of the Termination Date.

iii. **Exercisability.** The vested and exercisable portion of this Option (including any portion that vests and becomes exercisable following the termination of Continuous Service pursuant to this Section 3(c)), shall remain exercisable until the Date of Expiration set forth in the Notice.

iv. **Special Circumstances.** If the Grantee’s Continuous Service terminates in a manner that does not entitle the Grantee to receive any severance benefits from a severance plan maintained by the Company or a Subsidiary, this Option may be treated in the manner set forth in Section 3(c)(i), but only if the Grantee and the Company have executed a written separation agreement providing that this Option shall receive such treatment.

d. **Divestitures and Transfers.**

i. **Termination Due to Divestiture – Hired by Purchaser.** If the Grantee’s Continuous Service terminates in connection with a divestiture, sale, or other transaction, and the Grantee either (A) continues in employment with the divested entity following the closing of a stock transaction, or (B) is offered and accepts employment with the purchaser in connection with an asset transaction, then this Option shall be treated in the same manner as if the Grantee’s Continuous Service had terminated due to death or Disability, as set forth in Section 3(a) above.
ii. **Termination Due to Divestiture – Offer Declined.** If the Grantee’s Continuous Service terminates in connection with a divestiture, sale, or other transaction, and the Grantee is offered but declines employment with the purchaser in such transaction, then this Option shall be immediately canceled and forfeited without consideration as of the Grantee’s Termination Date.

iii. **Transfer to Joint Venture – Less Than 50% Company Ownership.** If the Grantee’s Continuous Service terminates because of his or her transfer to a joint venture in which the Company and its Subsidiaries own less than fifty percent (50%) of the outstanding voting securities of the joint venture entity, then this Option shall be treated in the same manner as if the Grantee’s Continuous Service had terminated due to death or Disability, as set forth in Section 3(a) above. For the avoidance of doubt, a secondment of the Grantee to the joint venture is not a termination for purposes of this Section 3(d)(iii).

iv. **Transfer to a Joint Venture or Subsidiary – 50% or Greater Company Ownership.** If the Grantee transfers employment to a joint venture or other entity in which the Company and its Subsidiaries own fifty percent (50%) or more of the outstanding voting securities of such entity, then this Option shall continue in effect in accordance with and subject to the terms and conditions set forth in this Agreement. For the avoidance of doubt, a secondment of the Grantee to the joint venture is not a transfer for purposes of this Section 3(d)(iv).

e. **Cause.** If the Grantee’s Continuous Service is terminated due to Cause, then this Option (including both any vested or non-vested portions) shall be immediately canceled and forfeited without consideration as of the Termination Date.

4. **Change in Control.** In the event of a Change in Control, the Committee may determine the treatment of this Option subject to and in accordance with the provisions of the Plan. If the Options vest in connection with a Change in Control, the Options shall become exercisable at the time and in the manner provided under the Plan.

5. **Exercise of Option.** This Option may be exercised, in whole or in part, to the extent vested at any time prior to the Date of Expiration (or, if earlier, the time this Option is cancelled and forfeited by the Grantee in accordance with Sections 2, 3, 4 or 6) by giving written notice of exercise to the Company in a manner designated by the Committee that specifies the number of shares of Common Stock subject to such exercise. Such notice of exercise shall be accompanied by payment in full of the aggregate Exercise Price of the Shares subject to the exercise. Payment of the aggregate Exercise Price made be made by (i) United States dollars (including by official bank check, certified check, or the equivalent), (ii) shares of Common
Stock of the Company having a Fair Market Value equal to the amount of the aggregate Exercise Price, determined as of the date of exercise, (iii) a combination of the methods described in clauses (i) and (ii), or (iv) such other method as may be approved by the Committee. Prior to such notice of exercise, and prior to the issuance and delivery of any Shares pursuant to such exercise, Grantee (or Grantee’s beneficiary) shall make arrangements satisfactory to the Company for the payment of any taxes required to be withheld in connection with the exercise of this Option under all applicable laws and regulations of any governmental authority, whether federal, state or local and whether domestic or foreign. Shares subject to the exercise of this Option shall be issued and delivered to Grantee as soon as administratively practicable following the Company’s receipt of Grantee’s notice of exercise and payment in full of the aggregate Exercise Price for such Shares.

6. Expiration; Forfeiture; Recoupment.
   a. Expiration. Notwithstanding anything in this Agreement to the contrary, this Option (whether vested or unvested) shall expire and cease to be exercisable by the Date of Expiration.
   
   b. Event of Restatement. If the Committee determines that Grantee’s acts or omissions contributed to the need to restate any previously issued financial statements, the Committee may require the Grantee to reimburse or repay the Company, or the Company may reduce the amount of this Award, by up to the amount of any “gain” the Grantee received. For purposes of this Section 6(b), “gain” shall mean the amount that the Grantee received in connection with this Award (including the proceeds of any sale of Common Stock issued pursuant to the exercise of this Award), less the amount that the Grantee should have received based upon the restated financial results. The Company may recover amounts due under this Section 6(b) by all means available, including obtaining direct repayment from the Grantee, withholding such amount from other amounts owed by the Company or an Affiliate to the Grantee (or with respect to the Grantee), and/or causing the cancellation of any outstanding incentive award due to the Grantee under the Plan or otherwise. This Section 6(b) shall not affect the Company’s ability to pursue any other available rights and remedies under applicable law.
   
   c. Unfair Competition. If the Committee determines that Grantee has engaged in “unfair competition”, the Grantee shall (i) immediately forfeit this Option (whether vested or unvested) as of the date Grantee first engaged in such unfair competition, as determined by the Committee, and (ii) promptly pay to the Company the excess of the Fair Market Value of all Shares issued pursuant to the exercise of this Award within the three years preceding such date (as of the exercise date) over the aggregate exercise price. For purposes of this Section 6(c), “unfair competition” means any act or omission by Grantee that (x) competes, or is intended to compete, with the Company, or (y) is or may be harmful to the interests of the Company. For purposes of this Section 6(c), “Company” shall mean the Company and/or any Subsidiary or Affiliate that has employed the Grantee, retained the Grantee’s services or to which the Grantee provided services. This Section 6(c) shall not affect the Company’s ability to pursue any other available rights and remedies under applicable law.
d. Termination by Grantee. If the Grantee terminates his or her employment with the Company and its Subsidiaries for any reason other than death, Disability or following the satisfaction of the Age and Service Requirements within the one-year period after this Option is exercised, the Grantee shall pay to the Company, with respect to each Share that is issued pursuant to such exercise, the excess of the Fair Market Value of a Share on the date of exercise over the Exercise Price. This requirement shall be waived only if the Company (or its duly appointed agent(s)) determines in its sole discretion that such waiver is in the best interests of the Company and its Subsidiaries.

e. Unpaid Leave of Absence. In the event Grantee takes an unpaid leave of absence from the Company or any Subsidiary, the Committee may in its discretion take any action that is consistent with the terms of the Plan and applicable law, including but not limited to suspending vesting of the Award during the period of leave, or causing Grantee to forfeit any unvested portion of this Award.

f. Acceptance of Award Terms. If the Grantee fails to accept the terms of the Award before the deadline set forth in the Notice, such Award shall be forfeited in its entirety, unless otherwise provided by the Committee.

7. Beneficiary Designation. To the extent permitted by the Committee, Grantee may designate a beneficiary (including a trust beneficiary) to receive any unexercised Shares following Grantee’s death by identifying a beneficiary in writing in a manner designated by the Committee. Any such designation shall be effective upon receipt by the Company at any time prior to Grantee’s death. A beneficiary, legal guardian, legal representative, or other person claiming any rights hereunder is subject to all terms and conditions of this Agreement and the Plan and to any additional restrictions deemed necessary or appropriate by the Committee. Subject to the foregoing, a beneficiary designation may be changed or revoked by Grantee at any time, provided that the change or revocation is filed with and received by the Company prior to the Grantee’s death. No beneficiary designation, change, or revocation will be effective unless it is in writing in a manner designated by the Committee and received by the Company before Grantee’s death. In the event the Grantee fails or is not permitted to designate a beneficiary, or if for any reason the designation is legally ineffective, or if no designated beneficiary survives to the date that distribution is payable, any amount due under the Plan to the Grantee shall be payable, in the following order: (1) to the Grantee’s legal spouse or Domestic Partner; (2) to the Grantee’s surviving Children in equal shares; or (3) to the Grantee’s estate. Upon the divorce of the Grantee, a prior designation of a legal spouse as a beneficiary shall be automatically null and void, and the Plan shall not be liable to the former spouse.

8. No Shareholder Rights. Neither this Award nor the Shares underlying this Award confers to Grantee or Grantee’s beneficiary any rights of a shareholder of the Company, including a right to receive any dividends, Dividend Equivalents, or other distributions with respect to the Common Stock underlying this Option, unless and until shares of Common Stock are issued to such person pursuant to the exercise of this Award.

9. No Right to Continued Service. Nothing in this Agreement shall interfere with, limit, or affect in any way, the right of the Company or any Affiliate to terminate Grantee’s employment or service at any time, nor confer upon Grantee any right to continue in the employment or service of the Company or any Affiliate.
10. Payment of Taxes. Grantee will, no later than the date of exercise of this Option, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state, local, or non-U.S. taxes of any kind that the Company determines is sufficient to satisfy such withholding tax requirements with respect to the Shares subject to such exercise. If Grantee fails to do so, then the Company shall withhold Shares issuable upon exercise as may be necessary to cover such tax obligations.

11. Section 409A. This Agreement and payments hereunder shall be interpreted to be exempt from the requirements of Section 409A of the Code pursuant to Section 1.409A-1(b)(5)(i) of the Treasury regulations promulgated under Section 409A of the Code.

12. Governing Law. This Award and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of choice or conflict of laws that would otherwise refer to the laws of another jurisdiction.

13. Plan Controls. The terms contained in the Plan are hereby incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, or as to matters as to which this Agreement is silent, the provisions of the Plan shall be controlling and determinative.

14. Entire Agreement. Subject to the following sentence, this Agreement and the Plan constitute the entire agreement between the parties and supersede all prior agreements and understandings relating to the subject matter of this Agreement and the Plan. Notwithstanding the foregoing sentence, this Agreement does not supersede any agreement between Grantee and the Company and/or its Affiliates that imposes non-competition, non-disclosure, non-solicitation, or other obligations on the Grantee. The terms of any such agreement described in the preceding sentence shall remain in full force and shall not be affected by the terms of this Agreement.

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Dow Holdings Inc.

SUBSIDIARIES OF THE REGISTRANT

The following is a list of subsidiaries of Dow Holdings Inc. (“DHI”) as of the separation of DHI from DowDuPont Inc.

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* Location of incorporation or organization. Primary location of organization is reported for partnerships.

(1) These companies are 50 percent owned, nonconsolidated affiliates of Dow Holdings Inc. and are accounted for using the equity method. These companies are not controlled, directly or indirectly, by Dow Holdings Inc. Subsidiaries of these companies, if any, are not listed in this Exhibit 21.1.
Dear DowDuPont Stockholder:

As previously announced, DowDuPont Inc. ("DowDuPont") intends to separate into three independent, publicly traded companies—one for each of its agriculture, materials science and specialty products businesses. We are pleased to deliver to you this information statement to inform you that on [●], our board of directors approved the first step in this plan: the separation of our materials science business, "Dow," through the distribution to DowDuPont stockholders of all of the then issued and outstanding shares of common stock of Dow Holdings Inc. ("Dow common stock"), a wholly owned subsidiary of DowDuPont and the newly formed holding company for Dow. Completion of the separation will create the industry’s premier materials science solution provider focused on the high-growth market verticals of consumer care, infrastructure and packaging.

The separation is expected to be completed on [●], and will be effected by way of a pro rata dividend of Dow common stock to DowDuPont stockholders of record as of the close of business, Eastern Time, on [●], the record date. Each DowDuPont stockholder will receive [●] shares of Dow common stock for every [●] shares of DowDuPont common stock held on the record date.

Following the separation and distribution of Dow, DowDuPont will then separate Corteva, the subsidiary that will hold, at the time of its distribution, the assets and liabilities associated with DowDuPont’s agriculture business, by way of a pro rata distribution of Corteva’s common stock to DowDuPont stockholders. Assuming both distributions are completed as anticipated, the remaining company will hold only DowDuPont’s specialty products business. Following the distributions, DowDuPont will become known as DuPont. The separations are the first step toward creating three independent companies that are better positioned to capitalize on significant growth opportunities and to focus their respective resources on their particular business and strategic priorities.

We expect the distribution of Dow common stock to be tax-free to you for U.S. federal income tax purposes, except for any cash received in lieu of fractional shares. You should consult your own tax advisor as to the particular tax consequences of the distribution of Dow common stock to you, including potential tax consequences under state, local and non-U.S. tax laws.

Stockholder approval of the distribution is not required. In addition, you do not need to take any action to receive your Dow common stock and you do not need to pay any consideration or surrender or exchange your DowDuPont shares in order to receive your Dow common stock. Immediately following the distribution, you will own common stock in both DowDuPont and Dow. The Dow common stock will be listed on the New York Stock Exchange under the symbol “DOW.”

We encourage you to carefully read the enclosed information statement, which is being made available to all DowDuPont stockholders who held shares of DowDuPont common stock as of the record date for the distribution. The information statement describes the separation and distribution of Dow in detail and contains important information about Dow, including its business, financial condition and operations, and the distribution.

The DowDuPont board of directors believes that creating three focused companies will maximize value for all DowDuPont stockholders, and this separation is an exciting first step in this process. We want to thank you for your continued support of DowDuPont and we look forward to your support of Dow in the future.

Sincerely,

Edward D. Breen
Chief Executive Officer
DowDuPont Inc.

Jeff M. Fettig
Executive Chairman
DowDuPont Inc.
[Date]

Dear Dow Stockholder:

On behalf of Dow Holdings Inc., it is my great privilege to welcome you as a stockholder of our company.

When we announced Dow’s intention to merge with DuPont to form DowDuPont, we also announced the intention to separate the combined company into three independent, publicly traded companies. Today, we stand ready to deliver the first intended company—the new Dow.

We are proud of our more than 120-year heritage. And we are equally excited for the opportunity that lies ahead, as we pursue our ambition to become the most innovative, customer-centric, inclusive and sustainable materials science company in the world.

The new Dow will be more focused, agile and market-oriented, with a portfolio comprised of six global business units organized into three operating segments: Performance Materials & Coatings; Industrial Intermediates & Infrastructure; and Packaging & Specialty Plastics. Through our deep materials science expertise, value chain understanding, global reach, scale and competitive capabilities, we will provide differentiated products and solutions to our customers. And we intend to direct our efforts primarily to three core end-markets where we hold global leadership positions today—consumer care, infrastructure and packaging.

The new Dow will also be a financially disciplined company. We will be prudent stewards of our capital. Our focus will be to maximize value for our stockholders by driving profitable growth, higher returns on invested capital, increasing free cash flow and greater cash returns to you. In the long term, we are committed to maintaining and improving our leadership positions in our three key verticals—consumer care, infrastructure and packaging. Our near-term focus will be on incremental, less capital intensive, fast payback projects. As industry and end-market dynamics shift, we will continue to exercise disciplined portfolio management. And we intend to drive to a best-in-class cost structure.

Dow Holdings Inc.’s common stock will be listed on the New York Stock Exchange under the symbol “DOW.”

We invite you to learn more about our company, our strategy and how we are positioned to compete and win, by reviewing the enclosed information statement.

We value your ownership and look forward to growing together.

Best regards,

Jim Fitterling
Chief Executive Officer
Dow Holdings Inc.
INFORMATION STATEMENT

Dow Holdings Inc.
Common Stock, Par Value $0.01 Per Share

This information statement is being furnished in connection with DowDuPont Inc.’s ("DowDuPont") separation of its materials science business, "Dow," through the distribution of shares of common stock of its subsidiary, Dow Holdings Inc. ("Dow NewCo," and Dow NewCo’s common stock, the “Dow common stock”). The distribution will be effected by way of a pro rata dividend of Dow common stock to DowDuPont stockholders of record as of the close of business, Eastern Time, on [●], the record date. Dow NewCo is a newly formed holding company for Dow and at the time of the distribution will hold, directly or indirectly, DowDuPont’s materials science business, which includes DowDuPont’s Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics segments.

As a DowDuPont stockholder, you will receive [●] shares of Dow common stock for every [●] shares of DowDuPont common stock that you hold of record as of the close of business on the record date. No fractional shares of Dow common stock will be issued. Instead, you will receive cash in lieu of any fractional shares. The distribution is intended to be tax-free to DowDuPont stockholders for United States federal income tax purposes, except for any cash received in lieu of fractional shares, which will generally be taxable.

Dow common stock will be listed on the New York Stock Exchange ("NYSE") under the symbol “DOW.” Dow expects DowDuPont will distribute the shares of Dow common stock to you on [●] prior to the opening of trading on the NYSE, subject to the satisfaction or waiver of certain conditions. Dow refers to the date of the distribution of the Dow common stock as the “distribution date.” Immediately after the distribution, Dow will be an independent, publicly traded company.

DowDuPont stockholders are not required to vote on or take any other action in connection with the separation or distribution. Therefore, Dow is not asking for a proxy to vote on the separation or the distribution, and Dow requests that you do not send Dow a proxy. DowDuPont stockholders will not be required to exchange or surrender their existing shares of DowDuPont common stock or take any other action to receive their applicable shares of Dow common stock, nor will they be required to pay any consideration for the shares of Dow common stock they receive in the distribution.

DowDuPont currently owns all of the outstanding shares of Dow NewCo. Accordingly, there is no current trading market for Dow common stock. Dow expects that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the record date for the distribution, and Dow expects “regular-way” trading of Dow common stock to begin on the distribution date. As discussed under “The Distribution—Trading Between the Record Date and Distribution Date,” if you sell your DowDuPont common stock in the “regular-way” market after the record date and before the distribution, you also will be selling your right to receive shares of Dow common stock in connection with the separation and distribution.

In reviewing this information statement, you should carefully consider the matters described under the caption “Risk Factors” beginning on page 30.

Neither the U.S. Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

References in this information statement to specific codes, legislation or other statutory enactments are to be deemed as references to those codes, legislation or other statutory enactments, as amended from time to time.

The date of this information statement is [●].

A Notice of Internet Availability with instructions for how to access this information statement is first being mailed to DowDuPont stockholders on or about [●].
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The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the separation and distribution or other information that may be important to you. To better understand the separation, distribution and Dow’s business and financial position, you should carefully review this entire information statement.

Unless otherwise indicated or the context otherwise requires, references in this information statement to:

- “Business Realignment” has the meaning set forth in the section titled “Merger, Intended Separations, Reorganization and Financial Statement Presentation”;
- “distribution” refers to the transaction in which DowDuPont will distribute to its stockholders all of the then issued and outstanding shares of Dow common stock;
- “distribution date” means the date of the distribution, which is expected to be [●];
- “Dow” refers to Dow NewCo, TDCC and their consolidated subsidiaries after giving effect to the Internal Reorganization and Business Realignment, resulting in Dow NewCo holding the materials science business of DowDuPont;
- “Dow board of directors” refers to the board of directors of Dow NewCo following the distribution;
- “Dow NewCo” refers to Dow Holdings Inc., the newly formed holding company for DowDuPont’s materials science business;
- “Dow common stock” refers to the shares of common stock, par value $0.01 per share, of Dow NewCo;
- “Dow stockholders” refers to holders of Dow common stock following the distribution;
- “DowDuPont” refers to DowDuPont Inc., a Delaware corporation, and its consolidated subsidiaries, at the relevant time;
- “DowDuPont stockholders” refers to holders of record of the common stock of DowDuPont Inc. in their capacity as such;
- “Historical Dow” refers to TDCC and its consolidated subsidiaries prior to the Business Realignment;
- “Historical DuPont” refers to E. I. du Pont de Nemours and Company (“EID”) and its consolidated subsidiaries prior to the Business Realignment;
- “Internal Reorganization” has the meaning set forth in the section titled “Merger, Intended Separations, Reorganization and Financial Statement Presentation”;
- “New DuPont” refers to DowDuPont and its consolidated subsidiaries, (i) following the distribution of Dow, at which time New DuPont will continue to hold both DowDuPont’s agriculture and specialty products businesses, and (ii) following the distribution of Corteva, at which time New DuPont will hold only the specialty products business (following the distributions, DowDuPont will become known as DuPont);
- “record date” means [●], the date set by the DowDuPont board of directors to determine the DowDuPont stockholders eligible to receive the distribution of Dow common stock;
- “separation” refers to the transaction in which Dow will be separated from DowDuPont; and
- “TDCC” refers to The Dow Chemical Company, exclusive of its subsidiaries.

Unless otherwise indicated or the context otherwise requires, this information statement describes Dow as if the Internal Reorganization and Business Realignment have been completed and as if Dow held only the materials science business of DowDuPont during all periods described. As a result, references in this information statement to Dow’s historical assets, liabilities, products, businesses or activities are generally references to the
applicable assets, liabilities, products, business or activities of Historical Dow and Historical DuPont on a pro forma basis as if the Internal Reorganization and Business Realignment had already occurred and Dow was a standalone company holding only DowDuPont’s materials science business. See the section entitled “Merger, Intended Separations, Reorganization and Financial Statement Presentation” for further information.

You should read this entire information statement carefully, including the consolidated financial statements of Historical Dow and notes thereto, which are incorporated by reference herein to the pertinent pages of the Historical Dow 2018 Form 10-K (as defined in the section entitled “Unaudited Pro Forma Combined Financial Information”), which are filed as Exhibit 99.2 to the registration statement on Form 10 of which this information statement forms a part (the “Form 10”), the unaudited pro forma combined financial information for Dow and the notes thereto included elsewhere herein, and the sections entitled “The Business,” “Supplemental Pro Forma Segment Results for Dow,” “Selected Consolidated Financial Data of Historical Dow,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow,” and “Risk Factors.” Some of the statements in this information statement constitute forward-looking statements. See “Cautionary Statement Concerning Forward-Looking Statements.”

You should not assume that the information contained in this information statement is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this information statement may occur after that date, and Dow undertakes no obligation to update the information, except in the normal course of Dow’s public disclosure obligations.
Merger

DowDuPont is a Delaware corporation that was formed on December 9, 2015 for the purpose of effecting the all-stock merger of equals transaction between Historical Dow and Historical DuPont. On August 31, 2017, Historical Dow and Historical DuPont each merged with wholly owned subsidiaries of DowDuPont and, as a result, became subsidiaries of DowDuPont (the “Merger”).

Intended Separations

Prior to the Merger, Historical Dow and Historical DuPont were each publicly traded companies that were listed on the NYSE, with Historical Dow operating a global business that included agricultural sciences, consumer solutions, infrastructure solutions, performance materials and chemicals and performance plastics segments and Historical DuPont operating a global business that included agriculture, electronics and communications, industrial biosciences, nutrition and health, performance materials and protection solutions segments. In connection with the signing of the merger agreement for the Merger (the “merger agreement”), Historical Dow and Historical DuPont announced their intention to pursue, subject to the approval of the DowDuPont board of directors and any required regulatory approvals, the separation of the combined company, DowDuPont, into three independent, publicly traded companies—one for each of the combined company’s agriculture, materials science and specialty products businesses.

Internal Reorganization

In furtherance of DowDuPont’s planned separation into three independent, publicly traded companies, prior to, but in connection with, the separation and distribution, Historical Dow and Historical DuPont will undertake a series of internal reorganization transactions to align their respective businesses into three subgroups: agriculture, materials science and specialty products. DowDuPont has also formed two wholly owned subsidiaries: Dow NewCo, to serve as a holding company for Dow, and Corteva, Inc. (including, where context requires, its consolidated subsidiaries, “Corteva”), to serve as a holding company for its agriculture business. Following the distribution of Dow, the remaining company, which is referred to herein as “New DuPont,” will continue to hold DowDuPont’s agriculture and specialty products businesses. New DuPont is then expected to complete the distribution of Corteva, resulting in New DuPont holding only the specialty products business of DowDuPont. Following the distributions, DowDuPont will be known as DuPont.

This series of reorganization transactions, which we refer to in this information statement as the “Internal Reorganization,” will involve:

- the transfer or conveyance by Historical Dow of its assets and liabilities that are (i) aligned with DowDuPont’s agriculture business (including Historical Dow’s agriculture business) to legal entities that will be subsidiaries of Corteva following the Business Realignment (as defined below) (although certain transfers and conveyances to Corteva may occur after the Business Realignment but prior to the distribution of Dow), (ii) aligned with DowDuPont’s specialty products business (including those portions of Historical Dow’s business that are aligned with the specialty products business) to legal entities that will be subsidiaries of New DuPont following the Business Realignment (although certain transfers and conveyances to New DuPont may occur after the Business Realignment but prior to the distribution of Dow) and (iii) aligned with DowDuPont’s materials science business to legal entities that will remain with Dow; and

- the transfer or conveyance by Historical DuPont of its assets and liabilities that are (i) aligned with DowDuPont’s agriculture business to legal entities that will remain with Corteva following the Business Realignment, (ii) aligned with DowDuPont’s specialty products business (including Historical
DuPont’s specialty products business) to legal entities that will be subsidiaries of New DuPont following the Business Realignment and (iii) aligned with DowDuPont’s materials science business (including Historical DuPont’s ethylene and ethylene copolymers businesses (other than its ethylene acrylic elastomers business)) to legal entities that will be subsidiaries of Dow following the Business Realignment.

Following the Internal Reorganization, Historical Dow and Historical DuPont will then transfer or convey among Dow, Corteva and New DuPont all of the equity interests of the applicable subsidiaries such that, in addition to any assets and liabilities allocated to Dow, Corteva and New DuPont pursuant to the separation agreement (as defined below), Dow will hold only the assets and liabilities related to DowDuPont’s materials science business, Corteva will hold only the assets and liabilities related to DowDuPont’s agriculture business, and New DuPont will hold only the assets and liabilities related to DowDuPont’s specialty products business. These transfers and conveyances, which we refer to in this information statement as the “Business Realignment,” will involve:

- the transfer or conveyance of Historical Dow’s interests in the capital stock of, or any other equity interests in, the entities that are to be subsidiaries of Corteva or New DuPont to Corteva or New DuPont, as applicable; and
- the transfer or conveyance of Historical DuPont’s interests in the capital stock of, or any other equity interests in, the entities that are to be subsidiaries of Dow or New DuPont to Dow or New DuPont (although certain transfers and conveyances to New DuPont may occur after the Business Realignment but prior to the expected distribution of Corteva), as applicable.

In the case of Dow, as a result of the Internal Reorganization and Business Realignment, at the time of the separation and distribution, Dow NewCo will hold all of the outstanding common stock of TDCC as well as DowDuPont’s Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics segments, which includes Historical DuPont’s ethylene and ethylene copolymers businesses (other than its ethylene acrylic elastomers business).

The diagrams below depict DowDuPont’s organizational structure after the Merger, DowDuPont’s anticipated organizational structure after the Internal Reorganization and Business Realignment and Dow’s anticipated organizational structure following the separation and distribution. These diagrams are provided for illustrative purposes only and do not purport to represent all legal entities within the organizational structure of DowDuPont or Dow, as applicable.
For further information, see the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement.”

Financial Statement Presentation
This information statement generally describes Dow as if the Internal Reorganization and Business Realignment have already been completed and Dow holds only the materials science business of DowDuPont that it will hold at the time of the distribution. Accordingly, this information statement includes an unaudited pro forma...
consolidated balance sheet for Dow as well as unaudited pro forma consolidated statements of income for Dow, which present Dow’s financial position and results of operations to give pro forma effect to the Internal Reorganization, the Business Realignment, the distribution, and the other transactions described under “Unaudited Pro Forma Combined Financial Information.” The unaudited pro forma combined financial statements are presented for illustrative purposes only and should not be viewed as an indication of current or future results of operations, financial position or cash flows as if Dow had been a separate, standalone company holding only DowDuPont’s materials science business during the periods presented.

This information statement also includes certain historical consolidated financial information related to and discusses the results of operations, financial condition and business of Historical Dow. For example, the historical financial statements incorporated by reference herein are the financial statements of Historical Dow and reflect Historical Dow’s business as it has been conducted prior to the Internal Reorganization and Business Realignment. These financial statements therefore reflect the business of Historical Dow, which includes those portions of Historical Dow’s business that form part of DowDuPont’s agriculture business and will be transferred to Corteva and those portions of Historical Dow’s business that form part of DowDuPont’s specialty products business and will be transferred to New DuPont. They also do not reflect the portions of Historical DuPont’s business related to DowDuPont’s materials science business that will be transferred to Dow. As such, Historical Dow’s financial information and results are not representative of the financial results that Dow would have achieved as a separate, publicly traded company holding only DowDuPont’s materials science business nor indicative of the results Dow expects for any future period. Information in this information statement that does not reflect Dow as it will be comprised at the time of the separation and distribution is generally identified by reference to “Historical Dow.” For further information, see the sections entitled “Selected Consolidated Financial Data of Historical Dow” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow.”

Dow NewCo is a wholly owned subsidiary of DowDuPont that was formed on August 30, 2018 to serve as a holding company for Dow. Dow NewCo has engaged in no business operations to date and has no assets or liabilities of any kind, other than those incident to its formation.
INFORMATION STATEMENT SUMMARY

Distributing Company

DowDuPont is a holding company comprised of Historical Dow and Historical DuPont. DowDuPont conducts its operations worldwide through the following eight segments: Agriculture; Performance Materials & Coatings; Industrial Intermediates & Infrastructure; Packaging & Specialty Plastics; Electronics & Imaging; Nutrition & Biosciences; Transportation & Advanced Polymers; and Safety & Construction and collectively has approximately 98,000 employees.

In connection with the signing of the merger agreement, Historical Dow and Historical DuPont announced their intention, subject to the approval of the DowDuPont board of directors and any required regulatory approvals, to separate DowDuPont into three independent, publicly traded companies—one for each of the combined company’s agriculture, materials science and specialty products businesses.

The distribution of Dow, which at the time of the distribution will hold DowDuPont’s materials science business, is expected to be the first of the two distributions to effectuate DowDuPont’s plan to separate into three strong, independent, publicly traded companies. Following the distribution of Dow, the remaining company, which is referred to herein as “New DuPont,” will hold DowDuPont’s agriculture and specialty products businesses. It is expected that New DuPont will then complete, subject to the approval of its board of directors, the distribution of Corteva, which will hold the assets and liabilities associated with DowDuPont’s agriculture business, resulting in New DuPont holding only the specialty products business of DowDuPont. The separation of Corteva is expected to be completed by June 1, 2019 through the distribution to New DuPont stockholders of all of the common stock of Corteva. Following the distributions, DowDuPont will become known as DuPont. The DowDuPont board of directors believes that the completion of these separations will result in three independent, publicly traded companies that will lead their respective industries through productive, science-based innovation to meet the needs of customers and help solve global challenges and is the best available opportunity to unlock the value of DowDuPont’s businesses.

Dow Holdings Inc.

Dow will be a leading materials science company, combining science and technology to develop innovative solutions that are essential to human progress. Dow’s ambition is to be the most innovative, customer-centric, inclusive and sustainable materials science company in the world. Following the separation and distribution, Dow will employ its technology platforms, broad geographic reach and operational scale to deliver differentiated products and solutions through a focused business portfolio primarily aligned with three consumer-driven market verticals: consumer care, infrastructure and packaging.

With over 120 years of history, Dow’s knowledge of customers’ needs—and the eventual consumers’ needs—is at the core of its value proposition. Dow’s products serve as critical inputs used in a variety of high-performance applications, including coatings, home and personal care, durable goods, adhesives and sealants, and food and specialty packaging. These product offerings meet highly specialized customer needs and represent a critical component of customers’ products.

Dow’s products will be manufactured at 113 sites in 31 countries, reaching thousands of customers around the world. Dow’s global presence will allow it to serve a broad customer base, providing Dow with geographically diversified revenue and earnings streams. In addition, Dow will operate a global commercial and development network that features eight state-of-the-art research and development (“R&D”) centers, covering each of the major geographies, with several additional laboratories and technical service centers around the world positioned to meet the growth and product development needs of customers.
In 2018, on a pro forma basis, Dow employed approximately 38,000 people and delivered pro forma net sales of $49.7 billion, pro forma net income of $3.0 billion and pro forma Operating EBIT of $6.2 billion. See the sections entitled “Unaudited Pro Forma Combined Financial Information” and “Supplemental Pro Forma Segment Results for Dow” for additional information, including a reconciliation of pro forma net income to pro forma Operating EBIT and pro forma Operating EBITDA.

Dow’s portfolio will be comprised of six global business units, organized into three operating segments: Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics.

**Performance Materials & Coatings** includes industry-leading franchises that deliver a wide array of solutions into consumer and infrastructure end-markets. The segment consists of two global businesses: Coatings & Performance Monomers and Consumer Solutions. These businesses primarily utilize Dow’s acrylics-, cellulosics- and silicone-based technology platforms to serve the needs of the architectural and industrial coatings, home care and personal care end-markets. Both businesses employ materials science capabilities, global reach and unique products and technology to combine chemistry platforms to deliver differentiated offerings to customers.

**Industrial Intermediates & Infrastructure** consists of two customer-centric global businesses—Industrial Solutions and Polyurethanes & CAV—that develop important intermediate chemicals that are essential to manufacturing processes, as well as downstream, customized materials and formulations that use advanced development technologies. These businesses primarily produce and market ethylene oxide, propylene oxide derivatives, cellulose ethers, redispersible latex powders and acrylic emulsions that are aligned to market segments as diverse as appliances, coatings, infrastructure, oil and gas, and building and construction. The global scale and reach of these businesses, world-class technology and R&D capabilities and materials science expertise enable Dow to be a premier solutions provider offering customers value-add sustainable solutions to enhance comfort, energy efficiency, product effectiveness and durability across a wide range of home comfort and appliances, building and construction, adhesives and lubricant applications, among others.

**Packaging & Specialty Plastics** is a world leader in plastics and consists of two highly integrated global businesses: Hydrocarbons & Energy and Packaging and Specialty Plastics. The segment employs the industry’s broadest polyolefin product portfolio, supported by Dow’s proprietary catalyst and manufacturing process technologies, to work at the customer’s design table throughout the value chain to deliver more reliable and durable, higher performing, and more sustainable plastics to customers in food and specialty packaging; industrial and consumer packaging; health and hygiene; caps, closures and pipe applications; consumer durables; and infrastructure.

**Dow’s Strategy**

Dow strives to be the most innovative, customer-centric, inclusive and sustainable materials science company in the world—one that is driven by world-class talent and enabled by leading products and technologies.

Dow pursues this ambition with industry-leading materials science capabilities and competitive cost positions applied to three attractive markets: consumer care, infrastructure and packaging. These sectors have strong consumer-driven demand trends, including: urbanization; growing middle-class populations, particularly in the emerging world; increasing demand for sustainable solutions that support a circular economy and lower energy intensity; and faster value chain interactions that are driving demands for digital business models and sharper data insights.
Dow’s goal is to deliver profitable growth over the long-term by aligning its actions to a core set of strategic priorities:

- **Maintain and improve Dow’s leadership positions in attractive growth markets** where Dow’s leading materials science expertise, unparalleled global reach and customer and value chain understanding is recognized and rewarded;

- **Focus on innovation and capitalizing on growth and value-add materials science opportunities between Dow’s technology platforms** by leveraging Dow’s leading R&D and process technology capabilities to quickly adapt and innovate for the benefit of Dow’s customers and value chain partners through developing new and next generation products, formulations and novel solutions;

- **Maintain Dow’s foundation of operational excellence**, exemplified by Dow’s long-standing hallmark performance in safe, reliable, and sustainable operations;

- **Exercise disciplined resource and capital allocation**, focused on maintaining our leadership positions, driving profitable growth and improving return on invested capital. This includes a near-term focus on incremental, less capital intensive and fast payback investments that continue to drive organic growth and enhance Dow’s asset flexibility, reliability, and efficiency, without sacrificing Dow’s ability to evaluate the best long-term growth opportunities;

- **Drive continuous productivity**, creating efficiency gains in Dow’s manufacturing and corporate operations in order to enhance Dow’s cost positions, increase throughput and maintain a streamlined corporate infrastructure, in part driven by integrating digitalization across our operations, businesses and work processes;

- **Disciplined portfolio management** that continually assesses whether Dow’s portfolio is optimized to fit the company’s strategy and priorities based on return and competitive position criteria;

- **Commitment to sustainability** in Dow’s products, operations and supply chains, which includes a continuation of Dow’s global industry leadership in transparency of sustainability reporting and goal setting; and

- **A fully inclusive organization** that seeks to enhance Dow’s employee and customer experiences and strengthen Dow’s understanding of the communities it serves.

In summary, Dow expects its strategy to further deepen its position as the industry’s leading materials science company and enhance the vitality of Dow’s customer relationships and the value Dow’s customers’ place on its product solutions—leading to higher returns on invested capital, increasing free cash flow (cash flows from operating activities less capital expenditures) and enhanced stockholder value.

**Dow’s Competitive Strengths**

Dow’s more than 120 years of history have enabled it to build a variety of competitive strengths that each support its strategic pillars and highlight how Dow is positioned to win with customers and in its core market verticals. These strengths include the following:

- Best-in-class manufacturing scale, with global reach and value chain knowledge;

- Leading global market positions in growing, consumer-driven end markets;

- Market-driven technology and intellectual property that enables Dow’s materials science expertise;

- Diverse and deep customer relationships with a strong track record of collaboration;

- A broad geographic footprint that is well-positioned to capture demand growth;
• World-class safety and reliable operations;
• Dow’s commitment to advancing sustainability;
• Dow’s experienced management team with deep industry expertise; and
• Dow’s inclusive, diverse and aligned business organization.

Detailed information on Dow’s competitive strengths can be found in “The Business—Dow’s Competitive Strengths.”

Although Dow expects these strengths to position Dow to execute on its business strategy and leverage its position as the industry’s leading materials science company in order to deliver profitable growth over the long-term, there are risks associated with Dow’s business as well as Dow’s separation from DowDuPont. For an overview of certain of these risks, please see the summary below under the caption “Risks Associated with Dow’s Business” as well as the information in the section entitled “Risk Factors.”

**Risks Associated with Dow’s Business**

An investment in Dow is subject to a number of risks. The following list of risk factors related to Dow’s business is not exhaustive. Please read the information in the section entitled “Risk Factors” for a more thorough description of these and other risks, including risks related to the separation and to Dow common stock.

• **Conditions in the global economy and global capital markets**—Dow operates in a global, competitive environment, which gives rise to operating and market risk exposure that could have a negative impact on Dow’s results of operations.

• **Financial commitments and exposure to credit markets**—adverse conditions in economic markets could reduce Dow’s flexibility to respond to changing business conditions or to fund its capital needs. In addition, Dow will retain Historical Dow’s indebtedness following the separation and distribution, and if Dow is unable to generate sufficient funds to service this significant debt, Dow’s ability to fund working capital and/or expansion could be negatively impacted.

• **Raw materials requirements**—Dow relies on the availability of purchased feedstocks and energy, the unavailability of these materials or volatility in their cost, could negatively impact Dow’s operating costs and add volatility to its earnings.

• **Changes in industry supply and demand**—the ability of Dow to generate earnings varies in part based on the balance of supply relative to demand in Dow’s industries, and changes in capacity and disruptions in supply/demand balances could negatively impact Dow’s results of operations.

• **Litigation exposures and costs**—in the ordinary course of its business, Dow is a party to a number of claims and lawsuits, including those related to product liability and patent infringement claims, employment matters, governmental tax and regulatory disputes, and contract and commercial litigation, for which Dow could have significant costs and incur significant liabilities.

• **Environmental compliance impacts**—Dow is subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances pertaining to environmental compliance and the costs of complying with these evolving regulatory requirements could negatively impact Dow’s financial results. In addition, actual or alleged violations of environmental laws or permitting requirements by Dow could result in restrictions or prohibitions on Dow’s plant operations, substantial civil or criminal sanctions, and/or the assessment of strict liability and/or joint and several liability, which could negatively affect Dow’s financial condition and results of operations.

• **Restrictions from health and safety regulations**—increasing concerns regarding the safe use of chemicals and plastics in commerce (including concerns about environmental impact) have resulted
and may result in new restrictive regulations, which may have a negative impact on Dow’s purchasing habits, regulatory compliance, product development and launches and potential litigation, all of which may impact Dow’s results of operations.

- **Significant operational disruption**—as a diversified chemical manufacturing company, Dow’s operations may be disrupted by issues in the transportation of products, cyber attacks, or severe weather events or natural phenomena, among other things, which events could significantly impact Dow’s production and operations and have a negative impact on its results of operations. Following the separation, Dow will also be subject to restrictions under certain intellectual property agreements with New DuPont and Corteva, which will limit Dow’s ability to develop and commercialize certain products and services.

- **Uncertainty in strategic implementation**—the implementation of Dow’s strategy and development projects may be affected by a number of factors, including Dow’s operation in diverse markets and emerging geographies and the need to develop relationships with new customer and suppliers, and Dow’s financial condition, cash flows and results of operations may be adversely affected by its failure to successfully implement its strategy.

- **Restrictions on strategic flexibility**—in order to preserve the tax-free nature of the distribution and related transactions, Dow will be restricted in its ability to undertake certain transactions in the future, including from entering into certain business combination and other transactions involving Dow’s assets and/or the Dow common stock, which could limit Dow’s strategic flexibility.

- **Impairments of goodwill**—if Dow determines that it must write-off a significant portion of its goodwill, Dow’s results of operations could be negatively impacted.

- **Changes in pension liabilities and obligations**—increases in Dow’s obligations or funding requirements under its defined benefit pension plans and other postretirement benefit plans could negatively impact Dow’s cash flows and financial condition.

Following the separation, Dow will be a pure-play materials science company and will not operate under the umbrella of DowDuPont. Dow’s business may be negatively impacted by this loss of operating diversity, including the purchasing power associated with operating as part of a larger organization. In addition, portions of Dow’s business were formerly part of Historical DuPont, which may be impacted by potential disruptions as a result of their transition to be a part of Dow and to the loss or dilution of their brand identities.

In addition, the financial information for Historical Dow that is incorporated by reference herein from the pertinent pages of Historical Dow’s financial statements, and the notes thereto, that are filed as Exhibit 99.2 to the Form 10 reflect the business of Historical Dow and not Dow’s business as it will be constituted following the separation and distribution, including after giving effect to the Internal Reorganization and Business Realignment. As a result, these historical financial statements may not be a reliable indicator of Dow’s financial condition or results of operations.

**The Separation and Distribution**

The separation and distribution of Dow is the first step in DowDuPont’s intended separation of its agriculture, materials science, and specialty products divisions into three independent, publicly traded companies.

On September 12, 2017, the DowDuPont board of directors announced the composition of the materials science business, Dow, which is expected to be the first business separated from DowDuPont, and will be comprised of DowDuPont’s Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics (including Historical DuPont’s ethylene and ethylene copolymers businesses (other than its ethylene acrylic elastomers business)) segments.
On [●], the DowDuPont board of directors approved the distribution of all of the then issued and outstanding shares of common stock of Dow NewCo, the newly formed holding company for Dow that at the time of the distribution will hold DowDuPont’s materials science business, to DowDuPont stockholders on the basis of [●] shares of Dow common stock for every [●] shares of DowDuPont common stock held on [●], the record date for the distribution. As a result of the distribution, Dow will become an independent, publicly traded company. The distribution is intended to be generally tax-free to DowDuPont stockholders for U.S. federal income tax purposes, except for any cash received in lieu of fractional shares.

The distribution is subject to the satisfaction or waiver of certain conditions. The DowDuPont board of directors (and, following the distribution of Dow, with respect to the distribution of Corteva, the New DuPont board of directors) has the discretion to abandon one or both of the intended distributions and to alter the terms of each distribution. See the section entitled “The Distribution—Conditions to the Distribution.” As a result, Dow cannot provide any assurances that either distribution will be completed.

**Internal Reorganization**

In advance of the distribution, DowDuPont will undertake the Internal Reorganization and Business Realignment so that (1) Dow will hold, directly or indirectly, the entities, assets and liabilities associated with DowDuPont’s materials science business, which includes DowDuPont’s Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics (including Historical DuPont’s ethylene and ethylene copolymers businesses (other than its ethylene acrylic elastomers business)) segments; (2) Corteva will hold, directly or indirectly, DowDuPont’s agriculture business and (3) New DuPont will hold, directly or indirectly, the specialty products business. See “Merger, Intended Separations, Reorganization and Financial Statements—Internal Reorganization” and “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement” for further discussion.

**Dow’s Relationship with New DuPont and Corteva Following the Distribution**

Substantially simultaneously with the distribution, Dow NewCo will enter into a separation and distribution agreement with DowDuPont and Corteva, which is referred to in this information statement as the “separation agreement,” to effect the separation (including the Internal Reorganization and Business Realignment) and provide a framework for Dow’s relationship with New DuPont and Corteva after the separation and distribution. In connection with the separation and distribution, Dow will also enter into various other agreements with New DuPont and Corteva, including a tax matters agreement, an employee matters agreement, intellectual property cross-license agreements, trademark license agreements and certain services, manufacturing, supply and real estate-related agreements. These agreements will collectively provide for the terms of the allocation among Dow, New DuPont and Corteva of the assets, liabilities and obligations of DowDuPont and its subsidiaries (including investments, property and employee benefits and tax-related assets and liabilities) attributable to the periods prior to, at and after Dow’s and Corteva’s respective separations, and will govern certain relationships among Dow, New DuPont and Corteva after the separation and distribution. For a discussion of these arrangements, see the sections entitled “Risk Factors—Risks Related to the Separation” and “Dow’s Relationship with New DuPont and Corteva Following the Distribution.”

**Regulatory Approvals**

Dow NewCo must complete the necessary registration under U.S. federal securities laws of the Dow common stock to be issued in the distribution. Dow NewCo must also complete the applicable listing requirements of the NYSE for such shares.
Other than these requirements, Dow does not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the distribution.

DowDuPont stockholders will not have any appraisal rights in connection with the distribution.

**Corporate Information**

Dow’s principal executive offices are located at 2211 H.H. Dow Way, Midland, Michigan 48674. Dow’s telephone number is (989) 636-1000.
### SUMMARY OF THE SEPARATION AND DISTRIBUTION

The following is a summary of the material terms of the separation, distribution and other related transactions.

<table>
<thead>
<tr>
<th><strong>Distributing company</strong></th>
<th>DowDuPont Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distributed company</strong></td>
<td>Dow Holdings Inc., a Delaware corporation and a wholly owned subsidiary of DowDuPont that will be the holding company for DowDuPont’s materials science business. Following the distribution, Dow NewCo will be an independent, publicly traded company.</td>
</tr>
<tr>
<td><strong>Distribution ratio</strong></td>
<td>Each DowDuPont stockholder will receive [口] shares of Dow common stock for every [口] shares of DowDuPont common stock held on [口], the record date for the distribution. DowDuPont stockholders may also receive cash in lieu of any fractional shares, as described below.</td>
</tr>
<tr>
<td><strong>Distributed securities</strong></td>
<td>In the distribution, DowDuPont will distribute to DowDuPont stockholders all of the then issued and outstanding shares of Dow common stock. Following the separation and distribution, Dow will be a separate company, and the remaining company, which is referred to herein as New DuPont, will not retain any ownership in Dow. The actual number of shares of Dow common stock that will be distributed will depend on the number of shares of DowDuPont common stock outstanding on the record date. Immediately following the distribution, DowDuPont stockholders will own shares in both Dow and New DuPont.</td>
</tr>
<tr>
<td><strong>Fractional shares</strong></td>
<td>DowDuPont will not distribute any fractional shares of Dow common stock. Instead, if you are a registered holder, the distribution agent will aggregate all fractional shares that would have otherwise been issued in the distribution into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of all DowDuPont stockholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to those stockholders (net of any required withholding for taxes applicable to each stockholder) who otherwise would have been entitled to receive a fractional share in the distribution. DowDuPont stockholders who receive cash in lieu of fractional shares will not be entitled to any interest on amounts paid in lieu of fractional shares. Any cash received in lieu of fractional shares generally will be taxable to DowDuPont stockholders as described in the section entitled “Material U.S. Federal Income Tax Consequences of the Distribution.”</td>
</tr>
<tr>
<td><strong>Record date</strong></td>
<td>The record date for the distribution is the close of business on [口].</td>
</tr>
<tr>
<td><strong>Distribution date</strong></td>
<td>The anticipated distribution date is [口].</td>
</tr>
</tbody>
</table>
**Distribution**

On the distribution date, DowDuPont will issue shares of Dow common stock to all DowDuPont stockholders as of the record date based on the distribution ratio. The shares of Dow common stock will be issued electronically in direct registration or book-entry form and no certificates will be issued.

Commencing on or shortly following the distribution date, the distribution agent will mail to stockholders who hold their shares directly with DowDuPont (registered holders) a direct registration account statement that reflects the shares of Dow common stock that have been registered in their name.

For shares of DowDuPont stock that are held through a bank, the bank will credit the stockholder’s account with the Dow common stock they are entitled to receive in the distribution.

DowDuPont stockholders will not be required to make any payment, to surrender or exchange their shares of DowDuPont common stock or to take any other action to receive their shares of Dow common stock in the distribution.

If you are a DowDuPont stockholder on the record date and decide to sell your shares on or before the distribution date, you may choose to sell your DowDuPont common stock with or without your entitlement to receive Dow common stock in the distribution. Beginning on or shortly before the record date and continuing through the last trading day prior to the distribution, it is expected that there will be two markets in DowDuPont common stock: a “regular-way” market and an “ex-distribution” market. Shares of DowDuPont common stock that are traded in the “regular-way” market will trade with the entitlement to receive the Dow common stock that is distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without the entitlement to receive the shares of Dow common stock distributed pursuant to the distribution. Consequently, if you sell your shares of DowDuPont common stock in the “regular-way” market on or prior to the last trading day prior to the distribution date, you will also be selling your right to receive Dow common stock in the distribution.

**Conditions to the distribution**

The distribution is subject to the satisfaction of the following conditions, among other conditions described in this information statement:

- the SEC having declared effective the Form 10 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (or the Form 10 having otherwise become effective pursuant to and in accordance with Section 12(d) of the Exchange Act), no stop order relating to the Form 10 being in effect, no proceedings seeking such a stop order being pending before or threatened by the SEC and this information statement
• the listing of the Dow common stock on the NYSE having been approved, subject to official notice of issuance;

• DowDuPont having received an opinion from a nationally recognized independent appraisal firm, to the effect that, following the distribution, Dow and DowDuPont will each be solvent and adequately capitalized, and that DowDuPont has adequate surplus under Delaware law to declare the dividend of Dow common stock;

• the Internal Reorganization and Business Realignment as they relate to Dow having been effectuated prior to the distribution date;

• the DowDuPont board of directors having declared the dividend of Dow common stock to effect the distribution and having approved the distribution and all related transactions, which approval may be given or withheld in the board’s absolute and sole discretion (and such declaration or approval not having been withdrawn);

• DowDuPont having elected the individuals to be members of the Dow board of directors following the distribution, and certain directors as set forth in the separation agreement having resigned from the DowDuPont board of directors;

• each of Dow, DowDuPont and Corteva and each of their applicable subsidiaries having entered into all ancillary agreements to which it and/or any such subsidiary is contemplated to be a party;

• no events or developments having occurred or existing that make it inadvisable to effect the distribution or that would result in the distribution and related transactions not being in the best interest of DowDuPont or its stockholders;

• no order, injunction or decree by any governmental entity of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the related transactions shall be pending, threatened, issued or in effect, and no other event outside of DowDuPont’s control having occurred that prevents the consummation of the distribution;

• the receipt (i) by DowDuPont of an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, in form and substance satisfactory to DowDuPont (in its sole discretion) (the “DowDuPont Tax Opinion”) and (ii) by Dow of an opinion of each of Weil, Gotshal & Manges LLP and Ernst & Young LLP, in form and substance satisfactory to Dow (in its sole discretion) (the “Dow Tax Opinions” and, together with the DowDuPont Tax Opinion, the “Tax Opinions”), each substantially to the effect that, among
other things, the distribution, together with certain related transactions, will qualify as a tax-free transaction under Section 355 and Section 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “Code”) for U.S. federal income tax purposes; and

• the Internal Revenue Service (“IRS”) not having revoked the IRS Ruling (as described in the section entitled “Risk Factors—Risks Related to the Separation”).

The fulfillment of these conditions does not create any obligation on DowDuPont’s part to effect the distribution, and the DowDuPont board of directors has the ability, in its sole discretion, to amend, modify or abandon the distribution and related transactions at any time prior to the distribution date.

### Stock exchange listing

Dow NewCo intends to file an application to list the shares of Dow common stock on the NYSE under the symbol “DOW.”

Dow anticipates that on or shortly before the record date, trading in shares of Dow common stock will begin on a “when-issued” basis and that this “when-issued” trading market will continue through the last trading day prior to the distribution date. See the section entitled “The Distribution—Trading Between the Record Date and Distribution Date.”

### Transfer agent

After the distribution, the transfer agent and registrar for Dow common stock will be Computershare Trust Company N.A. (“Computershare”).

### Dow’s indebtedness

Dow will retain Historical Dow’s indebtedness, and at the time of the distribution expects to have indebtedness of approximately $19.8 billion (excluding operating leases). For additional information relating to Dow’s anticipated indebtedness following the separation and distribution, see the sections entitled “Description of Material Indebtedness” and “Unaudited Pro Forma Combined Financial Information.”

### Risks relating to Dow, ownership of Dow common stock and the distribution

Dow’s business is subject to both general and specific risks, including risks relating to Dow’s business, Dow’s relationship with New DuPont and Corteva following the separation and distribution and to Dow being a separate, publicly traded company. You should read carefully the section entitled “Risk Factors.”

### Tax considerations

Assuming the distribution, together with certain related transactions, qualifies as a tax-free transaction for U.S. federal income tax purposes under Section 368(a)(1)(D) and Section 355 of the Code, no gain or loss will be recognized by DowDuPont stockholders, and no amount will be included in the income of a DowDuPont stockholder, upon the receipt of shares of Dow common stock pursuant to the distribution. However, any cash payments made in lieu of fractional shares will generally be taxable to the stockholder. For a more detailed description, see the section entitled “Material U.S. Federal Income Tax Consequences of the Distribution.”
Certain agreements with DowDuPont and Corteva

Substantially simultaneously with the distribution, Dow NewCo will enter into the separation agreement with DowDuPont and Corteva to effect the separation and distribution and provide a framework for Dow’s relationship with New DuPont and Corteva after the separation and distribution, Dow also intends to enter into various other agreements with DowDuPont and Corteva, including a tax matters agreement, an employee matters agreement, intellectual property cross-license agreements, trademark license agreements and certain services, manufacturing, supply and real-estate agreements. These agreements will provide, among other things, for the allocation among Dow, New DuPont and Corteva of the assets, liabilities and obligations of DowDuPont (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Dow’s and Corteva’s respective separations from DowDuPont and will govern certain relationships among Dow, New DuPont and Corteva. For a discussion of these arrangements, see the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution.”
QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Dow and why is DowDuPont separating its materials science business and distributing Dow common stock?

Prior to the completion of the Merger on August 31, 2017, Historical Dow was a standalone, publicly traded company, operating a global business that included agricultural sciences, consumer solutions, infrastructure solutions, performance materials and chemicals, and performance plastics segments. As a result of the Merger, Historical Dow became a subsidiary of DowDuPont. In connection with their entry into the merger agreement, Historical Dow and Historical DuPont announced their intention to pursue the separation of DowDuPont into three independent, publicly traded companies—one for each of the combined company’s agriculture, materials science and specialty products businesses, subject to the approval of the DowDuPont board of directors and any required regulatory approvals.

The separation and distribution of DowDuPont’s materials science business, Dow, is the first step in this process. In connection with the separation of DowDuPont’s materials science business, DowDuPont will undertake the Internal Reorganization and Business Realignment, such that, at the time of the distribution, Dow will hold, directly or indirectly, only DowDuPont’s materials science business. Dow NewCo is a newly formed holding company for Dow and the separation will be effected by way of a pro rata dividend of Dow common stock to DowDuPont stockholders. Following the separation and distribution, Dow will be a separate company, and the remaining company, New DuPont, will not retain any ownership interest in Dow.

Following the separation and distribution of Dow, it is expected that the separation of DowDuPont’s agriculture business will be completed through the pro rata distribution to stockholders of the remaining company, New DuPont, of all of the then issued and outstanding shares of common stock of Corteva. The separations of Dow and Corteva from DowDuPont and the distributions of Dow common stock and Corteva common stock are each intended to provide DowDuPont stockholders with equity investments in separate companies that will be able to focus their respective businesses, with Dow being a leading, pure-play materials science company. DowDuPont and Dow expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the sections entitled “The Distribution—Background of the Distribution” and “The Distribution—Reasons for the Separation and Distribution.”

Why am I receiving this document?

Dow is delivering this document to you because you are a DowDuPont stockholder as of the close of business on [●], the record date for the distribution. As a DowDuPont stockholder as of the record date, you are entitled to receive [●] shares of Dow common stock for every [●] shares of DowDuPont common stock that you hold at the close of business on such date. This document will help
you understand how the separation and distribution will affect your investment in DowDuPont and your investment in Dow after the separation and distribution.

The DowDuPont board of directors believes that the separation of DowDuPont into three independent, publicly traded companies through the separation of DowDuPont’s agriculture, materials science, and specialty products businesses is in the best interests of DowDuPont and its stockholders and is the best available opportunity to unlock the value of DowDuPont’s business.

The DowDuPont board of directors, in consultation with its advisory committees (as described in the section entitled “The Distribution—Background of the Distribution”), considered a wide variety of factors in evaluating the planned separations and distributions and in deciding to proceed with the distribution of Dow, including the risk that one or more of the distributions is abandoned and not completed. Among other things, the DowDuPont board of directors and its advisory committees considered the following potential benefits of the separations and distributions:

- **Attractive Investment Profile.** The creation of separate companies with strong, focused businesses and each with a distinct financial profile and clear investment thesis is expected to drive significant long-term value for all stockholders and also to reduce the complexities surrounding investor understanding, enabling investors to invest in each company separately based on its distinct characteristics.

- **Enhanced Means to Evaluate Financial Performance.** Investors should be better able to evaluate the business condition, strategy and financial performance of each company within the context of its industry and markets. It is expected that, over time following the completion of the separations, the aggregate market value of Dow, Corteva and New DuPont will be higher, on a fully distributed basis and assuming the same market conditions, than if DowDuPont were to remain under its current configuration.

- **Distinct Position.** The separations are expected to create three independent companies with tailored growth strategies and differentiated technologies, resulting in: Dow, a leading global materials science company that will be a low-cost, innovation-driven leader; Corteva, a leading global agricultural company with the most comprehensive and diverse portfolio in the industry; and New DuPont, a leading global specialty products company that will be a technology driven innovation leader. Each company will provide investors with a distinct investment option that may be more attractive to current investors and will allow the company to attract different investors than the current investment option available to DowDuPont stockholders of one combined company.
• **Focused Capital Allocation.** Each independent, publicly traded company will have a capital structure that is expected to be best suited to its specific needs and will be able to make capital allocation decisions that better align with its streamlined business. In addition, after the separation, the respective businesses within each company will no longer need to compete internally for capital and other corporate resources with businesses allocated to another company.

• **Ability to Adapt to Industry Changes.** Each company is expected to be able to maintain a sharper focus on its core business and growth opportunities, which will allow each company to respond better and more quickly to developments in its industry.

• **Dedicated Management Team with Enhanced Strategic Focus.** Each company’s management team will be able to design and implement corporate policies and strategies that are tailored to such company’s specific business characteristics and to focus on maximizing the value of its business.

• **Improved Management Incentive Tools.** The separation will permit the creation of equity securities, including options and restricted stock units, for each publicly traded company with values more closely linked to the performance of such company’s business than would be readily available under the current configuration of businesses within DowDuPont as a single public company. The DowDuPont board of directors believes such equity-based compensation arrangements should provide enhanced incentives for performance and improve the ability for each publicly traded company to attract, retain and motivate qualified personnel.

• **Direct Access to Capital Markets and Ability to Pursue Strategic Opportunities.** Each company’s business will have direct access to the capital markets, and is expected to be better situated to pursue future acquisitions, joint ventures and other strategic opportunities as well as internal expansion that is more closely aligned with such company’s strategic goals and expected growth opportunities.

The DowDuPont board of directors also considered a number of potentially negative factors, including the loss of synergies and joint purchasing power from ceasing to operate as part of a larger, more diversified company, risks relating to the creation of a new public company, such as increased costs from operating as a separate public company, potential disruptions to the businesses and loss or dilution of brand identities, possible increased administrative costs and one-time separation costs, restrictions on each company’s ability to pursue certain opportunities that may have otherwise been available in order to preserve the tax-free nature of the distributions and related transactions for U.S. federal income tax purposes, the fact that each company will be less diversified than the current configuration of DowDuPont’s businesses prior to the separations and distributions,
and the potential inability to realize the anticipated benefits of the separations.

The DowDuPont board of directors concluded that the potential benefits of pursuing each separation and each distribution outweighed the potentially negative factors in connection therewith. For more information, see the sections entitled “The Distribution—Reasons for the Separation and Distribution” and “Risk Factors.”

The DowDuPont board of directors also considered these potential benefits and potentially negative factors in light of the risk that one or more of the distributions is abandoned or otherwise not completed, resulting in DowDuPont separating into fewer than the intended three separate publicly traded companies. The DowDuPont board of directors believes that the potential benefits to DowDuPont stockholders discussed above apply to the separation of each of the intended three businesses and that the creation of each independent company, with its distinctive business and capital structure and ability to focus on its specific growth plan, will provide DowDuPont stockholders with greater long-term value than retaining one investment in the combined company.

**Why is the separation of Dow structured as a distribution?**

DowDuPont currently believes the separation by way of distribution is the most efficient way to separate its materials science business from DowDuPont for various reasons, including that a separation will (i) offer a high degree of certainty of completion in a timely manner, lessening disruption to current business operations; (ii) provide a high degree of assurance that decisions regarding Dow’s capital structure will align with its business objectives and provide the continued financial flexibility and financial stability to support its long-term growth and generate stockholder returns; and (iii) generally be a tax-free distribution of shares of Dow common stock to DowDuPont stockholders for U.S. federal income tax purposes (except for any cash received in lieu of fractional shares). DowDuPont believes that a tax-free separation will enhance the value of both DowDuPont and Dow. See the section entitled “The Distribution—Reasons for the Separation and Distribution.”

**What do I have to do to participate in the distribution?**

You are not required to take any action to receive your shares of Dow common stock, although you are urged to read this entire document carefully. No approval of the distribution by DowDuPont stockholders is required and DowDuPont is not seeking your approval. Therefore, Dow is not asking for a proxy to vote on the separation or the distribution, and Dow requests that you do not send Dow a proxy. You will not be required to pay anything for the shares of Dow common stock you will receive in the distribution nor will you be required to surrender or exchange any shares of DowDuPont common stock to participate in the distribution.

**What is the record date for the distribution?**

DowDuPont will determine record ownership as of the close of business on [●], which Dow refers to as the “record date.”
| **What will I receive in the distribution?** | If you are a DowDuPont stockholder as of the record date, you will receive 1 share of Dow common stock for every 1 share of DowDuPont common stock you held on the record date, as well as a cash payment in lieu of any fractional shares (as discussed below). You will receive only whole shares of Dow common stock in the distribution. For a more detailed description, see the section entitled “The Distribution.” |
| **How will fractional shares be treated in the distribution?** | No fractional shares of Dow common stock will be distributed. Consequently, you will not receive any fractional shares of Dow common stock and instead will receive a cash payment for any fractional shares you would otherwise have been entitled to receive in the distribution. DowDuPont has engaged Computershare as its distribution agent. The distribution agent will aggregate all fractional shares that would have otherwise been issued in the distribution into whole shares and will sell the whole shares in the open market at prevailing market prices on behalf of all DowDuPont stockholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to those stockholders (net of any required withholding for taxes applicable to such stockholder). You will not be entitled to any interest on the amount of payment made to you in lieu of fractional shares. |
| **Will the number of DowDuPont shares I own change as a result of the distribution?** | No, the number of shares you own will not change as a result of the distribution. Immediately following the distribution, you will hold the same number of shares of DowDuPont, that you held immediately prior to the distribution. Your proportionate interest will also not change, so you will own the same proportionate amount of DowDuPont immediately following the separation and distribution that you owned of DowDuPont immediately prior to the separation and distribution. |
| **How many shares of Dow common stock will be distributed?** | The actual number of shares of Dow common stock that will be distributed will depend on the number of shares of DowDuPont common stock outstanding on the record date. The shares of Dow common stock that are distributed will constitute all of the then issued and outstanding shares of Dow common stock immediately prior to the distribution and DowDuPont will not retain any ownership interest in Dow following the distribution. For more information on the shares being distributed, see the section entitled “Description of Dow’s Capital Stock.” |
When will the distribution occur?

It is expected that the distribution will be effected prior to the opening of trading on the NYSE on [●], which Dow refers to as the “distribution date,” subject to the satisfaction or waiver of certain conditions. On or shortly after the distribution date, the whole shares of Dow common stock will be credited in book-entry accounts for each stockholder entitled to receive shares of Dow common stock in the distribution. No share certificates will be issued with respect to the shares distributed in the distribution. Dow expects DowDuPont’s distribution agent to take approximately two weeks after the distribution date to fully distribute to stockholders any cash they are entitled to receive in lieu of fractional shares. See “—How will I receive my shares of Dow common stock?” for more information.

If I sell my shares of DowDuPont common stock on or before the distribution date, will I still be entitled to receive shares of Dow common stock in the distribution?

If you are a DowDuPont stockholder on the record date and decide to sell your shares before the distribution date, you may choose to sell your DowDuPont common stock with or without your entitlement to receive Dow common stock in the distribution. Beginning on or shortly before the record date and continuing through the distribution, it is expected that there will be two markets in DowDuPont common stock: a “regular-way” market and an “ex-distribution” market. Shares of DowDuPont common stock that are traded in the “regular-way” market will trade with the entitlement to receive the Dow common stock that is distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without the entitlement to receive the shares of Dow common stock distributed pursuant to the distribution. Consequently, if you sell your shares of DowDuPont common stock in the “regular-way” market on or prior to the last trading day prior to the distribution date, you are also selling your right to receive Dow common stock in the distribution.

You should discuss these alternatives with your bank, broker or other nominee. See the section entitled “The Distribution—Trading Between the Record Date and Distribution Date.”

How will I receive my shares of Dow common stock?

Registered stockholders: If you are a registered stockholder (meaning you own your shares of DowDuPont common stock directly through an account with DowDuPont’s transfer agent, Computershare), the distribution agent will credit the whole shares of Dow common stock you receive in the distribution to a book-entry account with Dow’s transfer agent on or shortly after the distribution date. Approximately two weeks after the distribution date, the distribution agent will mail you a book-entry account statement that reflects the number of whole shares of Dow common stock you own, along with a check for any cash in lieu of fractional shares you were entitled to receive. You will be able to access information regarding your book-entry account holding the shares of Dow common stock at Computershare using the same credentials that you use to access your DowDuPont account. You may also contact Computershare at 1-800-369-5606 (U.S. & Canada) or 1-201-680-6578 (outside the U.S. & Canada).
Beneficial stockholders: If you own your shares of DowDuPont common stock beneficially through a bank, broker or other nominee, your bank, broker or other nominee will credit your account with the whole shares of Dow common stock you receive in the distribution on or shortly after the distribution date. Your bank, broker or other nominee will also be responsible for transmitting to you any cash payment you are entitled to receive in lieu of fractional shares. Please contact your bank, broker or other nominee for further information about your account and the payment of any cash you are entitled to receive in lieu of fractional shares.

The shares of Dow common stock will not be certificated. As a result, no physical stock certificates will be issued to any stockholders. See “The Distribution—When and How You Will Receive the Distribution” for a more detailed explanation.

What are the conditions to the distribution?

The distribution is subject to a number of conditions, including, among others:

- the SEC having declared effective the Form 10 under the Exchange Act (or the Form 10 having otherwise become effective pursuant to and in accordance with Section 12(d) of the Exchange Act), no stop order relating to the Form 10 being in effect, no proceedings seeking such stop order is pending before or threatened by the SEC and this information statement (or a notice of internet availability hereof) having been distributed to DowDuPont stockholders;

- the listing of Dow common stock on the NYSE having been approved, subject to official notice of issuance;

- DowDuPont having received an opinion from a nationally recognized independent appraisal firm to the effect that, following the distribution, Dow and DowDuPont will each be solvent and adequately capitalized, and that DowDuPont has adequate surplus under Delaware law to declare the dividend of Dow common stock;

- the Internal Reorganization and Business Realignment as they relate to Dow having been effectuated prior to the distribution date;

- the DowDuPont board of directors having declared the dividend of Dow common stock to effect the distribution and having approved the distribution and all related transactions, which approval may be given or withheld in the board’s absolute and sole discretion (and such declaration or approval not having been withdrawn);

- DowDuPont having elected the individuals to be the members of the Dow board of directors following the distribution, and certain directors as set forth in the separation agreement having resigned from the DowDuPont board of directors;

- each of Dow, DowDuPont and Corteva and each of their applicable subsidiaries having entered into all ancillary
agreements to which it and/or any such subsidiary is contemplated to be a party;

• no events or developments having occurred or existing that make it inadvisable to effect the distribution or that would result in the distribution and related transactions not being in the best interest of DowDuPont or its stockholders;

• no order, injunction or decree by any governmental entity of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the related transactions shall be pending, threatened, issued or in effect, and no other event outside of DowDuPont’s control having occurred that prevents the consummation of the distribution;

• the receipt by DowDuPont of the DowDuPont Tax Opinion and by Dow of the Dow Tax Opinions; and

• the IRS not having revoked the IRS Ruling (as described in the section entitled “Risk Factors—Risks Related to the Separation”).

Can DowDuPont decide to cancel the distribution even if all the conditions have been met?

Yes. The distribution is subject to the satisfaction of certain conditions. See the section entitled “The Distribution—Conditions to the Distribution.” Even if all such conditions are met, DowDuPont has the ability, in its sole discretion, not to complete the distribution if, at any time prior to the distribution, the DowDuPont board of directors determines, in its sole discretion, that the distribution is not in the best interests of DowDuPont or its stockholders, that a sale or other alternative is in the best interests of DowDuPont or its stockholders, or that market conditions or other circumstances are such that it is not advisable at that time to separate the materials science business from DowDuPont.

What are the U.S. federal income tax consequences of the distribution to me?

The distribution is conditioned on the continued validity of the IRS Ruling, which DowDuPont has received from the IRS, and the receipt of the Tax Opinions, in form and substance acceptable to DowDuPont and Dow, as applicable, substantially to the effect that, among other things, the distribution, together with certain related transactions, will qualify as a tax-free transaction under Section 355 and Section 368(a)(1)(D) of the Code. Assuming the distribution so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of Dow common stock pursuant to the distribution. However, any cash payments made instead of fractional shares will generally be taxable to you. For a more detailed description, see the section entitled “The Distribution—Material U.S. Federal Income Tax Consequences of the Distribution.”

How will the distribution affect my tax basis in my shares of DowDuPont common stock?

Assuming that the distribution is tax-free to DowDuPont stockholders (except for taxes related to any cash received in lieu of fractional shares), your tax basis in the DowDuPont common stock held by you
immediately prior to the distribution will be allocated between your shares of DowDuPont common stock (which now reflect ownership of New DuPont) and the Dow common stock that you receive in the distribution in proportion to the relative fair market values of each immediately following the distribution. For a more detailed description, see the section entitled “The Distribution—Material U.S. Federal Income Tax Consequences of the Distribution.”

**Will my shares of DowDuPont common stock continue to trade following the distribution?**

Your DowDuPont common stock will continue to trade on the NYSE.

**How will the distributions of Dow and Corteva affect the operations of DowDuPont?**

Following the distribution, the remaining company will continue to hold both DowDuPont’s agriculture and specialty products business. Following the subsequent distribution of Corteva, New DuPont will then continue to operate the specialty products business of DowDuPont.

**How will Dow common stock trade?**

Dow common stock will trade on the NYSE under the symbol “DOW.”

Dow anticipates that trading in Dow common stock will begin on a “when-issued” basis shortly before the record date for the distribution and will continue through the last trading day prior to the distribution date. When-issued trading in the context of a separation refers to a sale or purchase made conditionally on or before the distribution date because the securities of the separated entity have not yet been distributed. When-issued trades generally settle within two days after the distribution date. On the distribution date any when-issued trading of Dow common stock will end and “regular-way” trading will begin. Regular-way trading refers to trading after the security has been distributed and typically involves a trade that settles on the second full trading day following the date of the trade. See the section entitled “The Distribution—Trading Between the Record Date and Distribution Date.” Dow cannot predict the trading prices for its common stock before, on or after the distribution date.

**What indebtedness will Dow have following the separation?**

Dow will retain Historical Dow’s indebtedness. At the time of the separation, Dow expects to have approximately $19.8 billion of indebtedness (excluding operating leases). See the sections entitled “Description of Material Indebtedness” and “Unaudited Pro Forma Combined Financial Information” for more information.

**Will the separation affect the trading price of my DowDuPont common stock?**

Dow expects the trading price of shares of New DuPont common stock immediately following the distribution to be lower than the trading price of DowDuPont common stock immediately prior to the distribution because the trading price will no longer reflect the value of the materials science business. Furthermore, until the market has fully analyzed the value of New DuPont without Dow and the value of Dow as a standalone company, the trading price of shares of both...
companies may fluctuate. There can be no assurance that, following the distribution, the combined trading prices of the common stock of Dow and New DuPont will equal or exceed what the trading price of DowDuPont common stock would have been in the absence of the separation, and it is possible that the combined equity value of New DuPont and Dow will be less than DowDuPont’s equity value prior to the distribution.

In addition, assuming New DuPont completes the distribution of Corteva, there can be no assurance that, following such distribution, the combined trading prices of the Dow common stock and the common stock of Corteva and New DuPont will equal or exceed what the trading price of DowDuPont common stock would have been in the absence of DowDuPont’s pursuit of the separations, and it is possible the aggregate equity value of the three independent companies will be less than DowDuPont’s equity value prior to the distribution.

**Are there risks associated with owning shares of Dow common stock?**

Yes. Dow’s business is subject to both general and specific risks, including risks relating to Dow’s business, Dow’s relationship with New DuPont and Corteva following the separation and distribution and of Dow being a separate, publicly traded company. Accordingly, you should read carefully the information set forth in the section entitled “Risk Factors.”

**Does Dow intend to pay cash dividends?**

Dow expects that it will pay a competitive quarterly dividend following the distribution of approximately 35 percent to 45 percent of annual adjusted net income. The declaration, payment and amount of any dividends following the distribution will be subject to the sole discretion of Dow’s post-distribution, independent board of directors and, in the context of Dow’s financial policy, will depend upon many factors, including Dow’s financial condition and prospects, Dow’s capital requirements and access to capital markets, covenants associated with certain of Dow’s debt obligations, legal requirements and other factors that the Dow board of directors may deem relevant, and there can be no assurances that Dow will continue to pay a dividend in the future. There can also be no assurance that, after the distribution, the combined annual dividends on the common stock of Dow, New DuPont and Corteva, if any, will be equal to the annual dividends on DowDuPont common stock prior to the distribution.

**What will Dow’s relationship be with New DuPont and Corteva following the separation and distribution?**

Dow New Co will enter into the separation agreement with DowDuPont and Corteva to effect the separation (including the Internal Reorganization and Business Realignment) and distribution of Dow and Corteva. Dow will also enter into certain other agreements with DowDuPont and Corteva, including a tax matters agreement, an employee matters agreement, intellectual property cross-license agreements, trademark license agreements and certain services, manufacturing, supply and real estate-related agreements. These agreements will collectively provide for the terms of the
allocation among Dow, New DuPont and Corteva of the assets, liabilities and obligations of DowDuPont and its subsidiaries (including its investments, property and employee benefits and tax-related assets and liabilities) and will govern the relationship among Dow, New DuPont and Corteva subsequent to the completion of the separations and distributions. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled “Risk Factors—Risks Related to the Separation” and “Dow’s Relationship with New DuPont and Corteva Following the Distribution.”

**Do I have appraisal rights in connection with the separation and distribution?**

DowDuPont stockholders are not entitled to appraisal rights in connection with the separation and distribution.

**Who is the transfer agent and registrar for Dow common stock?**

Following the separation and distribution, Computershare will serve as transfer agent and registrar for the Dow common stock.

Computershare currently serves as DowDuPont’s transfer agent and registrar. In addition, Computershare will serve as the distribution agent in the distribution and will assist DowDuPont in the distribution of Dow common stock to DowDuPont stockholders.

**Where can I get more information?**

If you have any questions relating to the mechanics of the distribution, you should contact Computershare, as the distribution agent at:

1-800-369-5606 (U.S. & Canada) or 1-201-680-6578 (outside the U.S. & Canada)

After the separation and distribution, if you have any questions relating to Dow, you should contact Dow at:

Investor Relations

1-800-422-8193 or 1-989-636-1463

After the separation and distribution, if you have any questions relating to DowDuPont, you should contact DowDuPont at:

Investor Relations

1-302-774-4994 (for Institutional Holders)

1-302-774-3034 (for Individual Holders)
RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating Dow and the Dow common stock. The risk factors generally have been separated into three groups: risks related to Dow’s business, risks related to the separation and risks related to Dow common stock.

Any of the following risks, as well as additional risks and uncertainties not currently known to Dow or that Dow currently deems immaterial, could materially and adversely affect Dow’s business, results of operations or financial condition. Dow’s operations could be affected by various risks, many of which are beyond Dow’s control. Based on current information, Dow believes that the following identifies the most significant risk factors that could affect its business, results of operations or financial condition. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. See the section entitled “Cautionary Statement Concerning Forward-Looking Statements” for more details.

Risks Related to Dow’s Business

The factors described below represent Dow’s principal business risks.

Global Economic Considerations: Dow operates in a global, competitive environment which gives rise to operating and market risk exposure.

Dow sells its broad range of products and services in a competitive, global environment, and competes worldwide for sales on the basis of product quality, price, technology and customer service. Increased levels of competition could result in lower prices or lower sales volume, which could have a negative impact on Dow’s results of operations. Sales of Dow’s products are also subject to extensive federal, state, local and foreign laws and regulations, trade agreements, import and export controls and duties and tariffs. The imposition of additional regulations, controls and duties and tariffs or changes to bilateral and regional trade agreements could result in lower sales volume, which could negatively impact Dow’s results of operations.

Economic conditions around the world, and in certain industries in which Dow does business, also impact sales price and volume. As a result, market uncertainty or an economic downturn in the geographic regions or industries in which Dow sells its products could reduce demand for these products and result in decreased sales volume, which could have a negative impact on Dow’s results of operations.

In addition, volatility and disruption of financial markets could limit customers’ ability to obtain adequate financing to maintain operations, which could result in a decrease in sales volume and have a negative impact on Dow’s results of operations. Dow’s global business operations also give rise to market risk exposure related to changes in foreign exchange rates, interest rates, commodity prices and other market factors such as equity prices. To manage such risks, Dow enters into hedging transactions pursuant to established guidelines and policies. If Dow fails to effectively manage such risks, it could have a negative impact on Dow’s results of operations.

Financial Commitments and Credit Markets: Market conditions could reduce Dow’s flexibility to respond to changing business conditions or fund capital needs.

Adverse economic conditions could reduce Dow’s flexibility to respond to changing business and economic conditions or to fund capital expenditures or working capital needs. The economic environment could result in a contraction in the availability of credit in the marketplace and reduce sources of liquidity for Dow. This could result in higher borrowing costs.
**Raw Materials: Availability of purchased feedstock and energy, and the volatility of these costs, impact Dow’s operating costs and add variability to earnings.**

Purchased feedstock and energy costs account for a substantial portion of Dow’s total production costs and operating expenses. Dow purchases hydrocarbon raw materials including ethane, propane, butane, naphtha and condensate as feedstocks and also purchases certain monomers, primarily ethylene and propylene, to supplement internal production, as well as other raw materials. Dow also purchases natural gas, primarily to generate electricity, and purchases electric power to supplement internal generation.

Feedstock and energy costs generally follow price trends in crude oil and natural gas, which are sometimes volatile. While Dow uses its feedstock flexibility and financial and physical hedging programs to help mitigate feedstock cost increases, Dow is not always able to immediately raise selling prices. Ultimately, the ability to pass on underlying cost increases is dependent on market conditions. Conversely, when feedstock and energy costs decline, selling prices generally decline as well. As a result, volatility in these costs could impact Dow’s results of operations.

Dow has a number of investments on the U.S. Gulf Coast to take advantage of increasing supplies of low-cost natural gas and natural gas liquids (“NGLs”) derived from shale gas including: the restart of the St. Charles Operations (SCO-2) ethylene production facility in December 2012; construction of a new on-purpose propylene production facility, which commenced operations in December 2015; completion of a major maintenance turnaround in December 2016 at an ethylene production facility in Plaquemine, Louisiana, which included expanding the facility’s ethylene production capacity and modifications to enable full ethane cracking flexibility; completion of a new integrated world-scale ethylene production facility and a new ELITE™ Enhanced Polyethylene production facility, both located in Freeport, Texas, in 2017, and a capacity expansion project which will bring the facility’s total ethylene capacity to 2,000 kilot tonnes per annum (“KTA”) by 2020; and Dow commenced operations in 2018 on its new Low Density Polyethylene (“LDPE”) production facility and its new NORDEL™ Metallocene EDPM production facility, both located in Plaquemine, Louisiana. As a result of these investments, Dow’s exposure to purchased ethylene and propylene is expected to decline, offset by increased exposure to ethane- and propane-based feedstocks.

While Dow expects abundant and cost-advantaged supplies of NGLs in the United States to persist for the foreseeable future, if NGLs become significantly less advantaged than crude oil-based feedstocks, it could have a negative impact on Dow’s results of operations and future investments. Also, if Dow’s key suppliers of feedstocks and energy are unable to provide the raw materials required for production, it could have a negative impact on Dow’s results of operations.

**Supply/Demand Balance: Earnings generated by Dow’s products vary based in part on the balance of supply relative to demand within the industry.**

The balance of supply relative to demand within the industry may be significantly impacted by the addition of new capacity, especially for basic commodities where capacity is generally added in large increments as world-scale facilities are built. This may disrupt industry balances and result in downward pressure on prices due to the increase in supply, which could negatively impact Dow’s results of operations.

**Litigation: Dow is party to a number of claims and lawsuits arising out of the normal course of business with respect to product liability, patent infringement, employment matters, governmental tax and regulation disputes, contract and commercial litigation, and other actions.**

Certain of the claims and lawsuits facing Dow purport to be class actions and seek damages in very large amounts. All such claims are contested. With the exception of the possible effect of the asbestos-related liability of Union Carbide Corporation (“Union Carbide”) and Chapter 11 related matters of Dow Silicones Corporation (formerly known as Dow Corning Corporation, “Dow Silicones”) as described below, it is the opinion of Dow’s management that the possibility is remote that the aggregate of all such claims and lawsuits will have a material adverse impact on Dow’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 four decades. At December 31, 2018, Union Carbide’s total asbestos-related liability, including defense and processing costs, was $1,260 million ($1,369 million at December 31, 2017).

In 1995, Dow Silicones, a former 50:50 joint venture, voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code in order to resolve breast implant liabilities and related matters (the “Chapter 11 Proceeding”). Dow Silicones emerged from the Chapter 11 Proceeding on June 1, 2004, and is implementing the Joint Plan of Reorganization (the “Plan”). The Plan provides funding for the resolution of breast implant and other product liability litigation covered by the Chapter 11 Proceeding and provides a process for the satisfaction of commercial creditor claims in the Chapter 11 Proceeding. Dow Silicones’ liability for breast implant and other product liability claims was $263 million at December 31, 2018 ($263 million at December 31, 2017) and the liability related to commercial creditor claims was $82 million ($78 million at December 31, 2017).

**Environmental Compliance:** The costs of complying with evolving regulatory requirements could negatively impact Dow’s financial results. Actual or alleged violations of environmental laws or permit requirements could result in restrictions or prohibitions on plant operations, substantial civil or criminal sanctions, as well as the assessment of strict liability and/or joint and several liability.

Dow is subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment, greenhouse gas emissions, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. In addition, Dow may have costs related to environmental remediation and restoration obligations associated with past and current sites as well as related to Dow’s past or current waste disposal practices or other hazardous materials handling. Although management will estimate and accrue liabilities for these obligations, it is reasonably possible that Dow’s ultimate cost with respect to these matters could be significantly higher, which could negatively impact Dow’s financial condition and results of operations. Costs and capital expenditures relating to environmental, health or safety matters are subject to evolving regulatory requirements and depend on the timing of the promulgation and enforcement of specific standards which impose the requirements. Moreover, changes in environmental regulations could inhibit or interrupt Dow’s operations, or require modifications to its facilities. Accordingly, environmental, health or safety regulatory matters could result in significant unanticipated costs or liabilities.

**Health and Safety:** Increased concerns regarding the safe use of chemicals and plastics in commerce and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations.

Concerns regarding the safe use of chemicals and plastics in commerce and their potential impact on health and the environment reflect a growing trend in societal demands for increasing levels of product safety and environmental protection. These concerns could manifest themselves in stockholder proposals, preferred purchasing, delays or failures in obtaining or retaining regulatory approvals, delayed product launches, lack of market acceptance and continued pressure for more stringent regulatory intervention and litigation. These concerns could also influence public perceptions, the viability or continued sales of certain of Dow’s products, Dow’s reputation and the cost to comply with regulations. In addition, terrorist attacks and natural disasters have increased concerns about the security and safety of chemical production and distribution. These concerns could have a negative impact on Dow’s results of operations.

Local, state, federal and foreign governments continue to propose new regulations related to the security of chemical plant locations and the transportation of hazardous chemicals, which could result in higher operating costs.

**Operational Event:** A significant operational event could negatively impact Dow’s results of operations.

As a diversified chemical manufacturing company, Dow’s operations, the transportation of products, cyber-attacks, or severe weather conditions and other natural phenomena (such as freezing, drought, hurricanes,
earthquakes, tsunamis, floods, etc.) could result in an unplanned event that could be significant in scale and could negatively impact operations, neighbors or the public at large, which could have a negative impact on Dow’s results of operations.

Major hurricanes have caused significant disruption in Dow’s operations on the U.S. Gulf Coast, logistics across the region, and the supply of certain raw materials, which had an adverse impact on volume and cost for some of Dow’s products. Due to Dow’s substantial presence on the U.S. Gulf Coast, similar severe weather conditions or other natural phenomena in the future could negatively impact Dow’s results of operations.

**Cyber Threat: The risk of loss of Dow’s intellectual property, trade secrets or other sensitive business information or disruption of operations could negatively impact Dow’s financial results.**

Cyber-attacks or security breaches could compromise confidential, business critical information, cause a disruption in Dow’s operations or harm Dow’s reputation. Dow has attractive information assets, including intellectual property, trade secrets and other sensitive, business critical information. While Dow will have a comprehensive cyber-security program that will be continuously reviewed, maintained and upgraded, a significant cyber-attack could result in the loss of critical business information and/or could negatively impact operations, which could have a negative impact on Dow’s financial results.

**Company Strategy: Implementing certain elements of Dow’s strategy could negatively impact Dow’s financial results.**

Dow currently has manufacturing operations, sales and marketing activities, and joint ventures in emerging geographies. Activities in these geographic regions are accompanied by uncertainty and risks including: navigating different government regulatory environments; relationships with new, local partners; project funding commitments and guarantees; expropriation, military actions, war, terrorism and political instability; sabotage; uninsurable risks; suppliers not performing as expected resulting in increased risk of extended project timelines; and determining raw material supply and other details regarding product movement. If the manufacturing operations, sales and marketing activities, and/or implementation of these projects is not successful, it could adversely affect Dow’s financial condition, cash flows and results of operations.

**Goodwill: An impairment of goodwill could negatively impact Dow’s financial results.**

Dow expects to continue Historical Dow’s policy of assessing its goodwill for impairment at least annually. If testing indicates that goodwill is impaired, the carrying value will be written down based on fair value with a charge against earnings. Where Dow utilizes a discounted cash flow methodology in determining fair value, continued weak demand for a specific product line or business could result in an impairment. Accordingly, any determination requiring the write-off of a significant portion of goodwill could negatively impact Dow’s results of operations.

**Pension and Other Postretirement Benefits: Increased obligations and expenses related to Dow’s defined benefit pension plans and other postretirement benefit plans could negatively impact Dow’s financial condition and results of operations.**

Dow will have defined benefit pension plans and other postretirement benefit plans (the “plans”) in the United States and a number of other countries. The assets of Dow’s funded plans are primarily invested in fixed income securities, equity securities of U.S. and foreign issuers and alternative investments, including investments in real estate, private market securities and absolute return strategies. Changes in the market value of plan assets, investment returns, discount rates, mortality rates, regulations and the rate of increase in compensation levels may affect the funded status of Dow’s plans and could cause volatility in the net periodic benefit cost, future funding requirements of the plans and the funded status of the plans. A significant increase in Dow’s obligations or future funding requirements could have a negative impact on Dow’s results of operations and cash flows for a particular period and on Dow’s financial condition.
Risks Related to the Separation

*Dow may be unable to achieve some or all of the benefits that Dow expects to achieve from Dow’s separation from DowDuPont.*

Dow believes that, as an independent, publicly traded company, Dow will be better positioned to, among other things, focus its financial and operational resources on its specific business, growth profile and strategic priorities, design and implement corporate strategies and policies targeted to Dow’s operational focus and strategic priorities, guide its processes and infrastructure to focus on Dow’s core strengths, implement and maintain a capital structure designed to meet Dow’s specific needs and more effectively respond to industry dynamics. However, Dow may be unable to achieve some or all of these benefits. For example, in order to position Dow for the separation, Dow is undertaking a series of strategic, structural, process and system realignment and restructuring actions within its operations. These actions may not provide the benefits Dow currently expects, and could lead to disruption of Dow’s operations, loss of, or inability to recruit, key personnel needed to operate and grow Dow’s businesses following the separation, weakening of Dow’s system of internal controls or procedures and impairment of Dow’s key customer and supplier relationships. In addition, completion of the separation will require significant amounts of management’s time and effort, which may divert management’s attention from operating and growing Dow’s businesses. If Dow fails to achieve some or all of the benefits that Dow expects to achieve as an independent company, or does not achieve them in the time Dow expects, Dow’s business, financial condition and results of operations could be materially and adversely affected.

*If the distribution, together with certain related transactions, were to fail to qualify for non-recognition treatment for U.S. federal income tax purposes, then Dow could be subject to significant tax and indemnification liability and stockholders receiving Dow common stock in the distribution could be subject to significant tax liability.*

It is a condition to the distribution that Dow receives the Dow Tax Opinions from Weil, Gotshal & Manges LLP and Ernst & Young LLP, and that DowDuPont receives the DowDuPont Tax Opinion from Skadden, Arps, Slate, Meagher & Flom LLP, each in form and substance acceptable to Dow or DowDuPont, as applicable, substantially to the effect that, among other things, the distribution and certain related transactions will qualify as a tax-free transaction under Section 355 and Section 368(a)(1)(D) of the Code. The Tax Opinions will rely on certain facts, assumptions, and undertakings, and certain representations from DowDuPont and Dow, regarding the past and future conduct of both respective businesses and other matters, including those discussed in the risk factor immediately below, as well as the IRS Ruling (as described below). Notwithstanding the Tax Opinions and the IRS Ruling, the IRS could determine on audit that the distribution or certain related transactions should be treated as a taxable transaction if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated, or that the distribution should be taxable for other reasons, including if the IRS were to disagree with the conclusions of the Tax Opinions.

If the distribution ultimately is determined to be taxable, then a stockholder of DowDuPont that received shares of Dow common stock in the distribution would be treated as having received a distribution of property in an amount equal to the fair market value of such shares (including any fractional shares sold on behalf of such stockholder) on the distribution date and could incur significant income tax liabilities. Such distribution would be taxable to such stockholder as a dividend to the extent of DowDuPont’s current and accumulated earnings and profits, which would include any earnings and profits attributable to the gain recognized by DowDuPont on the taxable distribution and could include earnings and profits attributable to certain internal transactions preceding the distribution. Any amount that exceeded DowDuPont’s earnings and profits would be treated first as a non-taxable return of capital to the extent of such stockholder’s tax basis in its shares of DowDuPont stock with any remaining amount being taxed as a gain on the DowDuPont stock. Because DowDuPont intends to make a protective Section 336(e) election for Dow and each of Dow’s domestic corporate subsidiaries with respect to the distribution, in the event the distribution is ultimately determined to be taxable, DowDuPont would recognize corporate level taxable gain to the extent the fair market value of the assets (excluding stock in any domestic corporate subsidiary) of Dow and its domestic corporate subsidiaries exceeds the basis of Dow and its domestic
corporate subsidiaries in such assets. In addition, if certain related transactions fail to qualify for tax-free treatment under U.S. federal, state, local tax and/or foreign tax law, Dow and DowDuPont could incur significant tax liabilities under U.S. federal, state, local and/or foreign tax law.

Generally, taxes resulting from the failure of the separation and distribution to qualify for non-recognition treatment for U.S. federal income tax purposes would be imposed on DowDuPont or DowDuPont stockholders. Under the tax matters agreement that Dow NewCo will enter into with DowDuPont and Corteva, subject to the exceptions described below, Dow is generally obligated to indemnify DowDuPont against such taxes imposed on DowDuPont. However, if the distribution fails to qualify for non-recognition treatment for U.S. federal income tax purposes for certain reasons relating to the overall structure of the Merger and the distribution, then under the tax matters agreement, Dow and DowDuPont would share the tax liability resulting from such failure in accordance with their relative equity values on the first full trading day following the distribution of Dow. DowDuPont’s responsibility for any such taxes is expected to be shared between New DuPont and Corteva following the distribution of Corteva in accordance with a fixed percentage to be agreed by the parties (though absent any such agreement, following the distribution of Corteva, New DuPont would be responsible for all such liabilities of DowDuPont). Furthermore, under the terms of the tax matters agreement, Dow also generally will be responsible for any taxes imposed on New DuPont or Corteva that arise from the failure of the distribution to qualify as tax-free for U.S. federal income tax purposes within the meaning of Section 355 of the Code or the failure of certain related transactions to qualify for tax-free treatment, to the extent such failure to qualify is attributable to actions, events or transactions relating to Dow, or its affiliates’, stock, assets or business, or any breach of Dow’s representations made in connection with the IRS Ruling or in any representation letter provided to a tax advisor in connection with certain tax opinions, including the Tax Opinions, regarding the tax-free status of the distributions and certain related transactions. DowDuPont, New DuPont (following the distribution of Corteva), and Corteva will be separately responsible for any taxes imposed on Dow that arise from the failure of the distribution to qualify as tax-free for U.S. federal income tax purposes within the meaning of Section 355 of the Code or the failure of certain related transactions to qualify for tax-free treatment, to the extent such failure to qualify is attributable to actions, events or transactions relating to such company’s or its affiliates’ stock, assets or business, or any breach of such company’s representations made in connection with the IRS Ruling or in the representation letter provided to a tax advisor in connection with certain tax opinions, including the Tax Opinions, regarding the tax-free status of the distributions and certain related transactions. Prior to the distribution of Corteva, Corteva and New DuPont are expected to reach an agreement regarding the sharing of responsibility for all liabilities of DowDuPont described in the preceding sentence as a result of actions or transactions of DowDuPont preceding the distribution of Corteva. Absent any such agreement, following the distribution of Corteva, New DuPont will be responsible for all such liabilities of DowDuPont. Events triggering an indemnification obligation under the tax matters agreement include events occurring after the distribution that cause DowDuPont to recognize a gain under Section 355(e) of the Code, as discussed further below. Such tax amounts could be significant. To the extent Dow is responsible for any liability under the tax matters agreement, there could be a material adverse impact on Dow’s business, financial condition, results of operations and cash flows in future reporting periods. For a more detailed discussion, see the section entitled “Material U.S. Federal Income Tax Consequences of the Distribution.”

*The IRS may assert that the Merger causes the distributions and other related transactions to be taxable to DowDuPont, in which case Dow could be subject to significant indemnification liability.*

Even if the distribution otherwise constitutes a tax-free transaction to stockholders under Section 355 of the Code, DowDuPont may be required to recognize corporate level tax on the distribution and certain related transactions under Section 355(e) of the Code if, as a result of the Merger or other transactions considered part of a plan with the distribution, there is a 50 percent or greater change of ownership in DowDuPont or Dow. In connection with the Merger, DowDuPont sought and received a private letter ruling from the IRS regarding the proper time, manner and methodology for measuring common ownership in the stock of DowDuPont, Historical Dow and Historical DuPont for purposes of determining whether there has been a 50 percent or greater change of ownership under Section 355(e) of the Code as a result of the Merger (the “IRS Ruling”). The Tax Opinions will
rely on the continued validity of the IRS Ruling, as well as certain factual representations from DowDuPont as to the extent of common ownership in the stock of Historical Dow and Historical DuPont immediately prior to the Merger. In addition, it is a condition to the distribution that the IRS has not revoked the IRS Ruling. Based on the representations made by DowDuPont as to the common ownership in the stock of Historical Dow and Historical DuPont immediately prior to the Merger and assuming the continued validity of the IRS Ruling, the Tax Opinions will conclude that there was not a 50 percent or greater change of ownership in DowDuPont, Historical Dow or Historical DuPont for purposes of Section 355(e) as a result of the Merger. Notwithstanding the Tax Opinions and the IRS Ruling, the IRS could determine that the distribution or a related transaction should nevertheless be treated as a taxable transaction to DowDuPont if it determines that any of the facts, assumptions, representations or undertakings of DowDuPont is not correct or that the distribution should be taxable for other reasons, including if the IRS were to disagree with the conclusions in the Tax Opinions that are not covered by the IRS Ruling. If DowDuPont is required to recognize corporate level tax on the distribution and certain related transactions under Section 355(e) of the Code, then under the tax matters agreement, Dow may be required to indemnify New DuPont and/or Corteva for all or a portion of such taxes, which could be a significant amount, if such taxes were the result of either direct or indirect transfers of Dow common stock or certain reasons relating to the overall structure of the Merger and the distribution. For a more detailed description, see the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Tax Matters Agreement.”

Dow will be subject to continuing contingent tax-related liabilities of DowDuPont following the distribution.

After the distribution, there will be several significant areas where the liabilities of DowDuPont may become Dow’s obligations either in whole or in part. For example, under the Code and the related rules and regulations, each corporation that was a member of DowDuPont’s consolidated tax reporting group during any taxable period or portion of any taxable period ending on or before the effective time of the distribution is jointly and severally liable for the U.S. federal income tax liability of the entire consolidated tax reporting group for such taxable period. Additionally, to the extent that any subsidiary of Dow was included in the consolidated tax reporting group of Historical DuPont for any taxable period or portion of any taxable period ending on or before the effective date of the Merger, such subsidiary is jointly and severally liable for the U.S. federal income tax liability of the entire consolidated tax reporting group of Historical DuPont for such taxable period. In connection with the distribution, and the distribution of Corteva, Dow NewCo will enter into a tax matters agreement with DowDuPont and Corteva that will allocate the responsibility for prior period consolidated taxes among Dow, New DuPont and Corteva. For a more detailed description, see the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Tax Matters Agreement.” If New DuPont or Corteva were unable to pay any prior period taxes for which it is responsible, however, Dow could be required to pay the entire amount of such taxes, and such amounts could be significant. Other provisions of federal, state, local, or foreign law may establish similar liability for other matters, including laws governing tax-qualified pension plans, as well as other contingent liabilities.

Dow will agree to numerous restrictions to preserve the tax-free treatment of the transactions in the United States, which may reduce Dow’s strategic and operating flexibility.

Dow’s ability to engage in certain transactions could be limited or restricted after the distribution in order to preserve, for U.S. federal income tax purposes, the tax-free nature of the distribution by DowDuPont, and certain aspects of the Internal Reorganization and Business Realignment. As discussed above, even if the distribution otherwise qualifies for tax-free treatment under Section 355 of the Code, the distribution may result in corporate-level taxable gain to DowDuPont under Section 355(e) of the Code if a transaction results in a change of ownership of 50 percent or greater in Dow as part of a plan or series of related transactions that includes the distribution. The process for determining whether an acquisition or issuance triggering these provisions has occurred, the extent to which any such acquisition or issuance results in a change of ownership and the cumulative effect of any such acquisition or issuance together with any prior acquisitions or issuances (including the Merger) is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. Any acquisitions or issuances of Dow common stock within a two-year period after the
distribution generally are presumed to be part of such a plan that includes the distribution, although such presumption may be rebutted. As a result of these limitations, under the tax matters agreement that Dow will enter into with DowDuPont and Corteva, for the two-year period following the distribution, Dow will be prohibited, except in certain circumstances, from, among other things:

- entering into any transaction resulting in acquisitions of a certain percentage of Dow’s assets, whether by merger or otherwise;
- dissolving, merging, consolidating or liquidating;
- undertaking or permitting any transaction relating to Dow stock, including issuances, redemptions or repurchases, other than certain, limited, permitted issuances and repurchases;
- affecting the relative voting rights of Dow stock, whether by amending Dow NewCo’s certificate of incorporation or otherwise; or
- ceasing to actively conduct Dow’s business.

These restrictions may significantly limit Dow’s ability to pursue certain strategic transactions or other transactions that Dow may believe to otherwise be in the best interests of Dow stockholders or that might increase the value of Dow’s business.

**Following the separation and distribution, Dow will need to provide or arrange for certain services to be provided that are currently provided by DowDuPont and/or Historical DuPont.**

Following the separation and distribution, Dow will need to provide internally or obtain from unaffiliated third parties certain services it currently receives from DowDuPont and/or Historical DuPont. These services include certain information technology, research and development, finance, legal, insurance, compliance and human resources activities, the effective and appropriate performance of which is critical to Dow’s operations. Dow may be unable to replace these services in a timely manner or on terms and conditions as favorable as those Dow currently receives from DowDuPont and/or Historical DuPont. In particular, DowDuPont’s and Historical DuPont’s information technology networks and systems are complex, and duplicating these networks and systems will be challenging. Because certain portions of Dow’s business previously received these services from DowDuPont and/or Historical DuPont, Dow may be unable to successfully establish the infrastructure or implement the changes necessary to effectively perform these activities within the context of Dow’s consolidated business, or Dow may incur additional costs in doing so that could adversely affect its business. In addition, if New DuPont and/or Corteva do not continue to perform effectively the transition services and the other services that are called for under the services and other related agreements entered into in connection with the separation, Dow may not be able to operate its business effectively and its profitability may decline. If Dow fails to obtain the quality of administrative services necessary to operate effectively or incurs greater costs in obtaining these services, Dow’s profitability, financial condition and results of operations may be materially and adversely affected.

**Neither Historical Dow’s financial information nor Dow’s unaudited pro forma combined financial information are necessarily representative of the results Dow would have achieved as an independent, publicly traded company and may not be a reliable indicator of Dow’s future results.**

The financial information of Historical Dow, which is incorporated by reference into this information statement from the financial statements of Historical Dow, and accompanying notes thereto, that are filed as Exhibit 99.2 to the Form 10, and the unaudited pro forma financial information for Dow included herein may not reflect what Dow’s financial condition, results of operations and cash flows would have been had Dow been an independent, publicly traded company comprised solely of DowDuPont’s materials science business during the periods presented or what Dow’s financial condition, results of operations and cash flows will be in the future when Dow is an independent company. This is primarily because:

- The historical financial information incorporated by reference herein from the pertinent pages of Historical Dow’s financial statements, and the notes thereto, filed as Exhibit 99.2 to the Form 10,
reflects Historical Dow and does not reflect the changes that Dow expects to experience in connection with the separation, including the distribution of Historical Dow’s agricultural sciences business and businesses aligned with DowDuPont’s specialty products division and the receipt by Dow of Historical DuPont’s ethylene and ethylene copolymers business (other than its ethylene acrylic elastomers business).

- Prior to the separation, Dow’s business was operated under the corporate umbrella of DowDuPont. As part of the DowDuPont corporate organization Dow’s business was principally operated by Historical Dow, with certain portions of Dow’s business being operated by Historical DuPont as part of its internal corporate organization, rather than Dow being operated as part of a consolidated materials science business.

- The financial statements for Historical Dow and accompanying notes thereto incorporated by reference into this information statement from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10 reflect only the allocations of corporate expenses from Historical Dow, and thus are not necessarily representative of the costs Dow will incur for similar services as an independent company following the separation and distribution.

- Dow’s business has historically principally satisfied its working capital requirements and obtained capital for its general corporate purposes, including acquisitions and capital expenditures, as part of Historical Dow’s company-wide cash management practices, with certain portions of Dow’s business having satisfied such requirements through the practices of Historical DuPont. Although these practices have historically generated sufficient cash to finance the working capital and other cash requirements of Dow’s business, following the separation and distribution Dow will no longer have access to Historical DuPont’s cash pools nor will Dow’s cash generating revenue streams mirror those of Historical Dow and/or Historical DuPont. Dow may therefore need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities or other arrangements.

- Currently, Dow’s business is operated under the umbrella of DowDuPont’s corporate organization, with portions of Dow’s businesses being integrated with the businesses of Historical Dow and Historical DuPont. This integration has historically permitted Dow’s business (or portions thereof) to enjoy economies of scope and scale in costs, employees, vendor relationships and customer relationships, both as part of the DowDuPont organization and within the Historical Dow and Historical DuPont internal corporate structures. Although Dow expects to enter into short-term transition agreements that will govern certain commercial and other relationships among Dow, New DuPont and Corteva after the separation, those temporary arrangements may not capture the benefits Dow’s businesses have enjoyed in the past as a result of this integration. The loss of these benefits could have an adverse effect on Dow’s business, results of operations and financial condition following the completion of the separation.

- Dow will enter into transactions with New DuPont and Corteva that did not exist prior to the separation. See the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution” for information regarding these transactions.

- Other significant changes may occur in Dow’s cost structure, management, financing and business operations as a result of the separation and distribution and Dow operating as a company separate from DowDuPont.

In addition, the unaudited pro forma financial information included in this information statement is based on the best information available, which in part includes a number of estimates and assumptions. These estimates and assumptions may prove not to be accurate, and accordingly, Dow’s unaudited pro forma financial information should not be assumed to be indicative of what Dow’s financial condition or results of operations actually would have been as a standalone company during the time periods presented nor to be a reliable indicator of what Dow’s financial condition or results of operations actually may be in the future.
For additional information about Historical Dow’s past financial performance and the basis of presentation of Historical Dow’s financial statements, see the section entitled “Selected Consolidated Financial Data of Historical Dow,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow,” as well as Historical Dow’s financial statements and the notes thereto that are incorporated by reference herein from the pertinent pages of the Historical Dow 2018 Form 10-K filed as Exhibit 99.2 to the Form 10.

Following the separation and distribution, Dow may not enjoy the same benefits of diversity, leverage and market reputation that Dow enjoyed as a part of DowDuPont.

Following the separation and distribution, Dow will hold only DowDuPont’s materials science business, while Dow’s business (or portions thereof) has historically benefited from DowDuPont’s (and, prior to the Merger, Historical Dow’s and Historical DuPont’s) operating diversity and purchasing power as well as opportunities to pursue integrated strategies with DowDuPont’s (and, prior to the Merger, Historical Dow’s and Historical DuPont’s) other businesses, including those businesses that form part of DowDuPont’s agriculture and specialty products businesses and will be allocated to Corteva and New DuPont, respectively, in connection with the separation. Following the separation and distribution, Dow will not have similar diversity or integration opportunities and may not have similar purchasing power or access to the capital markets.

Additionally, following the separation and distribution, Dow may become more susceptible to market fluctuations and other adverse events than if Dow had remained part of the current DowDuPont organizational structure. As part of DowDuPont (and, prior to the Merger, as part of Historical Dow and Historical DuPont, as applicable), Dow’s business has been able to leverage the DowDuPont, Historical Dow and Historical DuPont historical market reputation and performance as well as those businesses’ brand identities, which has allowed Dow to, among other things, recruit and retain key personnel to run its business. Following the separation and distribution, although Dow will maintain the Dow brand, Dow may not enjoy the same historical market reputation as DowDuPont or Historical Dow nor the same performance or brand identity, which may make it more difficult for Dow to recruit or retain such key personnel.

Dow will retain significant indebtedness in connection with the separation and distribution, and the degree to which Dow will be leveraged following completion of the distribution may materially and adversely affect Dow’s business, financial condition and results of operations.

In the separation, Dow will retain Historical Dow’s indebtedness. As a result, upon consummation of the separation and distribution, Dow expects to have indebtedness of approximately $19.8 billion (excluding operating leases). Historical Dow has historically satisfied its indebtedness obligations as well as its short-term working capital requirements and financial support functions through the earnings, assets and cash flows generated by Historical Dow’s operations. Following the separation and distribution, however, Dow will not be able to rely on any of the earnings, assets or cash flows that are attributable to DowDuPont’s agriculture and specialty products businesses, which will be transferred from Historical Dow to Corteva and New DuPont, respectively, in connection with the Internal Reorganization and Business Realignment.

Dow’s ability to make payments on and to refinance Dow’s indebtedness, to obtain and maintain sufficient working capital, and to meet any dividend obligations will depend exclusively on Dow’s ability to generate cash in the future from Dow’s own operations, financings or asset sales following the separation and distribution. Dow’s ability to generate cash is further subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond Dow’s control. Dow may not generate sufficient funds to service its debt and meet its business needs, such as funding working capital or the expansion of Dow’s operations. If Dow is not able to repay or refinance its debt as it becomes due, Dow may be forced to take disadvantageous actions, including reducing spending on marketing, retail trade incentives, advertising and new product innovation, reducing financing in the future for working capital, capital expenditures and general corporate purposes, selling assets or dedicating an unsustainable level of Dow’s cash flow from operations to the payment of principal and
interest on Dow’s indebtedness. In addition, Dow’s ability to withstand competitive pressures and to react to changes in Dow’s industry could be impaired. The lenders who hold Dow’s debt could also accelerate amounts due in the event that Dow defaults, which could potentially trigger a default or acceleration of the maturity of Dow’s other debt.

Restrictions under the Intellectual Property Cross-License Agreements will limit Dow’s ability to develop and commercialize certain products and services and/or prosecute, maintain and enforce certain intellectual property.

Dow will be dependent to a certain extent on New DuPont and Corteva to prosecute, maintain and enforce certain of the intellectual property licensed under the intellectual property cross-license agreements. For example, New DuPont and Corteva will be responsible for filing, prosecuting and maintaining (at their respective discretion) patents, including patents filed on trade secrets and other know-how, that New DuPont and Corteva, respectively, license to Dow. New DuPont or Corteva, as applicable, will also have the first right to enforce their respective patents, trade secrets and other know-how licensed to Dow. If New DuPont or Corteva, as applicable, fails to fulfill its obligations or chooses to not enforce the licensed patents, trade secrets or other know-how under the intellectual property cross-license agreements, Dow may not be able to prevent competitors from making, using and selling competitive products and services.

Under the intellectual property cross-license agreements, if Dow challenges certain patents licensed under the agreements Dow could have its rights relating to certain patents or all patents licensed to it terminated or, in the case of exclusively licensed patents, converted to nonexclusive licenses. Although Dow intends to put appropriate procedures in place to avoid triggering these consequences under the intellectual property cross-license agreements, there is a risk that challenges to the validity, patentability, enforceability or inventorship of patents that Dow routinely files may inadvertently trigger these consequences, which could limit Dow’s ability to develop and commercialize products and services.

In addition, Dow’s use of the intellectual property licensed to it under the intellectual property cross-license agreements is restricted to certain fields, which could limit Dow’s ability to develop and commercialize certain products and services. For example, the licenses granted to Dow under the agreement will not extend to all fields of use that Dow may in the future decide to enter into. These restrictions may make it more difficult, time consuming and/or expensive for Dow to develop and commercialize certain new products and services, or may result in certain of Dow’s products or services being later to market than those of Dow’s competitors. Notwithstanding the above, pursuant to the intellectual property cross-license agreements, New DuPont and Corteva intend to fully license to Dow certain of their intellectual property to allow Dow to continue to commercialize existing Dow products and services.

Dow’s customers, prospective customers, suppliers or other companies with whom Dow conducts business may need assurances that Dow’s financial stability on a standalone basis is sufficient to satisfy their requirements for doing or continuing to do business with them.

Some of Dow’s customers, prospective customers, suppliers or other companies with whom Dow conducts business may need assurances that Dow’s financial stability on a standalone basis is sufficient to satisfy their requirements for doing or continuing to do business with them, and may require Dow to provide additional credit support, such as letters of credit or other financial guarantees. Any failure of parties to be satisfied with Dow’s financial stability could have a material adverse effect on Dow’s business, financial condition, results of operations and cash flows.

Dow may have received better terms from unaffiliated third parties than the terms received in the commercial agreements it will enter into with DowDuPont and Corteva.

In connection with the separation and distribution, Dow will enter into certain commercial agreements with DowDuPont and Corteva, including, but not limited to, certain services, manufacturing, supply and real estate
related agreements, which will govern the provision of services and use of assets following the separation and distribution that were previously provided within DowDuPont, Historical Dow and/or Historical DuPont. These agreements were negotiated in the context of the separation of Dow and Corteva from DowDuPont, while Dow and Corteva were each still part of DowDuPont and, accordingly, may not reflect terms that would have resulted from negotiations among unaffiliated third parties and Dow may have received better terms from third parties. See “Dow’s Relationship with New DuPont and Corteva Following the Distribution.”

In connection with Dow’s separation Dow will assume, and indemnify New DuPont and Corteva for, certain liabilities. If Dow is required to make payments pursuant to these indemnities, Dow may need to divert cash to meet those obligations and Dow’s financial results could be negatively impacted. In addition, New DuPont and Corteva will indemnify Dow for certain liabilities. These indemnities may not be sufficient to insure Dow against the full amount of liabilities Dow incurs, and New DuPont and/or Corteva may not be able to satisfy their indemnification obligations in the future.

Pursuant to the separation agreement, the employee matters agreement and the tax matters agreement with DowDuPont and Corteva, Dow will agree to assume, and indemnify New DuPont and Corteva for, certain liabilities for un capped amounts, which may include, among other items, associated defense costs, settlement amounts and judgments, as discussed further in “Dow’s Relationship with New DuPont and Corteva Following the Distribution.” Payments pursuant to these indemnities may be significant and could negatively impact Dow’s business, particularly indemnities relating to Dow’s actions that could impact the tax-free nature of the distribution. Third parties could also seek to hold Dow responsible for any of the liabilities allocated to New DuPont and Corteva, including those related to DowDuPont’s specialty products and/or agriculture businesses, respectively, and those related to discontinued and/or divested businesses and operations of Historical DuPont, which have been allocated between New DuPont and Corteva. New DuPont and/or Corteva, as applicable, will agree to indemnify Dow for such liabilities, but such indemnities may not be sufficient to protect Dow against the full amount of such liabilities. In addition, New DuPont and/or Corteva, as applicable, may not be able to fully satisfy their indemnification obligations with respect to the liabilities Dow incurs. Even if Dow ultimately succeeds in recovering from New DuPont and/or Corteva, as applicable, any amounts for which Dow is held liable, Dow may be temporarily required to bear these losses itself. Each of these risks could negatively affect Dow’s business, financial condition, results of operations and cash flows.

Additionally, Dow generally will assume and be responsible for the payment of Dow’s share of (i) certain liabilities of DowDuPont relating to, arising out of or resulting from certain general corporate matters of DowDuPont, (ii) certain liabilities of Historical Dow relating to, arising out of or resulting from general corporate matters of Historical Dow and discontinued and/or divested businesses and operations of Historical Dow and (iii) certain separation expenses not otherwise allocated to New DuPont or Corteva (or allocated specifically to Dow) pursuant to the separation agreement, and third parties could seek to hold Dow responsible for New DuPont’s or Corteva’s share of any such liabilities. For more information, see the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution–Separation Agreement.” New DuPont and/or Corteva, as applicable, will indemnify Dow for their share of any such liabilities; however, such indemnities may not be sufficient to protect Dow against the full amount of such liabilities, and/or New DuPont and/or Corteva may not be able to fully satisfy their respective indemnification obligations. In addition, even if Dow ultimately succeeds in recovering from New DuPont and/or Corteva any amounts for which Dow is held liable in excess of Dow’s agreed share, Dow may be temporarily required to bear these losses itself. Each of these risks could negatively affect Dow’s business, financial condition, results of operations and cash flows.

Until the distribution occurs, DowDuPont has the sole discretion to change the terms of the distribution.

Until the distribution occurs, DowDuPont will have the sole and absolute discretion to determine and change the terms of the distribution, including the establishment of the record date and distribution date. These changes could be unfavorable to Dow. In addition, DowDuPont may decide at any time not to proceed with the distribution.
The business separation and related transactions may expose us to potential liabilities arising out of state and federal fraudulent conveyance laws and legal distribution requirements.

Although Dow will receive a solvency opinion from an investment bank confirming that Dow and New DuPont will each be adequately capitalized following the distribution, the separation could be challenged under various state and federal fraudulent conveyance laws. Fraudulent conveyances or transfers are generally defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. An unpaid creditor could claim that DowDuPont did not receive fair consideration or reasonably equivalent value in the separation and distribution, and that the separation and distribution left New DuPont insolvent or with unreasonably small capital or that DowDuPont intended or believed it would incur debts beyond its ability to pay such debts as they mature. If a court were to agree with such a plaintiff, then such court could void the separation and distribution as a fraudulent transfer or impose substantial liabilities on Dow, which could adversely affect Dow’s financial condition and its results of operations. Among other things, the court could return some of Dow’s assets or your shares of Dow common stock to New DuPont, provide New DuPont with a claim for money damages against Dow in an amount equal to the difference between the consideration received by DowDuPont and the fair market value of Dow at the time of the distribution, or require Dow to fund liabilities of other companies involved in the Internal Reorganization and Business Realignment for the benefit of creditors.

The distribution is also subject to review under state corporate distribution statutes. Under the Delaware General Corporation Law (the “DGCL”), a corporation may only pay dividends to its stockholders either (i) out of its surplus (net assets minus capital) or (ii) if there is no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Although the DowDuPont board of directors intends to make the distribution out of DowDuPont’s surplus and will receive an opinion that DowDuPont has adequate surplus under Delaware law to declare the dividend of Dow common stock in connection with the distribution, there can be no assurance that a court will not later determine that some or all of the distribution was unlawful.

Risks Related to Dow Common Stock

Dow cannot be certain that an active trading market for Dow common stock will develop or be sustained after the distribution, and following the distribution, Dow’s stock price may fluctuate significantly.

A public market for Dow common stock does not currently exist. Subject to the consummation of the distribution, Dow expects the Dow common stock to be listed and traded on the NYSE under the symbol “DOW.” Dow also expects that a limited market, commonly known as a “when-issued” trading market, will develop as early as the trading day prior to the record date for the distribution, and that “regular-way” trading of shares of Dow common stock will begin on the distribution date. However, Dow cannot guarantee that an active trading market will develop or be sustained for Dow common stock after the distribution. If an active trading market does not develop, Dow stockholders may have difficulty selling their shares of Dow common stock at an attractive price, or at all. In addition, Dow cannot predict the prices at which shares of Dow common stock may trade after the distribution.

Similarly, DowDuPont cannot predict the effect of the distribution on the trading prices of its common stock, which will continue to be listed and traded on the NYSE but will represent ownership of the remaining company, which will hold only DowDuPont’s agriculture and specialty products businesses. The combined trading prices of the Dow common stock and the common stock of New DuPont and Corteva, as applicable, after the distribution may not be equal to or greater than the trading price of DowDuPont common stock prior to the distribution. Until the market has fully evaluated Dow as a standalone company or New DuPont without Dow’s business, the trading price of each company’s shares may fluctuate significantly.
The trading price of Dow common stock will be determined in the public markets and may be influenced by many factors that may cause the price to fluctuate significantly, some of which may be beyond Dow’s control, including:

- Dow’s business profile and market capitalization may not fit the investment objectives of DowDuPont’s current stockholders, causing a shift in Dow’s initial investor base;
- Dow common stock may not be included in some indices in which DowDuPont common stock is included, causing certain stockholders to be mandated to sell their shares of Dow common stock;
- Dow’s quarterly or annual earnings, or those of other companies in Dow’s industry;
- the failure of securities analysts to cover Dow common stock after the distribution;
- actual or anticipated fluctuations in Dow’s operating results;
- changes in earnings estimates by securities analysts or Dow’s ability to meet those estimates or Dow’s earnings guidance;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations and domestic and worldwide economic conditions; and
- other factors described in these “Risk Factors” and elsewhere in this information statement.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of Dow common stock.

A large number of shares of Dow common stock are or will be eligible for future sale, which may cause Dow’s stock price to decline.

Upon completion of the distribution, Dow expects that there will be an aggregate of approximately [●] shares of Dow common stock issued and outstanding. These shares will be freely tradable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), unless the shares are owned by one of Dow’s “affiliates,” as that term is defined in Rule 405 under the Securities Act.

Any sales of a substantial number of shares of Dow common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of the Dow common stock to decline. Dow is unable to predict whether large amounts of Dow common stock will be sold in the open market following the distribution. Dow is also unable to predict whether a sufficient number of buyers would be in the market at that time. In addition, a portion of DowDuPont common stock is held by index funds tied to stock indices. If Dow is not included in these indices at the time of the distribution, these index funds may be required to sell the Dow common stock they receive in the distribution.

Dow cannot guarantee the timing, amount, or payment of dividends on its common stock in the future.

There can be no assurance that Dow will have sufficient surplus under Delaware law to be able to pay any dividends. Dow expects that it will pay a competitive quarterly dividend following the distribution of approximately 35 percent to 45 percent of annual adjusted net income. The declaration, payment and amount of any subsequent dividends following the distribution will be subject to the sole discretion of Dow’s post-distribution, independent board of directors and, in the context of Dow’s financial policy, will depend upon many factors, including Dow’s financial condition and prospects, Dow’s capital requirements and access to capital markets, covenants associated with certain of Dow’s debt obligations, legal requirements and other factors that the Dow board of directors may deem relevant, and there can be no assurances that Dow will continue to pay a dividend in the future. For more information, see the section entitled “Dividend Policy.”
In addition, there can be no assurance that, after the distribution, the combined annual dividends, if any, on the Dow common stock, New DuPont common stock and Corteva common stock will be at least equal to the annual dividends paid on the DowDuPont common stock prior to the distribution.

**Dow stockholders’ percentage of ownership in Dow may be diluted in the future.**

Dow stockholders’ percentage ownership in Dow may be diluted in the future because of equity issuances of Dow common stock for acquisitions, capital market transactions or otherwise, including, without limitation, outstanding equity awards resulting from the treatment of DowDuPont equity awards in connection with the distribution and equity awards that Dow may grant to its directors, officers and employees in the future. Such issuances may have a dilutive effect on Dow’s earnings per share, which could adversely affect the market price of Dow common stock.

In addition, Dow NewCo’s amended and restated certificate of incorporation will authorize Dow NewCo to issue, without the approval of Dow stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Dow common stock with respect to dividends and distributions, as the Dow board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of Dow common stock. For example, Dow could grant holders of Dow NewCo preferred stock the right to elect some number of Dow’s directors in all events or on the happening of specified events or to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences Dow could assign to holders of Dow NewCo preferred stock could affect the residual value of Dow common stock. See the section entitled “Description of Dow’s Capital Stock.”

**Certain provisions in Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws, of Delaware law and in the tax matters agreement and other separation-related agreements may prevent or delay an acquisition of Dow, which could decrease the trading price of the Dow common stock.**

Upon the distribution, Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with the Dow board of directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of Dow stockholders to act by written consent;
- the limited ability of Dow stockholders to call a special meeting;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of the Dow board of directors to issue preferred stock without stockholder approval; and
- the ability of Dow’s directors, and not stockholders, to fill vacancies (including those resulting from an enlargement of the board of directors) on the Dow board of directors.

In addition, following the distribution, Dow NewCo will be subject to Section 203 of the DGCL. Section 203 of the DGCL provides that, subject to limited exceptions, persons that (without prior board approval) acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding voting stock of a Delaware corporation shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliate becomes the holder of more than 15 percent of the corporation’s outstanding voting stock.

Dow believes these provisions will protect its stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with the Dow board of directors and by providing the Dow board of
Directors with more time to assess any acquisition proposal. These provisions are not intended to make Dow immune from takeovers. However, these provisions will apply even if an acquisition proposal or offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that the Dow board of directors determines is not in the best interests of Dow or Dow stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. See the section entitled “Description of Dow’s Capital Stock” for a more detailed description of these provisions.

Several of the agreements Dow will enter into with DowDuPont and/or Corteva in connection with the separation and distribution require New DuPont and/or Corteva’s consent to any change of control of Dow, or any assignment of Dow’s rights and obligations. These consent rights may discourage, delay or prevent a change of control or similar transaction that Dow stockholders may consider favorable.

In addition, an acquisition or further issuance of Dow common stock could also trigger the application of Section 355(e) of the Code. For a discussion of Section 355(e), see the section entitled “Material U.S. Federal Income Tax Consequences of the Distribution.” Under the tax matters agreement, Dow would be required to indemnify New DuPont or Corteva for any tax imposed under Section 355(e) of the Code resulting from an acquisition or issuance of Dow’s stock, even if Dow did not participate in or otherwise facilitate the acquisition, and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable.

Dow NewCo’s amended and restated bylaws will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for certain legal actions between Dow NewCo and its stockholders, which could limit Dow NewCo stockholders’ ability to obtain a judicial forum viewed by the stockholders as more favorable for disputes with Dow NewCo or its directors, officers or employees.

Dow NewCo’s amended and restated bylaws will provide that unless Dow NewCo consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Dow NewCo, any action asserting a claim of breach of a fiduciary duty owed by any Dow NewCo director, officer or other employee to Dow NewCo or Dow NewCo’s stockholders, any action asserting a claim arising pursuant to any provision of the DGCL, or any action asserting a claim governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with Dow NewCo or its directors, officers or other employees, which may discourage such lawsuits against Dow NewCo or its directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in Dow NewCo’s amended and restated bylaws to be inapplicable or unenforceable in an action, Dow NewCo may incur additional costs associated with resolving such action in other jurisdictions.
This information statement and other materials DowDuPont, Historical Dow and Dow NewCo have filed or will file with the SEC contain, or will contain, certain statements which are “forward-looking” statements within the meaning of the federal securities laws, including the Exchange Act and the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address business strategies, market potential, future financial performance and financial condition, future action, results and other matters and often contain words such as “believe,” “expect,” “anticipate,” “project,” “estimate,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “will,” “would,” “objective,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” and similar expressions, and variations or negatives of these words. In particular, information included under the sections entitled “Information Statement Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow,” “The Business,” and “The Distribution” contains forward-looking statements. Forward-looking statements include, but are not limited to:

- Expectations as to future sales of Dow’s products;
- The ability to protect Dow’s intellectual property in the United States and abroad;
- Estimates regarding Dow’s capital requirements and need for and availability of financing;
- Estimates of Dow’s expenses, future revenues and profitability;
- Estimates of the size of the markets for Dow’s products and services and Dow’s ability to compete in such markets;
- Expectations related to the rate and degree of market acceptance of Dow’s products;
- The outcome of certain Dow contingencies, such as litigation and environmental matters; and
- Estimates of the success of competing technologies that may become available.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Forward-looking statements are based on certain assumptions and expectations of future events which may not be realized and speak only as of the date the statements were made. In addition, forward-looking statements involve risks, uncertainties and other factors that are beyond the control of DowDuPont, Historical Dow and Dow and that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. These factors include, but are not limited to: fluctuations in energy and raw material prices; failure to develop and market new products and optimally manage product life cycles; significant litigation and environmental matters; failure to appropriately manage process safety and product stewardship issues; changes in laws and regulations or political conditions; global economic and capital markets conditions, such as inflation, market uncertainty, interest and currency exchange rates, and equity and commodity prices; business or supply disruptions; security threats, such as acts of sabotage, terrorism or war, weather events and natural disasters; ability to protect, defend and enforce Dow’s intellectual property rights; increased competition; changes in relationships with Dow’s significant customers and suppliers; unanticipated expenses such as litigation or legal settlement expenses; unanticipated business disruptions; Dow’s ability to predict, identify and interpret changes in consumer preferences and demand; Dow’s ability to realize the expected benefits of the separation; Dow’s ability to complete proposed divestitures or acquisitions; Dow’s ability to realize the expected benefits of acquisitions if they are completed; the availability of financing to Dow in the future and the terms and conditions of such financing; and disruptions in Dow’s information technology networks and systems. Additionally, there may be other risks and uncertainties that Dow is unable to identify at this time or that Dow does not currently expect to have a material impact on its business.

Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or
be achieved or accomplished. Factors that could cause actual results or events to differ materially from those anticipated include the matters described under the sections entitled “Risk Factors,” “The Business,” “Unaudited Pro Forma Combined Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow” and “Supplemental Pro Forma Segment Results for Dow.” DowDuPont, Historical Dow and Dow disclaim and do not assume or undertake any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.
**THE DISTRIBUTION**

**Background of the Distribution**

DowDuPont is a Delaware corporation that was formed on December 9, 2015 to be a holding company for the purpose of effecting the all-stock merger of equals transaction between Historical Dow and Historical DuPont. The Merger became effective at 11:59 pm Eastern Time on August 31, 2017, at which time Historical Dow and Historical DuPont became subsidiaries of DowDuPont. Prior to the Merger, DowDuPont did not conduct any business activities other than those required for its formation and matters contemplated by the Merger. DowDuPont now conducts its operations worldwide through the following eight segments: Agriculture; Performance Materials & Coatings; Industrial Intermediates & Infrastructure; Packaging & Specialty Plastics; Electronics & Imaging; Nutrition & Biosciences; Transportation & Advanced Polymers; and Safety & Construction and has approximately 98,000 employees. DowDuPont is deeply committed to market-driven research and development, upholding sustainability, and maintaining a best-in-class safety culture.

In connection with the signing of the merger agreement, Historical Dow and Historical DuPont announced their intention to pursue, subject to the approval of the DowDuPont board of directors and any required regulatory approvals, the separation of the combined company, DowDuPont, into three independent, publicly traded companies—one for each of its agriculture, materials science and specialty products businesses with the belief that these companies would lead their respective industries through science-based innovation to meet the needs of customers and help solve global challenges. Upon the consummation of the Merger, DowDuPont reiterated this intention and the DowDuPont board of directors established three committees (collectively, the “advisory committees”), one to oversee the business and affairs of each of its agriculture, materials science and specialty products divisions, including each business’s preparation for the intended separations.

On September 12, 2017, the DowDuPont board of directors announced the composition of the materials science business, Dow, which is expected to be the first business separated and will be of DowDuPont’s Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics (including Historical DuPont’s ethylene and ethylene copolymers businesses (other than its ethylene acrylic elastomers business)) segments.

The separation of Dow will be completed through the distribution to DowDuPont stockholders of all of the then issued and outstanding shares of common stock of Dow NewCo, a wholly owned subsidiary of DowDuPont that at the time of the distribution will hold DowDuPont’s materials science business. The distribution of Dow common stock is expected to be the first of two distributions to effectuate DowDuPont’s plan to separate DowDuPont into three independent, publicly traded companies. Following the distribution of Dow, the remaining company, which is referred to herein as “New DuPont,” will hold DowDuPont’s agriculture and specialty products businesses. It is expected that New DuPont will then complete, subject to the approval of its board of directors, the distribution of Corteva. The separation of Corteva is expected to be completed by June 1, 2019 through the distribution to New DuPont stockholders of all of the common stock of Corteva. Following the distributions, DowDuPont will become known as DuPont.

Prior to these distributions, DowDuPont will undertake the Internal Reorganization and Business Realignment, as described in the section entitled “Merger, Intended Separations, Reorganization and Financial Statement Presentation—Internal Reorganization” and as contemplated by the separation agreement, which is further discussed in the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement.” As a result of these transactions, at the time of its distribution, Dow will hold only the assets and liabilities associated with DowDuPont’s materials science business, at the time of its distribution, Corteva which will hold only the assets and liabilities associated with DowDuPont’s agriculture businesses, and after the final distribution, New DuPont will continue to hold only the assets and liabilities associated with DowDuPont’s specialty products business.

The DowDuPont board of directors believes that the completion of these separations will result in three independent, publicly traded companies that will lead their respective industries through productive,
science-based innovation to meet the needs of customers and help solve global challenges and is the best available opportunity to unlock the value of DowDuPont’s businesses.

On [●], the DowDuPont board of directors approved the distribution of all of the issued and outstanding shares of Dow common stock to DowDuPont stockholders on the basis of [●] shares of Dow common stock for every [●] shares of DowDuPont common stock held at the close of business on the record date for the distribution. As a result of the distribution, Dow will become an independent, publicly traded company. The distribution of Dow common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see this section under “—Conditions to the Distribution.” DowDuPont stockholders may also receive cash in lieu of any fractional shares of Dow common stock that they would have received in the distribution. The distribution is intended to be generally tax-free to DowDuPont stockholders for U.S. federal income tax purposes, except for any cash received in lieu of fractional shares. DowDuPont stockholders will not be required to make any payment, surrender or exchange their DowDuPont common stock or take any other action to receive their shares of Dow common stock in the distribution.

The separation of DowDuPont’s agriculture business will also be subject to certain conditions, and stockholders will separately receive information about the expected separation and distribution of Corteva. For additional information, please see the registration statement on Form 10 filed with the SEC by Corteva on October 18, 2018 and any amendments or supplements thereto that may be filed with the SEC by Corteva from time to time.

The DowDuPont board of directors (and, following the distribution of Dow, with respect to the distribution of Corteva, the New DuPont board of directors) has the discretion to abandon one or both of the intended distributions and to alter the terms of each distribution. As a result, Dow cannot provide any assurances that the distribution of Dow common stock will be completed, or that the distribution of Corteva common stock will be completed.

Reasons for the Separation and Distribution

Since the Merger, the DowDuPont board of directors has met regularly to review the company’s businesses, has consulted regularly with the advisory committees and has evaluated the strategic opportunities available to the combined company and its businesses. The DowDuPont board of directors believes that the separation of DowDuPont into three independent, publicly traded companies through the separation of its agriculture, materials science and specialty products businesses is the best available opportunity to unlock the value of DowDuPont. The DowDuPont board of directors, in consultation with the advisory committees, has considered a wide variety of factors in evaluating the planned separation and distributions of Dow and Corteva, including the risk that one or more of the distributions is abandoned and not completed. The DowDuPont board of directors believes that the potential benefits to DowDuPont stockholders of the separation of each of its three businesses into independent companies with their own distinctive business and capital structures and ability to focus on their respective specific growth plans will provide DowDuPont stockholders with certain opportunities and benefits not available to the combined company.

The DowDuPont board of directors believes that the separation of the materials science business from DowDuPont is in the best interests of DowDuPont and its stockholders. Among other things, the DowDuPont board of directors considered the following potential benefits of the separations and distributions:

- **Attractive Investment Profile.** The creation of separate companies with strong, focused businesses and each with a distinct financial profile and clear investment thesis is expected to drive significant long-term value for all stockholders and also to reduce the complexities surrounding investor understanding, enabling investors to invest in each company separately based on its distinct characteristics.
- **Enhanced Means to Evaluate Financial Performance.** Investors should be better able to evaluate the business condition, strategy and financial performance of each company within the context of its
particular industry and markets. It is expected that, over time following the completion of the separations, the aggregate market value of Dow, Corteva and New DuPont will be higher, on a fully distributed basis and assuming the same market conditions, than if DowDuPont were to remain under its current configuration.

- **Distinct Position.** The separations are expected to create three independent companies with tailored growth strategies and differentiated technologies, resulting in: Dow, a leading global materials science company that will be a low-cost, innovation-driven leader; Corteva, a leading global agricultural company with the most comprehensive and diverse portfolio in the industry; and New DuPont, a leading global specialty products company that will be a technology driven innovation leader. Each company will provide investors with a distinct investment option that may be more attractive to current investors and will allow the company to attract different investors than the current investment option available to DowDuPont stockholders of one combined company.

- **Focused Capital Allocation.** Each independent, publicly traded company will have a capital structure that is expected to be best suited to its specific needs and will be able to make capital allocation decisions that better align with its streamlined business. In addition, after the separation, the respective businesses within each company will no longer need to compete internally for capital and other corporate resources with businesses allocated to another company.

- **Ability to Adapt to Industry Changes.** Each company is expected to be able to maintain a sharper focus on its core business and growth opportunities, which will allow each company to respond better and more quickly to developments in its industry.

- **Dedicated Management Team with Enhanced Strategic Focus.** Each company’s management team will be able to design and implement corporate policies and strategies that are tailored to such company’s specific business characteristics and to focus on maximizing the value of its business.

- **Improved Management Incentive Tools.** The separation will permit the creation of equity securities, including options and restricted stock units, for each publicly traded company with values more closely linked to the performance of such company’s business than would be readily available under the current configuration of businesses within DowDuPont as a single public company. The DowDuPont board of directors believes such equity-based compensation arrangements should provide enhanced incentives for performance and improve the ability for each publicly traded company to attract, retain and motivate qualified personnel.

- **Direct Access to Capital Markets and Ability to Pursue Strategic Opportunities.** Each company’s business will have direct access to the capital markets, and is expected to be better situated to pursue future acquisitions, joint ventures and other strategic opportunities as well as internal expansion that is more closely aligned with such company’s strategic goals and expected growth opportunities.

The DowDuPont board of directors also considered a number of potentially negative factors, including the loss of synergies and joint purchasing power from ceasing to operate as part of a larger, more diversified company, risks relating to the creation of a new public company, such as increased costs from operating as a separate public company, potential disruptions to the businesses and loss or dilution of brand identities, possible increased administrative costs and one-time separation costs, restrictions on each company’s ability to pursue certain opportunities that may have otherwise been available in order to preserve the tax-free nature of the distributions and related transactions for U.S. federal income tax purposes, the fact that each company will be less diversified than the current configuration of DowDuPont’s businesses prior to the separation, and distributions and the potential inability to realize the anticipated benefit of the separation.

The DowDuPont board of directors concluded that the potential benefits of pursuing each separation and distribution outweighed the potential negative factors in connection therewith. Neither DowDuPont nor Dow can assure you that, following the separation and distribution, any of the benefits described above or otherwise will be realized to the extent anticipated or at all. For more information see the section entitled “Risk Factors.”
The DowDuPont board of directors also considered these potential benefits and potentially negative factors in light of the risk that one or more of the distributions is abandoned or otherwise not completed, resulting in DowDuPont separating into fewer than the intended three independent, publicly traded companies. The DowDuPont board of directors believes that the potential benefits to DowDuPont stockholders discussed above apply to the separation of each of the intended three businesses and that the creation of each independent company, with its distinctive business and capital structure and ability to focus on its specific growth plan, will provide DowDuPont stockholders with greater long-term value than retaining one investment in the combined company.

In view of the wide variety of factors considered in connection with the evaluation of the separation and the complexity of these matters, the DowDuPont board of directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to the factors considered. The individual members of the DowDuPont board of directors may have given different weights to different factors.

**History of Dow and Formation of a New Holding Company**

TDCC was initially incorporated in Delaware in 1947 as the successor to a Michigan corporation of the same name that was organized in 1897. On August 31, 2017, as a result of the completion of the Merger, Historical Dow became a subsidiary of DowDuPont. Prior to the Merger, Dow was a publicly traded company that was listed on the NYSE and operated a global business that included agricultural sciences, consumer solutions, infrastructure solutions, performance materials and chemicals, and performance plastics segments.

As part of DowDuPont’s plan to separate its materials science business, on August 30, 2018, DowDuPont formed Dow NewCo to serve as a holding company for Dow. Dow NewCo is a direct, wholly owned subsidiary of DowDuPont and at the time of distribution will be the direct parent of TDCC. In connection with the separation and distribution, DowDuPont plans to transfer the assets and liabilities of the materials science business not currently held by Dow, to Dow (see the sections titled “Merger, Intended Separations, Reorganization and Financial Statement Presentation—Internal Reorganization” and “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement”). DowDuPont will then complete the separation through a distribution of Dow common stock by way of a pro rata dividend to DowDuPont stockholders as of the record date. Following the separation and distribution, Dow will be a separate company and DowDuPont will not retain any ownership interest in Dow. As a result of the Internal Reorganization and Business Realignment, at the time of the distribution, Dow NewCo will hold, among certain other assets and liabilities, the Historical Dow materials science business and the Historical DuPont ethylene and ethylene copolymers business (other than its ethylene acrylic elastomers business).

**The Number of Shares of Dow Common Stock You Will Receive**

For each [●] shares of DowDuPont common stock that you own at the close of business on the record date, you will receive [●] shares of Dow common stock on the distribution date. DowDuPont will not distribute any fractional shares of Dow common stock. Instead, if you are a registered holder, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise have been entitled to receive) to each stockholder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by DowDuPont or Dow, will determine when, how, through which broker-dealer and at what price to sell the whole shares. Neither Dow nor DowDuPont will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts received in lieu of fractional shares.

The aggregate net cash proceeds of these sales will be taxable for U.S. federal income tax purposes. See the section entitled “Material U.S. Federal Income Tax Consequences of the Distribution” for an explanation of the
material U.S. federal income tax consequences of the distribution. If you are a registered holder of DowDuPont common stock, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. Dow estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds.

If you hold your DowDuPont common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will be responsible for transmitting to you your share of such proceeds.

When and How You Will Receive the Distribution

With the assistance of the distribution agent, subject to the satisfaction or waiver of certain conditions, the distribution of Dow common stock is expected to occur on [●], the distribution date, to all holders of outstanding DowDuPont common stock on the record date. Computershare will serve as the distribution agent in connection with the distribution, and will also serve as the transfer agent and registrar for the Dow common stock. DowDuPont stockholders may receive cash in lieu of any fractional shares of Dow common stock which they would have been entitled to receive.

If you own DowDuPont common stock as of the close of business on the record date, the shares of Dow common stock that you are entitled to receive in the distribution will be issued to you electronically, as of the distribution date, in direct registration or book-entry form. If you are a registered holder, the distribution agent will credit the whole shares of Dow common stock you receive in the distribution to a book-entry account with Dow’s transfer agent on or shortly following the distribution date. Approximately two weeks after the distribution date, the distribution agent will mail you a direct registration account statement that reflects the shares of Dow common stock that have been registered in book-entry form in your name as well as a check reflecting any cash you are entitled to receive in lieu of fractional shares. “Direct registration form” refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution.

Most DowDuPont stockholders own their shares beneficially through a bank, broker or other nominee. In such cases, the bank, broker or other nominee would be said to hold the shares in “street name” and the shares of Dow common stock you are entitled to receive in the distribution will be issued electronically to your bank or broker and your ownership would be recorded on the bank or brokerage firm’s books. If you hold your DowDuPont common stock through a bank, broker or other nominee, your bank or brokerage firm will credit your account for the shares of Dow common stock that you are entitled to receive in the distribution, and will be responsible for transmitting to you any cash in lieu of fractional shares you are entitled to receive. If you have any questions concerning the mechanics of the distribution and you hold your shares of DowDuPont in street name, please contact your bank or brokerage firm.

If you sell your DowDuPont common stock in the “regular-way” market on or prior to the last trading day prior to the distribution date, you will be selling your right to receive shares of Dow common stock in the distribution.

Transferability of Shares You Receive

The shares of Dow common stock distributed to DowDuPont stockholders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be affiliates of Dow. Persons who may be deemed to be affiliates of Dow after the distribution generally include individuals or entities that control, are controlled by or are under common control with Dow, which may include certain of Dow’s executive officers, directors or principal stockholders. Securities held by Dow affiliates will be subject to resale restrictions under the Securities Act. Dow’s affiliates will be permitted to sell shares of Dow common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.
Results of the Distribution

After its separation from DowDuPont, Dow will be an independent, publicly traded company. The actual number of shares to be distributed will be determined by DowDuPont at the close of business on the record date for the distribution based on the distribution ratio. The distribution will not affect the number of outstanding shares of DowDuPont common stock or any rights of DowDuPont stockholders. DowDuPont will not distribute any fractional shares of Dow common stock.

Substantially simultaneously with the distribution, Dow NewCo will enter into the separation agreement with DowDuPont and Corteva to effect the separation and provide a framework for Dow’s relationship with New DuPont and Corteva after the separation and distribution. In connection with the separation and distribution, Dow will also enter into various other agreements with DowDuPont and Corteva, including a tax matters agreement, an employee matters agreement, intellectual property cross-license agreements, trademark license agreements and certain services, manufacturing, supply and real estate-related agreements. These agreements will collectively provide for the allocation among Dow, New DuPont and Corteva of the assets, liabilities and obligations of DowDuPont and its subsidiaries (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Dow’s and Corteva’s respective separations from DowDuPont and will govern certain relationships among Dow, New DuPont and Corteva. For a more detailed description of these agreements, see the sections entitled “Risk Factors—Risks Related to the Separation” and “Dow’s Relationship with New DuPont and Corteva Following the Distribution.”

Market for Dow Common Stock

There is currently no public trading market for Dow common stock. Dow NewCo intends to apply to list the Dow common stock on the NYSE under the symbol “DOW.” Dow has not and will not set the initial price of the Dow common stock. The initial price will be established by the public markets.

Dow cannot predict the price at which the Dow common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of the shares of Dow common stock that each DowDuPont stockholder will receive in the distribution and the shares of DowDuPont common stock held at the record date may not equal the “regular-way” trading price of a share of DowDuPont common stock immediately prior to the distribution. The price at which Dow common stock trades may fluctuate significantly, particularly until an orderly public trading market develops. Trading prices for Dow common stock will be determined in the public markets and may be influenced by many factors. See the section entitled “Risk Factors—Risks Related to Dow common stock.”

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date and continuing through the last trading day prior to the distribution date, DowDuPont expects that there will be two markets in DowDuPont common stock: a “regular-way” market and an “ex-distribution” market. Shares of DowDuPont common stock that trade on the “regular-way” market will trade with an entitlement to receive the shares of Dow common stock distributed pursuant to the separation. Shares of DowDuPont common stock that trade on the “ex-distribution” market will trade without an entitlement to receive the Dow common stock distributed pursuant to the distribution. Therefore, if you sell DowDuPont common stock in the “regular-way” market on or prior to the last trading day prior to the distribution date, you will be selling your right to receive Dow common stock in the distribution. If you own DowDuPont common stock at the close of business on the record date and sell those shares on the “ex-distribution” market on or prior to the last trading day prior to the distribution date, you will receive the shares of Dow common stock that you are entitled to receive pursuant to your ownership of DowDuPont common stock as of the record date.

Furthermore, Dow anticipates that trading in Dow common stock will begin on a “when-issued” basis as early as the trading day prior to the record date for the distribution and will continue through the last trading day prior to
the distribution date. “When-issued” trading in the context of a separation refers to a sale or purchase made conditionally on or before the distribution date because the securities of the separated entity have not yet been distributed. The “when-issued” trading market will be a market for Dow common stock that will be distributed to holders of DowDuPont common stock on the distribution date. If you owned DowDuPont common stock at the close of business on the record date, you would be entitled to Dow common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Dow common stock, without DowDuPont common stock you own, on the “when-issued” market. On the distribution date, “when-issued” trading with respect to Dow common stock will end, and at the open of trading, “regular-way” trading will begin.

Conditions to the Distribution

Dow expects that the distribution will be effective on [●], the distribution date, provided that, among other conditions described in this information statement, the following conditions shall have been satisfied:

- The SEC having declared effective the Form 10 under the Exchange Act (or the Form 10 having otherwise become effective pursuant to and in accordance with Section 12(d) of the Exchange Act), no stop order relating to the Form 10 being in effect, no proceedings seeking such a stop order being pending before or threatened by the SEC and this information statement (or notice of internet availability hereof) having been distributed to DowDuPont stockholders;
- the listing of Dow common stock on the NYSE having been approved, subject to official notice of issuance;
- DowDuPont having received an opinion from a nationally recognized independent appraisal firm to the effect that, following the distribution, Dow and DowDuPont will each be solvent and adequately capitalized, and that DowDuPont has adequate surplus under Delaware law to declare the dividend of Dow common stock;
- the Internal Reorganization and Business Realignment as they relate to Dow having been effectuated prior to the distribution date;
- the DowDuPont board of directors having declared the dividend of Dow common stock to effect the distribution and having approved the distribution and all related transactions, which approval may be given or withheld in the board’s absolute and sole discretion (and such declaration or approval not having been withdrawn);
- DowDuPont having elected the individuals to be members of the Dow board of directors following the distribution, and certain directors as set forth in the separation agreement having resigned from the DowDuPont board of directors;
- each of Dow, DowDuPont and Corteva and each of their applicable subsidiaries having entered into all ancillary agreements to which it and/or any such subsidiary is contemplated to be a party;
- no events or developments having occurred or existing that make it inadvisable to effect the distribution or that would result in the distribution and related transactions not being in the best interest of DowDuPont or its stockholders;
- no order, injunction or decree by any governmental entity of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the related transactions, and no other event outside of DowDuPont’s control having occurred that prevents the consummation of the distribution shall be pending, threatened, issued or in effect;
- the receipt by DowDuPont of the DowDuPont Tax Opinions and by Dow of the Dow Tax Opinions; and
- the IRS not having revoked the IRS Ruling (as described in the section entitled “Risk Factors—Risks Related to the Separation”).
The fulfillment of the foregoing conditions does not create any obligations on DowDuPont’s part to effect the
distribution, and the DowDuPont board of directors has the ability, in its sole discretion, to amend, modify or
abandon the distribution and related transactions at any time prior to the distribution date.

**Regulatory Approvals**

Dow NewCo must complete the necessary registration under U.S. federal securities laws of the Dow common
stock, as well as the applicable listing requirements of the NYSE for such shares.

Other than the requirements discussed above, Dow does not believe that any other material governmental or
regulatory filings or approvals will be necessary to consummate the distribution.

**No Appraisal Rights**

DowDuPont stockholders will not have any appraisal rights in connection with the distribution.

**Reasons for Furnishing this Information Statement**

Dow is furnishing this information statement solely to provide information to DowDuPont stockholders who will
receive shares of Dow common stock in the distribution. You should not construe this information statement as an
inducement or encouragement to buy, hold or sell any of Dow’s securities or any securities of DowDuPont. Dow
believes that the information contained in this information statement is accurate as of the date set forth on the cover.
Changes to the information contained in this information statement may occur after that date, and neither
DowDuPont nor Dow undertake any obligation to update the information except in the normal course of
DowDuPont’s and Dow’s public disclosure obligations and practices.
DIVIDEND POLICY

Dow expects that it will pay a competitive quarterly dividend following the distribution of approximately 35 percent to 45 percent of annual adjusted net income. DowDuPont has paid a quarterly dividend of $0.38 per share of DowDuPont common stock during each of the last four quarters. On October 11, 2018, DowDuPont declared a dividend of $0.38 per share of DowDuPont common stock, which was paid on December 14, 2018 to DowDuPont stockholders of record on November 30, 2018. Prior to the Merger, Historical Dow had declared and paid a quarterly dividend on its common stock of $0.46 per share for eight consecutive quarters.

The declaration, payment and amount of any dividends following the distribution will be subject to the sole discretion of Dow’s post-distribution, independent board of directors and, in the context of Dow’s financial policy, will depend upon many factors, including Dow’s financial condition and prospects, Dow’s capital requirements and access to capital markets, covenants associated with certain of Dow’s debt obligations, legal requirements and other factors that the Dow board of directors may deem relevant, and there can be no assurances that Dow will continue to pay a dividend in the future. There can also be no assurance that, after the distribution, the combined annual dividends on the common stock of Dow, New DuPont and Corteva, if any, will be equal to the annual dividends on DowDuPont common stock prior to the distribution. Prior to the close of the Merger, Historical Dow and Historical DuPont had paid cash dividends every quarter since 1912 and 1904, respectively.
CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization as of December 31, 2018 of Historical Dow and for Dow on a pro forma basis after giving effect to the planned transactions related to the separation to be effected prior to the distribution, including the Internal Reorganization and Business Realignment, as if they occurred on December 31, 2018. The cash and cash equivalents and capitalization for Dow are derived from the Historical Dow 2018 Financial Statements (as defined below), which are incorporated by reference herein from the pertinent pages of the Historical Dow 2018 Form 10-K filed as Exhibit 99.2 to the Form 10 and do not reflect changes Dow expects to experience in connection with the separation and distribution, including the Internal Reorganization and Business Realignment. This information therefore may not necessarily reflect what Dow’s capitalization would have been had it been an independent, publicly traded company operating DowDuPont’s materials science business during the periods presented. Explanation of the pro forma adjustments made to the consolidated financial statements of Historical Dow can be found under “Unaudited Pro Forma Combined Financial Information.” The following table should be reviewed in conjunction with the sections titled “Unaudited Pro Forma Combined Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Historical Dow” as well as the consolidated financial statements of Historical Dow and accompanying notes, which are incorporated by reference herein from the pertinent pages of the Historical Dow 2018 Form 10-K filed as Exhibit 99.2 to the Form 10.

<table>
<thead>
<tr>
<th></th>
<th>Historical Dow</th>
<th>Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents:</strong></td>
<td>$ 2,669</td>
<td>$ 4,748</td>
</tr>
<tr>
<td><strong>Debt, including current and long-term:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current debt</td>
<td>$ 340</td>
<td>$ 338</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$ 19,254</td>
<td>$ 19,255</td>
</tr>
<tr>
<td><strong>Total debt</strong></td>
<td>$ 19,594</td>
<td>$ 19,593</td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock (authorized and issued 100 shares of $0.01 par value each)</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>$ 7,042</td>
<td>$ 9,066</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>$ 29,808</td>
<td>$ 19,758</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(9,885)</td>
<td>(9,070)</td>
</tr>
<tr>
<td>Unearned ESOP shares</td>
<td>(134)</td>
<td>(134)</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>$ 1,138</td>
<td>$ 869</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>$ 27,969</td>
<td>$ 20,489</td>
</tr>
<tr>
<td><strong>Total Capitalization</strong></td>
<td>$ 47,563</td>
<td>$ 40,082</td>
</tr>
</tbody>
</table>
The following unaudited pro forma combined financial information (the “pro forma financial statements”) present the consolidated financial statements of Historical Dow after giving effect to the distribution of Historical Dow’s agricultural sciences business (“Dow AgCo”) and Historical Dow’s specialty products business (“Dow SpecCo”) and the receipt of Historical DuPont’s ethylene and ethylene copolymers businesses (other than its ethylene acrylic elastomers business) (“ECP”) resulting in what Dow refers to as “Dow.” Information in the unaudited pro forma combined financial statements is presented as follows:

- The unaudited pro forma combined balance sheet as of December 31, 2018 (the “pro forma balance sheet”) was prepared based on (i) the consolidated balance sheet of Historical Dow as of December 31, 2018, (ii) the distribution of Dow AgCo and Dow SpecCo as if they had been consummated on December 31, 2018, and (iii) the receipt of ECP as if it had been consummated on December 31, 2018.

- The unaudited pro forma combined statements of income (the “pro forma statements of income”) for all periods presented were prepared based on (i) the consolidated statements of income of Historical Dow for such period, (ii) the distribution of Dow AgCo and Dow SpecCo, and (iii) the receipt of ECP as if it had been consummated on January 1, 2017.

Following the completion of the separation and distribution (including the receipt transaction), the historical financial statements of Dow will be recast to reflect the distribution of Dow AgCo and Dow SpecCo as discontinued operations for each period presented as well as to reflect the receipt of ECP as a common control transaction from the closing of the Merger on August 31, 2017.

The pro forma financial statements should be read in conjunction with the accompanying notes to the pro forma financial statements. In addition, the pro forma financial statements were based on and should be read in conjunction with the audited consolidated financial statements of Historical Dow as of and for the year ended December 31, 2018 and the accompanying notes thereto included in Historical Dow’s Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 11, 2019 (the “Historical Dow 2018 Financial Statements” and which are incorporated by reference herein from the pertinent pages thereof that are filed as Exhibit 99.2 to the Form 10).

The pro forma financial statements, which were prepared in accordance with Article 11 of Regulation S-X, have been presented for informational purposes only and are not necessarily indicative of what Dow’s financial position or results of operations actually would have been had the Merger, Internal Reorganization and Business Realignment, separation, distribution and other related transactions been completed as of the dates indicated above. In addition, the pro forma financial statements do not purport to project the future financial position or results of operations of Dow.

Pro forma adjustments to historical financial information are subject to assumptions described in the accompanying notes. Management believes that these assumptions and adjustments are reasonable and appropriate under the circumstances and are factually supported based on information currently available. The unaudited pro forma financial information set forth below primarily gives effect to the following (“Pro Forma Basis”):

- the expected distribution of Dow AgCo and Dow SpecCo;
- the expected receipt of ECP;
- the reclassification of transactions between Dow and Dow AgCo and Dow SpecCo from intercompany transactions to trade transactions;
- the reclassification of transactions between Dow and ECP from related party transactions (included in “Net sales”) to intercompany transactions;
the 2017 impact of a consummated divestiture agreed to with the European Commission (“EC”) as a condition of approval for the Merger;

the impact of certain one-time costs related to the Merger, Internal Reorganization and Business Realignment, separation, distribution and other related transactions; and

the expected cash contribution from DowDuPont.

As a result of discontinued operations accounting treatment, the pro forma financial statements include $360 million, $435 million and $383 million for the years ended December 31, 2018, 2017 and 2016, respectively, of costs previously assigned to Dow AgCo and Dow SpecCo that did not meet the definition of discontinued operations in accordance with Accounting Standards Codification (“ASC”) 205-20 “Discontinued Operations” (“ASC 205-20”). These costs primarily consist of leveraged services that are provided through service centers as well as other corporate overhead costs that will not continue to be utilized by Dow AgCo or Dow SpecCo following the separation and distribution, such as costs related to information technology, finance, manufacturing, R&D, sales & marketing, supply chain, human resources, sourcing & logistics, legal, and communications, public affairs & government affairs functions. Dow expects to significantly reduce these costs in the future as part of its ongoing cost synergy program and efforts to further integrate and optimize its post-spin organization. Dow anticipates that a significant portion of the cost reductions will be achieved through reductions in headcount as well as reduced information technology costs, lower professional fees and contractor services expenses, corporate facilities and office space reductions, and the right-sizing of other corporate activities.

Historical Dow management currently expects, based on identified initiatives and available mitigation actions, that Dow will be able to eliminate more than half of these stranded costs, and continues to work to identify further actions to remove the remaining costs from Dow’s cost structure.

One-time transaction-related costs incurred prior to, or concurrent with, the closing of the Merger and the expected distribution and receipt transactions are not included in the pro forma statements of income. The pro forma financial statements do not reflect restructuring or integration activities or other costs following the separation, distribution and receipt transactions that may be incurred to achieve cost or growth synergies of Dow. As no assurance can be made that these costs will be incurred or the growth synergies will be achieved, no adjustment has been made.

Dow will incur certain nonrecurring third-party costs related to the separation, distribution and receipt transactions. Such nonrecurring amounts will include financial advisory, information technology, legal, accounting, consulting and other professional advisory fees and other transaction-related costs that will not be capitalized. The pro forma statements of income do not reflect these nonrecurring expenses.

Dow NewCo and/or certain of its subsidiaries intend to enter into various manufacturing, supply and service related agreements with DowDuPont and Corteva in connection with the separation (see the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Other Agreements”). These agreements will provide for different pricing than the historical intercompany and intracompany practices of Historical Dow and Historical DuPont. Dow has not yet finalized all of the terms of these agreements, however these agreements are expected to be executed immediately before the distribution date. Because the terms of these agreements have not been finalized, the financial impact has not been included in the pro form financial statements that follow. Based on current negotiations, the expected financial impact of these agreements is an increase in “Net sales” of approximately $135 million to $150 million with a favorable impact to “Income before income taxes” of approximately $65 million to $80 million not already reflected in the pro forma statements of income for the year ended December 31, 2018 (see Note 3 (B)).
### UNAUDITED PRO FORMA COMBINED BALANCE SHEET
**AS OF DECEMBER 31, 2018**

(In millions)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Historical Dow</th>
<th>Distribution of Dow AgCo and Dow SpecCo</th>
<th>Receipt of ECP</th>
<th>Pro Forma Adj.</th>
<th>Note 2 Ref.</th>
<th>Dow Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,669</td>
<td>$2,024</td>
<td>$55</td>
<td>$2,024</td>
<td>A</td>
<td>$4,748</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade, net</td>
<td>8,246</td>
<td>(2,765)</td>
<td>196</td>
<td></td>
<td></td>
<td>5,677</td>
</tr>
<tr>
<td>Other</td>
<td>4,136</td>
<td>(773)</td>
<td>1</td>
<td></td>
<td></td>
<td>3,364</td>
</tr>
<tr>
<td>Inventories</td>
<td>9,260</td>
<td>(2,822)</td>
<td>466</td>
<td></td>
<td></td>
<td>6,904</td>
</tr>
<tr>
<td>Other current assets</td>
<td>852</td>
<td>(151)</td>
<td>16</td>
<td></td>
<td></td>
<td>717</td>
</tr>
<tr>
<td>Total current assets</td>
<td>25,263</td>
<td>(6,511)</td>
<td>734</td>
<td>2,024</td>
<td></td>
<td>21,510</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in nonconsolidated affiliates</td>
<td>3,823</td>
<td>(616)</td>
<td>108</td>
<td></td>
<td></td>
<td>3,315</td>
</tr>
<tr>
<td>Other investments</td>
<td>2,648</td>
<td>(2)</td>
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<td>2,646</td>
</tr>
<tr>
<td>Total investments</td>
<td>6,865</td>
<td>(654)</td>
<td>108</td>
<td></td>
<td></td>
<td>6,319</td>
</tr>
<tr>
<td>Property</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>61,437</td>
<td>(8,351)</td>
<td>942</td>
<td></td>
<td></td>
<td>54,028</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>37,775</td>
<td>(5,339)</td>
<td>155</td>
<td></td>
<td></td>
<td>32,591</td>
</tr>
<tr>
<td>Net property</td>
<td>23,662</td>
<td>(3,012)</td>
<td>787</td>
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<td></td>
<td>21,437</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>13,848</td>
<td>(5,790)</td>
<td>3,588</td>
<td></td>
<td></td>
<td>9,846</td>
</tr>
<tr>
<td>Other intangible assets, net</td>
<td>4,913</td>
<td>(1,830)</td>
<td>1,143</td>
<td></td>
<td></td>
<td>4,226</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>2,031</td>
<td>(234)</td>
<td>13</td>
<td>378</td>
<td>B</td>
<td>2,188</td>
</tr>
<tr>
<td>Deferred charges and other assets</td>
<td>796</td>
<td>(61)</td>
<td></td>
<td></td>
<td></td>
<td>735</td>
</tr>
<tr>
<td>Total other assets</td>
<td>21,588</td>
<td>(9,715)</td>
<td>4,744</td>
<td>378</td>
<td></td>
<td>16,995</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$77,378</td>
<td>$(19,892)</td>
<td>$6,373</td>
<td>$2,402</td>
<td></td>
<td>$66,261</td>
</tr>
<tr>
<td>Liabilities and Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Notes payable</td>
<td>$305</td>
<td>$(7)</td>
<td></td>
<td></td>
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<td>$298</td>
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<tr>
<td>Long-term debt due within one year</td>
<td>340</td>
<td>(4)</td>
<td>2</td>
<td></td>
<td></td>
<td>338</td>
</tr>
<tr>
<td>Accounts payable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>5,378</td>
<td>(1,117)</td>
<td>214</td>
<td></td>
<td></td>
<td>4,475</td>
</tr>
<tr>
<td>Other</td>
<td>3,330</td>
<td>(869)</td>
<td></td>
<td></td>
<td></td>
<td>2,461</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>791</td>
<td>(234)</td>
<td></td>
<td></td>
<td></td>
<td>557</td>
</tr>
<tr>
<td>Accrued and other current liabilities</td>
<td>3,611</td>
<td>(738)</td>
<td>36</td>
<td></td>
<td></td>
<td>2,909</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>13,755</td>
<td>(2,969)</td>
<td>252</td>
<td></td>
<td></td>
<td>11,038</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>19,254</td>
<td>(5)</td>
<td>6</td>
<td></td>
<td></td>
<td>19,235</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>$37,009</td>
<td>$(29,857)</td>
<td>$6,373</td>
<td>$2,402</td>
<td></td>
<td>$37,287</td>
</tr>
<tr>
<td>Stockholders’ Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>7,042</td>
<td></td>
<td>2,024</td>
<td>A</td>
<td></td>
<td>9,066</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>29,808</td>
<td>(5,892)</td>
<td></td>
<td></td>
<td></td>
<td>21,916</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(9,883)</td>
<td></td>
<td>(9,070)</td>
<td></td>
<td></td>
<td>(9,070)</td>
</tr>
<tr>
<td>Unearned ESOP shares</td>
<td>(134)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(134)</td>
</tr>
<tr>
<td>Dow stockholders’ equity</td>
<td>26,831</td>
<td>(5,892)</td>
<td>2,024</td>
<td></td>
<td></td>
<td>19,620</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>1,138</td>
<td>(269)</td>
<td></td>
<td></td>
<td></td>
<td>869</td>
</tr>
<tr>
<td>Total equity</td>
<td>27,969</td>
<td>(5,892)</td>
<td>2,024</td>
<td></td>
<td></td>
<td>20,489</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>$77,378</td>
<td>$(19,892)</td>
<td>$6,373</td>
<td>$2,402</td>
<td></td>
<td>$66,261</td>
</tr>
</tbody>
</table>

*See Notes to the Unaudited Pro Forma Combined Financial Statements*
### DOW UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
(In millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Historical Dow</th>
<th>Distribution of Dow AgCo and Dow SpecCo</th>
<th>Receipt of ECP</th>
<th>Pro Forma Adj.</th>
<th>Note 3 Ref.</th>
<th>Dow Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$ 60,278</td>
<td>$(12,431)</td>
<td>$ 1,709</td>
<td>$ 141</td>
<td>B/F</td>
<td>$ 49,697</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>47,705</td>
<td>(7,910)</td>
<td>1,231</td>
<td>141</td>
<td>B/F</td>
<td>41,167</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>1,536</td>
<td>(761)</td>
<td>23</td>
<td></td>
<td></td>
<td>798</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>2,846</td>
<td>(1,095)</td>
<td>43</td>
<td></td>
<td></td>
<td>1,794</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>622</td>
<td>(249)</td>
<td>96</td>
<td></td>
<td></td>
<td>469</td>
</tr>
<tr>
<td>Restructuring, goodwill impairment and asset related charges — net</td>
<td>620</td>
<td>(411)</td>
<td>12</td>
<td>(23)</td>
<td>A</td>
<td>198</td>
</tr>
<tr>
<td>Integration and separation costs</td>
<td>1,044</td>
<td>—</td>
<td>135</td>
<td>(105)</td>
<td>A</td>
<td>1,074</td>
</tr>
<tr>
<td>Equity in earnings of nonconsolidated affiliates</td>
<td>950</td>
<td>(400)</td>
<td>5</td>
<td></td>
<td></td>
<td>555</td>
</tr>
<tr>
<td>Sundry income (expense) — net</td>
<td>181</td>
<td>(13)</td>
<td>10</td>
<td></td>
<td></td>
<td>178</td>
</tr>
<tr>
<td>Interest expense and amortization of debt discount</td>
<td>1,118</td>
<td>(56)</td>
<td>—</td>
<td></td>
<td></td>
<td>1,062</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>5,918</td>
<td>(2,362)</td>
<td>184</td>
<td>128</td>
<td></td>
<td>3,868</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>1,285</td>
<td>(515)</td>
<td>35</td>
<td>29</td>
<td>G</td>
<td>834</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>4,633</td>
<td>(1,847)</td>
<td>149</td>
<td>99</td>
<td></td>
<td>3,034</td>
</tr>
<tr>
<td>Net income (loss) attributable to noncontrolling interests</td>
<td>134</td>
<td>(32)</td>
<td>—</td>
<td></td>
<td></td>
<td>102</td>
</tr>
<tr>
<td>Net Income (Loss) Available for Dow Common Stockholder</td>
<td>$ 4,499</td>
<td>$ (1,815)</td>
<td>$ 149</td>
<td>$ 99</td>
<td></td>
<td>$ 2,932</td>
</tr>
</tbody>
</table>

#### Unaudited pro forma loss per common share:
- **Basic**
- **Diluted**

#### Average number of shares used in calculating unaudited pro forma loss per common share:
- **Basic**
- **Diluted**

See Notes to the Unaudited Pro Forma Combined Financial Statements

### NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

#### 1. Basis of Pro Forma Presentation

The accompanying unaudited pro forma financial statements for Dow were prepared in accordance with Article 11 of Regulation S-X and are based on the consolidated financial information of Historical Dow. The consolidated financial information has been adjusted in the accompanying pro forma financial statements to give effect to the pro forma events that are (i) directly attributable to the Merger, Internal Reorganization and Business Realignment, separation, distribution and other related transactions, (ii) factually supportable, and (iii) with respect to the pro forma statements of income, expected to have a continuing impact on the consolidated results.

Dow will account for the separation and distribution of Dow AgCo and Dow SpecCo and Dow’s receipt of ECP as transactions between entities under common control of their parent company, DowDuPont. Dow expects to present Dow AgCo and Dow SpecCo as discontinued operations upon distribution based on the guidance in ASC 205-20.
Discontinued operations presentation involves removing the results of the discontinued businesses from the financial statements on a line-by-line basis and presenting the net results as “Income (Loss) from discontinued operations, net of tax.” Since the distribution of Dow AgCo and Dow SpecCo are not reflected in the consolidated financial statements of Historical Dow, those transactions will be reflected for the purpose of pro forma financial statements.

The pro forma financial statements have been adjusted to reflect the receipt of ECP as if it had been consummated on January 1, 2017. The receipt of ECP will be treated as a common control transaction in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) from the closing of the Merger on August 31, 2017.

The presentation of the distribution of Dow AgCo and Dow SpecCo and the receipt of ECP represents management’s best estimate of Dow’s retrospectively adjusted historical financial statements. These estimates are preliminary and actual results could differ from these estimates.

2. Adjustments to Pro Forma Combined Balance Sheet

Explanations of the adjustments to the pro forma combined balance sheet are as follows:

A. Reflects the expected cash contribution from DowDuPont of $2,024 million.

B. Reflects a $378 million impact on deferred tax assets and deferred tax liabilities from jurisdictional netting.

3. Adjustments to Pro Forma Combined Statements of Income

Explanations of the adjustments to the pro forma statements of income are as follows:

A. Represents the elimination of one-time transaction costs directly attributable to the Merger and distribution transactions of $128 million for the year ended December 31, 2018 and $1,042 million for the year ended December 31, 2017. These amounts include financial advisory fees, outside legal, accounting and professional consultancy fees, and other transaction-related costs ($105 million for the year ended December 31, 2018 and $150 million for the year ended December 31, 2017). In addition, the values include costs related to change in control provisions that were triggered in connection with the Merger, as described below.

The provisions of a U.S. non-qualified pension plan required the payment of plan obligations to certain participants upon a change in control of Historical Dow, which occurred at the time of the Merger. Certain participants could elect to receive a lump-sum payment or could direct Historical Dow to purchase an annuity on their behalf using the after-tax proceeds of the lump sum. In addition to this lump-sum amount, Historical Dow also paid $205 million for income and payroll taxes for participants electing the annuity option, of which $201 million was included in “Cost of sales” and $4 million was included in “Selling, general and administrative expenses.” Historical Dow recorded a settlement charge of $687 million associated with the payout, which was included in “Sundry income (expense) - net” for the year ended December 31, 2017.

Historical Dow also incurred severance of $23 million for the year ended December 31, 2018 under certain employee agreements due to the change in control of Historical Dow that occurred at the time of the Merger.

B. Reflects the reclassification of $242 million for the year ended December 31, 2018 and $218 million for the year ended December 31, 2017 of Historical Dow’s sale of certain products to Dow AgCo and Dow SpecCo. Prior to the separation and distribution, Historical Dow sold these products to Dow AgCo and Dow SpecCo on an intracompany or intercompany basis. Pursuant to the terms of supply agreements, after the distribution Dow will reflect the sale of these products as trade sales in its consolidated statements of income.
C. As a condition of the EC’s regulatory approval of the Merger, Historical Dow divested its global Ethylene Acrylic Acid (“EAA”) copolymers and ionomers business to SK Global Chemical Co., Ltd. (collectively, the “Dow Divested Assets”) on September 1, 2017. The pro forma statements of income give effect to the elimination of “Net sales” ($90 million), “Cost of sales” ($59 million) and “Sundry income (expense) - net” (pretax gain of $227 million) related to the Dow Divested Assets for the year ended December 31, 2017.

D. Reflects the removal of cost of sales of $120 million for the year ended December 31, 2017 related to the amortization of ECP’s inventory step-up recognized in connection with the Merger.

E. Reflects additional depreciation of $43 million ($42 million in “Cost of sales” and $1 million in “Research and development expenses”) and additional amortization of intangibles of $64 million for the period January 1, 2017—August 31, 2017 related to the step-up in basis of property and intangibles assets in connection with the Merger.

F. Reflects the elimination of sales between Dow and ECP of $101 million for the year ended December 31, 2018 and $33 million for the year ended December 31, 2017 that will be treated as intercompany sales after the receipt of ECP.

G. Represents the income tax effect of the pro forma adjustments related to the transactions calculated using statutory tax rates by jurisdiction, resulting in a tax rate of 22.5 percent in 2018 and 37.5 percent in 2017. Management believes the tax rate provides a reasonable basis for the pro forma adjustments, however, the effective tax rate of Dow could be significantly different depending on the mix of activities.

H. Reflects the number of common shares expected to be outstanding upon completion of the distribution. As of the distribution date, Historical Dow equity will be exchanged to reflect the distribution of shares of Dow common stock to DowDuPont stockholders at a distribution ratio of [●] shares of Dow common stock for every [●] shares of DowDuPont common stock.

I. Reflects changes resulting from the 2017 adoption of Accounting Standards Update (“ASU”) 2017-07, “Compensation—Retirement Benefits” (Topic 715) impacting “Cost of sales” (a reduction of $696 million), “Research and development expenses” (an increase of $11 million), “Selling, general and administrative expenses” (an increase of $3 million) and “Sundry income (expense)—net” (expense of $682 million).
The following table identifies each of the above pro forma adjustments by income statement line and provides a reconciliation of such amounts to the total amount appearing in the column “Pro Forma Adj.” in the pro forma income statement for the years ended December 31, 2018 and 2017 (see Note 4):

<table>
<thead>
<tr>
<th>In millions</th>
<th>Note Ref.</th>
<th>Dec 31, 2018</th>
<th>Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>$ 242</td>
<td>$ 218</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>-</td>
<td>(90)</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>(101)</td>
<td>(33)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 141</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 95</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>$ -</td>
<td>$ (201)</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>242</td>
<td>218</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>-</td>
<td>(59)</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>-</td>
<td>(120)</td>
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</tr>
<tr>
<td>E</td>
<td>-</td>
<td>42</td>
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</tr>
<tr>
<td>F</td>
<td>(101)</td>
<td>(33)</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>-</td>
<td>(696)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 141</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(849)</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>E</td>
<td>$ -</td>
<td>$ 1</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>-</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>12</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
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<td></td>
</tr>
<tr>
<td>A</td>
<td>$ -</td>
<td>$ (4)</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>-</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Sundry income (expense)—net</strong></td>
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<td></td>
</tr>
<tr>
<td>A</td>
<td>$ -</td>
<td>$ 687</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>-</td>
<td>(227)</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>-</td>
<td>(682)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td>$ -</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>(222)</td>
</tr>
</tbody>
</table>

**4. Dow AgCo and Dow SpecCo Distribution**

The pro forma financial statements have been adjusted to reflect the distribution of Dow AgCo and Dow SpecCo, which is expected to be treated as discontinued operations upon distribution (“Discontinued Operations Basis”). Pro forma combined statements of income have been provided within this Note for the year ended December 31, 2017 (on a Pro Forma Basis) and the year ended December 31, 2016 (on a Discontinued Operations Basis), to provide pro forma presentation of the distribution for three years, consistent with the requirements of ASC 205-20.

The following pro forma combined statements of income do not reflect what Dow’s result of operations would have been on a standalone basis and are not necessarily indicative of Dow’s future results of operations.

The information in the distribution column in the pro forma combined statements of income was prepared based on Historical Dow’s audited financial statements for the years ended December 31, 2017 and 2016, and only includes costs that are directly attributable to the operating results of Dow AgCo and Dow SpecCo.
## DOW
### UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
#### FOR THE YEAR ENDED DECEMBER 31, 2017

(In millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Historical Dow(^1)</th>
<th>Distribution of Dow AgCo and Dow SpecCo</th>
<th>Receipt of ECP</th>
<th>Pro Forma Adj.</th>
<th>Note 3 Ref.(^2)</th>
<th>Dow Pro Forma(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$55,508</td>
<td>$12,558</td>
<td>$1,727</td>
<td>$95</td>
<td></td>
<td>$44,772</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>44,308</td>
<td>(7,989)</td>
<td>1,244</td>
<td>(849)</td>
<td>A/B/C/D/E/F/I</td>
<td>36,714</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>1,637</td>
<td>(854)</td>
<td>23</td>
<td>12</td>
<td>E/I</td>
<td>818</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>2,917</td>
<td>(1,130)</td>
<td>60</td>
<td>(1)</td>
<td>A/I</td>
<td>1,846</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>624</td>
<td>(255)</td>
<td>32</td>
<td>64</td>
<td>E</td>
<td>465</td>
</tr>
<tr>
<td>Restructuring, goodwill impairment and asset related charges — net</td>
<td>3,100</td>
<td>(376)</td>
<td>18</td>
<td>–</td>
<td></td>
<td>2,742</td>
</tr>
<tr>
<td>Integration and separation costs</td>
<td>786</td>
<td>(18)</td>
<td>98</td>
<td>(150)</td>
<td>A</td>
<td>716</td>
</tr>
<tr>
<td>Equity in earnings of nonconsolidated affiliates</td>
<td>762</td>
<td>(372)</td>
<td>8</td>
<td>–</td>
<td></td>
<td>398</td>
</tr>
<tr>
<td>Sundry income (expense) — net</td>
<td>877</td>
<td>(285)</td>
<td>18</td>
<td>(222)</td>
<td>A/C/I</td>
<td>388</td>
</tr>
<tr>
<td>Interest expense and amortization of debt discount</td>
<td>976</td>
<td>(61)</td>
<td>–</td>
<td>–</td>
<td></td>
<td>915</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>2,799</td>
<td>(2,532)</td>
<td>278</td>
<td>797</td>
<td></td>
<td>1,342</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>2,204</td>
<td>(641)</td>
<td>64</td>
<td>295</td>
<td>G</td>
<td>1,922</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>595</td>
<td>(1,891)</td>
<td>214</td>
<td>502</td>
<td></td>
<td>(580)</td>
</tr>
<tr>
<td>Net income (loss) attratable to noncontrolling interests</td>
<td>129</td>
<td>(28)</td>
<td>–</td>
<td>–</td>
<td></td>
<td>101</td>
</tr>
<tr>
<td>Net Income (Loss) Available for Dow Common Stockholder</td>
<td>$466</td>
<td>$1,863</td>
<td>$214</td>
<td>$502</td>
<td></td>
<td>$(681)</td>
</tr>
</tbody>
</table>

### Unaudited pro forma loss per common share:

- **Basic**: 
- **Diluted**: 

### Average number of shares used in calculating unaudited pro forma loss per common share:

- **Basic**: 
- **Diluted**: 

---

\(^1\) The pretax results for 2017 were negatively impacted by net $4,300 million of unusual and nonrecurring items, including: $3,101 million charge for restructuring, goodwill impairment and asset related charges; an $892 million charge for settlement costs related to benefit plan obligations; a $541 million charge for integration and separation costs; a $469 million charge related to the Bayer CropScience arbitration matter; and, a $303 million charge related to transaction and productivity actions which were partially offset by a $635 million gain related to the sale of Dow AgroSciences’ corn seed business in Brazil; a $227 million gain related to the sale of Historical Dow’s Ethylene Acrylic Acid business; $137 million gain related to a patent infringement matter with Nova Chemicals Corporation; and, a $7 million gain for a post-closing adjustment related to the split-off of Dow’s chlorine value chain.

\(^2\) See Note 3 for an explanation and tabulation of pro forma adjustments.

\(^3\) The pretax results for 2017 were negatively impacted by net $3,372 million of unusual and nonrecurring items, including; $137 million gain related to a patent infringement matter with Nova Chemicals Corporation; $2,742 million charge for restructuring, goodwill impairment and asset-related charges; $716 million charge for integration and separation costs; $58 million charge related to transaction and productivity actions; and a $7 million gain for a post-closing adjustment related to the split-off of Dow’s chlorine value chain.
DOW
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(In millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Historical Dow 1</th>
<th>Distribution of Dow AgCo and Dow SpecCo</th>
<th>ASU Impact 2</th>
<th>Dow Adjusted 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$48,158</td>
<td>$(11,897)</td>
<td>–</td>
<td>$36,261</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>37,640</td>
<td>(7,612)</td>
<td>28</td>
<td>30,056</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>1,584</td>
<td>(848)</td>
<td>9</td>
<td>745</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>2,956</td>
<td>(1,140)</td>
<td>(3)</td>
<td>1,813</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>544</td>
<td>(228)</td>
<td>–</td>
<td>316</td>
</tr>
<tr>
<td>Restructuring and asset related charges-net</td>
<td>595</td>
<td>(16)</td>
<td>–</td>
<td>579</td>
</tr>
<tr>
<td>Integration and separation costs</td>
<td>349</td>
<td>–</td>
<td>–</td>
<td>349</td>
</tr>
<tr>
<td>Asbestos-related charge</td>
<td>1,113</td>
<td>–</td>
<td>–</td>
<td>1,113</td>
</tr>
<tr>
<td>Equity in earnings of nonconsolidated affiliates</td>
<td>442</td>
<td>(254)</td>
<td>–</td>
<td>188</td>
</tr>
<tr>
<td>Sundry income (expense) - net</td>
<td>1,452</td>
<td>(893)</td>
<td>34</td>
<td>593</td>
</tr>
<tr>
<td>Interest expense and amortization of debt discount</td>
<td>858</td>
<td>(31)</td>
<td>–</td>
<td>827</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>4,413</td>
<td>(3,169)</td>
<td>–</td>
<td>1,244</td>
</tr>
<tr>
<td>Provision (credit) for income taxes</td>
<td>9</td>
<td>(269)</td>
<td>–</td>
<td>(260)</td>
</tr>
<tr>
<td>Net income</td>
<td>4,404</td>
<td>(2,900)</td>
<td>–</td>
<td>1,504</td>
</tr>
<tr>
<td>Net income attributable to noncontrolling interests</td>
<td>86</td>
<td>(33)</td>
<td>–</td>
<td>53</td>
</tr>
<tr>
<td>Net income attributable to Dow</td>
<td>4,318</td>
<td>(2,867)</td>
<td>–</td>
<td>1,451</td>
</tr>
<tr>
<td>Preferred stock dividends</td>
<td>340</td>
<td>–</td>
<td>–</td>
<td>340</td>
</tr>
<tr>
<td>Net Income Available for Dow Common Stockholder</td>
<td>$3,978</td>
<td>$(2,867)</td>
<td>–</td>
<td>$1,111</td>
</tr>
</tbody>
</table>

Unaudited pro forma earnings per common share:

- Basic: $3.57
- Diluted: $3.52

Average number of shares used in calculating unaudited pro forma earnings per common share:

- Basic: 1,108.1
- Diluted: 1,123.2

1 The pretax results for 2016 were negatively impacted by net $1,782 million of unusual and nonrecurring items including: $1,235 million related to theurethane matters legal settlements; $1,113 million of asbestos-related charges; a $2,106 million favorable impact from theDow Silicones ownership restructure; $454 million of restructuring and asset-related charges; $544 million of transactions and productivity costs and a net unfavorable $542 million of other unusual and nonrecurring items.

2 Reflects changes resulting from the adoption of ASU 2017-07, “Compensation—Retirement Benefits” (Topic 715).

3 The pretax results for 2016 were negatively impacted by net $2,492 million of unusual and nonrecurring items, including: $1,389 million gain related to the Dow Silicones ownership restructure; $1,235 million charge related to theurethane matters legal settlements; $1,113 million of asbestos-related charges; $599 million of restructuring and asset-related charges; $349 million of integration and separation costs; $295 million of environmental charges; $195 million of transaction and productivity costs; $117 million charge for the termination of a terminal use agreement; and, $22 million gain related to other items.

5. Earnings (Loss) Per Share

The number of shares of Dow common stock used to compute the unaudited pro forma earnings per common share—basic will be based on DowDuPont weighted average common shares outstanding—basic on the record date for the distribution, adjusted for the distribution ratio of [●] shares of Dow common stock for every [●] shares of DowDuPont common stock.

There is no dilutive effect for the year ended December 31, 2018 as Historical Dow did not engage in activities giving rise to dilution. As a result, this calculation may not be indicative of the dilutive effect that will actually result from Dow’s stock-based compensation awards issued in connection with the adjustment of outstanding

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DowDuPont stock-based compensation awards as a result of the distribution, or the grant of new stock-based compensation awards. The number of dilutive shares of common stock underlying Dow’s stock-based compensation awards issued in connection with the adjustment of outstanding DowDuPont stock-based compensation awards will not be determined until the distribution date or shortly thereafter.

<table>
<thead>
<tr>
<th>Share Count Information</th>
<th>Dec 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Shares in millions)</td>
<td></td>
</tr>
<tr>
<td><strong>Dow common shares outstanding—basic</strong> ¹</td>
<td></td>
</tr>
<tr>
<td>DowDuPont common shares outstanding—basic</td>
<td>2,301.0</td>
</tr>
<tr>
<td>Conversion ratio</td>
<td>[●]</td>
</tr>
<tr>
<td>Dow common shares outstanding—basic</td>
<td>[●]</td>
</tr>
<tr>
<td>Dilutive effect ²</td>
<td>N/A</td>
</tr>
<tr>
<td>Dow common shares outstanding—diluted</td>
<td>[●]</td>
</tr>
</tbody>
</table>

¹ Based on the weighted-average DowDuPont shares outstanding-basic for the year ended December 31, 2018.

² There is no dilutive effect for the year ended December 31, 2018 as Historical Dow did not engage in activities giving rise to dilution.
THE BUSINESS

Dow NewCo was formed on August 30, 2018 to serve as a holding company for Dow. Dow will continue to be headquartered in Midland, Michigan. Dow combines science and technology to develop materials science solutions that are essential to human progress. Dow’s ambition is to be the most innovative, customer-centric, inclusive and sustainable materials science company in the world. Following the separation, Dow will employ its leading product portfolios and technology platforms, broad geographic reach and operational scale to deliver differentiated products and solutions to thousands of customers through a focused business portfolio primarily aligned with three consumer-driven market verticals: consumer care, infrastructure and packaging. Dow’s products will be manufactured at 113 sites in 31 countries around the world. In 2018, on a pro forma basis, Dow employed approximately 38,000 people and delivered pro forma net sales of $49.7 billion, pro forma net income of $3.0 billion, pro forma Operating EBIT of $6.2 billion and pro forma Operating EBITDA of $9.1 billion. See the sections entitled “Unaudited Pro Forma Combined Financial Information” and “Supplemental Pro Forma Segment Results for Dow” for additional information, including a reconciliation of pro forma net income to pro forma Operating EBIT and pro forma Operating EBITDA.

In connection with the separation, DowDuPont will undertake the Internal Reorganization and Business Realignment such that, at the time of the distribution, Dow NewCo will hold DowDuPont’s materials science business, which will be comprised of DowDuPont’s Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics segments. Consequently, the assets and liabilities related to Historical DuPont’s ethylene and ethylene copolymers businesses (other than its ethylene acrylic elastomers business) will be transferred to Dow, but Dow will no longer hold the Historical Dow agricultural sciences business or its legacy businesses that are aligned with DowDuPont’s specialty products division. See the sections entitled “Merger, Intended Separations, Reorganization and Financial Statement Presentation—Internal Reorganization” and “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement.”

The discussion in this section primarily relates to the business of Dow as it will be constituted and its business is expected to be operated following the separation and distribution. Consequently, except as otherwise indicated, the discussion of Dow’s business in this section assumes that the Internal Reorganization and Business Realignment and the other transactions being undertaken in connection with the separation and distribution have been completed and that Dow holds only the materials science business of DowDuPont. As a result, unless otherwise indicated, references to Dow’s current or historical business, operations, products or activities refer to such information on a pro forma basis after giving effect to such transactions. See the sections entitled “Merger, Intended Separations, Reorganization and Financial Statement Presentation—Internal Reorganization” and “Unaudited Pro Forma Combined Financial Information.” Notwithstanding this, Dow has also included for context and comparison purposes certain discussion of the legacy business and operations of Historical Dow. Such discussion generally refers to “Historical Dow.”

Dow’s Strategy

Dow strives to be the most innovative, customer-centric, inclusive and sustainable materials science company in the world – one that is driven by world-class talent and enabled by leading products and technologies.

Dow pursues this ambition with industry-leading materials science capabilities and competitive cost positions applied to three attractive markets: consumer care, infrastructure and packaging. These sectors have strong consumer-driven demand trends, including: urbanization; growing middle-class populations, particularly in the emerging world; increasing demand for sustainable solutions that support a circular economy and lower energy intensity; and shifting value chain interactions that are driving demands for digital business models and sharper data insights.
Dow’s goal is to deliver profitable growth over the long-term by aligning its actions to a core set of strategic priorities:

- **Maintain and improve Dow’s leadership positions in attractive growth markets** where Dow’s leading materials science expertise, unparalleled global reach and customer and value chain understanding is recognized and rewarded;

- **Focus on innovation and capitalizing on growth and value-add materials science opportunities between Dow’s technology platforms** by leveraging Dow’s leading R&D and process technology capabilities to quickly adapt and innovate for the benefit of Dow’s customers and value chain partners through developing new and next generation products, formulations and novel solutions;

- **Maintain Dow’s foundation of operational excellence**, exemplified by Dow’s long-standing hallmark performance in safe, reliable, and sustainable operations;

- **Exercise disciplined resource and capital allocation**, focused on maintaining our leadership positions, driving profitable growth and improving return on invested capital. This includes a near-term focus on incremental, less capital intensive and fast payback investments that continue to drive organic growth and enhance Dow’s asset flexibility, reliability and efficiency, without sacrificing Dow’s ability to evaluate the best long-term growth opportunities;

- **Drive continuous productivity**, creating efficiency gains in Dow’s manufacturing and corporate operations in order to enhance Dow’s cost positions, increase throughput and maintain a streamlined corporate infrastructure, in part driven by integrating digitalization across our operations, businesses and work processes;

- **Disciplined portfolio management** that continually assesses whether Dow’s portfolio is optimized to fit the company’s strategy and priorities based on return and competitive position criteria;

- **Commitment to sustainability** in Dow’s products, operations and supply chains, which includes a continuation of Dow’s global industry leadership in transparency of sustainability reporting and goal setting; and

- **A fully inclusive organization** that seeks to enhance Dow’s employee and customer experiences and strengthen Dow’s understanding of the communities it serves.

In summary, Dow expects its strategy to further deepen its position as the industry’s leading materials science company and enhance the vitality of Dow’s customer relationships and the value Dow’s customers’ place on its product solutions—leading to higher returns on invested capital, increasing free cash flow (cash flows from operating activities less capital expenditures) and enhanced stockholder value.

**Dow’s Competitive Strengths**

Over its more than 120 years of history, Dow has set itself apart with a number of competitive strengths that each support its strategic pillars and highlight how Dow is positioned to win with customers and in its core market verticals.

**Best-in-Class Manufacturing Scale, Global Reach and Value Chain Knowledge**

Dow produces products at 113 manufacturing sites in 31 countries around the world, utilizing proprietary technologies to deliver differentiated solutions for its customers. Dow’s manufacturing footprint has a hallmark reputation for sustainability and safe, reliable operations. In addition, Dow’s assets are known for their low-cost structure, flexibility and vertical integration. A significant portion of Dow’s assets are based in low-cost regions around the world, including the U.S. Gulf Coast, Canada, Argentina and the Middle East. In other regions, such as Europe, Dow’s feedstock infrastructure and flexibility and asset scale give Dow unique upstream cost advantages over other competitors in the same region. Additionally, co-located sites across value chains provide
a greater ability to optimize asset utilization and lower cost. This vertical integration model yields several benefits, including increased security of raw material supply, captive demand and superior supply chain management.

Today Dow manufactures products spanning more than 3,500 product families. With customers in approximately 160 countries, Dow’s global reach is unparalleled in the industry. As a result of its vast manufacturing footprint, Dow has a sophisticated integrated supply chain network that ensures the highest level of efficiency and performance, from demand planning to order fulfillment, and employs the use of data analytics, “smart” sensors and other digital-based technologies to improve reliability and safety in-transit. Dow’s supply chain organization operates globally across the end-to-end value chain to deliver a world-class experience to thousands of customers.

Moving forward, Dow expects to continue its focus on maximizing production capabilities through investments in efficiency enhancements and reliability. Additionally, Dow will continue to identify areas for cost-cutting opportunities, including management structure delayering, facility rationalizations and removal of duplicate corporate structures in businesses, functions and geographies. Dow sees the next step-change in performance coming from greater digitalization and automation of its sites, including: smart sensor technology; predictive maintenance monitoring; and robotics that eliminate the need for humans to perform inspections, elevated work, and other tasks with higher risk to personnel. Dow expects this digitalization approach to not only drive safety improvements, but also drive a lower cost-to-serve through productivity gains and enhanced reliability.

**Leading Global Market Positions in Growing, Consumer-Driven End Markets**

Dow has leading global market positions in the product chains and core market verticals where it participates, and Dow intends to continue building on those positions for the benefit of its customers and stockholders. Dow’s strategy of focusing on three core end-markets—consumer care, infrastructure and packaging—is a reflection of existing and substantial presence and global leadership position in these fast growing sectors. These market verticals represent growing, attractive sectors that are linked with consumer-driven trends, including: urbanization; growing middle-class populations, particularly in the emerging world; increasing demand for sustainable solutions that support a circular economy and lower energy intensity; and shifting value chain interactions that are driving demands for digital business models and sharper data insights.

In Performance Materials & Coatings, Dow provides innovative solutions to meet the needs of the coatings, home care, personal care, appliance and industrial end-markets through acrylics-, cellulosics- and silicone-based technology platforms that deliver attributes such as texture, feel, scent, durability and consistency. Dow is a leading coatings raw materials supplier, serving the global architectural and industrial coatings sectors with leading positions in acrylic binders, opaque polymers, rheology modifiers and polyacid/carboxylate dispersants.

The business also has substantial raw material integration through its comprehensive monomers portfolio—Dow is a leading producer of acrylic and methacrylic monomers, which are critical building blocks for downstream coatings applications. Dow is also the world’s leading silicones producer, with broad chemistry toolkits and R&D capabilities, large scale and a diverse geographic footprint. The Dow silicones franchise is a low cost producer of siloxanes and has one of the most comprehensive back integrated manufacturing footprints in the industry.

Dow’s upstream silicones assets are back integrated into key building blocks, including silicon metal. The silicones business provides solutions for a wide range of market sectors, including non-residential construction; pressure sensitive release liners for use in labeling, sealing and packaging; and silicone elastomers.

In Industrial Intermediates & Infrastructure, Dow supports its customers by developing solutions to enhance quality and comfort, efficiency, product effectiveness and durability in manufacturing processes, infrastructure end-markets and downstream finished goods. Dow is a leading provider of solutions for durable and white goods; adhesives and sealants; and industrial intermediates and additives. Dow achieves this through its position as the world’s largest producer of purified ethylene oxide, propylene oxide, propylene glycol and polyether polyols, and a leading producer of solvents and amines, aromatic isocyanates and fully formulated polyurethane systems, with an extensive global network of world scale back-integrated assets. The Industrial Solutions business has extensive
scale and global reach and captures value growth in attractive markets growing above GDP throughout its
industry-leading scale, back-integration, operational excellence and digitalization capabilities as well as through
joint venture (“JV”) partnerships. The Polyurethanes & CAV business has been a global leader for more than six
decades in the development and formulation of differentiated polyols and systems, delivering a broad range of rigid,
semi-rigid and flexible foams; sealants; coatings; and binders used in a variety of consumer products and industrial
applications; as well as offering key building blocks such as cellulose ethers, redispersible latex powders, silicones
and acrylic emulsions for differentiated building and construction materials. These leading positions and the ability
to continue to grow with customers, particularly in emerging geographies, are further bolstered by the Sadara
Chemical Company (“Sadara”) JV footprint in the Middle East. Sadara is a world-scale complex with 26 production
facilities, 14 of which manufacture products never before produced in Saudi Arabia, to serve the needs of the
growing middle class and urbanization trends across the Middle East, Africa, Eastern Europe and Asia Pacific.

In Packaging & Specialty Plastics, Dow employs leading process design, catalyst technology, and application
development capabilities to deliver differentiated polyethylene, polyolefin elastomer, ethylene propylene diene
monomer (“EPDM”), ethylene copolymer and adhesives solutions, providing more reliable and durable, higher
performing and more sustainable plastics to customers in key growth markets. Dow is a world leader in food and
specialty packaging; industrial and consumer packaging; health and hygiene; caps, closures and pipe
applications; consumer durables and infrastructure. Dow maintains its leadership through product differentiation
and deep relationships across the value chain, as well as through its position as the largest and one of the most
experienced global producers of ethylene and a leading producer of propylene and aromatic products, polyolefin
elastomers and EPDM rubber. Dow has further solidified these leadership positions with comprehensive, cost-
advantaged growth investments in the U.S. Gulf Coast and through the Sadara JV footprint in the Middle East to
service the Americas, Middle East, Africa and Asia Pacific growth, respectively.

Market-Driven Technology and Intellectual Property Enables Materials Science Expertise

The Dow businesses have a long history of delivering market-driven and value-added products and technologies
to customers and the end-markets they serve. Dow’s product offerings are enhanced by proprietary technology
capabilities, which include: high throughput research; catalyst discovery and development; polymer and
materials science; rapid prototyping; and process and engineering development. These capabilities are utilized at
state-of-the-art laboratories around the world, which leverage a global set of capabilities and expertise to deliver
local solutions.

In 2018, Dow introduced approximately 2,000 new products aligned to Dow’s Performance Materials &
Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics segments. This robust
product pipeline is valued and rewarded by customers—sales from patent-advantaged products typically carry
approximately a 1,000 basis-point premium over non-patent advantaged product sales. To protect and further this
advantage, Dow has made focused investments in research and development capabilities, including high
throughput research, high performance computing, and rapid prototyping, which today allow Dow to quickly
translate customers’ problems into viable solutions sets and then rapidly prototype and deliver end-products.

Dow’s ability to respond to customer needs faster and in a more targeted way has earned closer partnerships and
a seat at the design table throughout its core value chains.

The industry has also continued to acknowledge Dow’s technology leadership with Historical Dow having
received several awards and recognitions related to operations, products and technologies in 2018, including:

- Two Golden Mousetrap Awards from Design News in recognition of EA-4600 LV reactive neutral-
cure silicone hot-melt adhesive, which provides key performance improvements relative to incumbents
in precision dispensing, durable sealing and adhesion, and for VORAFUSE™ P6300 chemistry for
significant processing advantages in composite part manufacturing;
- Three Ringier Technology Innovation Awards, including the Innovator of the Year honor for Dow’s
Packaging and Specialty Plastics business, and technology awards for TF-BOPE (tenter frame biaxially
orient polyethylene) film technology and INTUNE™ Polypropylene-based Olefin Block Co-Polymers;
• Six R&D 100 Awards from *R&D Magazine* - designed to identify and celebrate the top 100 revolutionary technologies introduced during the past year; and
• Four Edison Awards for Breakthrough Technologies for EVOLV3D™ Universal Support Material for more environmentally friendly 3D printing; EA-4600 LV Hot Melt RTV Translucent Silicone Technology for precise and rapid assembly of mobile technologies; Dow Performance Silicons Moldable Optical Silicone MS-1002 that enables innovation in automotive lighting; and Blue4est® thermal printing paper with Dow’s ROPAQUE™ NT-2900 Hollow Sphere Pigments.

Going forward, Dow’s technology and development goals will be focused on: continuing new product innovation; manufacturing process improvements to reduce costs; higher overall value-in-use; and hybrid technologies that take advantage of the benefits between technology platforms to deliver unique product properties with superior performance.

**Diverse and Deep Customer Relationships with Strong Track Record of Collaboration**

Dow’s track record of collaboration and customer knowledge has made Dow the go-to partner in its core end-markets of consumer care, infrastructure and packaging. Dow serves thousands of customers in approximately 160 countries around the world. Many of Dow’s commercial, logistics and industrial relationships have been in place for decades and are based on a proven value proposition of safely and reliably supplying unique products and technologies. Knowledge of customers’ business needs—and the eventual consumers’ needs—is at the core of Dow’s R&D activities. Dow also utilizes numerous digital technologies, from advanced analytics to artificial intelligence, throughout its commercial organization, providing market insights into consumer trends and enabling Dow to better serve customers.

**Broad Geographic Footprint, Well-Positioned to Capture Demand Growth**

Dow’s strong global presence allows it to serve a broad customer base, providing Dow with geographically diversified revenue and earnings streams. Furthermore, even as the nature of global demand and supply chains change over time, Dow’s broad geographic footprint gives it the flexibility to shift with these dynamics to continue producing products close to the customer. As customers, and the eventual end-market consumers, have increasingly demanded local solutions, Dow has also leveraged its capabilities into the geographies it serves. Dow operates a global commercial and development network that features eight state-of-the-art R&D centers, covering each of the major geographies, with several additional laboratories and technical service centers around the world positioned to meet the growth and product development needs of customers. These centers provide market insights that allow Dow to develop customized local solutions. Including its main manufacturing sites, Dow will have manufacturing facilities and holdings in all geographic regions:

• Asia Pacific—21 manufacturing facilities in 10 countries
• Europe, Middle East, Africa and India ("EMEAI")—38 manufacturing facilities in 15 countries
• Latin America—18 manufacturing facilities in 4 countries
• U.S. & Canada—36 manufacturing facilities in 2 countries

Growth is also expected to be accelerated by Dow’s substantial presence in emerging geographies where economic expansion continues to be well ahead of the global average. Some key trends that Dow expects will continue to drive product demand growth in these emerging economies include: urbanization; rising middle class populations and incomes; faster adoption of higher-end products and technologies; and greater demand for more sustainable and responsible product sourcing and end-use products. This emerging region growth is further supported by the Sadara joint venture footprint in the Middle East, which is positioned to serve faster-growing economies in Asia Pacific, Eastern Europe and Africa.

Dow also still maintains substantial positions in the developed world, primarily in the U.S. & Canada and Europe. While growth in these regions is lower than the emerging economies, Dow is uniquely positioned to
expand faster as a result of a series of growth investments that are beginning to come online. In the U.S. Gulf Coast, Dow is approaching the full commercialization of a series of growth investments that take advantage of low-cost feedstocks derived from U.S. shale gas and further position Dow to maintain and grow its positions in the Americas. Looking ahead, Dow has already announced a series of “second wave” investments that will bring new downstream increments of capacity online in the U.S., Canada and Europe, enabling above-trend growth to continue into the next decade.

**World Class Safety and Reliable Operations**

Dow’s commitment to safety and world-leading operations performance is central to its “license to operate” in communities around the world. Dow’s top priority has always been—and will continue to be—protecting human health and the environment, while using resources in a responsible and sustainable manner.

Dow has a long, rich history of proven safety excellence, and it is woven into all that it does—from production sites to offices, from safe driving to the safe transport, use and disposal of products. Dow is a leader in environmental, health and safety performance, characterized by aggressive goals, best practices, proven processes and behaviors that reinforce a strong safety culture.

Dow’s commitment to sustainability extends into the board room as well. For more than 30 years, Historical Dow maintained a voluntary committee of its board of directors focused on environment, health and safety matters and Dow will continue this practice, further underscoring Dow’s long-held commitment to institutionalize a safety and sustainability mindset throughout the organization.

Historical Dow’s commitment to safe and reliable operations, which will be continued by Dow, is reflected in numerous awards and industry recognition that Historical Dow received in 2018, including:

- Four American Chemistry Council (ACC) Responsible Care Awards for leadership in energy efficiency; product safety; waste minimization, reuse and recycling; and facility safety;
- Three Manufacturing STEP Awards from the Manufacturing Institute, which highlight the achievements of women in manufacturing who have demonstrated excellence and leadership in their companies and communities; and
- Four Manufacturing Leadership Awards from the Manufacturing Leadership Council - a division of the National Association of Manufacturers - which highlight leadership across a wide variety of domains, including sustainability, operational excellence, innovation, supply chain management, analytics and digitalization.

**Commitment to Advancing Sustainability**

Dow is also a leader in advancing a clear and transparent sustainability strategy and set of metrics. Sustainability is an inherent part of Dow’s long-term value proposition, and it guides the decisions made to drive responsible behaviors, bottom-line financial benefits and benefits to the communities in which Dow operates. Dow has long been—and remains—committed to applying science and engineering expertise to create sustainable solutions to some of the world’s greatest challenges such as the need for fresh food, more durable infrastructure, energy efficiency, and more sustainable and better performing consumer products. Dow is continuing to reduce its own footprint; deliver ever-increasing value to customers and society through its handprint of products and solutions; and lead in developing blueprints for a sustainable planet and society.

In 1995, Historical Dow launched its first 10-year Environment, Health and Safety (“EH&S”) Goals, an ambitious plan that established Dow as a leader in transparently disclosing targets and progress against them. Historical Dow set the bar even higher with the introduction of its 2015 Sustainability Goals. This ambitious set of goals focused efforts on strengthening relationships in the communities where Historical Dow operated,
continuing to improve product stewardship and innovation to solve some of the world’s most pressing problems and reducing Dow’s global footprint. In April 2015, Historical Dow established the 2025 Sustainability Goals, its third generation of 10-year sustainability goals, which were developed in parallel with the United Nations Sustainable Development Goals and are designed to redefine the role of business in society. Historical Dow also actively participated on the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures.

Historical Dow’s sustainability leadership, which Dow intends to continue, is reflected in several industry recognitions that DowDuPont received in 2018, including:

- Named to the FTSE4Good Index Series, which was created by the global index provider, FTSE Russell, and is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices;
- Named to the Dow Jones Sustainability World Index by S&P Dow Jones Indices and RobecoSAM, the investment specialist focused exclusively on sustainability investing; and
- Named to America’s Most JUST Companies in 2018 by Forbes and JUST Capital, which encompass the 1,000 largest publicly-traded companies in the U.S., and are based on one of the most comprehensive surveys ever conducted on public attitudes toward corporate behavior, involving 9,000 American respondents in 2018 and more than 81,000 over the past four years.

**Experienced Management Team with Deep Industry Expertise**

Dow has a strong executive management team with proven track records and decades of demonstrated leadership at the company.

Jim Fitterling, who will serve as Dow’s Chief Executive Officer following the distribution, is currently the Chief Executive Officer of TDCC, since July 2018, and the Chief Operating Officer of DowDuPont’s Materials Science Division, since September 2017. He also previously served as president of TDCC since 2016 and chief operating officer of TDCC since 2015 and has served since 2012 as a member of Historical Dow’s most senior executive committee that set the strategic direction, defined priorities, established corporate policy, and managed governance and enterprise-level decisions for Historical Dow. His prior experience includes nearly 35 years in a variety of sales, marketing, supply chain and business leadership positions, including vice president of Dow’s Corporate Development and president of Dow’s Plastics and Hydrocarbons businesses. Mr. Fitterling has been instrumental in leading key strategic investments and portfolio management by Dow, including oversight of $12 billion in growth investments on the U.S. Gulf Coast; the divestiture of Dow’s Styron business to Bain Capital; and the split-off of Dow’s U.S. Gulf Coast Chlor-Alkali and Vinyl, global Chlorinated Organics, and global Epoxy business units to Olin Corporation.

Howard Ungerleider, who will serve as Dow’s President and Chief Financial Officer following the distribution, is currently the Chief Financial Officer of DowDuPont, since September 2017. He also previously served as vice chairman of TDCC from 2015 to July 2018, where he also served as a member of Historical Dow’s most senior executive committee. He previously held leadership roles including president of Historical Dow’s Performance Plastics division and executive vice president of Historical Dow’s Advanced Materials division. His Dow career has spanned nearly 30 years and a variety of commercial, business, financial, geographic, functional and enterprise-level leadership roles. Mr. Ungerleider had executive oversight for the 2016 ownership restructure and integration of Dow Corning Corporation’s (now known as Dow Silicones Corporation) $6 billion silicones business—previously a 50:50 joint venture—into Historical Dow and the achievement of all financial and operational commitments associated with the transaction.

Amy E. Wilson, who will serve as Dow’s General Counsel and Corporate Secretary following the distribution, is currently the General Counsel of TDCC, since October 2018, and Corporate Secretary of TDCC, since February
2015, as well as the Assistant Corporate Secretary of DowDuPont, since September 2017. Ms. Wilson’s contributions have been integral to Historical Dow’s strategic transformation, providing counseling and leadership to various divisions of Historical Dow’s legal department as well as Board and corporate governance support, including during and subsequent to the Merger with DuPont, the restructuring of Dow Corning Corporation (now known as Dow Silicones Corporation) into Historical Dow and the successful split-off of Dow’s U.S. Gulf Coast Chlor-Alkali and Vinyl, global Chlorinated Organics, and global Epoxy business units to Olin Corporation. During her nearly 20 years with the company, she has held a variety of roles within Historical Dow’s legal department, including providing counsel to the purchasing and human resources division, corporate and financial law section, and to Historical Dow’s Europe Operations during her tenure in Horgen, Switzerland.

See the section entitled “Management—Executive Officers Following the Distribution” for information regarding the individuals who are expected to serve as Dow’s executive officers following the distribution.

Inclusive, Diverse and Aligned Organization

Dow’s team of diverse and talented colleagues is fundamental to its success, and one of the company’s core strengths. Dow aspires to be a leader in inclusion through authenticity, respect and equality, ensuring that the ideals of inclusion and diversity are embedded in everything it does. Dow believes this environment contributes to making Dow a great place to work; enhances employee and customer experiences; and strengthens Dow’s understanding of the communities it serves. Dow believes it is an important contributor to business growth, and is a reflection of the company’s values of integrity and respect for people. Dow also sees inclusion and diversity as a responsibility as a corporate citizen, and as an enabler of the company’s license to operate in its communities.

Dow intends to continue Historical Dow’s practice of measuring and benchmarking culture and employee engagement regularly and taking action on corporate priority areas for improvement. Historical Dow’s commitment to creating a workplace that fosters inclusion, collaboration, safety and well-being for all employees is reflected in the 28 employer awards that the company received in the past year, including:

- Top 50 in Diversity Inc.’s annual list of best companies for diversity and inclusion management;
- Disability Equality Index—Dow achieved the highest possible score for the second consecutive year;
- Human Rights Campaign’s (HRC) “Best Places to Work” for lesbian, gay, bisexual, transgender and queer people—Dow has received this top HRC recognition for 13 consecutive years; and
- “Top Employer” recognition in Canada, China, Egypt, Germany, Ghana, India, Kenya, Mexico, The Netherlands, Nigeria, Russia, Saudi Arabia, South Africa, Sweden, Switzerland, United Arab Emirates and United States by the Top Employer Institute.

Dow’s Operating Segments

Following the separation and distribution, Dow’s portfolio of six global businesses will be organized into three operating segments: Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics. See the section entitled “Supplemental Pro Forma Segment Results for Dow” for further discussion of Dow’s operating segments.

Performance Materials & Coatings includes industry-leading franchises that deliver a wide array of solutions into consumer and infrastructure end-markets. The segment consists of two global businesses: Coatings & Performance Monomers and Consumer Solutions. These businesses primarily utilize Dow’s acrylics-, cellulosics- and silicone-based technology platforms to serve the needs of the architectural and industrial coatings, home care and personal care end-markets. Both businesses employ materials science capabilities, global reach and unique products and technology to combine chemistry platforms to deliver differentiated offerings to customers.
Coatings & Performance Monomers consists of two businesses: Coating Materials and Performance Monomers. The Coating Materials business makes critical ingredients and additives that help advance the performance of paints and coatings. The business offers innovative and sustainable products to accelerate paint and coatings performance across diverse market segments, including architectural paints and coatings, as well as industrial coatings applications used in maintenance and protective industries, wood, metal packaging, traffic markings, thermal paper and leather. These products enhance coatings by improving hiding and coverage characteristics, enhancing durability against nature and the elements, reducing volatile organic compounds (“VOC”) content, reducing maintenance and improving ease of application. The Performance Monomers business manufactures critical building blocks based on acrylics needed for the production of coatings, textiles, and home and personal care products.

Consumer Solutions consists of three businesses: Performance Silicones; Silicone Feedstocks & Intermediates; and Home & Personal Care. Performance Silicones uses innovative, versatile silicone-based technology to provide ingredients and solutions to customers in high performance building, consumer goods, elastomeric applications and the pressure sensitive adhesives industry that help them meet modern consumer preferences in attributes such as texture, feel, scent, durability and consistency. Dow’s wide array of silicone-based products and solutions enable Dow’s customers to: increase the appeal of their products; extend shelf life; improve performance of products under a wider range of conditions; and provide a more sustainable offering. Silicone Feedstocks & Intermediates provides standalone silicone materials that are used as intermediates in a wide range of applications including adhesion promoters, coupling agents, crosslinking agents, dispersing agents and surface modifiers. The Home & Personal Care business collaborates closely with global and regional brand owners to deliver innovative solutions for creating new and unrivaled consumer benefits and experiences in cleaning, laundry, skin and hair care applications, among others.
In 2018, the Performance Materials & Coatings segment achieved pro forma net sales of $9.7 billion and pro forma Operating EBIT of $1.3 billion. See “Supplemental Pro Forma Segment Results for Dow.”

**Industrial Intermediates & Infrastructure** consists of two customer-centric global businesses—Industrial Solutions and Polyurethanes & CAV—that develop important intermediate chemicals that are essential to manufacturing processes, as well as downstream, customized materials and formulations that use advanced development technologies. These businesses primarily produce and market ethylene oxide and propylene oxide derivatives that are aligned to market segments as diverse as appliances, coatings, infrastructure and oil and gas.
The global scale and reach of these businesses, world-class technology and R&D capabilities and materials science expertise enable Dow to be a premier solutions provider offering customers value-add sustainable solutions to enhance comfort, energy efficiency, product effectiveness and durability across a wide range of home comfort and appliances, building and construction, adhesives and lubricant applications, among others.

Industrial Solutions is the world’s largest producer of purified ethylene oxide. It provides a broad portfolio of solutions that address world needs by enabling and improving the manufacture of consumer and industrial goods and services. The business’ solutions minimize friction and heat in mechanical processes, manage the oil and water interface, deliver ingredients for maximum effectiveness, facilitate dissolvability, enable product identification and provide the foundational building blocks for the development of chemical technologies. The business supports manufacturers associated with a large variety of end-markets, notably better crop protection offerings in agriculture, coatings, detergents and cleaners, solvents for electronics processing, inks and textiles.

Polyurethanes & CAV consists of three businesses: Polyurethanes, Chlor-Alkali & Vinyl (“CAV”), and Construction Chemicals (“DCC”). The Polyurethanes business is the world’s largest producer of propylene oxide, propylene glycol and polyether polyols, and a leading producer of aromatic isocyanates and fully formulated polyurethane systems for rigid, semi-rigid and flexible foams, and coatings, adhesives, sealants, elastomers and composites that serve energy efficiency, consumer comfort, industrial and enhanced mobility market sectors. The CAV business provides cost advantaged chlorine and caustic soda supply and markets caustic soda, a valuable co-product of the chlor-alkali manufacturing process, and ethylene dichloride and vinyl chloride monomer. The DCC business provides cellulose ethers, redispersible latex powders, silicones and acrylic emulsions used as key building blocks for differentiated building and construction materials across many market segments and applications ranging from roofing and flooring to gypsum-, cement-, concrete- or dispersion-based building materials.
### Industrial Solutions

Broad range of products for specialty applications, including agriculture crop protection offerings, aircraft deicing, solvents for coatings, heat transfer fluids for concentrated solar power, construction, solvents for electronics processing, food preservation, fuel markers, home and personal care, infrastructure applications, lubricant additives, paper, transportation and utilities; energy markets including exploration, production, transmission, refining, mining and gas processing to optimize supply, improve efficiencies and manage emissions

<table>
<thead>
<tr>
<th>Major Products</th>
<th>Key Raw Materials</th>
<th>Key Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acetone derivatives, butyl glycol ethers, VERSENE™ Chelants, UCAR™ Deicing Fluids, ethanolamines, ethylene oxide, ethyleneamines, UCON™ Fluids, glycol ethers, UCARTHERM™ Heat Transfer Fluids, higher glycols, isopropanolamines, low-VOC solvents, methoxypolyethylene glycol, methyl isobutyl, polyalkylene glycol, CARBOWAX™ SENTRY™ Polyethylene Glycol, TERGITOL™ and TRITON™ Surfactants, demulsifiers, drilling and completion fluids, heat transfer fluids, rheology modifiers, scale inhibitors, shale inhibitors, specialty amine solvents, surfactants, water clarifiers, frothing separating agents</td>
<td>Ethylene, methanol, propylene</td>
<td>BASF, Eastman, Hexion, Huntsman, INEOS, LyondellBasell, SABIC, Sasol, Shell</td>
</tr>
</tbody>
</table>

### Polyurethanes & CAV

Aircraft deicing fluids; alumina; pulp and paper; appliances; automotive; bedding; building and construction; flooring; footwear; heat transfer fluids; hydraulic fluids; infrastructure; packaging; textiles and transportation; construction; caulks and sealants; cement-based tile adhesives; concrete solutions; elastomeric roof coatings; industrial non-wovens; plaster and renders; roof tiles and siding; sport grounds and tape joint compounds

<table>
<thead>
<tr>
<th>Major Products</th>
<th>Key Raw Materials</th>
<th>Key Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aniline, caustic soda, ethylene dichloride, methylene diphenyl diisocyanate (“MDI”), polyether polyols, propylene glycol, propylene oxide, polyurethane systems, toluene diisocyanate (“TDI”), vinyl chloride monomer, AQUASET™ Acrylic Thermosetting Resins, DOW™ Latex Powder, RHOPLEX™ and PRIMAL™ Acrylic Emulsion Polymers, WALOCEL™ Cellulose Ethers</td>
<td>Acetone, aniline, aqueous hydrochloric acid, chlorine, electric power, ethylene, hydrogen peroxide, propylene, styrene</td>
<td>Arkema, Ashland, BASF, Covestro, Eastman, Huntsman, INEOS, Olin, Owens-Corning, Yantai Wanhua</td>
</tr>
</tbody>
</table>

This segment also includes a portion of the results of the following joint ventures of Dow:

- EQUATE Petrochemical Company K.S.C.C. ("EQUATE")—a Kuwait-based company that manufactures ethylene, polyethylene and ethylene glycol, and manufactures and markets monoethylene glycol, diethylene glycol and polyethylene terephthalate resins and is owned 42.5 percent by Dow.

- The Kuwait Olefins Company K.S.C.C. ("TKOC")—a Kuwait-based company that manufactures ethylene and ethylene glycol and is owned 42.5 percent by Dow.

- Map Ta Phut Olefins Company Limited ("Map Ta Phut")—a Thailand-based company that manufactures propylene and ethylene and over which Dow has an effective ownership of 32.77 percent (of which 20.27 percent is owned directly by Dow and aligned with the Industrial Intermediates & Infrastructure segment and 12.5 percent is owned indirectly through Dow’s equity interest in Siam Polyethylene Company Limited, an entity that is part of The SCG-Dow Group and aligned with the Packaging & Specialty Plastics segment).

- Sadara—a Saudi Arabian company that manufactures chlorine, ethylene, propylene and aromatics for internal consumption and manufactures and sells polyethylene, ethylene oxide and propylene oxide derivative products, and isocyanates and is owned 35 percent by Dow.
In 2018, the Industrial Intermediates & Infrastructure segment achieved pro forma net sales of $15.5 billion and pro forma Operating EBIT of $1.9 billion. See “Supplemental Pro Forma Segment Results for Dow.”

Packaging & Specialty Plastics is a world leader in plastics and consists of two highly integrated global businesses: Hydrocarbons & Energy and Packaging and Specialty Plastics. The segment employs the industry’s broadest polyolefin product portfolio, supported by Dow’s proprietary catalyst and manufacturing process technologies, to work at the customer’s design table throughout the value chain to deliver more reliable and durable, higher performing, and more sustainable plastics to customers in food and specialty packaging; industrial and consumer packaging; health and hygiene; caps, closures and pipe applications; consumer durables; and infrastructure.

Dow’s unique advantages compared to its competitors include: Dow’s extensive low-cost feedstock positions around the world; unparalleled scale, footprint, and market reach, with world-class manufacturing sites in every geography; deep customer and brand owner understanding; and market-driven application development and technical support.

The segment remains agile and adaptive by participating in the entire ethylene-to-polyethylene chain integration, enabling Dow to manage market swings, and therefore optimize returns while reducing long-term earnings volatility. Dow’s unrivaled value chain ownership, combined with its Pack Studio locations in every geography, which help customers and brand owners deliver faster and more efficient packaging product commercialization through a global network of laboratories, technical experts and testing equipment, together differentiate Dow from its competitors.

Hydrocarbons & Energy is the largest global producer of ethylene, an internal feedstock that is consumed primarily within the Packaging & Specialty Plastics segment. In addition to ethylene, the business is a leading producer of propylene and aromatics products that are used to manufacture materials that consumers use every day. The business also produces and procures the power and feedstocks used by the company’s manufacturing sites.

Packaging and Specialty Plastics serves growing, high-value sectors using world-class technology, broad existing product line, and a rich product pipeline that creates competitive advantages for the entire packaging value chain. The business is also a leader in polyolefin elastomers and EPDM rubber serving automotive, consumer, wire and cable and construction markets. Market growth is expected to be driven by major shifts in population demographics; improving socioeconomic status in emerging geographies; consumer and brand owner demand for increased functionality; global efforts to reduce food waste; growth in telecommunications networks; global development of electrical transmission and distribution infrastructure; and renewable energy applications.
### Hydrocarbons & Energy

<table>
<thead>
<tr>
<th>Applications/Market Segments</th>
<th>Major Products</th>
<th>Key Raw Materials</th>
<th>Key Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchaser of feedstocks; production of cost competitive hydrocarbon monomers utilized by Dow derivative businesses; and energy, principally for use in the company’s global operations</td>
<td>Ethylene, propylene, benzene, butadiene, octene, aromatics co-products, power, steam, other utilities</td>
<td>Butane, condensate, ethane, naphtha, natural gas, propane</td>
<td>Chevron Phillips Chemical, ExxonMobil, INEOS, LyondellBasell, SABIC, Shell, Sinopec</td>
</tr>
</tbody>
</table>

### Packaging and Specialty Plastics

<table>
<thead>
<tr>
<th>Applications/Market Segments</th>
<th>Major Products</th>
<th>Key Raw Materials</th>
<th>Key Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adhesives; construction; cosmetics; electrical transmission and distribution; food and supply chain packaging; footwear; housewares; health and hygiene; industrial specialty applications using polyolefin elastomers, ethylene copolymers, and ethylene propylene diene monomer elastomers; irrigation pipe; photovoltaic encapsulants; sporting goods; telecommunications infrastructure; toys and infant products</td>
<td>Acrylics, bio-based plasticizers, elastomers, ethylene copolymer resins, ethylene propylene diene monomer elastomers (“EPDMs”), ethylene vinyl acetate copolymer, methacrylic acid copolymer resins, polyethylene, high-density polyethylene, low-density polyethylene, linear low-density polyethylene, polyolefin plasomers, resin additives and modifiers, semiconductive and jacketing compound solutions and wire and cable insulation</td>
<td>Ethylene, hexene, octene, propylene</td>
<td>Borealis, ExxonMobil, Ineos, Lanxess, LyondellBasell, Nova, SABIC</td>
</tr>
</tbody>
</table>

This segment also includes the results of the following joint ventures of Dow, as well as a portion of the results of EQUATE, TKOC, Map Ta Phut Olefins and Sadara:

- The Kuwait Styrene Company K.S.C.C. (“TKSC”)—a Kuwait-based company that manufactures styrene monomer and is owned 42.5 percent by Dow.
- The SCG-Dow Group—a group of Thailand-based companies (consisting of Polyethylene Company Limited; Siam Polystyrene Company Limited; Siam Styrene Monomer Co., Ltd.; and Siam Synthetic Latex Company Limited) that manufacture polyethylene, polystyrene, styrene, latex and elastomers and are owned 50 percent by Dow.

In 2018, the Packaging & Specialty Plastics segment achieved pro forma net sales of $24.3 billion and pro forma Operating EBIT of $3.7 billion. See “Supplemental Pro Forma Segment Results for Dow.”

### Packaging & Specialty Plastics

#### 2018 Pro Forma Sales by Global Business

- Hydrocarbons & Energy: 31%
- Packaging and Specialty Plastics: 69%

#### 2018 Pro Forma Sales by Geographic Region

- U.S. & Canada: 39%
- Latin America: 12%
- EMEAI: 35%
- Asia Pacific: 14%

**Corporate** includes certain enterprise and governance activities (including insurance operations, environmental operations, etc.); non-business aligned joint ventures; gains and losses on sales of financial assets; non-business aligned litigation expenses; discontinued or non-aligned businesses; and foreign exchange gains (losses).

### Current and Future Investments

In 2017, Historical Dow announced the startup of its new integrated world-scale ethylene production facility and its new ELITE™ Enhanced Polyethylene production facility, both located in Freeport, Texas. In 2018, Historical
Dow also started up its new Low Density Polyethylene (LDPE) production facility and its new NORDIEL™
Metallocene EPDM production facility, both located in Plaquemine, Louisiana. These key milestones enable
Dow to capture benefits from increasing supplies of U.S. shale gas to deliver differentiated downstream solutions
in its core market verticals. Historical Dow also completed debottlenecking of an existing bi-modal gas phase
polyethylene production facility in St. Charles, Louisiana, and started up a new High Melt Index (HMI)
AFFINITY™ Polymer production facility, in Freeport, in the fourth quarter of 2018.

Additionally, Historical Dow has announced investments over the next five years that are expected to further
enhance Dow’s competitive advantage and deliver earnings growth following the distribution. These include:

- Expansion of the capacity of Dow’s new ethylene production facility, bringing the facility’s total
  ethylene capacity to 2,000 KTA and making it the largest ethylene facility in the world.
- Incremental debottleneck projects across its global asset network that will deliver approximately
  350 KTA of additional polyethylene, the majority of which will be in North America.
- Construction of a 600 KTA polyethylene unit in the U.S. Gulf Coast based on Dow’s proprietary
  Solution Process technology, to meet consumer-driven demand in specialty packaging, health and
  hygiene, and industrial and consumer packaging applications.
- Construction of a 450 KTA polyolefins facility in Europe to maximize the value of Dow’s ethylene
  integration in the region and serve growing demand for high-performance pressure pipes and fittings,
  as well as caps and closures applications.
- A new catalyst production business for key catalysts licensed by Univation, a wholly-owned subsidiary
  of Dow.
- Low capital intensity, high return investments in Dow’s silicones franchise, including: a series of
  incremental siloxane debottleneck and efficiency improvement projects around the world; a new
  hydroxyl functional siloxane polymer plant in the U.S.; and a new specialty resin plant in China.

Raw Materials
Dow operates in an integrated manufacturing environment. Basic raw materials are processed through many
stages to produce a number of products that are sold as finished goods at various points in those processes. The
major raw material stream that feeds the production of Dow’s finished goods is hydrocarbon-based raw
materials. Dow purchases hydrocarbon raw materials, including ethane, propane, butane, naphtha and condensate
as feedstocks. These raw materials are used in the production of both saleable products and energy. Dow also
purchases certain monomers, primarily ethylene and propylene, to supplement internal production. Dow also
purchases natural gas, primarily to generate electricity, and purchases electric power to supplement internal
generation. In addition, Dow produces a portion of its electricity needs in Louisiana and Texas; Alberta, Canada;
the Netherlands; and Germany.

Dow’s primary sources of these raw materials are NGLs, which are derived from shale gas and crude oil
production, and naphtha, which is produced during the processing and refining of crude oil. Given recent
advancements in shale gas, shale oil and conventional oil drilling techniques, Dow expects these raw materials to
continue to be in abundant supply. Dow’s suppliers of these raw materials include regional, international and
national oil and gas companies.

Dow purchases these raw materials on both short- and long-term contracts and expects to continue to have
adequate supplies of raw materials. Dow had adequate supplies of raw materials in 2018 and expects to continue
to have adequate supplies of raw materials in 2019.

Patents, Licenses and Trademarks
Historical Dow currently applies for and obtains U.S. and foreign patents and has a substantial number of
pending patent applications throughout the world. Dow will continue such practices and Dow’s primary purpose
in obtaining patents will be to protect the results of its research for use in operations and licensing. Dow will be a
day to a substantial number of patent licenses, including the intellectual property cross-license agreements, and
other technology agreements. Dow will also have a substantial number of trademarks and trademark registrations
in the United States and in other countries, including the “Dow in Diamond” trademark. Although Dow considers
that its patents, licenses and trademarks in the aggregate will constitute a valuable asset, it will not regard its
business as being materially dependent on any single or group of related patents, licenses or trademarks. Based
on DowDuPont’s patent portfolio at December 31, 2018, Dow expects to hold approximately 21,000 active
patents at the time of the distribution.

Principal Partly Owned Companies

Historical Dow’s principal nonconsolidated affiliates at December 31, 2018, including direct or indirect
ownership interest for each, are listed below. Except for the HSC Group, each of these entities will be
non-consolidated affiliates of Dow following the separation and distribution:

<table>
<thead>
<tr>
<th>Principal Nonconsolidated Affiliate</th>
<th>Country</th>
<th>Ownership Interest</th>
<th>Business Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUATE Petrochemical Company K.S.C.C.</td>
<td>Kuwait</td>
<td>42.50%</td>
<td>Manufactures ethylene, polyethylene and ethylene glycol, and manufactures and markets monoethylene glycol, diethylene glycol and polyethylene terephthalate resins</td>
</tr>
<tr>
<td>The HSC Group: ¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC HSC Holdings LLC ²</td>
<td>United States</td>
<td>50.00%</td>
<td>Manufactures polycrystalline silicon products</td>
</tr>
<tr>
<td>Hemlock Semiconductor L.L.C.</td>
<td>United States</td>
<td>50.10%</td>
<td>Sells polycrystalline silicon products</td>
</tr>
<tr>
<td>The Kuwait Olefins Company K.S.C.C.</td>
<td>Kuwait</td>
<td>42.50%</td>
<td>Manufactures ethylene and ethylene glycol</td>
</tr>
<tr>
<td>The Kuwait Styrene Company K.S.C.C.</td>
<td>Kuwait</td>
<td>42.50%</td>
<td>Manufactures styrene monomer</td>
</tr>
<tr>
<td>Map Ta Phut Olefins Company Limited ³</td>
<td>Thailand</td>
<td>32.77%</td>
<td>Manufactures propylene and ethylene</td>
</tr>
<tr>
<td>Sadara Chemical Company ⁴</td>
<td>Saudi Arabia</td>
<td>35.00%</td>
<td>Manufactures chlorine, ethylene, propylene and aromatics for internal consumption and manufactures and sells polyethylene, ethylene oxide and propylene oxide derivative products, and isocyanates</td>
</tr>
<tr>
<td>The SCG-Dow Group:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Siam Polyethylene Company Limited</td>
<td>Thailand</td>
<td>50.00%</td>
<td>Manufactures polyethylene</td>
</tr>
<tr>
<td>Siam Polystyrene Company Limited</td>
<td>Thailand</td>
<td>50.00%</td>
<td>Manufactures polystyrene</td>
</tr>
<tr>
<td>Siam Styrene Monomer Co., Ltd.</td>
<td>Thailand</td>
<td>50.00%</td>
<td>Manufactures styrene</td>
</tr>
<tr>
<td>Siam Synthetic Latex Company Limited</td>
<td>Thailand</td>
<td>50.00%</td>
<td>Manufactures latex and elastomers</td>
</tr>
</tbody>
</table>

¹ The HSC Group is aligned with DowDuPont’s specialty products division. The HSC Group will not be an affiliate of Dow following the separation and distribution.
² DC HSC Holdings LLC holds an 80.5 percent indirect ownership interest in Hemlock Semiconductor Operations LLC.
³ Historical Dow’s effective ownership of Map Ta Phut Olefins Company Limited is 32.77 percent, of which Historical Dow directly owns 20.27 percent and indirectly owns 12.5 percent through its equity interest in Siam Polyethylene Company Limited.
⁴ Historical Dow is responsible for marketing the majority of Sadara products outside of the Middle East zone through Historical Dow’s established sales channels. Under this arrangement, Historical Dow purchases and sells Sadara products for a marketing fee.
Properties

Dow’s corporate headquarters will be located in Midland, Michigan. Dow’s manufacturing, processing, marketing and research and development facilities, as well as regional purchasing offices and distribution centers are located throughout the world. Dow is expected to operate 113 manufacturing sites in 31 countries. After the separation, Dow’s major manufacturing sites, including consolidated variable interest entities, will be as follows:

<table>
<thead>
<tr>
<th>Major Manufacturing Sites</th>
<th>Operating Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td><strong>Performance Materials &amp; Coatings</strong></td>
</tr>
<tr>
<td>Bahia Blanca, Argentina</td>
<td>X</td>
</tr>
<tr>
<td>Candeias, Brazil</td>
<td>X</td>
</tr>
<tr>
<td>Canada:</td>
<td></td>
</tr>
<tr>
<td>Fort Saskatchewan, Alberta</td>
<td></td>
</tr>
<tr>
<td>Joffre, Alberta</td>
<td></td>
</tr>
<tr>
<td>Germany:</td>
<td></td>
</tr>
<tr>
<td>Boehlen</td>
<td></td>
</tr>
<tr>
<td>Leuna</td>
<td></td>
</tr>
<tr>
<td>Schkopau</td>
<td></td>
</tr>
<tr>
<td>Stade</td>
<td></td>
</tr>
<tr>
<td>Terneuzen, The Netherlands</td>
<td></td>
</tr>
<tr>
<td>Tarragona, Spain</td>
<td></td>
</tr>
<tr>
<td>Map Ta Phut, Thailand</td>
<td></td>
</tr>
<tr>
<td>United States:</td>
<td></td>
</tr>
<tr>
<td>Carrollton, Kentucky</td>
<td></td>
</tr>
<tr>
<td>Hahnville, Louisiana</td>
<td></td>
</tr>
<tr>
<td>Plaquemine, Louisiana</td>
<td></td>
</tr>
<tr>
<td>Midland, Michigan</td>
<td></td>
</tr>
<tr>
<td>Deer Park, Texas</td>
<td></td>
</tr>
<tr>
<td>Freeport, Texas</td>
<td></td>
</tr>
<tr>
<td>Orange, Texas</td>
<td></td>
</tr>
<tr>
<td>Seadrift, Texas</td>
<td></td>
</tr>
<tr>
<td>Barry, United Kingdom</td>
<td></td>
</tr>
<tr>
<td>Zhangjiagang, China</td>
<td></td>
</tr>
</tbody>
</table>

1 Manufacturing sites that are used by multiple operating segments are included more than once in the figures above.

Including the major manufacturing sites, Dow will have manufacturing sites and holdings in all geographic regions:

<table>
<thead>
<tr>
<th>Region</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>21 manufacturing sites in 10 countries</td>
</tr>
<tr>
<td>EMEAI</td>
<td>38 manufacturing sites in 15 countries</td>
</tr>
<tr>
<td>Latin America</td>
<td>18 manufacturing sites in 4 countries</td>
</tr>
<tr>
<td>U.S. &amp; Canada</td>
<td>36 manufacturing sites in 2 countries</td>
</tr>
</tbody>
</table>

Properties of Dow will include facilities which, in the opinion of management, are expected to be suitable and adequate for their use and will have sufficient capacity for Dow’s current needs and expected near-term growth. 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. No title examination of the properties has been made for the purpose of this information statement.
Employees

It is anticipated that Dow will employ approximately 37,000 people after the separation.

Environmental Matters

Environmental Policies

Dow is committed to continuing Historical Dow’s world-class environmental, health and safety (“EH&S”) performance, as demonstrated by Historical Dow’s industry-leading performance, a long-standing commitment to RESPONSIBLE CARE® and a strong commitment to achieving Historical Dow’s 2025 Sustainability Goals—goals that set the standard for sustainability in the chemical industry by focusing on improvements in Historical Dow’s local corporate citizenship and product stewardship, and by actively pursuing methods to reduce Historical Dow’s environmental impact.

To meet Historical Dow’s public commitments, as well as the stringent laws and government regulations related to environmental protection and remediation to which its global operations are subject, Dow expects to continue the well-defined policies, requirements and management systems currently in place at Historical Dow. Historical Dow’s EH&S Management System (“EMS”) defines the “who, what, when and how” needed for the businesses to achieve Historical Dow’s policies, requirements, performance objectives, leadership expectations and public commitments. To ensure effective utilization, the EMS is integrated into a company-wide management system for EH&S, Operations, Quality and Human Resources.

Dow intends to continue Historical Dow’s policy of adhering to a waste management hierarchy that minimizes the impact of wastes and emissions on the environment. First, Historical Dow works to eliminate or minimize the generation of waste and emissions at the source through research, process design, plant operations and maintenance. Second, Historical Dow finds ways to reuse and recycle materials. Finally, unusable or non-recyclable hazardous waste is treated before disposal to eliminate or reduce the hazardous nature and volume of the waste. Treatment may include destruction by chemical, physical, biological or thermal means. Disposal of waste materials in landfills is considered only after all other options have been thoroughly evaluated. Dow will continue Historical Dow’s specific requirements for waste that is transferred to non-Dow facilities, including the periodic auditing of these facilities.

Dow believes third-party verification and transparent public reporting are cornerstones of world-class EH&S performance and building public trust. Numerous Dow sites in Europe, Latin America, Asia Pacific and U.S. & Canada have received third-party verification of their compliance with RESPONSIBLE CARE® and with outside specifications such as ISO-14001. Dow expects to continue to be a global champion of RESPONSIBLE CARE® and to continue Historical Dow’s work to broaden the application and impact of RESPONSIBLE CARE® around the world through engagement with suppliers, customers and joint venture partners.

Historical Dow’s EH&S policies helped it achieve improvements in many aspects of EH&S performance in 2018. Historical Dow’s process safety performance was excellent in 2018 and improvements were made in injury/illness rates. Safety will remain a priority for all of Dow. Further improvement in these areas, as well as environmental compliance, remains a top management priority, with initiatives underway to further improve performance and compliance in 2019 as Dow continues to implement Historical Dow’s 2025 Sustainability Goals.

Detailed information on Historical Dow’s performance regarding environmental matters and goals can be found online on Historical Dow’s Science & Sustainability webpage at www.dow.com. Historical Dow’s website and its content are not incorporated by reference into this information statement.

Chemical Security

Public and political attention continues to be placed on the protection of critical infrastructure, including the chemical industry, from security threats. Terrorist attacks, natural disasters and cyber incidents have increased
concern about the security and safety of chemical production and distribution. Many, including Historical Dow and the American Chemistry Council, have called for uniform risk-based and performance-based national standards for securing the U.S. chemical industry. The Maritime Transportation Security Act of 2002 and its regulations further set forth risk-based and performance-based standards that must be met at U.S. Coast Guard-regulated facilities. U.S. Chemical Plant Security legislation was passed in 2006 and the Department of Homeland Security is now implementing the regulations known as the Chemical Facility Anti-Terrorism Standards. Historical Dow is and Dow intends to continue complying with the requirements of the Rail Transportation Security Rule issued by the U.S. Transportation Security Administration. Dow will also continue to support uniform risk-based national standards for securing the chemical industry.

The focus on security, emergency planning, preparedness and response is not new to Dow. A comprehensive, multi-level security plan has been maintained by Historical Dow since 1988. This plan, which has been activated in response to significant world and national events since then, is reviewed on an annual basis. Dow intends to continue to improve its security plans, placing emphasis on the safety of Dow’s communities and people by being prepared to meet risks at any level and to address both internal and external identifiable risks. The security plan includes regular vulnerability assessments, security audits, mitigation efforts and physical security upgrades designed to reduce vulnerability. Historical Dow’s security plans, which will be continued by Dow, have been developed to avert interruptions of normal business operations that could materially and adversely affect Dow’s results of operations, liquidity and financial condition.

Historical Dow played a key role in the development and implementation of the American Chemistry Council’s RESPONSIBLE CARE® Security Code (“Security Code”), which requires that all aspects of security – including facility, transportation and cyberspace – be assessed and gaps addressed. Through Historical Dow’s global implementation of the Security Code, Historical Dow has permanently heightened the level of security – not just in the United States, but worldwide. Dow will employ several hundred employees and contractors in its Emergency Services and Security department worldwide.

Through the implementation of the Security Code, including voluntary security enhancements and upgrades made since 2002, Historical Dow has been, and Dow is, well-positioned to comply with U.S. chemical facility regulations and other regulatory security frameworks. Dow intends to continue Historical Dow’s current participation with the American Chemistry Council to review and update the Security Code.

Dow will also continue to work collaboratively across the supply chain on RESPONSIBLE CARE®, Supply Chain Design, Emergency Preparedness, Shipment Visibility and transportation of hazardous materials. Historical Dow is cooperating with public and private entities to lead the implementation of advanced tank car design, and track and trace technologies. Further, Dow’s Distribution Risk Review process, which has been in place for decades at Historical Dow was expanded to address potential threats in all modes of transportation across Dow’s supply chain. To reduce vulnerabilities, Dow maintains security measures that meet or exceed regulatory and industry security standards in all areas in which Historical Dow operates.

Dow’s initiatives relative to chemical security, emergency preparedness and response, Community Awareness and Emergency Responses and crisis management will be implemented consistently at all Dow sites on a global basis. Dow expects to continue Historical Dow’s participation with chemical associations globally and as an active member of the U.S. delegation to the G7 Global Partnership Sub-Working Group on Chemical Security.

**Climate Change**

Climate change matters for Dow are likely to be driven by changes in regulations, public policy and physical climate parameters.

**Regulatory Matters**

Regulatory matters include cap and trade schemes; increased greenhouse gas (“GHG”) limits; and taxes on GHG emissions, fuel and energy. The potential implications of each of these matters are all very similar, including
increased cost of purchased energy, additional capital costs for installation or modification of GHG emitting equipment, and additional costs associated directly with GHG emissions (such as cap and trade systems or carbon taxes), which are primarily related to energy use. It is difficult to estimate the potential impact of these regulatory matters on energy prices.

Reducing Dow’s overall energy usage and GHG emissions through new and unfolding projects will decrease the potential impact of these regulatory matters. Dow also has a dedicated commercial group to handle energy contracts and purchases, including managing emissions trading. Historical Dow has not experienced any material impact related to regulated GHG emissions. Dow will continue to evaluate and monitor this area for future developments.

**Physical Climate Parameters**

Many scientific academies throughout the world have concluded that it is very likely that human activities are contributing to global warming. At this point, it is difficult to predict and assess the probability and opportunity of a global warming trend on Dow specifically. Preparedness plans are developed that detail actions needed in the event of severe weather. These measures have historically been in place at Historical Dow and these activities and associated costs are driven by normal operational preparedness. Dow will continue to study the long-term implications of changing climate parameters on water availability, plant siting issues, and impacts and opportunities for products.

Dow’s Energy business and Public Affairs and Sustainability functions will be tasked with developing and implementing a comprehensive strategy that addresses the potential challenges of energy security and GHG emissions on Dow. Dow expects to continue to elevate its internal focus and external positions—to focus on the root causes of GHG emissions—including the unsustainable use of energy. Historical Dow’s energy plan will provide the roadmap:

- Conserve—aggressively pursue energy efficiency and conservation
- Optimize—increase and diversify energy resources
- Accelerate—develop cost-effective, clean, renewable and alternative energy sources
- Transition—to a sustainable energy future

Through corporate energy efficiency programs and focused GHG management efforts, Historical Dow has and Dow expects to continue to reduce its GHG emissions footprint. Historical Dow’s manufacturing intensity, measured in Btu per pound of product, has improved by more than 40 percent since 1990. As part of the continuation of Historical Dow’s 2025 Sustainability Goals, Dow intends to maintain GHG emissions below 2006 levels on an absolute basis for all GHGs.

Dow intends to implement the recommendations of the Financial Stability Board Task Force on Climate-Related Disclosures (“Task Force”) over the next two to four years, which is aligned with the recommendations of the Task Force.

**Environmental Remediation**

In addition to environmental compliance costs, Dow has environmental investigation and remediation costs with respect to sites owned or formerly owned by Dow as well as at third-party sites where Dow has been determined to be the potentially responsible party. Dow also has costs related to damages or alleged damages associated with its past or current waste disposal practices and other hazardous materials handling practices.

Dow accrues the costs of remediation of its facilities and formerly owned facilities based on current law and regulatory requirements. The nature of such remediation can include management of soil and groundwater
contamination. For a description of the accounting policies adopted by Historical Dow to properly reflect the monetary impacts of environmental matters, see Note 1 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10. Dow expects to continue these policies following the separation. To assess the impact of environmental remediation on the financial statements, environmental experts will review currently available facts to evaluate the probability and scope of potential liabilities. Inherent uncertainties exist in such evaluations primarily due to unknown environmental conditions, changing governmental regulations and legal standards regarding liability, and the ability to apply remediation technologies. These liabilities will be adjusted periodically as remediation efforts progress or as additional technical or legal information becomes available. For context, Historical Dow had an accrued liability of $664 million at December 31, 2018, related to the remediation of sites currently or formerly owned by Historical Dow. At December 31, 2017, the liability related to remediation was $726 million. Dow does not expect there to be a material change in its environmental-related liabilities following the separation.

In addition to current and former Dow-owned sites, under the federal Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) and equivalent state laws (hereafter referred to collectively as “Superfund Law”), Dow will be liable for remediation of other hazardous waste sites where Dow allegedly disposed of, or arranged for the treatment or disposal of, hazardous substances. Because Superfund Law imposes joint and several liability upon each party at a site, Dow’s potential liability is impacted by the number of other companies that also have been named potentially responsible parties (“PRPs”) at each site, the estimated apportionment of costs among all PRPs, and the financial ability and commitment of each to pay its expected share. Historical Dow’s remaining liability for the remediation of Superfund sites was $156 million at December 31, 2018 ($152 million at December 31, 2017). Historical Dow has not recorded any third-party recovery related to these sites as a receivable. Dow does not expect there to be a material change in its remediation costs following the separation.

Dow expects its largest potential environmental liabilities will relate to Historical Dow’s Midland, Michigan manufacturing site and Midland off-site locations (collectively, the “Midland sites”), as well as a Superfund site in Wood-Ridge, New Jersey.

**Midland Sites**

In the early days of operations at the Midland manufacturing site, wastes were usually disposed of on-site, resulting in soil and groundwater contamination, which has been contained and managed on-site under a series of Resource Conservation and Recovery Act permits and regulatory agreements. The Hazardous Waste Operating License for the Midland manufacturing site, issued in 2003, and renewed and replaced in September 2015, also included provisions for Historical Dow to conduct an investigation to determine the nature and extent of off-site contamination from historic Midland manufacturing site operations. In January 2010, Historical Dow, the U.S. Environmental Protection Agency (“EPA”), and the State of Michigan (“State”) entered into an Administrative Order on Consent that requires Historical Dow to conduct a remedial investigation, a feasibility study and a remedial design for the Tittabawassee River, the Saginaw River and the Saginaw Bay, and pay the oversight costs of the EPA and the State under the authority of CERCLA. See Note 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information. At December 31, 2018, Historical Dow had an accrual of $134 million ($131 million at December 31, 2017) for environmental remediation and investigation associated with the Midland sites. In 2018, Historical Dow spent $26 million ($24 million in 2017) for environmental remediation at the Midland sites.

**Woodridge Superfund Site**

Rohm and Haas, a wholly owned subsidiary of Historical Dow that will continue to be a subsidiary of Dow following the separation, is a PRP at the Wood-Ridge, New Jersey Ventron/Velsicol Superfund Site, and the
adjacent Berry’s Creek Study Area ("BCSA") (collectively, the “Wood-Ridge sites”). Rohm and Haas is a successor in interest to a company that owned and operated a mercury processing facility, where wastewater and waste handling resulted in contamination of soils and adjacent creek sediments. The Berry’s Creek Study Area PRP group completed a multi-stage Remedial Investigation ("RI") pursuant to an Administrative Order on Consent with U.S. EPA Region 2 to identify contamination in surface water, sediment and biota related to numerous contaminated sites in the Berry’s Creek watershed, and submitted the report to the EPA in June 2016. That same month, the EPA concluded that an “iterative or adaptive approach” was appropriate for cleaning up the BCSA. Thus, each phase of remediation will be followed by a period of monitoring to assess its effectiveness and determine if there is a need for more work. The Feasibility Study ("FS") for the first phase of work was submitted in the third quarter of 2018. The EPA selected the interim remedy and issued an interim Record of Decision ("ROD"). The PRP group is negotiating agreements among the PRP’s to fund design of the selected remedy and with the EPA to design the selected remedy. Although there is currently much uncertainty as to what will ultimately be required to remediate the BCSA and Rohm and Haas’s share of these costs has yet to be determined, the range of activities that are required in the interim ROD is known in general terms. Based on the interim remedy selected by the EPA, the overall remediation accrual for the Wood-Ridge sites was increased by $21 million in the fourth quarter of 2018. At December 31, 2018, Historical Dow had an accrual of $106 million ($88 million at December 31, 2017) for environmental remediation at the Wood-Ridge sites. In 2018, Historical Dow spent $6 million ($7 million in 2017) on environmental remediation at the Wood-Ridge sites.

In total, Historical Dow’s accrued liability for probable environmental remediation and restoration costs was $820 million at December 31, 2018, compared with $878 million at December 31, 2017. This is Historical Dow management’s best estimate of the costs for remediation and restoration with respect to environmental matters for which Historical Dow has accrued liabilities, although it is reasonably possible that the ultimate cost with respect to these particular matters could range up to approximately two times that amount. Dow does not expect there to be a material change to these costs following the separation. However, it is reasonably possible that environmental remediation and restoration costs in excess of amounts accrued could have a material impact on Historical Dow’s and, following the separation, Dow’s results of operations, financial condition and cash flows. It is the opinion of Historical Dow’s management, however, that the possibility is remote that costs in excess of the range disclosed will have a material impact on Historical Dow’s or, following the separation, Dow’s results of operations, financial condition and cash flows.

The amounts charged by Historical Dow to income on a pretax basis related to environmental remediation totaled $174 million in 2018, $171 million in 2017 and $504 million in 2016. The amounts charged to income on a pretax basis related to operating Historical Dow’s current pollution abatement facilities, excluding internal recharges, totaled $772 million in 2018, $640 million in 2017 and $623 million in 2016. Historical Dow’s capital expenditures for environmental protection were $76 million in 2018, $79 million in 2017 and $66 million in 2016.

**Legal Proceedings**

Dow is subject to various litigation matters and legal proceedings, including, but not limited to, product liability, antitrust claims, and claims for third party property damage or personal injury stemming from alleged environmental or other torts. In addition, pursuant to the separation agreement, Dow will indemnify New DuPont and Corteva against certain liabilities that arose prior to the distribution, in addition to certain liabilities that may arise in the future in connection with Historical Dow’s business. See “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement” for further information regarding the terms of this indemnification.

**Asbestos-Related Matters of Union Carbide Corporation**

Union Carbide Corporation (“Union Carbide”), which will be a wholly-owned subsidiary of Dow, is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past four
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. 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 pending against Union Carbide and Amchem based on criteria developed by Union Carbide and its external consultants.

<table>
<thead>
<tr>
<th>Asbestos-Related Claim Activity</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims unresolved at Jan 1</td>
<td>15,427</td>
<td>16,141</td>
<td>18,778</td>
</tr>
<tr>
<td>Claims filed</td>
<td>6,599</td>
<td>7,010</td>
<td>7,813</td>
</tr>
<tr>
<td>Claims settled, dismissed or otherwise resolved</td>
<td>(9,246)</td>
<td>(7,724)</td>
<td>(10,450)</td>
</tr>
<tr>
<td>Claims unresolved at Dec 31</td>
<td>12,780</td>
<td>15,427</td>
<td>16,141</td>
</tr>
<tr>
<td>Claimants with claims against both Union Carbide and Amchem</td>
<td>(4,675)</td>
<td>(5,530)</td>
<td>(5,741)</td>
</tr>
<tr>
<td>Individual claimants at Dec 31</td>
<td>8,105</td>
<td>9,897</td>
<td>10,400</td>
</tr>
</tbody>
</table>

Plaintiffs’ lawyers often sue numerous defendants in individual lawsuits or on behalf of numerous 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 asbestos 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.

For additional information, see Note 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

Dow Silicones Chapter 11 Related Matters

In 1995, Dow Corning (which was subsequently renamed Dow Silicones), then a 50:50 joint venture between Dow and Corning Incorporated (“Corning”), voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code in order to resolve Dow Silicones’ breast implant liabilities and related matters (the “Chapter 11 Proceeding”). Dow Silicones emerged from the Chapter 11 Proceeding on June 1, 2004 (the “Effective Date”) and is implementing the Joint Plan of Reorganization (the “Plan”). The Plan provides funding for the resolution of breast implant and other product liability litigation covered by the Chapter 11 Proceeding and provides a process for the satisfaction of commercial creditor claims in the Chapter 11 Proceeding. Dow Silicones became a wholly owned subsidiary of TDCC as of June 1, 2016, and will be a wholly owned subsidiary of Dow following the separation and distribution.

Breast Implant and Other Product Liability Claims

Under the Plan, a product liability settlement program administered by an independent claims office (the “Settlement Facility”) was created to resolve breast implant and other product liability claims. Product liability claimants rejecting the settlement program in favor of pursuing litigation must bring suit against a litigation facility (the “Litigation Facility”). Dow Silicones has an obligation to fund the Settlement Facility and the Litigation Facility over a 16-year period, commencing at the Effective Date. At December 31, 2018, Dow Silicones and its insurers have made life-to-date payments of $1,762 million to the Settlement Facility and the Settlement Facility reported an unexpended balance of $118 million.
Dow Silicones’ liability for breast implant and other product liability claims (“Implant Liability”) was $263 million at December 31, 2018 ($263 million at December 31, 2017) and it is not aware of circumstances that would change the factors used in estimating the Implant Liability. Nonetheless, these estimates rely upon a number of significant assumptions, including: future claim filing levels in the Settlement Facility will be similar to those in a prior settlement program, which management uses to estimate future claim filing levels for the Settlement Facility; future acceptance rates, disease mix, and payment values will be materially consistent with historical experience; no material negative outcomes in future controversies or disputes over Plan interpretation will occur; and the Plan will not be modified. If actual outcomes related to any of these assumptions prove to be materially different, the future liability to fund the Plan may be materially different than the amount estimated. If Dow Silicones was ultimately required to fund the full liability up to the maximum capped value, the liability would be $2,114 million at December 31, 2018.

Commercial Creditor Issues

Dow Silicones also has obligations under the Plan to pay each of its commercial creditors (the “Commercial Creditors”) would cash the sum of (a) an amount equal to the principal amount of their claims and (b) interest on such claims. The actual amount of interest that will ultimately be paid to these Commercial Creditors is uncertain due to pending litigation between Dow Silicones and the Commercial Creditors regarding the appropriate interest rates to be applied to outstanding obligations from the 1995 bankruptcy filing date through the Effective Date, as well as the presence of any recoverable fees, costs and expenses. At December 31, 2018, the liability related to Dow Silicones’ potential obligation to pay additional interest to the Commercial Creditors in the Chapter 11 Proceeding was $82 million ($78 million at December 31, 2017), although the actual amount of interest that will be paid to these creditors is uncertain and will ultimately be resolved through continued proceedings in the District Court.

Indemnification

In connection with the June 1, 2016 ownership restructure of Dow Silicones, TDCC is indemnified by Corning for 50 percent of future losses associated with certain pre-closing liabilities, including the Implant Liability and Commercial Creditors matters described above, subject to certain conditions and limits. The maximum amount of indemnified losses which may be recovered are subject to a cap that declines over time. No indemnification assets were recorded at December 31, 2018.

The amounts recorded by Dow Silicones for the Chapter 11 related matters described above were based on current, known facts, which management believes reflect reasonable and probable estimates of the liability. However, future events could cause the actual costs for Dow Silicones to be higher or lower than those projected or those recorded. Any such events could result in an increase or decrease in the recorded liability. For further information, see Note 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.


On December 9, 2010, Historical Dow filed suit in the Federal Court in Ontario, Canada (“Federal Court”) alleging that Nova Chemicals Corporation (“Nova”) was infringing its Canadian polyethylene patent 2,106,705. Nova counterclaimed on the grounds of invalidity and non-infringement.

On June 29, 2017, the Federal Court issued a Confidential Supplemental Judgment, concluding that Nova must pay $645 million Canadian dollars (equivalent to $495 million U.S. dollars) to Dow, plus pre- and post-judgment interest, for which Historical Dow received payment of $501 million from Nova on July 6, 2017. Although Nova is appealing portions of the damages judgment, certain portions of it are indisputable and will be owed to Historical Dow regardless of the outcome of any further appeals by Nova. As a result of these actions and in accordance with ASC 450-30 “Gain Contingencies” (“ASC 450-30”), Historical Dow recorded a $160 million pretax gain in the second quarter of 2017 of which $137 million was included in “Sundry income (expense)—
net” and $23 million was included in “Selling, general and administrative expenses” in its consolidated statements of income. At December 31, 2018, Historical Dow had $341 million ($341 million at December 31, 2017) included in “Other noncurrent obligations” related to the disputed portion of the damages judgment. Historical Dow is confident of its chances of defending the entire judgment on appeal, particularly the trial court’s determinations on important factual issues, which will be accorded deferential review on appeal.

For further information related to the specific litigation matters described above, see Note 16 to the Historical Dow 2017 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

**Allocation of Environmental and Other Contingencies Under the Separation Agreement**

Under the separation agreement, certain environmental and legal liabilities will be allocated among Dow, Corteva and New DuPont. Liabilities primarily related to DowDuPont’s materials science businesses and operations, as well as those liabilities from Historical Dow’s discontinued and/or divested operations and businesses, will generally be retained by Dow, unless otherwise specifically allocated to Corteva or New DuPont. The amount of accrued environmental and legal obligations expected to be transferred from Dow to Corteva or New DuPont is not expected to be material to Dow’s balance sheet. For more information, see the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution.”
SUPPLEMENTAL PRO FORMA SEGMENT RESULTS FOR DOW

Following the separation and distribution, Dow will be comprised of three operating segments: Performance Materials & Coatings, Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics. The information and discussion in this section relates to the historical results of these segments on a pro forma basis, as described below.

Dow’s measure of profit/loss for segment reporting purposes will be Operating EBIT. For purposes of this pro forma segment discussion, Dow will discuss Operating EBIT on a pro forma basis. Dow defines Operating EBIT as earnings (i.e., “Income from continuing operations before income taxes”) before interest, excluding the impact of significant items. Pro forma Operating EBIT is defined as pro forma earnings (i.e., pro forma income from continuing operations before income taxes) before interest, excluding the impact of pro forma significant items. Operating EBIT by segment includes all operating items relating to the businesses; items that principally apply to Dow as a whole are assigned to Corporate. Dow is also providing pro forma Operating EBITDA values for comparison to DowDuPont’s current measure of segment profit/loss. Dow defines pro forma Operating EBITDA as pro forma earnings (i.e., pro forma income from continuing operations before income taxes) before interest, depreciation and amortization, excluding the impact of pro forma significant items.

Pro forma information used in the calculation of pro forma net sales, pro forma Operating EBIT and pro forma Operating EBITDA for 2018 and 2017 was determined in accordance with Article 11 of Regulation S-X and were based on the consolidated financial statements of Historical Dow, adjusted to reflect Dow AgCo and Dow SpecCo as discontinued operations and the receipt of ECP as if the transaction had been consummated on January 1, 2017. Pro forma information used in the calculation of pro forma net sales, pro forma Operating EBIT and pro forma Operating EBITDA for 2016 was based on the consolidated financial statements of Historical Dow, adjusted to reflect Dow AgCo and Dow SpecCo as discontinued operations (but not the receipt of ECP) effective January 1, 2016. For additional information on the pro forma adjustments, see the section entitled “Unaudited Pro Forma Combined Financial Information.”

The unaudited pro forma segment results have been presented for informational purposes only and are not necessarily indicative of what Dow’s results of operations actually would have been had the separation and distribution (including the receipt of ECP) been completed on January 1, 2017. In addition, the unaudited pro forma segment results do not purport to project the future operating results of Dow. The unaudited pro forma statements of income are based on and should be read in conjunction with the separate financial statements and accompanying notes contained in the Historical Dow 2018 Financial Statements, which are attached as Exhibit 99.2 to the Form 10 and are incorporated herein by reference thereto.

In the financial information that follows, Corporate pro forma Operating EBIT and total Dow pro forma Operating EBIT includes $360 million for the year ended December 31, 2018 ($435 million and $383 million for the years ended December 31, 2017 and 2016, respectively) of costs previously assigned to Dow AgCo and Dow SpecCo that did not meet the definition of discontinued operations in accordance with ASC 205-20. These costs primarily consist of leveraged services that are provided through service centers as well as other corporate overhead costs that will not continue to be utilized by Dow AgCo or Dow SpecCo following the separation and distribution, such as costs related to information technology, finance, manufacturing, R&D, sales & marketing, supply chain, human resources, sourcing & logistics, legal, and communications, public affairs & government affairs functions. Dow expects to significantly reduce these costs in the future as part of its ongoing cost synergy program and efforts to further integrate and optimize its post-spin organization. Dow anticipates that a significant portion of the cost reductions will be achieved through reductions in headcount as well as reduced information technology costs, lower professional fees and contractor services expenses, corporate facilities and office space reductions, and the right-sizing of other corporate activities. Historical Dow management currently expects, based on identified initiatives and available mitigation actions, that Dow will be able to eliminate more than half of these stranded costs, and continues to work to identify further actions to remove the remaining costs from Dow’s cost structure.
# Summary of Pro Forma Results by Segment

## Pro Forma Net Sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>In millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials &amp; Coatings</td>
<td>$</td>
<td>$9,708</td>
<td>$8,892</td>
<td>$6,476</td>
</tr>
<tr>
<td>Industrial Intermediates &amp; Infrastructure</td>
<td>15,454</td>
<td>12,951</td>
<td>11,100</td>
<td></td>
</tr>
<tr>
<td>Packaging &amp; Specialty Plastics</td>
<td>24,250</td>
<td>22,546</td>
<td>18,405</td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>285</td>
<td>383</td>
<td>280</td>
<td></td>
</tr>
<tr>
<td>Total Pro Forma Net Sales</td>
<td>$</td>
<td>$49,697</td>
<td>$44,772</td>
<td>$36,261</td>
</tr>
</tbody>
</table>

## Pro Forma Sales Variances by Operating Segment – Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Percentage change from prior year</th>
<th>Local Price &amp; Product Mix</th>
<th>Currency</th>
<th>Volume</th>
<th>Portfolio &amp; Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials &amp; Coatings</td>
<td>10%</td>
<td>1%</td>
<td>(2%)</td>
<td>0%</td>
<td>9%</td>
</tr>
<tr>
<td>Industrial Intermediates &amp; Infrastructure</td>
<td>5%</td>
<td>1%</td>
<td>13%</td>
<td>0%</td>
<td>19%</td>
</tr>
<tr>
<td>Packaging &amp; Specialty Plastics</td>
<td>1%</td>
<td>2%</td>
<td>5%</td>
<td>0%</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>4%</td>
<td>1%</td>
<td>6%</td>
<td>0%</td>
<td>11%</td>
</tr>
</tbody>
</table>

## Pro Forma Sales Variances by Operating Segment – Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Percentage change from prior year</th>
<th>Local Price &amp; Product Mix</th>
<th>Currency</th>
<th>Volume</th>
<th>Portfolio &amp; Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials &amp; Coatings</td>
<td>8%</td>
<td>0%</td>
<td>3%</td>
<td>26%</td>
<td>37%</td>
</tr>
<tr>
<td>Industrial Intermediates &amp; Infrastructure</td>
<td>10%</td>
<td>0%</td>
<td>7%</td>
<td>0%</td>
<td>17%</td>
</tr>
<tr>
<td>Packaging &amp; Specialty Plastics</td>
<td>8%</td>
<td>0%</td>
<td>6%</td>
<td>8%</td>
<td>22%</td>
</tr>
<tr>
<td>Total</td>
<td>8%</td>
<td>0%</td>
<td>6%</td>
<td>9%</td>
<td>23%</td>
</tr>
</tbody>
</table>

1 Portfolio & Other reflects sales related to the ownership restructure of Dow Silicones announced on June 1, 2016 (impacting Performance Materials & Coatings). Portfolio & Other for Packaging & Specialty Plastics reflects increases and decreases resulting from certain transactions and activities, as if they had been consummated on January 1, 2017. Sales for the year ended December 31, 2017 increased due to the receipt of ECP and also reflects a decrease in sales for the year ended December 31, 2017 due to the divestiture of Dow’s EAA copolymers and ionomers business.

## Pro Forma Operating EBIT

<table>
<thead>
<tr>
<th>In millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials &amp; Coatings</td>
<td>$1,306</td>
<td>$913</td>
<td>$353</td>
</tr>
<tr>
<td>Industrial Intermediates &amp; Infrastructure</td>
<td>1,939</td>
<td>1,729</td>
<td>1,071</td>
</tr>
<tr>
<td>Packaging &amp; Specialty Plastics</td>
<td>3,669</td>
<td>3,712</td>
<td>3,845</td>
</tr>
<tr>
<td>Corporate</td>
<td>(737)</td>
<td>(793)</td>
<td>(781)</td>
</tr>
<tr>
<td>Total Pro Forma Operating EBIT</td>
<td>$6,177</td>
<td>$5,561</td>
<td>$4,488</td>
</tr>
</tbody>
</table>

## Pro Forma Depreciation & Amortization

<table>
<thead>
<tr>
<th>In millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials &amp; Coatings</td>
<td>$880</td>
<td>$863</td>
<td>$662</td>
</tr>
<tr>
<td>Industrial Intermediates &amp; Infrastructure</td>
<td>670</td>
<td>619</td>
<td>654</td>
</tr>
<tr>
<td>Packaging &amp; Specialty Plastics</td>
<td>1,247</td>
<td>1,064</td>
<td>788</td>
</tr>
<tr>
<td>Corporate</td>
<td>136</td>
<td>138</td>
<td>121</td>
</tr>
<tr>
<td>Total Pro Forma Depreciation &amp; Amortization</td>
<td>$2,933</td>
<td>$2,684</td>
<td>$2,225</td>
</tr>
</tbody>
</table>
### Pro Forma Operating EBITDA

<table>
<thead>
<tr>
<th></th>
<th>In millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials &amp; Coatings</td>
<td>$2,186</td>
<td>$1,776</td>
<td>$1,015</td>
<td></td>
</tr>
<tr>
<td>Industrial Intermediates &amp; Infrastructure</td>
<td>$2,609</td>
<td>$2,348</td>
<td>$1,725</td>
<td></td>
</tr>
<tr>
<td>Packaging &amp; Specialty Plastics</td>
<td>$4,916</td>
<td>$4,776</td>
<td>$4,633</td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>(601)</td>
<td>(655)</td>
<td>(660)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Pro Forma Operating EBITDA</strong></td>
<td><strong>$9,110</strong></td>
<td><strong>$8,245</strong></td>
<td><strong>$6,713</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Pro Forma Operating Equity Earnings

<table>
<thead>
<tr>
<th></th>
<th>In millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials &amp; Coatings</td>
<td>$4</td>
<td>$40</td>
<td>$112</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Intermediates &amp; Infrastructure</td>
<td>$284</td>
<td>$172</td>
<td>(18)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaging &amp; Specialty Plastics</td>
<td>$287</td>
<td>$194</td>
<td>137</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>(20)</td>
<td>(8)</td>
<td>(29)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Pro Forma Equity Earnings</strong></td>
<td><strong>$555</strong></td>
<td><strong>$398</strong></td>
<td><strong>$202</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 The year ended December 31, 2016, was adjusted by $14 million for a significant item relating to the Dow Silicones ownership restructure (impacting Performance Materials & Coatings).

### Reconciliation of Pro Forma Income Before Income Taxes to Pro Forma Operating EBIT and Pro Forma Operating EBITDA

<table>
<thead>
<tr>
<th></th>
<th>In millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Income Before Income Taxes</td>
<td>$3,868</td>
<td>$1,342</td>
<td>$1,244</td>
<td></td>
</tr>
<tr>
<td>+ Interest expense and amortization of debt discount</td>
<td>1,062</td>
<td>915</td>
<td>827</td>
<td></td>
</tr>
<tr>
<td>- Interest income</td>
<td>79</td>
<td>68</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td><strong>Pro Forma EBIT</strong></td>
<td>$4,851</td>
<td>$2,189</td>
<td>$1,996</td>
<td></td>
</tr>
<tr>
<td>- Significant Items</td>
<td>(1,326)</td>
<td>(3,372)</td>
<td>(2,492)</td>
<td></td>
</tr>
<tr>
<td><strong>Pro Forma Operating EBIT</strong></td>
<td><strong>$6,177</strong></td>
<td><strong>$5,561</strong></td>
<td><strong>$4,488</strong></td>
<td></td>
</tr>
<tr>
<td>+ Depreciation and amortization</td>
<td>$2,933</td>
<td>$2,684</td>
<td>$2,225</td>
<td></td>
</tr>
<tr>
<td><strong>Pro Forma Operating EBITDA</strong></td>
<td><strong>$9,110</strong></td>
<td><strong>$8,245</strong></td>
<td><strong>$6,713</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Pro Forma Significant Items by Segment for the Year Ended 2018

<table>
<thead>
<tr>
<th></th>
<th>Performance Materials &amp; Coatings</th>
<th>Industrial Intermediates &amp; Infrastructure</th>
<th>Packaging &amp; Specialty Plastics</th>
<th>Corp.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of Dow Silicones ownership restructure</td>
<td>$ (20)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (20)</td>
</tr>
<tr>
<td>Integration and separation costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,074)</td>
<td>(1,074)</td>
</tr>
<tr>
<td>Restructuring and asset-related charges, net</td>
<td>(21)</td>
<td>(11)</td>
<td>(46)</td>
<td>(120)</td>
<td>(198)</td>
</tr>
<tr>
<td>Gain on divestiture</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(54)</td>
<td>(54)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$ (41)</strong></td>
<td><strong>$ 9</strong></td>
<td><strong>$ (46)</strong></td>
<td><strong>$ (1,248)</strong></td>
<td><strong>$ (1,326)</strong></td>
</tr>
</tbody>
</table>

1 Includes a loss related to a post-closing adjustment related to the Dow Silicones ownership restructure.

2 Costs related to post-Merger integration and separation and distribution activities, and costs related to the Dow Silicones ownership restructure.

3 Includes Board approved restructuring plans and asset-related charges, which include other asset impairments.

4 Includes a gain related to Dow’s sale of its equity interest in MEGlobal.
### Pro Forma Significant Items by Segment for the Year Ended 2017

<table>
<thead>
<tr>
<th></th>
<th>Performance Materials &amp; Coatings</th>
<th>Industrial Intermediates &amp; Infrastructure</th>
<th>Packaging &amp; Specialty Plastics</th>
<th>Corp.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Litigation related charges, awards and adjustments</strong> ¹</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 137</td>
<td>$ -</td>
<td>$ 137</td>
</tr>
<tr>
<td><strong>Integration and separation costs</strong> ²</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(716)</td>
<td>(716)</td>
</tr>
<tr>
<td><strong>Restructuring, goodwill and asset-related charges, net</strong> ³</td>
<td>(1,578)</td>
<td>(17)</td>
<td>(716)</td>
<td>(431)</td>
<td>(2,742)</td>
</tr>
<tr>
<td><strong>Gain on divestiture</strong> ⁴</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td><strong>Transaction costs and productivity actions</strong> ⁵</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(58)</td>
<td>(58)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$ (1,578)</td>
<td>$ (17)</td>
<td>$ (579)</td>
<td>$ (1,198)</td>
<td>$ (3,372)</td>
</tr>
</tbody>
</table>

¹ Includes a gain associated with a patent infringement matter with Nova Chemicals Corporation.
² Costs related to post-Merger integration and separation and distribution activities, and costs related to the Dow Silicones ownership restructure.
³ Includes Board approved restructuring plans, goodwill impairment, and asset-related charges, which includes other asset impairments.
⁴ Includes post-closing adjustments related to the split-off of Dow’s chlorine value chain.
⁵ Includes implementation costs associated with Dow’s restructuring programs and other productivity actions.

### Significant Items by Segment for the Year Ended 2016

<table>
<thead>
<tr>
<th></th>
<th>Performance Materials &amp; Coatings</th>
<th>Industrial Intermediates &amp; Infrastructure</th>
<th>Packaging &amp; Specialty Plastics</th>
<th>Corp.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact of Dow Silicones ownership restructure</strong> ¹</td>
<td>$ 1,389</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 1,389</td>
</tr>
<tr>
<td><strong>Litigation related charges, awards and adjustments</strong> ²</td>
<td>16</td>
<td>(1,235)</td>
<td>-</td>
<td>-</td>
<td>(1,219)</td>
</tr>
<tr>
<td><strong>Asbestos-related charge</strong> ³</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,113)</td>
<td>(1,113)</td>
</tr>
<tr>
<td><strong>Integration and separation costs</strong> ⁴</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(349)</td>
<td>(349)</td>
</tr>
<tr>
<td><strong>Restructuring and asset-related charges, net</strong> ⁵</td>
<td>(42)</td>
<td>(83)</td>
<td>(10)</td>
<td>(464)</td>
<td>(599)</td>
</tr>
<tr>
<td><strong>Gain on divestiture</strong> ⁶</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Environmental charges</strong> ⁷</td>
<td>-</td>
<td>(1)</td>
<td>(2)</td>
<td>(292)</td>
<td>(295)</td>
</tr>
<tr>
<td><strong>Transaction costs and productivity actions</strong> ⁸</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(195)</td>
<td>(195)</td>
</tr>
<tr>
<td><strong>Charge for the termination of a terminal use agreement</strong> ⁹</td>
<td>-</td>
<td>-</td>
<td>(117)</td>
<td>-</td>
<td>(117)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$ 1,363</td>
<td>$ (1,319)</td>
<td>$ (129)</td>
<td>$ (2,407)</td>
<td>$ (2,492)</td>
</tr>
</tbody>
</table>

¹ Includes a non-taxable gain of $1,617 million related to the Dow Silicones ownership restructure; a $213 million charge for the fair value step-up of Dow Silicones inventories; and, a pretax loss of $15 million related to the early redemption of debt incurred by Dow Silicones.
² Includes a loss of $1,235 million related to Dow’s settlement of the urethane matters class action lawsuit and the opt-out cases litigation and a gain of $16 million related to a decrease in Dow Silicones’ implant liability.
³ Pretax charge related to Dow’s election to change its method of accounting for asbestos-related defense costs from expensing as incurred to estimating and accruing a liability. As a result of this accounting policy change, Dow recorded a pretax charge of $1,009 million for asbestos-related defense costs through the terminal date of 2049. Dow also recorded a pretax charge of $104 million to increase the asbestos-related liability for pending and future claims through the terminal date of 2049.
⁴ Costs related to the Merger and the Dow Silicones ownership restructure.
⁵ Includes Dow Board approved restructuring activities. Also reflects a pretax charge related to AgroFresh, including a partial impairment of Dow’s investment in AgroFresh Solutions Inc. ($143 million) and post-closing adjustments related to non-cash consideration ($20 million).
⁶ Includes a gain for post-closing adjustments on the split-off of the chlorine value chain.
⁷ Pretax charge for environmental remediation activities at a number of historical Dow locations, primarily resulting from the culmination of negotiations with regulators and/or final agency approval.
⁸ Includes implementation costs associated with Dow’s restructuring programs and other productivity actions. Also includes a charge of $33 million for a retained litigation matter related to Dow’s chlorine value chain.
⁹ Pretax charge related to Dow’s termination of a terminal use agreement.
Pro Forma Segment Results

Performance Materials & Coatings

The Performance Materials & Coatings segment includes industry-leading franchises that deliver a wide array of solutions into consumer and infrastructure end-markets. The segment consists of two global businesses - Coatings & Performance Monomers and Consumer Solutions. These businesses primarily utilize Dow’s acrylics-, cellulosics- and silicones-based technology platforms to serve the needs of the architectural and industrial coatings, home care and personal care end markets. Both businesses employe materials science capabilities, global reach and unique products and technology to combine chemistry platforms to deliver differentiated offerings to customers.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Net Sales</td>
<td>$9,708</td>
<td>$8,892</td>
<td>$6,476</td>
</tr>
<tr>
<td>Pro Forma Operating EBIT</td>
<td>$1,306</td>
<td>$913</td>
<td>$353</td>
</tr>
<tr>
<td>Pro Forma Operating EBITDA</td>
<td>$2,186</td>
<td>$1,776</td>
<td>$1,015</td>
</tr>
<tr>
<td>Pro Forma Operating Equity Earnings</td>
<td>$4</td>
<td>$40</td>
<td>$112</td>
</tr>
</tbody>
</table>

2018 Versus 2017

Performance Materials & Coatings pro forma net sales were $9,708 million in 2018, up from $8,892 million in 2017. Pro forma net sales increased 9 percent, with local price up 10 percent, a benefit from currency of 1 percent, primarily in EMEAI, and volume down 2 percent. Local price increased in both businesses and all geographic regions. Consumer Solutions local price increased primarily due to disciplined price/volume management in upstream silicone intermediates, which more than offset a decrease in volume. Local price increased in Coatings & Performance Monomers in response to higher feedstock and raw material costs and favorable supply/demand fundamentals. Volume decreased in both businesses and all geographic regions, except Asia Pacific. Volume decreased in Consumer Solutions primarily as the result of targeted reductions of low-margin business, primarily in the home care market sector. Volume decreased slightly for Coatings & Performance Monomers, with a decline in all geographic regions, except Asia Pacific.

Pro forma Operating EBIT was $1,306 million in 2018, up 43 percent from pro forma Operating EBIT of $913 million in 2017. Pro Forma Operating EBIT improved compared with 2017 as higher selling prices and the favorable impact of cost synergies more than offset increased feedstock, energy and other raw material costs.

Industrial Intermediates & Infrastructure

Industrial Intermediates & Infrastructure segment consists of two customer-centric global businesses—Industrial Solutions and Polyurethanes & CAV—that develop important intermediate chemicals that are essential to manufacturing processes, as well as downstream, customized materials and formulations that use advanced development technologies. These businesses primarily produce and market ethylene oxide, propylene oxide derivatives, cellulose ethers, redispersible latex powders and acrylic emulsions that are aligned to market segments as diverse as appliances, coatings, infrastructure, oil and gas, and building and construction. The global scale and reach of these businesses, world-class technology and R&D capabilities and materials science expertise enable Dow to be a premier solutions provider offering customers value-add sustainable solutions to enhance comfort, energy efficiency, product effectiveness and durability across a wide range of home comfort and appliances, building and construction, adhesives and lubricant applications, among others. This segment also includes a portion of the results of EQUATE, TKOC, Map Ta Phut and Sadara, all joint ventures of Dow.
Dow is responsible for marketing a majority of Sadara products outside of the Middle East zone through Dow’s established sales channels. As part of this arrangement, Dow purchases and sells Sadara products for a marketing fee.

### Industrial Intermediates & Infrastructure

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Net Sales</td>
<td>$15,454</td>
<td>$12,951</td>
<td>$11,100</td>
</tr>
<tr>
<td>Pro Forma Operating EBIT</td>
<td>$1,939</td>
<td>$1,729</td>
<td>$1,071</td>
</tr>
<tr>
<td>Pro Forma Operating EBITDA</td>
<td>$2,609</td>
<td>$2,348</td>
<td>$1,725</td>
</tr>
<tr>
<td>Pro Forma Equity Earnings (Losses)</td>
<td>$284</td>
<td>$172</td>
<td>$(18)</td>
</tr>
</tbody>
</table>

**2018 Versus 2017**

Industrial Intermediates & Infrastructure pro forma net sales were $15,454 million in 2018, up 19 percent from $12,951 million in 2017, with volume up 13 percent, local price up 5 percent and currency up 1 percent. Volume increased in all businesses and geographic regions. Polyurethanes & CAV reported volume increases in all geographic regions, except Latin America, reflecting increased supply from Sadara. Industrial Solutions volume increased in all geographic regions reflecting greater production from Sadara and increased demand in industrial specialties. Local price increased in all businesses and geographic regions, except Asia Pacific. Local price increases were driven by higher feedstock and other raw material costs, pricing initiatives and strong demand for caustic soda, propylene glycols and propylene oxide which more than offset price decline in isocyanates. Currency had a benefit of 1 percent, primarily in EMEAI.

Pro forma Operating EBIT was $1,939 million in 2018, up 12 percent from pro forma Operating EBIT of $1,729 million in 2017. Pro forma Operating EBIT increased as the impact of higher selling prices, the benefit from currency on sales, cost synergies, higher equity earnings from the Kuwait joint ventures and lower equity losses from Sadara more than offset contraction in isocyanates margins and higher feedstock and other raw material costs.

### Packaging & Specialty Plastics

The Packaging & Specialty Plastics segment is a world leader in plastics and consists of two highly integrated global businesses: Hydrocarbons & Energy and Packaging and Specialty Plastics. The segment employs the industry’s broadest polyolefin product portfolio, supported by Dow’s proprietary catalyst and manufacturing process technologies, to work at the customer’s design table throughout the value chain to deliver more reliable and durable, higher performing, and more sustainable plastics to customers in food and specialty packaging; industrial and consumer packaging; health and hygiene; caps, closures and pipe applications; consumer durables; and infrastructure. This segment also includes the results of TKSC and The SCG-Dow Group, as well as a portion of the results of EQUATE, TKOC, Map Ta Phut and Sadara, all joint ventures of Dow.

Dow is responsible for marketing a majority of Sadara products outside of the Middle East zone through Dow’s established sales channels. As part of this arrangement, Dow purchases and sells Sadara products for a marketing fee.

### Packaging & Specialty Plastics

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Net Sales</td>
<td>$24,250</td>
<td>$22,546</td>
<td>$18,405</td>
</tr>
<tr>
<td>Pro Forma Operating EBIT</td>
<td>$3,669</td>
<td>$3,712</td>
<td>$3,845</td>
</tr>
<tr>
<td>Pro Forma Operating EBITDA (^1)</td>
<td>$4,916</td>
<td>$4,776</td>
<td>$4,633</td>
</tr>
<tr>
<td>Pro Forma Equity Earnings</td>
<td>$287</td>
<td>$194</td>
<td>$137</td>
</tr>
</tbody>
</table>
2018 Versus 2017

Packaging & Specialty Plastics pro forma net sales were $24,250 million in 2018, up 8 percent from net sales of $22,546 million in 2017, with volume up 5 percent, currency up 2 percent, primarily in EMEAI, and local price up 1 percent. Volume increased in both businesses and across all geographic regions primarily due to new capacity additions on the U.S. Gulf Coast and increased supply from Sadara. Packaging and Specialty Plastics’ volume growth was driven by increased demand in industrial and consumer packaging, food and specialty packaging, health and hygiene solutions and elastomer applications. Hydrocarbons & Energy volume increased primarily due to higher sales of ethylene and ethylene by-products. Local price increased in all geographic regions, except U.S. & Canada. Hydrocarbons & Energy local price increased as a result of higher Brent crude oil prices, which increased approximately 30 percent compared with 2017. Packaging and Specialty Plastics local price was flat when compared with 2017 as local price increases in Latin America were offset by declines in EMEAI.

Pro forma Operating EBIT was $3,669 million in 2018, down 1 percent from pro forma Operating EBIT of $3,712 million in 2017. Pro forma Operating EBIT decreased in 2018 as higher feedstock and raw material costs, increased costs from planned maintenance turnarounds and the impact of weather-related disruptions on the U.S. Gulf Coast more than offset the impact of higher sales volume reflecting additional capacity from growth projects, higher selling prices, the benefit of currency on sales, cost synergies, higher equity earnings and lower startup and commissioning costs.

Corporate

Corporate includes certain enterprise and governance activities (including insurance operations, environmental operations, geographic management, etc.); business incubation platforms; non-business aligned joint ventures; gains and losses on the sales of financial assets; non-business aligned litigation expenses; discontinued or non-aligned businesses and pre-commercial activities.

<table>
<thead>
<tr>
<th>Corporate</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Net sales</td>
<td>$285</td>
<td>$383</td>
<td>$280</td>
</tr>
<tr>
<td>Pro Forma Operating EBIT</td>
<td>$(737)</td>
<td>$(793)</td>
<td>$(781)</td>
</tr>
<tr>
<td>Pro Forma Operating EBITDA</td>
<td>$(601)</td>
<td>$(655)</td>
<td>$(660)</td>
</tr>
<tr>
<td>Pro Forma Equity Losses</td>
<td>$(20)</td>
<td>$(8)</td>
<td>$(29)</td>
</tr>
</tbody>
</table>

2018 Versus 2017

Pro forma net sales for Corporate, which primarily relate to insurance operations, were $285 million in 2018, compared with pro forma net sales of $383 million in 2017.

Pro forma Operating EBIT was a loss of $737 million in 2018, compared with a pro forma Operating EBIT loss of $793 million in 2017. Pro forma Operating EBIT in 2018 included $136 million of depreciation and amortization expense, $119 million of foreign exchange losses and $360 million of costs previously aligned to Dow AgCo and Dow SpecCo that could not be treated as discontinued operations. Pro Forma operating EBIT in 2017 included $138 million of depreciation and amortization expense, $72 million of foreign exchange losses and $435 million of costs previously aligned to Dow AgCo and Dow SpecCo that could not be treated as discontinued operations.

Market-Based Ethylene Change

Effective with the separation and distribution, Dow intends to change its practice of transferring ethylene to its downstream derivative businesses at cost to transferring ethylene at market-based prices. These transfers will occur at prices generally equivalent to prevailing market prices for large volume purchases. As a result of this
change, Operating EBIT for the Hydrocarbons & Energy business (part of the Packaging & Specialty Plastics segment) will increase, offset by a decrease in Operating EBIT for the following businesses: Industrial Solutions, Polyurethanes & CAV and Packaging & Specialty Plastics. The estimated impact of this change to 2018 and 2017 Operating EBIT, by segment, is provided in the following table. The impact of this change is not reflected in the pro forma Operating EBIT or pro forma Operating EBITDA values provided in the “Summary of Pro Forma Segment Results” or “Pro Forma Segment Results” sections of this document.

<table>
<thead>
<tr>
<th>Operating Segment</th>
<th>2018 Estimated Range of Impact on Operating EBIT</th>
<th>2017 Estimated Range of Impact on Operating EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Intermediates &amp; Infrastructure</td>
<td>Decrease - $100—$110 million</td>
<td>Decrease - $170—$180 million</td>
</tr>
<tr>
<td>Packaging &amp; Specialty Plastics</td>
<td>Increase - $100—$110 million</td>
<td>Increase - $170—$180 million</td>
</tr>
</tbody>
</table>
SELECTED CONSOLIDATED FINANCIAL DATA OF HISTORICAL DOW

The following table presents selected consolidated financial data for Historical Dow. The selected consolidated financial data for each of the years in the three-year period ended December 31, 2018 and the selected consolidated balance sheet data as of December 31, 2018 and December 31, 2017 have been derived from the Historical Dow 2018 Financial Statements, which are filed as Exhibit 99.2 to the Form 10 and are incorporated in this information statement by reference thereto. The selected consolidated financial data for each of the years ended December 31, 2015 and December 31, 2014 and the selected balance sheet data as of December 31, 2016, December 31, 2015, and December 31, 2014 have been derived from Historical Dow’s audited consolidated financial statements as of and for such years, which are not included in this information statement.

The financial data for Historical Dow includes the financial results for Historical Dow’s agricultural sciences and specialty products businesses that will not be part of Dow and does not reflect other changes that Dow expects to experience in the future in connection with the separation and distribution, including the Internal Reorganization and Business Realignment, which are reflected in the pro forma financial statements discussed in the section entitled “Unaudited Pro Forma Combined Financial Information.” See also “Merger, Intended Separations, Reorganization and Financial Statement Presentation” and “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement.” In addition, the financial data for Historical Dow does not reflect costs or changes that Dow expects to experience in the future as a result of the separation and distribution. Consequently, the financial data included here does not necessarily reflect what Dow’s financial position, results of operations and cash flows would have been had it been an independent, publicly traded company holding solely the materials science business of DowDuPont during the periods presented. Accordingly, these historical results should not be relied upon as an indicator of Dow’s historical and future performance.

For a better understanding, this section should be read in conjunction with the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations for Dow,” “The Business” and “Merger, Intended Separations, Reorganization and Financial Statement Presentation” as well as the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof that are filed as Exhibit 99.2 to the Form 10, and the pro forma financial statements and notes thereto included in the section entitled “Unaudited Pro Forma Combined Financial Information.”
<table>
<thead>
<tr>
<th>Selected Consolidated Financial Data</th>
<th>Year Ended Dec 31,</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$ 60,278</td>
<td>$ 55,508</td>
<td>$ 48,158</td>
<td>$ 48,778</td>
<td>$ 58,167</td>
</tr>
<tr>
<td>Net income 1</td>
<td>$ 4,633</td>
<td>$ 595</td>
<td>$ 4,404</td>
<td>$ 7,783</td>
<td>$ 3,839</td>
</tr>
<tr>
<td>Per share of common stock:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income per TDCC common share – basic 1, 2</td>
<td>N/A</td>
<td>N/A</td>
<td>$ 3.57</td>
<td>$ 6.45</td>
<td>$ 2.91</td>
</tr>
<tr>
<td>Net income per TDCC common share – diluted 1, 2</td>
<td>N/A</td>
<td>N/A</td>
<td>$ 3.52</td>
<td>$ 6.15</td>
<td>$ 2.87</td>
</tr>
<tr>
<td>Cash dividends declared per share of TDCC common stock 2</td>
<td>N/A</td>
<td>$ 1.38</td>
<td>$ 1.84</td>
<td>$ 1.72</td>
<td>$ 1.53</td>
</tr>
<tr>
<td>Book value per share of TDCC common stock 2</td>
<td>N/A</td>
<td>N/A</td>
<td>$ 21.70</td>
<td>$ 23.06</td>
<td>$ 19.71</td>
</tr>
<tr>
<td>Year-end Financial Position:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets 3, 4, 5</td>
<td>$ 77,378</td>
<td>$ 79,940</td>
<td>$ 79,511</td>
<td>$ 67,938</td>
<td>$ 68,639</td>
</tr>
<tr>
<td>Long-term debt 4</td>
<td>$ 19,254</td>
<td>$ 19,765</td>
<td>$ 20,456</td>
<td>$ 16,215</td>
<td>$ 18,741</td>
</tr>
<tr>
<td>Financial Ratios:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development expenses as percent of net sales 6</td>
<td>2.5%</td>
<td>3.0%</td>
<td>3.3%</td>
<td>3.2%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Income before income taxes as percent of net sales 1</td>
<td>9.8%</td>
<td>5.0%</td>
<td>9.2%</td>
<td>20.4%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Return on stockholders’ equity 4</td>
<td>16.8%</td>
<td>1.8%</td>
<td>15.3%</td>
<td>34.4%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Debt as a percent of total capitalization</td>
<td>41.6%</td>
<td>43.7%</td>
<td>44.0%</td>
<td>39.7%</td>
<td>45.5%</td>
</tr>
</tbody>
</table>

1 The 2016 values include the impact of a change in accounting policy for asbestos-related defense and processing costs.
2 Effective upon completion of the Merger at 11:59 P.M. on August 31, 2017, Historical Dow has 100 shares of common stock issued and outstanding, all of which are owned by its parent company, DowDuPont. As a result, Historical Dow’s earnings per share and book value per share of common stock are not provided for the years ended December 31, 2018 and 2017 as the information is not meaningful.
3 The 2018 opening balance sheet was adjusted for the adoption of ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)” and the associated ASUs (collectively, “Topic 606”) and ASU 2016-16 in 2018.
4 The 2014 value was adjusted for the reclassification of debt issuance costs related to the adoption of ASU 2015-03 in 2015.
5 The 2015 and 2014 values were adjusted for the adoption of ASU 2015-17 in 2016.
6 Values were adjusted for the adoption of ASU 2017-07 in 2018.
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS OF HISTORICAL DOW

You should read the following in conjunction with the sections of this information statement entitled “Risk
Factors,” “Cautionary Statement Concerning Forward-Looking Statements,” “Selected Consolidated Financial
Data of Historical Dow,” “Merger, Intended Separations, Reorganization and Financial Statement
Presentation,” “Unaudited Pro Forma Combined Financial Information,” “The Business” and “Dow’s
Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement” as well as the
Historical Dow 2018 Financial Statements and related notes thereto, which are incorporated by reference into
this information statement from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

This management’s discussion and analysis of the results of operations and financial condition of Historical Dow
(“MD&A”) is provided in addition to, and should be read in conjunction with, the financial statements of
Historical Dow and the related notes thereto that are filed as Exhibit 99.2 to the Form 10 and are incorporated
herein by reference thereto. This MD&A has been included to help provide an understanding of Historical Dow’s
financial condition, changes in financial condition and the results of Historical Dow’s operations.

The financial information and results of operations that are discussed in this section principally relate to Historical
Dow. Consequently, the discussion in this section relates to Historical Dow as it is currently comprised, without
giving effect to the Internal Reorganization and Business Realignment and other transactions that will occur in
connection with the separation and distribution, and the financial information discussed below is derived from the
consolidated financial statements of Historical Dow, which are incorporated by reference into this information
statement from the pertinent pages of the Historical Dow 2018 Financial Statements filed as Exhibit 99.2 to the
Form 10. The discussion in this section therefore includes Historical Dow’s agricultural sciences and specialty
products businesses, and does not reflect Dow as it will be constituted following the separation as a pure-play,
materials science company. As a result, the discussion does not necessarily reflect the financial position, results of
operations or cash flows of Dow following the separation or what Dow’s financial position, results of operations
and cash flows would have been had Dow been a separate, standalone pure-play materials science company during
the periods presented. See “Merger, Intended Separations, Reorganization and Financial Statement Presentation”
and “Dow’s Relationship with New DuPont and Corteva Following the Distribution—Separation Agreement” for a
discussion of the Internal Reorganization and Business Realignment and related transactions in connection with the
separation and distribution.

Some of the discussion in this MD&A may include forward-looking statements. Forward-looking statements
often contain words such as “anticipate,” “believe,” “estimate,” “expect,” “future,” “intend,” “may,”
“opportunity,” “outlook,” “plan,” “project,” “see,” “seek,” “should,” “strategy,” “target,” “will,” “would,” “will
be,” “will continue,” “will likely result” and similar expressions and variations or negatives of these words.
Forward-looking statements are based on current expectations and assumptions that are subject to risks and
uncertainties which may cause actual results to differ materially from the forward-looking statements. Forward-
looking statements also involve risks and uncertainties, many of which are beyond Historical Dow’s and Dow’s
control. For further discussion of some of the important factors that could cause Historical Dow’s and Dow’s
actual results to differ materially from those projected in any such forward-looking statements, see the section
titled “Risk Factors” as well as the sections entitled “Cautionary Statement Concerning Forward-Looking
Statements” and “The Business.”

Historical Dow’s Principal Product Groups

As a subsidiary of DowDuPont, Historical Dow’s business activities are components of its parent company’s
business operations. Accordingly, Historical Dow does not have any separate reportable business segments.
Historical Dow nonetheless maintains information for its principal product groups, as disclosed in periodic
filings with the SEC and described below.
The following is a description of Historical Dow’s principal product groups, which are used in the “Results of Operations” discussion that follows. Additionally, the principal product groups have been categorized to reflect their alignment with the Dow AgCo (agriculture), Dow (materials science) and Dow SpecCo (specialty products) divisions of DowDuPont.

**Principal Product Groups Aligned with Dow (Materials Science)**

**Coatings & Performance Monomers**

Coatings & Performance Monomers makes critical ingredients and additives that help advance the performance of paints and coatings. The product grouping offers innovative and sustainable products to accelerate paint and coatings performance across diverse market segments, including architectural paints and coatings, as well as industrial coatings applications used in maintenance and protective industries, wood, metal packaging, traffic markings, thermal paper and leather. These products enhance coatings by improving hiding and coverage characteristics, enhancing durability against nature and the elements, reducing volatile organic compounds (“VOC”) content, reducing maintenance and improving ease of application. Coatings & Performance Monomers also manufactures critical building blocks based on acrylics needed for the production of coatings, textiles, and home and personal care products.

**Consumer Solutions**

Consumer Solutions uses innovative, versatile silicone-based technology to provide ingredients and solutions to customers in high performance building, consumer goods, elastomeric applications and the pressure sensitive adhesives industry that help them meet modern consumer preferences in attributes such as texture, feel, scent, durability and consistency; provides a wide array of silicone-based products and solutions that enable Historical Dow’s customers to increase the appeal of their products, extend shelf life, improve performance of products under a wider range of conditions and provide a more sustainable offering; provides standalone silicone materials that are used as intermediates in a wide range of applications including adhesion promoters, coupling agents, crosslinking agents, dispersing agents and surface modifiers; and collaborates closely with global and regional brand owners to deliver innovative solutions for creating new and unrivaled consumer benefits and experiences in cleaning, laundry and skin and hair care applications, among others.

**Hydrocarbons & Energy**

Hydrocarbons & Energy is the largest global producer of ethylene, an internal feedstock, and a leading producer of propylene and aromatics products that are used to manufacture materials that consumers use every day. It also produces and procures the power and feedstocks used by Historical Dow’s manufacturing sites.

**Industrial Solutions**

Industrial Solutions is the world’s largest producer of purified ethylene oxide. It provides a broad portfolio of solutions that address world needs by enabling and improving the manufacture of consumer and industrial goods and services, including products and innovations that minimize friction and heat in mechanical processes, manage the oil and water interface, deliver ingredients for maximum effectiveness, facilitate dissolvability, enable product identification and provide the foundational building blocks for the development of chemical technologies. Industrial Solutions supports manufacturers associated with a large variety of end-markets, notably better crop protection offerings in agriculture, coatings, detergents and cleaners, solvents for electronics processing, inks and textiles.

**Packaging and Specialty Plastics**

Packaging and Specialty Plastics serves growing, high-value sectors using world-class technology, broad existing product lines and a rich product pipeline that creates competitive advantages for the entire packaging value chain.
Historical Dow is also a leader in polyolefin elastomers and ethylene propylene diene monomer (“EPDM”) rubber serving automotive, consumer, wire and cable and construction markets. Market growth is expected to be driven by major shifts in population demographics; improving socioeconomic status in emerging geographies; consumer and brand owner demand for increased functionality; global efforts to reduce food waste; growth in telecommunications networks; global development of electrical transmission and distribution infrastructure; and renewable energy applications.

**Polyurethanes & CAV**

Polyurethanes & Chlor-Alkali & Vinyl (“CAV”) is the world’s largest producer of propylene oxide, propylene glycol and polyether polyols, and a leading producer of aromatic isocyanates and fully formulated polyurethane systems for rigid, semi-rigid and flexible foams, and coatings, adhesives, sealants, elastomers and composites that serve energy efficiency, consumer comfort, industrial and enhanced mobility market sectors. Polyurethanes & CAV provides cost advantaged chlorine and caustic soda supply and markets caustic soda, a valuable co-product of the chlor-alkali manufacturing process, and ethylene dichloride and vinyl chloride monomer. The product grouping also provides cellulose ethers, redispersible latex powders, silicones and acrylic emulsions used as key building blocks for differentiated building and construction materials across many market segments and applications ranging from roofing and flooring to gypsum-, cement-, concrete- or dispersion-based building materials.

**Corporate**

Corporate includes certain enterprise and governance activities (including insurance operations, environmental operations, etc.); non-business aligned joint ventures; gains and losses on sales of financial assets; non-business aligned litigation expenses; discontinued or non-aligned businesses; and foreign exchange gains (losses).

**Principal Product Groups Aligned with Dow AgCo (Agriculture)**

**Crop Protection**

Crop Protection serves the global production agriculture industry with crop protection products for field crops such as wheat, corn, soybean and rice, and specialty crops such as trees, fruits and vegetables. Principal crop protection products are weed control, disease control and insect control offerings for foliar or soil application or as a seed treatment.

**Seed**

Seed provides seed/plant biotechnology products and technologies to improve the productivity and profitability of its customers. Seed develops, produces and markets canola, cereals, corn, cotton, rice, soybean and sunflower seeds.

**Principal Product Groups Aligned with Dow SpecCo (Specialty Products)**

**Electronics & Imaging**

Electronics & Imaging is a leading global supplier of differentiated materials and systems for a broad range of consumer electronics including mobile devices, television monitors, personal computers and electronics used in a variety of industries. Historical Dow offers a broad portfolio of semiconductor and advanced packaging materials including chemical mechanical planarization (“CMP”) pads and slurries, photoresists and advanced coatings for lithography, metallization solutions for back-end-of-line advanced chip packaging, and silicones for light emitting diode (“LED”) packaging and semiconductor applications. This product line also includes innovative metallization processes for metal finishing, decorative and industrial applications and cutting-edge materials for the manufacturing of rigid and flexible displays for liquid crystal displays and quantum dot applications.
**Industrial Biosciences**

Industrial Biosciences is an innovator that works with customers to improve the performance, productivity and sustainability of their products and processes through advanced microbial control technologies such as advanced diagnostics and biosensors, ozone delivery technology and biological microbial control.

**Nutrition & Health**

Nutrition & Health uses cellulosics and other technologies to improve the functionality and delivery of food and the safety and performance of pharmaceutical products.

**Safety & Construction**

Safety & Construction unites market-driven science with the strength of highly regarded brands such as STYROFOAM™ brand insulation products, GREAT STUFF™ insulating foam sealants and adhesives, and DOW FILMTEC™ reverse osmosis and nanofiltration elements to deliver products to a broad array of markets including industrial, building and construction, consumer and water processing. Safety & Construction is a leader in the construction space, delivering insulation, air sealing and weatherization systems to improve energy efficiency, reduce energy costs and provide more sustainable buildings. Safety & Construction is also a leading provider of purification and separation technologies including reverse osmosis membranes and ion exchange resins to help customers with a broad array of separation and purification needs such as reusing waste water streams and making more potable drinking water.

**Transportation & Advanced Polymers**

Transportation & Advanced Polymers provides high-performance adhesives, lubricants and fluids to engineers and designers in the transportation, electronics and consumer end-markets. Key products include MOLYKOTE® lubricants, DOW CORNING® silicone solutions for healthcare, MULTIBASE™ TPSiV™ silicones for thermoplastics and BETASEAL™, BETAMATE™ and BETAFORCE™ structural and elastic adhesives.
Results of Operations of Historical Dow

**Net Sales**
The following table summarizes sales variances by geographic region from the prior year:

<table>
<thead>
<tr>
<th>Sales Variances by Geographic Region</th>
<th>Local Price &amp; Product Mix</th>
<th>Currency</th>
<th>Volume</th>
<th>Portfolio &amp; Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage change from prior year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. &amp; Canada</td>
<td>3%</td>
<td>—%</td>
<td>1%</td>
<td>—%</td>
<td>4%</td>
</tr>
<tr>
<td>EMEA</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>—</td>
<td>11</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>2</td>
<td>1</td>
<td>15</td>
<td>(1)</td>
<td>17</td>
</tr>
<tr>
<td>Latin America</td>
<td>3</td>
<td>—</td>
<td>3</td>
<td>(3)</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>(1)%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. &amp; Canada</td>
<td>6%</td>
<td>—%</td>
<td>5%</td>
<td>4%</td>
<td>15%</td>
</tr>
<tr>
<td>EMEA</td>
<td>10</td>
<td>1</td>
<td>6</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>4</td>
<td>—</td>
<td>7</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Latin America</td>
<td>2</td>
<td>—</td>
<td>(1)</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>4%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. &amp; Canada</td>
<td>(7)%</td>
<td>—%</td>
<td>3%</td>
<td>2%</td>
<td>(2)%</td>
</tr>
<tr>
<td>EMEA</td>
<td>(6)</td>
<td>(1)</td>
<td>4</td>
<td>(1)</td>
<td>(4)</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>(6)</td>
<td>—</td>
<td>6</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Latin America</td>
<td>(6)</td>
<td>—</td>
<td>—</td>
<td>(1)</td>
<td>(7)</td>
</tr>
<tr>
<td>Total</td>
<td>(6)%</td>
<td>—%</td>
<td>3%</td>
<td>2%</td>
<td>(1)%</td>
</tr>
</tbody>
</table>

The following table provides sales to external customers by principal product group:

<table>
<thead>
<tr>
<th>Sales to External Customers by Principal Product Group</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aligned with Dow (Materials Science)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coatings &amp; Performance Monomers</td>
<td>$3,987</td>
<td>$3,761</td>
<td>$3,362</td>
</tr>
<tr>
<td>Consumer Solutions</td>
<td>5,660</td>
<td>5,067</td>
<td>3,077</td>
</tr>
<tr>
<td>Polyurethanes &amp; CAV</td>
<td>10,368</td>
<td>8,548</td>
<td>7,143</td>
</tr>
<tr>
<td>Industrial Solutions</td>
<td>4,736</td>
<td>4,083</td>
<td>3,675</td>
</tr>
<tr>
<td>Packaging and Specialty Plastics</td>
<td>15,239</td>
<td>14,110</td>
<td>13,316</td>
</tr>
<tr>
<td>Hydrocarbons &amp; Energy</td>
<td>7,401</td>
<td>6,831</td>
<td>5,088</td>
</tr>
<tr>
<td>Corporate</td>
<td>285</td>
<td>383</td>
<td>281</td>
</tr>
<tr>
<td>Other</td>
<td>20</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td><strong>Aligned with Dow AgCo (Agriculture)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crop Protection</td>
<td>$4,666</td>
<td>$4,553</td>
<td>$4,628</td>
</tr>
<tr>
<td>Seed</td>
<td>1,003</td>
<td>1,393</td>
<td>1,545</td>
</tr>
<tr>
<td><strong>Aligned with Dow SpecCo (Specialty Products)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronics &amp; Imaging</td>
<td>$2,630</td>
<td>$2,615</td>
<td>$2,307</td>
</tr>
<tr>
<td>Industrial Biosciences</td>
<td>500</td>
<td>484</td>
<td>419</td>
</tr>
<tr>
<td>Nutrition &amp; Health</td>
<td>598</td>
<td>563</td>
<td>529</td>
</tr>
<tr>
<td>Safety &amp; Construction</td>
<td>1,983</td>
<td>1,932</td>
<td>1,877</td>
</tr>
<tr>
<td>Transportation &amp; Advanced Polymers</td>
<td>1,202</td>
<td>1,167</td>
<td>897</td>
</tr>
<tr>
<td><strong>Total Net Sales</strong></td>
<td>$60,278</td>
<td>$55,508</td>
<td>$48,158</td>
</tr>
</tbody>
</table>
Net sales for 2018 were $60.3 billion, up 9 percent from $55.5 billion in 2017, driven by higher sales volume, reflecting additional capacity from U.S. Gulf Coast growth projects and increased supply from Sadara Chemical Company (“Sadara”), increased local price and the favorable impact of currency. Sales increased in all geographic regions with double-digit gains in Asia Pacific (up 17 percent) and EMEA (up 11 percent). Volume increased 5 percent as increases in Polyurethanes & CAV, Packaging and Specialty Plastics, Industrial Solutions, Hydrocarbons & Energy, Electronics & Imaging, Nutrition & Health and Safety & Construction more than offset declines in Seed, Consumer Solutions, Coatings & Performance Monomers, Industrial Biosciences and Transportation & Advanced Polymers. Volume was flat in Crop Protection. Volume increased in all geographic regions, including a double-digit increase in Asia Pacific (up 15 percent). Local price increased 4 percent, primarily in response to higher feedstock and raw material costs and pricing initiatives. Local price increased in all geographic regions and across all principal product groups, except Packaging and Specialty Plastics and Electronics & Imaging which were flat, with the most notable increases in Consumer Solutions, Polyurethanes & CAV, Hydrocarbons & Energy, Coatings & Performance Monomers and Industrial Solutions. Portfolio & Other decreased sales 1 percent, reflecting the divestiture of the global Ethylene Acrylic Acid copolymers and ionomers business (“EAA Business”), a portion of Dow AgroSciences’ corn seed business in Brazil (“DAS Divested Ag Business”) and the divestiture of SKC Haas Display Films group of companies. Currency increased sales by 1 percent, driven primarily by EMEA (up 4 percent).

Net sales for 2017 were $55.5 billion, up 15 percent from $48.2 billion in 2016, primarily reflecting increased local price, higher sales volume and the addition of the Dow Silicones business. Sales increased in all geographic regions with double-digit increases in EMEA (up 20 percent), Asia Pacific (up 18 percent) and U.S. & Canada (up 15 percent). Local price increased 6 percent, with increases in all geographic regions, including a double-digit increase in EMEA (up 10 percent), driven by broad-based pricing actions as well as higher feedstock and raw material prices. Local price increased across most principal product groups with the most notable increases in Hydrocarbons & Energy, Polyurethanes & CAV, Coatings & Performance Monomers, Packaging and Specialty Plastics, Industrial Solutions and Consumer Solutions. Local price was flat in Safety & Construction and Transportation & Advanced Polymers and declined in Crop Protection, Electronics & Imaging and Industrial Biosciences. Volume increased 5 percent, with increases across all principal product groups, except Seed, with notable increases reported in Hydrocarbons & Energy, Polyurethanes & CAV, Packaging and Specialty Plastics, Electronics & Imaging and Industrial Solutions. Volume was flat in Crop Protection. Volume increased in all geographic regions, except Latin America (down 1 percent). Portfolio & Other increased sales 4 percent, primarily reflecting the addition of the Dow Silicones business, partially offset by divestitures, including the SKC Haas Display Films group of companies, the EAA Business and the DAS Divested Ag Business.

**Cost of Sales**

Cost of sales (“COS”) was $47.7 billion in 2018, up $4.1 billion from $43.6 billion in 2017. COS increased in 2018 primarily due to increased sales volume, which reflected additional capacity from U.S. Gulf Coast growth projects and increased supply from Sadara, higher feedstock and other raw material costs and increased planned maintenance turnaround costs which more than offset lower commissioning expenses related to U.S. Gulf Coast growth projects and cost synergies. COS as a percentage of sales was 79.1 percent in 2018 compared with 78.6 percent in 2017.

COS was $43.6 billion in 2017, up $5.9 billion from $37.7 billion in 2016, primarily due to increased sales volume, higher feedstock, energy and other raw material costs, higher commissioning expenses related to U.S. Gulf Coast growth projects, and the addition of the Dow Silicones business. COS as a percentage of sales was 78.6 percent in 2017 compared with 78.2 percent in 2016. See Note 5 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information on the Dow Silicones ownership restructure.
**Personnel Count**

Historical Dow permanently employed approximately 54,000 people at December 31, 2018 and 2017, down from approximately 56,000 people at December 31, 2016, primarily due to the Historical Dow’s restructuring programs.

**Research and Development Expenses**

Research and development ("R&D") expenses were $1,536 million in 2018, compared with $1,648 million in 2017 and $1,593 million in 2016. In 2018, R&D expenses decreased primarily due to cost synergies and lower performance-based compensation costs. In 2017, R&D expenses increased primarily due to the addition of the Dow Silicones business.

**Selling, General and Administrative Expenses**

Selling, general and administrative ("SG&A") expenses were $2,846 million in 2018, compared with $2,920 million in 2017 and $2,953 million in 2016. In 2018, SG&A expenses decreased primarily due to cost synergies and lower performance-based compensation costs. In 2017, SG&A expenses decreased as cost reduction initiatives and reduced litigation expenses, as a result of the favorable impact from the recovery of costs related to the Nova Chemicals Corporation ("Nova") patent infringement award, more than offset higher spending from the addition of the Dow Silicones business. See Note 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information on the Nova award.

**Amortization of Intangibles**

Amortization of intangibles was $622 million in 2018, essentially flat compared with $624 million in 2017. Amortization of intangibles in 2017 increased from $544 million in 2016, primarily due to the addition of the Dow Silicones business. See Note 13 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information on intangible assets.

**Restructuring, Goodwill Impairment and Asset Related Charges—Net**

**DowDuPont Agriculture Division Restructuring Program**

During the fourth quarter of 2018 and in connection with the ongoing integration activities, DowDuPont approved restructuring actions to simplify and optimize certain organizational structures within the Agriculture division in preparation for its intended separation as a standalone company ("Agriculture Division Program"). As a result of these actions, Historical Dow expects to record total pretax restructuring charges of $31 million, comprised of $28 million of severance and related benefit costs and $3 million of asset write-downs and write-offs. For the year ended December 31, 2018, Historical Dow recorded pretax restructuring charges of $25 million, consisting of severance and related benefit costs of $24 million and asset write-downs and write-offs of $1 million. Historical Dow expects actions related to the Agriculture Division Program to be substantially complete by mid 2019.

**DowDuPont Cost Synergy Program**

In September and November 2017, DowDuPont approved post-merger restructuring actions under the DowDuPont Cost Synergy Program (the “Synergy Program”) which is designed to integrate and optimize the organization following the Merger and in preparation for the Intended Business Separations. Historical Dow expects to record total pretax restructuring charges of approximately $1.3 billion, which included initial estimates
of approximately $525 million to $575 million of severance and related benefit costs; $400 million to $440 million of asset write-downs and write-offs, and $290 million to $310 million of costs associated with exit and disposal activities.

As a result of the Synergy Program, Historical Dow recorded pretax restructuring charges of $687 million in 2017, consisting of severance and related benefit costs of $357 million, asset write-downs and write-offs of $287 million and costs associated with exit and disposal activities of $43 million. For the year ended December 31, 2018, Historical Dow recorded pretax restructuring charges of $551 million, consisting of severance and related benefit costs of $204 million, asset write-downs and write-offs of $226 million and costs associated with exit and disposal activities of $121 million. Historical Dow expects to record additional restructuring charges during 2019 and substantially complete the Synergy Program by the end of 2019.

2016 Restructuring

On June 27, 2016, TDCC’s Board of Directors approved a restructuring plan that incorporated actions related to the ownership restructure of Dow Silicones. These actions, aligned with Historical Dow’s value growth and synergy targets, resulted in a global workforce reduction of approximately 2,500 positions, with most of these positions resulting from synergies related to the ownership restructure of Dow Silicones. As a result of these actions, Historical Dow recorded pretax restructuring charges of $449 million in the second quarter of 2016, consisting of severance and related benefit costs of $268 million, asset write-downs and write-offs of $153 million and costs associated with exit and disposal activities of $28 million.

In 2017, Historical Dow recorded a favorable adjustment to the 2016 restructuring charge related to costs associated with exit and disposal activities of $7 million.

In 2018, Historical Dow recorded a favorable adjustment to the 2016 restructuring charge related to severance and related benefit costs of $8 million and an unfavorable adjustment to costs associated with exit and disposal activities of $14 million. The 2016 restructuring activities were substantially complete at June 30, 2018, with remaining liabilities for severance and related benefit costs and costs associated with exit and disposal activities to be settled over time. See Note 7 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for details on the Historical Dow’s restructuring activities.

Goodwill Impairment

Upon completion of the goodwill impairment testing in the fourth quarter of 2017, Historical Dow determined the fair value of the Coatings & Performance Monomers reporting unit was lower than its carrying amount. As a result, Historical Dow recorded an impairment charge of $1,491 million in the fourth quarter of 2017. There were no impairment charges in 2016 or 2018. See Note 13 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information on the impairment charge.

Asset Related Charges

2018 Charges

In 2018, Historical Dow recognized an additional pretax impairment charge of $34 million related primarily to capital additions made to the biopolymers manufacturing facility in Santa Vitoria, Minas Gerais, Brazil, which was impaired in 2017.

2017 Charges

In 2017, Historical Dow recognized a $622 million pretax impairment charge related to a biopolymers manufacturing facility in Santa Vitoria, Minas Gerais, Brazil. Historical Dow determined it would not
pursue an expansion of the facility’s ethanol mill into downstream derivative products, primarily as a result of cheaper ethane-based production as well as Historical Dow’s new assets coming online on the U.S. Gulf Coast which can be used to meet growing market demands in Brazil. As a result of this decision, cash flow analysis indicated the carrying amount of the impacted assets was not recoverable.

Historical Dow also recognized other pretax impairment charges of $317 million in the fourth quarter of 2017, including charges related to manufacturing assets of $230 million, an equity method investment of $81 million and other assets of $6 million.

2016 Charges

In 2016, Historical Dow recognized a $143 million pretax impairment charge related to its equity interest in AgroFresh Solutions, Inc. (“AFSI”) due to a decline in the market value of AFSI. See Notes 7, 12, 22 and 23 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information on asset related charges.

Integration and Separation Costs

Integration and separation costs, which reflect costs related to the Merger and the ownership restructure of Dow Silicones (through May 31, 2018), as well as post-Merger integration and Intended Business Separation activities, were $1,044 million in 2018, $786 million in 2017 and $349 million in 2016. In 2018, integration and separation costs ramped up as a result of post-merger integration and Intended Business Separation activities.

Asbestos-Related Charge

In 2016, Historical Dow and Union Carbide Corporation (“Union Carbide”), a wholly owned subsidiary, elected to change the method of accounting for asbestos-related defense and processing costs from expensing as incurred to estimating and accruing a liability. As a result of this accounting policy change, Historical Dow recorded a pretax charge of $1,009 million for asbestos-related defense costs through the terminal year of 2049. Historical Dow also recorded a pretax charge of $104 million to increase the asbestos-related liability for pending and future claims through the terminal year of 2049. There was no adjustment to the asbestos-related liability for pending and future claims and defense and processing costs in 2017 or 2018. See Notes 1 and 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information on asbestos-related matters.

Equity in Earnings of Nonconsolidated Affiliates

Historical Dow’s share of the earnings of nonconsolidated affiliates in 2018 was $950 million, compared with $762 million in 2017 and $442 million in 2016. In 2018, equity earnings increased as higher earnings from the Kuwait joint ventures, lower equity losses from Sadara and higher earnings from the HSC Group, which included settlements with a customer related to long-term polysilicon sales agreements, were partially offset by lower equity earnings from the Thai joint ventures.

In 2017, equity earnings increased as lower equity losses from Sadara and higher equity earnings from the Kuwait joint ventures and the HSC Group, which included settlements with a customer related to long-term polysilicon sales agreements, were partially offset by the impact of the Dow Silicones ownership restructure and lower equity earnings from the Thai joint ventures.

Sundry Income (Expense)—Net

Sundry income (expense) – net includes a variety of income and expense items such as foreign currency exchange gains and losses, interest income, dividends from investments, gains and losses on sales of investments
and assets, non-operating pension and other postretirement benefit plan credits or costs, and certain litigation matters. Sundry income (expense)—net for 2018 was income of $181 million, compared with income of $195 million in 2017 and income of $1,486 million in 2016.

In 2018, sundry income (expense)—net included non-operating pension and other postretirement benefit plan credits, interest income and gains on sales of assets and investments which more than offset foreign currency exchange losses, a loss of $54 million on the early extinguishment of debt and a loss of $47 million for post-closing adjustments related to the Dow Silicones ownership restructure. See Notes 8 and 15 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information.

In 2017, sundry income (expense)—net included a $635 million gain on the divestiture of the DAS Divested Ag Business, a $227 million gain on the divestiture of the EAA Business, a $137 million gain related to the Nova patent infringement matter, interest income and gains on sales of assets and investments. These gains more than offset $682 million of non-operating pension and other postretirement benefit costs, primarily related to a settlement charge for a U.S. non-qualified pension plan, a $469 million loss related to the Bayer CropScience arbitration matter and foreign currency exchange losses. See Notes 1, 2, 6, 8, 16 and 19 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information.

In 2016, sundry income (expense)—net included a $2,445 million gain related to the Dow Silicones ownership restructure, a $27 million favorable adjustment related to a decrease in Dow Silicone’s implant liability, interest income and gains on sales of assets and investments. These gains more than offset a $1,235 million loss related to Historical Dow’s settlement of the urethane matters class action lawsuit and the opt-out cases litigation, $41 million of costs associated with transactions and productivity actions, $26 million of charges for post-closing adjustments related to divestitures and foreign currency exchange losses. See Notes 5, 8 and 9 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information.

**Interest Expense and Amortization of Debt Discount**

Interest expense and amortization of debt discount was $1,118 million in 2018, up from $976 million in 2017, primarily reflecting the effect of lower capitalized interest as a result of decreased capital spending. Interest expense and amortization of debt discount in 2017 was up from $858 million in 2016, primarily reflecting the effect of the long-term debt assumed in the Dow Silicones ownership restructure. See the section below entitled “Liquidity and Capital Resources—Historical Dow” as well as Notes 11 and 15 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information related to debt financing activity.

**Provision for Income Taxes**

Historical Dow’s effective tax rate fluctuates based on, among other factors, where income is earned, the level of income relative to tax attributes and the level of equity earnings, since most earnings from Historical Dow’s equity method investments are taxed at the joint venture level. The underlying factors affecting Historical Dow’s overall tax rate are summarized in Note 9 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

On December 22, 2017, the Tax Cuts and Jobs Act (“The Act”) was enacted. The Act reduces the U.S. federal corporate income tax rate from 35 percent to 21 percent, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously deferred, creates new provisions related to foreign sourced earnings, eliminates the domestic manufacturing deduction and moves to a hybrid territorial system. At December 31, 2017, Historical Dow had not completed its accounting for the tax effects of The Act; however,
Historical Dow made a reasonable estimate of the effects on its existing deferred tax balances and the one-time transition tax. In accordance with Staff Accounting Bulletin 118 ("SAB 118"), income tax effects of The Act were refined upon obtaining, preparing, and analyzing additional information during the measurement period. At December 31, 2018, Historical Dow had completed its accounting for the tax effects of The Act.

The provision for income taxes was $1,285 million in 2018, compared with $2,204 million in 2017 and $9 million in 2016. The effective tax rate for 2018 was favorably impacted by the reduced U.S. federal corporate income tax rate as a result of The Act and benefits related to the issuance of stock-based compensation and unfavorably impacted by non-deductible restructuring costs and increases in statutory income in Latin America and Canada due to local currency devaluations. These factors resulted in an effective tax rate of 21.7 percent in 2018.

The tax rate for 2017 was unfavorably impacted by the enactment of The Act, the impairment of goodwill for which there was no corresponding tax deduction, charges related to tax attributes in the United States and Germany as a result of the Merger and certain non-deductible costs associated with the Merger. The tax rate was favorably impacted by the geographic mix of earnings, and the adoption of Accounting Standards Update ("ASU") 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting," which resulted in the recognition of excess tax benefits related to the issuance of stock-based compensation in the provision for income taxes. These factors resulted in an effective tax rate of 78.7 percent for 2017.

The tax rate for 2016 was favorably impacted by the non-taxable gain on the Dow Silicones ownership restructure and a tax benefit on the reassessment of a deferred tax liability related to the basis difference in Historical Dow’s investment in Dow Silicones. The tax rate was also favorably impacted by the geographic mix of earnings, the availability of foreign tax credits, the deductibility of the urethane matters class action lawsuit and opt-out cases settlements, and the asbestos-related charge. A reduction in equity earnings and non-deductible costs associated with transactions and productivity actions unfavorably impacted the tax rate. These factors resulted in an effective tax rate of 0.2 percent for 2016.

**Net Income Attributable to Noncontrolling Interests**

Net income attributable to noncontrolling interests was $134 million in 2018, $129 million in 2017 and $86 million in 2016. Net income attributable to noncontrolling interests increased in 2018 compared with 2017, primarily due to the sale of Historical Dow’s ownership interests in the SKC Haas Display Films group of companies. Net income attributable to noncontrolling interests increased in 2017 compared with 2016, primarily due to higher earnings from Dow Silicones’ consolidated joint ventures and improved results from a cogeneration facility in Brazil. See Notes 18 and 23 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information.

**Preferred Stock Dividends**

On December 30, 2016, Historical Dow converted all outstanding shares of its Cumulative Convertible Perpetual Preferred Stock, Series A ("Preferred Stock") into shares of Historical Dow’s common stock. As a result of this conversion, no shares of Preferred Stock are issued or outstanding. On January 6, 2017, Historical Dow filed an amendment to its Restated Certificate of Incorporation by way of a certificate of elimination with the Secretary of State of Delaware eliminating this series of preferred stock. Preferred Stock dividends of $340 million were recognized in 2016. See Note 17 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information.
Net Income Available for the Common Stockholder

Net income available for the common stockholder was $4,499 million in 2018, compared with $466 million in 2017 and $3,978 million in 2016. Effective with the Merger, Historical Dow no longer has publicly traded common stock. Historical Dow’s common shares are owned solely by its parent company, DowDuPont.

Liquidity and Capital Resources—Historical Dow

Historical Dow had cash and cash equivalents of $2,669 million at December 31, 2018 and $6,188 million at December 31, 2017, of which $1,963 million at December 31, 2018 and $4,318 million at December 31, 2017, was held by subsidiaries in foreign countries, including United States territories. The decrease in cash and cash equivalents held by subsidiaries in foreign countries is due to repatriation activities. For each of its foreign subsidiaries, Historical Dow makes an assertion regarding the amount of earnings intended for permanent reinvestment, with the balance available to be repatriated to the United States.

Historical Dow has completed its evaluation of the impact of The Act on its permanent reinvestment assertion. The Act required companies to pay a one-time transition tax on earnings of foreign subsidiaries, a majority of which were previously considered permanently reinvested by Historical Dow. A tax liability was accrued for the estimated U.S. federal tax on all unrepatriated earnings at December 31, 2017, with further refinement during the 2018 measurement period, in accordance with The Act. The cumulative effect at December 31, 2018, was a charge of $780 million to “Provision for income taxes” in the consolidated statements of income, of which the full amount was covered by tax attributes (see Note 9 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for further details of The Act). The cash held by foreign subsidiaries for permanent reinvestment is generally used to finance the subsidiaries’ operational activities and future foreign investments. Historical Dow has the ability to repatriate additional funds to the U.S., which could result in an adjustment to the tax liability for foreign withholding taxes, foreign and/or U.S. state income taxes and the impact of foreign currency movements. At December 31, 2018, management believed that sufficient liquidity was available in the United States. Historical Dow has and expects to continue repatriating certain funds from its non-U.S. subsidiaries that are not needed to finance local operations or separation activities; however, these particular repatriation activities have not and are not expected to result in a significant incremental tax liability to Historical Dow.

Historical Dow’s cash flows from operating, investing and financing activities, as reflected in the consolidated statements of cash flows, are summarized in the following table:

<table>
<thead>
<tr>
<th>Cash Flow Summary</th>
<th>2018</th>
<th>2017 †</th>
<th>2016 ‡</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used for):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>$3,894</td>
<td>$(4,958)</td>
<td>$(2,957)</td>
</tr>
<tr>
<td>Investing activities</td>
<td>(2,128)</td>
<td>7,552</td>
<td>5,092</td>
</tr>
<tr>
<td>Financing activities</td>
<td>(5,164)</td>
<td>(3,331)</td>
<td>(4,014)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash, cash equivalents and restricted cash</td>
<td>(100)</td>
<td>320</td>
<td>(77)</td>
</tr>
<tr>
<td>Summary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in cash, cash equivalents and restricted cash</td>
<td>(3,498)</td>
<td>(417)</td>
<td>(1,956)</td>
</tr>
<tr>
<td>Cash, cash equivalents and restricted cash at beginning of year</td>
<td>6,207</td>
<td>6,624</td>
<td>8,580</td>
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<tr>
<td>Cash, cash equivalents and restricted cash at end of year</td>
<td>$2,709</td>
<td>$6,207</td>
<td>$6,624</td>
</tr>
<tr>
<td>Less: Restricted cash and cash equivalents, included in “Other current assets”</td>
<td>40</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$2,669</td>
<td>$6,188</td>
<td>$6,607</td>
</tr>
</tbody>
</table>

Cash Flows from Operating Activities

Cash provided by operating activities increased in 2018 compared with 2017, primarily due to the change in Historical Dow’s accounts receivable securitization facilities discussed on the following page, a decrease in cash used for working capital requirements and higher cash earnings, which were partially offset by the absence of certain cash receipts in 2017. Cash used for operating activities increased in 2017 compared with 2016, primarily due to an increase in cash used for working capital requirements, higher pension contributions resulting from a change in control provision in a non-qualified U.S. pension plan, higher integration and separation costs and a cash payment related to the Bayer CropScience arbitration matter, partially offset by a cash receipt related to the Nova patent infringement award and advanced payments from customers for long-term ethylene supply agreements.

Cash Flows from Investing Activities

Cash used for investing activities in 2018 was primarily for capital expenditures and purchases of investments, which were partially offset by proceeds from sales and maturities of investments and proceeds from interests in trade accounts receivable conduits. Cash provided by investing activities in 2017 was primarily from proceeds from interests in trade accounts receivable conduits, proceeds from sales and maturities of investments and proceeds from divestitures, including the divestitures of the DAS Divested Ag Business and the EAA Business, which were partially offset by capital expenditures, purchases of investments and investments in and loans to nonconsolidated affiliates, primarily with Sadara. Cash provided by investing activities in 2016 was primarily from proceeds from interests in trade accounts receivable conduits and net cash acquired in the Dow Silicones ownership restructure, which were partially offset by capital expenditures and investments in and loans to nonconsolidated affiliates, primarily with Sadara.

In 2018, Historical Dow entered into a shareholder loan reduction agreement with Sadara and converted $312 million of the remaining loan and accrued interest balance into equity. Historical Dow’s note receivable from Sadara was zero at December 31, 2018. In addition, in the fourth quarter of 2018, Historical Dow waived $70 million of accounts receivable with Sadara, which was converted into equity. In 2017, Historical Dow loaned $735 million to Sadara and converted $718 million into equity, and had a note receivable from Sadara of $275 million at December 31, 2017. Historical Dow expects to loan up to $500 million to Sadara in 2019. See Note 12 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information.

Historical Dow’s capital expenditures, including capital expenditures of consolidated variable interest entities, were $2,538 million in 2018, $3,144 million in 2017 and $3,804 million in 2016. Historical Dow expects capital spending in 2019 to be approximately $2.5 billion, below depreciation and amortization expense and inclusive of capital spending for targeted cost synergy and business separation projects.

Capital spending in 2018, 2017 and 2016 included spending related to certain U.S. Gulf Coast investment projects including: a world-scale ethylene production facility and an ELITE™ Enhanced Polyethylene production facility, both of which commenced operations in 2017; a NORDEL™ Metallocene EPDM production facility, a Low Density Polyethylene (“LDPE”) production facility, a High Melt Index (“HMI”) AFFINITY™ polymer production facility and debottlenecking of an existing bi-modal gas phase polyethylene production facility, all of which commenced operations in 2018.

Cash Flows from Financing Activities

Cash used for financing activities in 2018 included dividends paid to DowDuPont and payments of long-term debt, which were partially offset by proceeds from issuance of long-term debt. Cash used for financing activities in 2017 included dividends paid to stockholders through the close of the Merger, a dividend paid to DowDuPont in the fourth quarter of 2017, and payments of long-term debt. Cash used for financing activities in 2016 included...
dividends paid to stockholders (including the accelerated payment of the fourth quarter preferred dividend), repurchases of common stock and payments of long-term debt. See Notes 15 and 17 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information related to the issuance and retirement of debt and Historical Dow’s share repurchases and dividends.

Reclassification of Prior Year Amounts Related to Accounts Receivable Securitization

In connection with the review and implementation of ASU 2016-15 and additional interpretive guidance from the SEC related to the required method for calculating the cash received from beneficial interests in trade accounts receivable conduits, Historical Dow changed the prior year presentation and amount of proceeds from interests in trade accounts receivable conduits. Changes related to the calculation and presentation of proceeds from interests in trade accounts receivable conduits resulted in a reclassification from cash used for operating activities to cash provided by investing activities of $9,462 million in 2017 and $8,551 million in 2016. In the fourth quarter of 2017, Historical Dow suspended further sales of trade accounts receivable through these facilities and began reducing outstanding balances through collections of trade accounts receivable previously sold to such conduits. In September and October 2018, the North American and European facilities, respectively, were amended and the terms of the agreements changed from off-balance sheet arrangements to secured borrowing arrangements.

The following table reconciles cash flows from operating activities to a non-GAAP measure regarding cash flows from operating activities excluding the impact of ASU 2016-15 and related interpretive guidance for the years ended December 31, 2018, 2017 and 2016. Management believes this non-GAAP financial measure is relevant and meaningful as it presents cash flows from operating activities inclusive of all trade accounts receivable collection activity, which Historical Dow utilizes in support of its operating activities.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities - Updated for impact of ASU 2016-15 and additional interpretive guidance (GAAP)</td>
<td>$3,894</td>
<td>$(4,958)</td>
<td>$(2,957)</td>
</tr>
<tr>
<td>Less: Impact of ASU 2016-15 and additional interpretive guidance</td>
<td>(657)</td>
<td>(9,462)</td>
<td>(8,551)</td>
</tr>
<tr>
<td>Cash flows from operating activities - Excluding impact of ASU 2016-15 and additional interpretive guidance (non-GAAP)</td>
<td>$4,551</td>
<td>$ 4,504</td>
<td>$ 5,594</td>
</tr>
</tbody>
</table>

Liquidity & Financial Flexibility

Historical Dow’s primary source of incremental liquidity is cash flows from operating activities. The generation of cash from operations and Historical Dow’s ability to access debt markets is expected to meet Historical Dow’s cash requirements for working capital, capital expenditures, debt maturities, contributions to pension plans, dividend distributions to its parent company and other needs. In addition to cash from operating activities, Historical Dow’s current liquidity sources also include U.S. and Euromarket commercial paper, committed credit facilities and access to long-term debt and capital markets. Additional details on sources of liquidity are as follows:

Commercial Paper

Historical Dow issues promissory notes under its U.S. and Euromarket commercial paper programs. Historical Dow had $10 million of commercial paper outstanding at December 31, 2018 ($231 million at December 31, 2017). Historical Dow maintains access to the commercial paper market at competitive rates. Amounts outstanding under Historical Dow’s commercial paper programs during the period may be greater, or less than, the amount reported at the end of the period. Subsequent to December 31, 2018, Historical Dow issued approximately $1.6 billion of commercial paper.
Committed Credit Facilities

In the event Historical Dow has short-term liquidity needs and is unable to issue commercial paper for any reason, Historical Dow has the ability to access liquidity through its committed and available credit facilities. At December 31, 2018, Historical Dow had total committed credit facilities of $12.1 billion and available credit facilities of $7.6 billion. See Note 15 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information on committed and available credit facilities.

Uncommitted Credit Facilities and Outstanding Letters of Credit

Historical Dow had uncommitted credit facilities in the form of unused bank credit lines of approximately $3,480 million at December 31, 2018. These lines can be used to support short-term liquidity needs and general corporate purposes, including letters of credit. Outstanding letters of credit were $439 million at December 31, 2018 ($433 million at December 31, 2017). These letters of credit support commitments made in the ordinary course of business.

Debt

As Historical Dow continues to maintain its strong balance sheet and financial flexibility, management is focused on net debt (a non-GAAP financial measure), as Historical Dow believes this is the best representation of Historical Dow’s financial leverage at this point in time. As shown in the following table, net debt is equal to total gross debt minus “Cash and cash equivalents” and “Marketable securities.” At December 31, 2018, net debt as a percent of total capitalization increased to 38.0 percent, compared with 35.4 percent at December 31, 2017, primarily due to a decrease in cash and cash equivalents, which more than offset a decrease in gross debt.

<table>
<thead>
<tr>
<th>Total Debt at Dec 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable</td>
<td>$305</td>
<td>$484</td>
</tr>
<tr>
<td>Long-term debt due within one year</td>
<td>340</td>
<td>752</td>
</tr>
<tr>
<td>Gross debt</td>
<td>19,254</td>
<td>19,765</td>
</tr>
<tr>
<td>- Cash and cash equivalents</td>
<td>$2,669</td>
<td>$6,188</td>
</tr>
<tr>
<td>- Marketable securities</td>
<td>100</td>
<td>4</td>
</tr>
<tr>
<td>Net debt</td>
<td>$17,130</td>
<td>$14,809</td>
</tr>
<tr>
<td>Gross debt as a percent of total capitalization</td>
<td>41.6%</td>
<td>43.7%</td>
</tr>
<tr>
<td>Net debt as a percent of total capitalization</td>
<td>38.0%</td>
<td>35.4%</td>
</tr>
</tbody>
</table>

In the fourth quarter of 2018, Historical Dow issued $2.0 billion of senior unsecured notes in an offering under Rule 144A of the Securities Act of 1933, which included $500 million due 2025, $600 million due 2028 and $900 million due 2048. See Note 15 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information on interest related to these notes. In addition, Historical Dow tendered and redeemed $2.1 billion of notes issued with maturity in 2019. In addition, Dow NewCo is obligated, should it issue a guarantee in respect of outstanding or committed indebtedness under the Five Year Competitive Advance and Revolving Credit Facility Agreement (the “Revolving Credit Agreement”), dated October 30, 2018 (as described below), to enter into a supplemental indenture with TDCC and the trustee under Historical Dow’s existing 2008 base indenture governing certain notes issued by TDCC under which it will guarantee all of the outstanding debt securities and all amounts due under such existing base indenture.
Historical Dow’s public debt instruments and primary, private credit agreements contain, among other provisions, certain customary restrictive covenant and default provisions. Historical Dow’s most significant debt covenant with regard to its financial position is the obligation to maintain the ratio of TDCC’s consolidated indebtedness to consolidated capitalization at no greater than 0.65 to 1.00 at any time the aggregate outstanding amount of loans under the Revolving Credit Agreement equals or exceeds $500 million. The ratio of TDCC’s consolidated indebtedness to consolidated capitalization as defined in the Revolving Credit Agreement was 0.41 to 1.00 at December 31, 2018. Management believes Historical Dow was in compliance with all of its covenants and default provisions at December 31, 2018. See Note 15 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for information related to Historical Dow’s notes payable and long-term debt activity and information on Historical Dow’s covenants and default provisions.

On October 30, 2018, TDCC terminated and replaced its prior $5.0 billion Five Year Competitive Advance and Revolving Credit Facility Agreement, under substantially similar terms and conditions. The new Revolving Credit Agreement, has a maturity date in October 2023. The Revolving Credit Agreement includes an event of default which would be triggered in the event Dow NewCo incurs or guarantees third party indebtedness for borrowed money in excess of $250 million or engages in any material business activity or directly owns any material assets, in each case, subject to certain conditions and exceptions. Dow NewCo may, at its option, cure the event of default by delivering an unconditional and irrevocable guaranty to the administrative agent within thirty days of the event or events giving rise to such event of default.

Management expects that Dow will retain Historical Dow’s third party indebtedness arrangements existing at the time of the separation and distribution and that Historical Dow will continue to have, and following the separation and distribution Dow will have, sufficient liquidity and financial flexibility to meet all of its business obligations.

**Credit Ratings**

At January 31, 2019, Historical Dow’s credit ratings were as follows:

<table>
<thead>
<tr>
<th>Credit Ratings</th>
<th>Long-Term Rating</th>
<th>Short-Term Rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>BBB</td>
<td>A-2</td>
<td>Stable</td>
</tr>
<tr>
<td>Moody’s Investors Service</td>
<td>Baa2</td>
<td>P-2</td>
<td>Stable</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>BBB+</td>
<td>F2</td>
<td>Stable</td>
</tr>
</tbody>
</table>

Downgrades in Historical Dow’s credit ratings will increase borrowing costs on certain indentures and could impact Historical Dow’s ability to access debt capital markets.

**Dividends**

Effective with the Merger, Historical Dow no longer has publicly traded common stock. Historical Dow’s common shares are owned solely by its parent company, DowDuPont. Historical Dow has committed to fund a portion of DowDuPont’s share repurchases, dividends paid to common stockholders and governance expenses. Funding is accomplished through intercompany loans. On a quarterly basis, Historical Dow’s Board of Directors review and determine a dividend distribution to DowDuPont to settle the intercompany loans. The dividend distribution considers the level of Historical Dow’s earnings and cash flows and the outstanding intercompany loan balances. For the year ended December 31, 2018, Historical Dow declared and paid dividends to DowDuPont of $3,711 million ($1,056 million for the year ended December 31, 2017). See Note 24 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information.
Pre-Merger dividends paid to common stockholders are as follows:

<table>
<thead>
<tr>
<th>Dividends Paid for the Years Ended Dec 31</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid, per common share</td>
<td>$ 1.84</td>
<td>$ 1.84</td>
</tr>
<tr>
<td>Dividends paid to common stockholders</td>
<td>$ 2.179</td>
<td>$ 2.037</td>
</tr>
<tr>
<td>Dividends paid to preferred shareholders 1</td>
<td>$ —</td>
<td>$ 425</td>
</tr>
</tbody>
</table>

1 Dividends paid to preferred shareholders in 2016 includes payment of the fourth quarter 2016 declared dividend.

**Share Repurchase Program**

Effective with the Merger, Historical Dow no longer has publicly traded common stock and therefore has no ongoing share repurchase program.

**Pension Plans**

Historical Dow has defined benefit pension plans in the United States and a number of other countries. In 2018, 2017 and 2016, Historical Dow contributed $1,656 million, $1,676 million and $629 million to its pension plans, respectively, including contributions to fund benefit payments for its non-qualified pension plans. In the third quarter of 2018, Historical Dow made a $1,100 million discretionary contribution to its principal U.S. pension plan, which is included in the 2018 contribution amount above. The discretionary contribution was primarily based on Historical Dow’s funding policy, which permits contributions to defined benefit pension plans when economics encourage funding, and reflected considerations relating to tax deductibility and capital structure.

The provisions of a U.S. non-qualified pension plan require the payment of plan obligations to certain participants upon a change in control of Historical Dow, which occurred at the time of the Merger. Certain participants could elect to receive a lump-sum payment or direct any to purchase an annuity on their behalf using the after-tax proceeds of the lump sum. In the fourth quarter of 2017, Historical Dow paid $940 million to plan participants and $230 million to an insurance company for the purchase of annuities, which were included in “Pension contributions” in the consolidated statements of cash flows. Historical Dow also paid $205 million for income and payroll taxes for participants electing the annuity option. Historical Dow recorded a settlement charge of $687 million associated with the payout in the fourth quarter of 2017.

Historical Dow expects to contribute approximately $240 million to its pension plans in 2019. See Note 19 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information concerning Historical Dow’s pension plans.

Dow will retain obligations related to certain Historical Dow defined pension plans, including Historical Dow’s principal U.S. pension plan, certain non-U.S. pension plans and other post-employment benefit liabilities.

**Restructuring**

The activities related to the DowDuPont Agriculture Division Program and the Synergy Program are expected to result in additional cash expenditures of approximately $480 million to $510 million, primarily through the end of 2019, consisting of severance and related benefit costs and costs associated with exit and disposal activities, including environmental remediation (see Note 7 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10). Historical Dow expects to incur additional costs in the future related to its restructuring activities. Future costs are expected to include demolition costs related to closed facilities and restructuring plan implementation costs; these costs will be recognized as incurred. Historical Dow also expects to incur additional employee-related costs, including involuntary termination benefits, related to its other optimization activities. These costs cannot be reasonably estimated at this time.
Integration and Separation Costs

Integration and separation costs, which reflect costs related to the Merger, post-Merger integration and Intended Business Separation activities and costs related to the ownership restructure of Dow Silicones, were $1,044 million in 2018, $786 million in 2017 and $349 million in 2016. Integration and separation costs related to post-Merger integration and Intended Business Separation activities are expected to continue to be significant in 2019.

Contractual Obligations

The following table summarizes Historical Dow’s contractual obligations, commercial commitments and expected cash requirements for interest at December 31, 2018. Additional information related to these obligations can be found in Notes 15, 16 and 19 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

<table>
<thead>
<tr>
<th>Contractual Obligations at Dec 31, 2018</th>
<th>Payments Due In</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020-2021</td>
</tr>
<tr>
<td>Long-term debt obligations 1</td>
<td>$340</td>
<td>$8,080</td>
</tr>
<tr>
<td>Expected cash requirements for interest 2</td>
<td>949</td>
<td>1,779</td>
</tr>
<tr>
<td>Pension and other postretirement benefits</td>
<td>370</td>
<td>818</td>
</tr>
<tr>
<td>Operating leases</td>
<td>412</td>
<td>697</td>
</tr>
<tr>
<td>Purchase obligations 3</td>
<td>3,160</td>
<td>4,719</td>
</tr>
<tr>
<td>Other noncurrent obligations 4</td>
<td>—</td>
<td>900</td>
</tr>
<tr>
<td>Total</td>
<td>$5,231</td>
<td>$16,993</td>
</tr>
</tbody>
</table>

1 Excludes unamortized debt discount and issuance costs of $334 million. Includes capital lease obligations of $369 million. Assumes the option to extend the Dow Silicones Term Loan facility will be exercised.
2 Cash requirements for interest on long-term debt was calculated using current interest rates at December 31, 2018, and includes $4,915 million of various floating rate notes.
3 Includes outstanding purchase orders and other commitments greater than $1 million obtained through a survey conducted within Historical Dow.
4 Includes liabilities related to asbestos litigation, environmental remediation, legal settlements and other noncurrent liabilities. The table excludes uncertain tax positions due to uncertainties in the timing of the effective settlement of tax positions with the respective taxing authorities and deferred tax liabilities as it is impractical to determine whether there will be a cash impact related to these liabilities. The table also excludes deferred revenue as it does not represent future cash requirements arising from contractual payment obligations.

Historical Dow expects to meet its contractual obligations through its normal sources of liquidity and believes it has the financial resources to satisfy these contractual obligations.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements are obligations Historical Dow has with nonconsolidated entities related to transactions, agreements or other contractual arrangements. Historical Dow holds variable interests in joint ventures accounted for under the equity method of accounting. Historical Dow is not the primary beneficiary of these joint ventures and therefore is not required to consolidate these entities (see Note 23 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10). In addition, see Note 14 to the Historical Dow 2018 Financial Statements for information regarding the transfer of financial assets.

Guarantees arise during the ordinary course of business from relationships with customers and nonconsolidated affiliates when Historical Dow undertakes an obligation to guarantee the performance of others if specific triggering events occur. Historical Dow had outstanding guarantees at December 31, 2018 of $5,408 million, compared with $5,663 million at December 31, 2017. Additional information related to guarantees can be found in the “Guarantees” section of Note 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.
**Fair Value Measurements**

See Note 19 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for information related to fair value measurements of pension and other postretirement benefit plan assets; see Note 21 for information related to other-than-temporary impairments; and, see Note 22 for additional information concerning fair value measurements.

**Recent Accounting Guidance**

See Note 2 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for a summary of recent accounting guidance.

**Critical Accounting Estimates**

The preparation of financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make judgments, assumptions and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Note 1 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, describes the significant accounting policies and methods used in the preparation of the consolidated financial statements. Following are Historical Dow’s accounting policies impacted by judgments, assumptions and estimates:

**Litigation**

Historical Dow is subject to legal proceedings and claims arising out of the normal course of business including product liability, patent infringement, employment matters, governmental tax and regulation disputes, contract and commercial litigation and other actions. Historical Dow routinely assesses the legal and factual circumstances of each matter, the likelihood of any adverse outcomes to these matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after thoughtful analysis of each known claim. Historical Dow has an active risk management program consisting of numerous insurance policies secured from many carriers covering various timeframes. These policies may provide coverage that could be utilized to minimize the financial impact, if any, of certain contingencies. The required reserves may change in the future due to new developments in each matter. For further discussion, see Note 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

**Asbestos-Related Matters of Union Carbide Corporation**

Union Carbide is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past four 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. Each year, Ankura Consulting Group, LLC (“Ankura”) performs a review for Union Carbide based upon historical asbestos claims, resolution and historical defense spending. Union Carbide compares current asbestos claim, resolution and defense spending activity to the results of the most recent Ankura study at each balance sheet date to determine whether the asbestos-related liability continues to be appropriate.

In 2016, Historical Dow elected to change its method of accounting for Union Carbide’s asbestos-related defense and processing costs from expensing as incurred to estimating and accruing a liability. In addition to performing their annual review of pending and future asbestos claim resolution activity, Ankura also performed a review of Union Carbide’s asbestos-related defense and processing costs to determine a reasonable estimate of future defense and processing costs to be included in the asbestos-related liability, through the terminal year of 2049.
For additional information, see Notes 1 and 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

**Environmental Matters**

Historical Dow determines the costs of environmental remediation of its facilities and formerly owned facilities based on evaluations of current law and existing technologies. Inherent uncertainties exist in such evaluations primarily due to unknown environmental conditions, changing governmental regulations and legal standards regarding liability, and emerging remediation technologies. The recorded liabilities are adjusted periodically as remediation efforts progress, or as additional technical or legal information becomes available. At December 31, 2018, Historical Dow had accrued obligations of $820 million for probable environmental remediation and restoration costs, including $156 million for the remediation of Superfund sites. This is management’s best estimate of the costs for remediation and restoration with respect to environmental matters for which Historical Dow has accrued liabilities, although it is reasonably possible that the ultimate cost with respect to these particular matters could range up to approximately two times that amount. For further discussion, see Notes 1 and 16 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

**Goodwill**

Historical Dow performs goodwill impairment testing at the reporting unit level. Reporting units are the level at which discrete financial information is available and reviewed by business management on a regular basis. Historical Dow tests goodwill for impairment annually (in the fourth quarter), or more frequently when events or changes in circumstances indicate it is more likely than not that the fair value of a reporting unit has declined below its carrying value. Goodwill is evaluated for impairment using qualitative and/or quantitative testing procedures. At December 31, 2018, Historical Dow has defined 12 reporting units; goodwill is carried by all of these reporting units.

Historical Dow has the option to first perform qualitative testing to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. Qualitative factors assessed at the Historical Dow level include, but are not limited to, GDP growth rates, long-term hydrocarbon and energy prices, equity and credit market activity, discount rates, foreign exchange rates and overall financial performance. Qualitative factors assessed at the reporting unit level include, but are not limited to, changes in industry and market structure, competitive environments, planned capacity and new product launches, cost factors such as raw material prices, and financial performance of the reporting unit. If Historical Dow chooses not to complete a qualitative assessment for a given reporting unit or if the initial assessment indicates that it is more likely than not that the estimated fair value of a reporting unit is less than its carrying value, additional quantitative testing is required.

Quantitative testing requires the fair value of the reporting unit to be compared with its carrying value. If the reporting unit’s carrying value exceeds its fair value, an impairment charge is recognized for the difference. Historical Dow utilizes a discounted cash flow methodology to calculate the fair value of its reporting units. This valuation technique has been selected by management as the most meaningful valuation method due to the limited number of market comparables for Historical Dow’s reporting units. However, where market comparables are available, Historical Dow includes EBIT/EBITDA multiples as part of the reporting unit valuation analysis. The discounted cash flow valuations are completed using the following key assumptions: projected revenue growth rates or compounded annual growth rates, discount rates, tax rates, terminal values, currency exchange rates, and forecasted long-term hydrocarbon and energy prices, by geographic area and by year, which include Historical Dow’s key feedstocks as well as natural gas and crude oil (due to its correlation to naphtha). Currency exchange rates and long-term hydrocarbon and energy prices are established for Historical Dow as a whole and applied consistently to all reporting units, while revenue growth rates, discount rates and tax rates are established by reporting unit to account for differences in business fundamentals and industry risk.
2018 Goodwill Impairment Testing

In 2018, there were no events or changes in circumstances identified that warranted interim goodwill impairment testing. In the fourth quarter of 2018, quantitative testing was performed on two reporting units and a qualitative assessment was performed for the remaining reporting units. For the quantitative testing, the fair values exceeded carrying values for both reporting units. Fair values exceeded carrying value in all scenarios where sensitivity analysis was performed, and the differences between fair value and carrying value of each reporting unit were determined to be reasonable. For the qualitative assessments, management considered the factors at both the Historical Dow level and the reporting unit level. Based on the qualitative assessment, management concluded it is not more likely than not that the fair value of the reporting unit is less than the carrying value of the reporting unit.

Pension and Other Postretirement Benefits

The amounts recognized in the consolidated financial statements related to pension and other postretirement benefits are determined from actuarial valuations. Inherent in these valuations are assumptions including expected return on plan assets, discount rates at which the liabilities could have been settled at December 31, 2018, rate of increase in future compensation levels, mortality rates and health care cost trend rates. These assumptions are updated annually and are disclosed in Note 19 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10. In accordance with U.S. GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, affect expense recognized and obligations recorded in future periods. The U.S. pension plans represent 71 percent of Historical Dow’s pension plan assets and 69 percent of the pension obligations.

Historical Dow uses the spot rate approach to determine the discount rate utilized to measure the service cost and interest cost components of net periodic pension and other postretirement benefit costs for the U.S. and other selected countries. Under the spot rate approach, Historical Dow calculates service costs and interest costs by applying individual spot rates from the Willis Towers Watson RATE:Link yield curve (based on high-quality corporate bond yields) for each selected country to the separate expected cash flow components of service cost and interest cost; service cost and interest cost for all other plans (including all plans prior to adoption) are determined on the basis of the single equivalent discount rates derived in determining those plan obligations.

The following information relates to the U.S. plans only; a similar approach is used for Historical Dow’s non-U.S. plans.

Historical Dow determines the expected long-term rate of return on assets by performing a detailed analysis of historical and expected returns based on the strategic asset allocation approved by Historical Dow’s Investment Committee and the underlying return fundamentals of each asset class. Historical Dow’s historical experience with the pension fund asset performance is also considered. The expected return of each asset class is derived from a forecasted future return confirmed by historical experience. The expected long-term rate of return is an assumption and not what is expected to be earned in any one particular year. The weighted-average long-term rate of return assumption used for determining net periodic pension expense for 2018 was 7.92 percent. The weighted-average assumption to be used for determining 2019 net periodic pension expense is 7.94 percent. Future actual pension expense will depend on future investment performance, changes in future discount rates and various other factors related to the population of participants in Historical Dow’s pension plans.

The discount rates utilized to measure the pension and other postretirement obligations of the U.S. qualified plans are based on the yield on high-quality corporate fixed income investments at the measurement date. Future expected actuarially determined cash flows for Historical Dow’s U.S. plans are individually discounted at the spot rates under the Willis Towers Watson U.S. RATE:Link 60-90 corporate yield curve (based on 60th to 90th percentile high-quality corporate bond yields) to arrive at the plan’s obligations as of the measurement date. The weighted average discount rate utilized to measure pension obligations increased to 4.39 percent at December 31, 2018, from 3.66 percent at December 31, 2017.
At December 31, 2018, the U.S. qualified plans were underfunded on a projected benefit obligation basis by $4,066 million. The underfunded amount decreased $1,297 million compared with December 31, 2017. The decrease in the underfunded amount in 2018 was primarily due to the impact of higher discount rates and discretionary plan contributions made in 2018. Historical Dow contributed $1,285 million to the U.S. qualified plans in 2018.

The assumption for the long-term rate of increase in compensation levels for the U.S. qualified plans was 4.25 percent. Historical Dow uses a generational mortality table to determine the duration of its pension and other postretirement obligations.

The following discussion relates to Historical Dow’s significant pension plans.

Historical Dow bases the determination of pension expense on a market-related valuation of plan assets that reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose represent the difference between the expected return calculated using the market-related value of plan assets and the actual return based on the market value of plan assets. Since the market-related value of plan assets recognizes gains or losses over a five-year period, the future value of plan assets will be impacted when previously deferred gains or losses are recorded. Over the life of the plans, both gains and losses have been recognized and amortized. At December 31, 2018, net losses of $1,505 million remain to be recognized in the calculation of the market-related value of plan assets. These net losses will result in increases in future pension expense as they are recognized in the market-related value of assets.

The net decrease in the market-related value of assets due to the recognition of prior losses is presented in the following table:

| Net Decrease in Market-Related Asset Value Due to Recognition of Prior Losses |
|-----------------------------|------------------|
| In millions                |                  |
| 2019                       | $ 504            |
| 2020                       | 299              |
| 2021                       | 263              |
| 2022                       | 439              |
| Total                      | $ 1,505          |

Historical Dow expects pension expense to decrease in 2019 by approximately $130 million. The decrease in pension expense is primarily due to the impact of higher discount rates and the full year impact of the significant 2018 contributions to Historical Dow’s U.S. pension plans.

A 25 basis point increase or decrease in the long-term return on assets assumption would change Historical Dow’s total pension expense for 2019 by $58 million. A 25 basis point increase in the discount rate assumption would lower Historical Dow’s total pension expense for 2019 by $52 million. A 25 basis point decrease in the discount rate assumption would increase Historical Dow’s total pension expense for 2019 by $62 million. A 25 basis point change in the long-term return and discount rate assumptions would have an immaterial impact on the other postretirement benefit expense for 2019.

**Income Taxes**

Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities, applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. Based on the evaluation of available evidence, both positive and negative, Historical Dow recognizes future tax benefits, such as net operating loss carryforwards and tax credit carryforwards, to the extent that realizing these benefits is considered to be more likely than not.
At December 31, 2018, Historical Dow had a net deferred tax asset balance of $1,367 million, after valuation allowances of $1,320 million.

In evaluating the ability to realize the deferred tax assets, Historical Dow relies on, in order of increasing subjectivity, taxable income in prior carryback years, the future reversals of existing taxable temporary differences, tax planning strategies and forecasted taxable income using historical and projected future operating results.

At December 31, 2018, Historical Dow had deferred tax assets for tax loss and tax credit carryforwards of $2,244 million, $300 million of which is subject to expiration in the years 2019 through 2023. In order to realize these deferred tax assets for tax loss and tax credit carryforwards, Historical Dow needs taxable income of approximately $28,758 million across multiple jurisdictions. The taxable income needed to realize the deferred tax assets for tax loss and tax credit carryforwards that are subject to expiration between 2019 through 2023 is approximately $4,458 million.

Historical Dow recognizes the financial statement effects of an uncertain income tax position when it is more likely than not, based on technical merits, that the position will be sustained upon examination. At December 31, 2018, Historical Dow had uncertain tax positions for both domestic and foreign issues of $313 million.

Historical Dow accrues for non-income tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated. At December 31, 2018, Historical Dow had a non-income tax contingency reserve for both domestic and foreign issues of $91 million.

On December 22, 2017, The Act was enacted, making significant changes to the U.S. tax law (see Note 9 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for additional information). At December 31, 2017, Historical Dow had not completed its accounting for the tax effects of The Act; however, Historical Dow made a reasonable estimate of the effects on its existing deferred tax balances and the one-time transition tax. In accordance with SAB 118, income tax effects of The Act were refined upon obtaining, preparing, and analyzing additional information during the measurement period. At December 31, 2018, Historical Dow had completed its accounting for the tax effects of The Act.

Quantitative and Qualitative Disclosures About Historical Dow’s Market Risk

Historical Dow’s business operations give rise to market risk exposure due to changes in foreign exchange rates, interest rates, commodity prices and other market factors such as equity prices. To manage such risks effectively, Historical Dow enters into hedging transactions, pursuant to established guidelines and policies that enable it to mitigate the adverse effects of financial market risk. Derivatives used for this purpose are designated as hedges per the accounting guidance related to derivatives and hedging activities, where appropriate. A secondary objective is to add value by creating additional non-specific exposure within established limits and policies; derivatives used for this purpose are not designated as hedges. The potential impact of creating such additional exposures is not material to Historical Dow’s results.

The global nature of Historical Dow’s business requires active participation in the foreign exchange markets. Historical Dow has assets, liabilities and cash flows in currencies other than the U.S. dollar. The primary objective of Historical Dow’s foreign currency risk management is to optimize the U.S. dollar value of net assets and cash flows. To achieve this objective, Historical Dow hedges on a net exposure basis using foreign currency forward contracts, over-the-counter option contracts, cross-currency swaps and nonderivative instruments in foreign currencies. Exposures primarily relate to assets, liabilities and bonds denominated in foreign currencies, as well as economic exposure, which is derived from the risk that currency fluctuations could affect the dollar value of future cash flows related to operating activities. The largest exposures are denominated in European currencies, the Japanese yen and the Chinese yuan, although exposures also exist in other currencies of Asia Pacific, Canada, Latin America, Middle East, Africa and India.
The main objective of interest rate risk management is to reduce the total funding cost to Historical Dow and to alter the interest rate exposure to the desired risk profile. To achieve this objective, Historical Dow hedges using interest rate swaps, “swaptions,” and exchange-traded instruments. Historical Dow’s primary exposure is to the U.S. dollar yield curve.

Historical Dow has a portfolio of equity securities derived primarily from the investment activities of its insurance subsidiaries. This exposure is managed in a manner consistent with Historical Dow’s market risk policies and procedures.

Inherent in Historical Dow’s business is exposure to price changes for several commodities. Some exposures can be hedged effectively through liquid tradable financial instruments. Natural gas and crude oil, along with feedstocks for ethylene and propylene production, constitute the main commodity exposures. Over-the-counter and exchange traded instruments are used to hedge these risks, when feasible.

Historical Dow uses value-at-risk (“VAR”), stress testing and scenario analysis for risk measurement and control purposes. VAR estimates the maximum potential loss in fair market values, given a certain move in prices over a certain period of time, using specified confidence levels. The VAR methodology used by Historical Dow is a variance/covariance model. This model uses a 97.5 percent confidence level and includes at least one year of historical data. The 2018 and 2017 year-end and average daily VAR for the aggregate of all positions are shown below. These amounts are immaterial relative to the total equity of Historical Dow.

<table>
<thead>
<tr>
<th>Total Daily VAR by Exposure Type at Dec 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year-end</td>
<td>Average</td>
</tr>
<tr>
<td>Commodities</td>
<td>$ 26</td>
<td>$ 30</td>
</tr>
<tr>
<td>Equity securities</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>Interest rate</td>
<td>81</td>
<td>80</td>
</tr>
<tr>
<td>Composite</td>
<td>$ 145</td>
<td>$ 145</td>
</tr>
</tbody>
</table>

Historical Dow’s daily VAR for the aggregate of all positions increased from a composite VAR of $132 million at December 31, 2017 to a composite VAR of $145 million at December 31, 2018. The interest rate VAR increased due to an increase in exposure. The equity securities VAR increased due to an increase in managed exposures and higher equity volatility. The commodities VAR decreased due to a decrease in managed exposure. See Note 21 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein from the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for further disclosure regarding market risk.
Executive Officers Following the Distribution

The following table sets forth information regarding individuals who are expected to serve as executive officers of Dow, including their expected positions following the separation and distribution. While some of these individuals currently serve as officers of DowDuPont, after the distribution none of the executive officers of Dow will be executive officers or employees of DowDuPont.

<table>
<thead>
<tr>
<th>Name – Age</th>
<th>Position with Dow</th>
<th>Current Positions and When Elected</th>
<th>Other Business Experience since January 1, 2013 (all with Historical Dow)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karen S. Carter, 48</td>
<td>Chief Human Resources Officer</td>
<td>Chief Human Resources Officer of TDCC since October 2018; Chief Inclusion Officer of TDCC since July 2017.</td>
<td>North America Commercial Vice President, Dow Packaging and Specialty Plastics from February 2016 to July 2017; Global Business Director, Low Density &amp; Slurry Polyethylene, Packaging &amp; Specialty Plastics from April 2015 to January 2016; and Global Marketing Director Value Chain, NBD &amp; Sustainability, Performance Plastics from September 2011 to April 2015.</td>
</tr>
<tr>
<td>Ronald C. Edmonds, 61</td>
<td>Controller and Vice President of Controllers and Tax</td>
<td>Vice President and Controller of TDCC since November 2009; Vice President of Tax of TDCC since January 2016; Co-Controller of DowDuPont since September 2017.</td>
<td>Vice President and Controller since November 2009.</td>
</tr>
<tr>
<td>James R. Fitterling, 57</td>
<td>Chief Executive Officer</td>
<td>Chief Executive Officer of TDCC since July 2018; Chief Operating Officer for the Materials Science Division of DowDuPont since September 2017.</td>
<td>President and Chief Operating Officer from February 2016 to July 2018; Vice Chairman and Chief Operating Officer from October 2015 to February 2016; Vice Chairman, Business Operations from October 2014 to October 2015; Executive Vice President, Feedstocks, Performance Plastics and Supply Chain from December 2013 to October 2014; and Executive Vice President, Feedstocks, Performance Plastics, Asia and Latin America from September 2012 to December 2013.</td>
</tr>
<tr>
<td>Peter Holicki, 58</td>
<td>Senior Vice President of Manufacturing &amp; Engineering and Environment, Health &amp; Safety Operations</td>
<td>Senior Vice President of Manufacturing &amp; Engineering and Environment, Health &amp; Safety Operations of TDCC since October 2015; responsible for oversight of the Emergency Services and Security Expertise Center since September 2014.</td>
<td>Corporate Vice President of Manufacturing &amp; Engineering and Environment, Health &amp; Safety Operations January 2014 to October 2015; and Vice President of Operations for Europe, Middle East, Africa and India and the Ethylene Envelope from October 2012 to December 2013.</td>
</tr>
<tr>
<td>A.N. Sreeram, 51</td>
<td>Senior Vice President of Research &amp; Development and Chief Technology Officer of TDCC</td>
<td>Senior Vice President of Research &amp; Development of TDCC since August 2013; Chief Technology Officer of TDCC since October 2015.</td>
<td>Corporate Vice President, Research &amp; Development from August 2013 to October 2015; and Vice President, Research &amp; Development, Dow Advanced Materials from 2009 to July 2013.</td>
</tr>
<tr>
<td>Howard I. Ungerleider, 50</td>
<td>President and Chief Financial Officer</td>
<td>Chief Financial Officer of TDCC since October 2014; President of TDCC since July 2018; Chief Financial Officer of DowDuPont since September 2017.</td>
<td>Vice Chairman from October 2015 to July 2018; Executive Vice President from October 2014 to October 2015; and Executive Vice President, Advanced Materials from September 2012 to October 2014.</td>
</tr>
<tr>
<td>Amy E. Wilson, 48</td>
<td>General Counsel and Corporate Secretary</td>
<td>General Counsel of TDCC since October 2018; Corporate Secretary of TDCC since February 2015; Assistant Corporate Secretary of DowDuPont since September 2017.</td>
<td>Associate General Counsel from April 2017 to September 2018; Assistant General Counsel from February 2015 to April 2017; and Assistant Corporate Secretary from 2008 to February 2015. Director of the Office of the Corporate Secretary since August 2013.</td>
</tr>
</tbody>
</table>
Board of Directors Following the Distribution

The following sets forth information with respect to those persons who are expected to serve on the Dow board of directors following the distribution. After the distribution, none of these individuals will be directors or employees of DowDuPont.

Jeff M. Fettig, 61, is expected to serve as non-executive chairman of Dow. Mr. Fettig is currently non-employee executive chairman and co-lead independent director of DowDuPont. Mr. Fettig is also the former chairman of Whirlpool Corporation, a manufacturer of home appliances, a position he held from 2004 through December 31, 2018. Mr. Fettig joined Whirlpool in 1981 and subsequently held various executive positions, including chief executive officer from 2004 to October 2017. Mr. Fettig served as a director of TDCC from 2003 until the Merger, when he became a director of DowDuPont.

Ajay Banga, 59, is currently the president and chief executive officer of Mastercard Incorporated, a technology company in the global payments industry. Mr. Banga joined Mastercard in 2009 as president and chief operating officer, and assumed his current role in July 2010. Prior to Mastercard, Mr. Banga spent 13 years at Citigroup in various global leadership roles, including as the head of their International Consumer Business and as the chief executive officer for Citibank’s Asia Pacific business, and held leadership roles at PepsiCo and Nestle. Mr. Banga served as a director of TDCC from 2013 until the Merger, when he became a member of the DowDuPont Materials Advisory Committee. Mr. Banga is also currently a member of the board of directors of Mastercard.

Jacqueline K. Barton, 66, is the John G. Kirkwood and Arthur A. Noyes Professor of Chemistry and Norman Davidson Leadership Chair of the Division of Chemistry and Chemical Engineering at the California Institute of Technology, where she has been a member of the faculty since 1989. Dr. Barton began her term as chair of the Division in 2009, and has held the John G. Kirkwood and Arthur A. Noyes Professorship since 2016. Dr. Barton also previously held the Arthur and Marian Hanisch Memorial Professorship from 1997 to 2016. Dr. Barton served as a director of TDCC from 1993 until the Merger, when she became a member of the DowDuPont Materials Advisory Committee. Dr. Barton is also currently a member of the board of directors of Gilead Sciences, Inc.

James A. Bell, 70, was the executive vice president, corporate president and chief financial officer of The Boeing Company, an aerospace company and manufacturer of commercial jetliners and military aircraft from 2008 to 2012. Mr. Bell joined Rockwell International, a predecessor of The Boeing Company, in 1972, and subsequently held various executive positions. Mr. Bell served as a director of TDCC from 2005 until the Merger, when he became a director of DowDuPont. Mr. Bell is also currently a member of the boards of directors of Apple Inc., CDW Corporation and J.P. Morgan Chase & Co.

Wesley G. Bush, 57, is chairman of Northrop Grumman, a global aerospace and defense technology company, a position he has held since July 2011. Mr. Bush served as Northrop Grumman’s chief executive officer from January 2010 through January 1, 2019 and, prior to that, Mr. Bush served as the company’s chief financial officer and also as president of its Space Technology Business. Prior to the acquisition of TRW by Northrop Grumman in 2002, Mr. Bush served as president and chief executive officer for TRW’s UK-based global Aeronautical Systems. Prior to joining TRW in 1987, he held engineering positions with both the Aerospace Corporation and Comsat Labs. Mr. Bush was named to the DowDuPont Materials Advisory Committee in August 2018. Mr. Bush is also currently a member of the boards of directors of Northrop Grumman and Norfolk Southern.

Richard K. Davis, 60, is the chief executive officer of Make-A-Wish America. Mr. Davis is also the former chairman and chief executive officer, U.S. Bancorp, parent company of U.S. Bank, positions he held from December 2007 to April 2018 and December 2006 to April 2017, respectively. Mr. Davis held various other executive positions at U.S. Bancorp prior to becoming chief executive officer, including president and chief operating officer. Prior to joining Star Banc Corporation, which was one of U.S. Bancorp’s legacy companies, Mr. Davis was an Executive Vice President at Bank of America and Security Pacific Bank. Mr. Davis served as a
director of TDCC from 2015 until the Merger, when he became a member of the DowDuPont Materials Advisory Committee. Mr. Davis was appointed to the DowDuPont board of directors in July 2018. Mr. Davis is also currently a member of the boards of directors of MasterCard Incorporated and Xcel Energy.

James R. Fitterling, 57, is expected to be the chief executive officer of Dow. Mr. Fitterling has been the chief executive officer of TDCC since July 2018, and the chief operating officer of DowDuPont’s Materials Science Division since September 2017. Mr. Fitterling first joined Historical Dow in 1984 and has held various other executive positions, including president, chief operating officer, vice chairman of business operations, senior vice president of corporate development, and president of the Plastics and Hydrocarbons businesses. Mr. Fitterling is also currently a member of the board of directors of Chemical Financial Corporation.

Jacqueline C. Hinman, 57, is the former chairman and chief executive officer of CH2M, an engineering and consulting firm focused on delivering infrastructure, energy, environmental and industrial solutions. Ms. Hinman joined the board of directors of CH2M in 2008, and was elected chairman and chief executive officer of CH2M in 2014 in order to execute a turnaround of the firm, ultimately leading to the company’s successful merger with Jacobs Engineering in December 2017. Ms. Hinman was named to the DowDuPont Materials Advisory Committee in July 2018. Ms. Hinman is also currently a member of the board of directors of International Paper, Inc.

Ruth G. Shaw, 70, is a former group executive, public policy and president of Duke Nuclear, a provider of electricity and natural gas. Dr. Shaw retired from Duke Energy Corporation in April 2007, and served as executive advisor to the company until April 2009. Prior to joining Duke Energy in 1992, Dr. Shaw was a leader in community college education, serving as president of Central Piedmont Community College and as president of El Centro College. Dr. Shaw served as a director of TDCC from 2005 until the Merger, when she became a director of DowDuPont. Dr. Shaw is also currently a member of the boards of directors of DTE Energy and SPX Corporation.

Daniel W. Yohannes, 66, served as the U.S. ambassador to the Organization for Economic Cooperation and Development (the “OECD”), an international forum promoting economic growth, sustainable development and energy security, from 2014 to 2017. Prior to joining the OECD, Mr. Yohannes served as Vice Chairman of U.S. Bancorp, the Chief Executive Officer of the Millennium Challenge Corporation, and President and Chief Executive Officer of Colorado National Bank. Mr. Yohannes was named to the DowDuPont Materials Advisory Committee in July 2018. Mr. Yohannes is also currently a member of the board of directors of Xcel Energy.

Director Independence

It is anticipated that all of the members of Dow’s board of directors, except the Chief Executive Officer, who will be an employee of Dow, will meet the criteria for independence as defined by the rules of the NYSE and the Corporate Governance Guidelines that will be adopted by the Dow board of directors (see discussion below under “—Corporate Governance Guidelines”). The Corporate Governance Guidelines, including Dow’s independence standards, will be posted to Dow’s website.

Committees of the Board of Directors

Following the distribution, the Dow board of directors will have the following standing committees: an Audit Committee, a Compensation and Leadership Development Committee, a Corporate Governance Committee and an Environmental, Health, Safety & Technology Committee. The Dow board of directors will adopt a written charter for each of these committees, which will be posted on Dow’s website.
Audit Committee

The responsibilities of the Audit Committee will be more fully described in the Audit Committee Charter and will include, among other duties, to assist the Dow board of directors in fulfilling its oversight responsibilities relating to:

- the quality, reliability and integrity of the financial statements of Dow;
- the adequacy of Dow’s internal controls, particularly with respect to Dow’s compliance with legal and regulatory requirements and corporate policy;
- the internal audit function of Dow;
- the nomination of the independent auditor and the independent auditor’s qualifications, independence and performance; and
- the application of the Dow’s accounting principles.

The committee shall prepare the report required by the rules of the SEC to be included in Dow’s annual meeting proxy statement.

The Audit Committee will consist entirely of independent directors, and each will meet the independence requirements set forth in the listing standards of the NYSE and Rule 10A-3 under the Exchange Act. Each member of the Audit Committee will be financially literate and have accounting or related financial management expertise, as such terms are interpreted by the Dow board of directors in its business judgment. Additionally, at least one member of the Audit Committee will be an “audit committee financial expert” under SEC rules and the NYSE listing standards applicable to audit committees. The initial members of the Audit Committee are expected to be Mr. Bell (Chair), Mr. Davis, Mr. Bush, Mr. Yohannes and Ms. Hinman.

Compensation and Leadership Development Committee

The responsibilities of the Compensation and Leadership Development Committee will be more fully described in the Compensation and Leadership Development Committee Charter and will include, among other duties to, discharge the Dow board of directors’ responsibilities relating to the compensation and benefits of Dow’s Chief Executive Officer and other executive officers (as defined in the Exchange Act), employees, and non-employee directors, in a manner consistent with and in support of the business objectives of Dow, competitive practice, and all applicable rules and regulations.

The Compensation and Leadership Development Committee will consist entirely of independent directors, and each will meet the independence requirements set forth in the listing standards of the NYSE. The members of the Compensation and Leadership Development Committee will be “non-employee directors” (within the meaning of Rule 16b-3 of the Exchange Act). The initial members of the Compensation and Leadership Development Committee are expected to be Dr. Shaw (Chair), Mr. Banga and Mr. Fettig.

Corporate Governance Committee

The responsibilities of the Corporate Governance Committee will be more fully described in the Corporate Governance Committee Charter and will include, among other duties to:

- Report periodically to the Dow board of directors on matters relating to the selection, qualification, and compensation of members of the Dow board of directors and candidates nominated to the Dow board of directors;
- Develop and recommend to the Dow board of directors a set of corporate governance guidelines;
- Act as a nominating committee with respect to candidates for directors and to make recommendations to the full Dow board of directors concerning the size of the Dow board of directors and structure of committees of the Dow board of directors;
• Oversee the evaluation of the Dow board of directors and management of Dow; and
• Assist the Dow board of directors with oversight of corporate governance matters.

The Corporate Governance Committee will consist entirely of independent directors, and each will meet the independence requirements set forth in the listing standards of the NYSE. The initial members of the Corporate Governance Committee are expected to be Mr. Fettig (Chair), Mr. Bell, Mr. Davis and Mr. Banga.

**Environmental, Health, Safety & Technology Committee**

The responsibilities of the Environmental, Health, Safety & Technology Committee will be more fully described in the Environmental, Health, Safety & Technology Committee Charter and will include, among other duties to:

• Assess current aspects of Dow’s environment, health, safety and technology policies and performance and to make recommendations to the Dow board of directors and the management of Dow with regard to promoting and maintaining superior standards of performance;
• Oversee and advise the Dow board of directors on matters impacting corporate social responsibility and Dow’s public reputation;
• Focus on Dow’s public policy management, philanthropic contributions and corporate reputation management;
• Oversee Dow’s policies on political contributions and lobbying expenses and review an annual report on Dow’s political contributions and lobbying expenses; and
• Oversee the assessment of all aspects of Dow’s science and technology capabilities in all phases of its activities in relation to its strategies and plans and to make recommendations to the Dow board of directors and the management of Dow to continually enhance Dow’s science and technology capabilities.

The initial members of the Environmental, Health, Safety & Technology Committee are expected to be Dr. Barton (Chair), Mr. Yohannes, Ms. Hinman, Mr. Bush and Dr. Shaw.

**Stockholder Recommendations for Director Nominees**

The Corporate Governance Committee will adopt a process for identifying new director candidates. The Corporate Governance Committee will consider potential candidates suggested by board members, as well as management, stockholders and others. The Corporate Governance Committee will accept stockholders’ suggestions of candidates to consider as potential board members as part of the Corporate Governance Committee’s periodic review of the size and composition of the Dow board of directors and its committees. The Corporate Governance Committee will use the same process to evaluate director nominees recommended by stockholders as it does to evaluate nominees identified by other sources.

**Director Qualification Standards**

The Corporate Governance Committee will adopt guidelines to be used in evaluating candidates for board membership in order to ensure a diverse and highly qualified board of directors. Directors will be selected based on qualifications including strong values and discipline, high ethical standards, a commitment to full participation on the Dow board of directors and its committees, relevant career experience, and a commitment to ethnic, racial and gender diversity. In addition to the characteristics mentioned above, the guidelines will provide that candidates should possess individual skills, experience and demonstrated abilities that help meet the current needs of the Dow board of directors and provide for diversity of membership, such as experience or expertise in some of the following areas: the chemical industry, global business, science and technology, finance and/or economics, corporate governance, public affairs, government affairs, and experience as chief executive officer,
chief operating officer or chief financial officer of a major company. Other factors to be considered will include independence of thought, willingness to comply with director stock ownership guidelines, meeting applicable director independence standards (where independence is desired) and absence of conflicts of interest. Guidelines for director qualifications will be included in the Corporate Governance Guidelines. The guidelines for Director qualifications will provide that a commitment to diversity is a consideration in the identification and nomination of director candidates, and that candidates are evaluated to provide for a diverse and highly qualified board of directors. The Corporate Governance Committee and the full Dow board of directors will implement and assess the effectiveness of these guidelines and the commitment to diversity by referring to these guidelines in the review and discussion of director candidates when assessing the composition of the Dow board of directors.

Corporate Governance Guidelines

The Dow board of directors will adopt governance guidelines designed to assist Dow and the board of directors in implementing effective corporate governance practices. The governance guidelines will be reviewed regularly by the Corporate Governance Committee in light of changing circumstances in order to continue serving the best interests of Dow and its stockholders.

Communications with the Board of Directors and Procedures for Treatment of Complaints Regarding Accounting, Internal Controls, Auditing and Ethics

Dow stockholders and other interested parties may communicate directly with the full board of directors, the non-management directors as a group, or with specified individual directors by mail addressed to Dow Holdings Inc., c/o Office of the Corporate Secretary, 2211 H.H. Dow Way, Midland, MI 48674. Please specify the intended recipient(s) of your letter.

Communications will be distributed to any or all directors as appropriate depending upon the individual communication. However, communications that do not directly relate to a director’s duties and responsibilities as a director of Dow may be excluded from distribution. Such excluded items include “spam”; advertisements; mass mailings; form letters and email campaigns that involve unduly large numbers of similar communications; solicitations for goods, services, employment or contributions; surveys; and individual product inquiries or complaints. Additionally, communications that appear to be unduly hostile, intimidating, threatening, illegal or similarly inappropriate will also be screened for omission by the Office of the Corporate Secretary. Any omitted communication will be made available to any director upon request.

Concerns relating to accounting, internal controls, auditing or ethics will be immediately reported to the Office of Ethics and Compliance for investigation and response, including review and handling by the internal audit function as appropriate with oversight by the Audit Committee. Concerns may be reported directly to the Office of Ethics and Compliance via its website at www.dowethicsline.com, and an anonymous toll-free hotline (1-800-803-6862 in the United States or Canada, or refer to the list of international access codes posted on the website).

Code of Business Conduct

The Dow board of directors will adopt a Code of Business Conduct that clearly outlines expectations that Dow’s directors, officers and employees abide by the law and be highly principled and socially responsible in all business practices. All directors, officers and employees will be expected to be familiar with Dow’s Code of Business Conduct, and to apply its principles in the daily performance of their responsibilities. The Code of Business Conduct is intended to focus employees, officers and directors on Dow’s corporate values of integrity, respect for people, and protecting the planet, help them recognize and make ethical, lawful and informed decisions, provide a framework that enables a respectful culture operating with the highest ethical and business standards, and offer robust mechanisms to report unethical conduct, anonymously or otherwise.
**Director Compensation**

Following the distribution, director compensation will be determined by the Dow board of directors with the assistance of its Compensation and Leadership Development Committee and its Corporate Governance Committee. It is anticipated that such compensation will consist of a cash retainer in the amount of $115,000 per year, and an equity award of restricted stock with a grant date fair value of approximately $170,000.

In addition, Dow anticipates that the chairs of the Audit Committee and Compensation and Leadership Development Committee will receive an additional cash retainer in the amount of $35,000 and $25,000 per year, respectively, and all other committee chairs will receive an additional cash retainer in the amount of $20,000 per year. The Dow board of directors will evaluate the duties of the non-executive chairman from time-to-time to determine whether additional compensation is appropriate.

Dow does not expect to provide directors who are also Dow’s employees any additional compensation for serving as a director.

**Stock Ownership Guidelines**

Dow will adopt stock ownership guidelines for directors. Dow expects that it will have a guideline of each director owning at least five times the amount of the annual board retainer fee, with a five-year time period after first election to achieve that level, and a requirement to retain all equity awards during the term of service to Dow. The Dow directors will have a period of five years following distribution to meet this requirement.

**Deferred Compensation**

Dow will adopt a deferred compensation plan under which non-employee directors may choose, prior to the beginning of each year, to have all or part of their fees credited to deferred compensation accounts.
In anticipation of the completion of the intended separation of DowDuPont into three independent, public companies within a relatively short period of time after the Merger, the DowDuPont board of directors decided not to develop separate executive compensation programs at the DowDuPont level. Rather, the executive officers of DowDuPont have continued to be employees of, and participants in, the compensation and benefit programs of Historical Dow and Historical DuPont, as applicable. The only significant exception to this structure is related to post-Merger Synergy and Speed to Spin incentives and 2018 Performance Award incentive grants, which were awarded to certain senior executives and which are discussed more fully in the section entitled “2018 Compensation Decisions.” Accordingly, this Compensation Discussion and Analysis (this “CD&A”) discusses Historical Dow’s compensation programs as they have been applied to certain individuals who are expected to be the Dow “named executive officers” following the separation (the “Dow NEOs”) and outlines certain aspects of Dow’s anticipated post-separation compensation structure for those individuals.

Although the anticipated executive compensation programs and policies of Dow discussed below have been reviewed with the Dow Compensation Subcommittee (which was established by the DowDuPont Compensation Committee to oversee compensation and benefits matters related to executive officers and employees of Historical Dow), these programs and policies remain subject to further review and approval by the Compensation and Leadership Development Committee of the Dow board of directors after the separation.

After the separation, the Compensation and Leadership Development Committee will review the compensation for all of the executive officers of Dow and determine the appropriate compensation, benefits and perquisites for them, and accordingly the compensation, benefits and perquisites provided them after the separation may not necessarily be the same as those discussed below.

Named Executive Officers

Following the separation, Jim Fitterling is expected to serve as Dow’s Chief Executive Officer and Howard Ungerleider is expected to serve as Dow’s President and Chief Financial Officer. The other individuals who are expected to be the Dow NEOs are: Peter Holicki (Dow’s Senior Vice President of Manufacturing & Engineering), A.N. Sreeram (Dow’s Senior Vice President and Chief Technology Officer) and Amy E. Wilson (Dow’s General Counsel and Corporate Secretary).

Dow’s Executive Compensation Philosophy and Determinations

Program Structure and Alignment with Core Principles

Historical Dow has a history of designing executive compensation programs to attract, motivate, reward and retain the high-quality executives necessary for company leadership and strategy execution.

The Dow compensation programs will be designed and administered to follow these core principles:

- Establish a strong link between pay and performance
- Align executives’ interests with stockholders’ interests, particularly over the longer term
- Reinforce business strategies and drive long-term sustained stockholder value

The executive compensation program will be designed to deliver value through three primary forms of compensation: base salary, annual incentives, and long-term incentives (“LTIs”).

Executive Compensation Governance Practices

Compensation of the executive officers of Dow, including that of the Dow NEOs, will be overseen by the Compensation and Leadership Development Committee (or, in the case of the CEO, by the Compensation and
Leadership Development Committee and the independent members of the Dow board). The Dow board of directors and the Compensation and Leadership Development Committee will be assisted in performance of their oversight duties by an independent compensation consultant and management.

The following summarizes key governance characteristics related to the executive compensation programs in which the Dow NEOs will participate:

**Key Executive Compensation Practices**

- Active stockholder engagement
- Strong links between executive compensation outcomes, individual performance and company financial and market performance
- Compensation program structure designed to discourage excessive risk taking
- Significant focus on performance-based pay
- Each component of target pay benchmarked to median of either the peer group or of the general market, as applicable
- Carefully structured peer group with regular Compensation and Leadership Development Committee review
- Stock ownership requirements of six times base salary for the CEO and four times base salary for the other Dow NEOs
- 100 percent independent Compensation and Leadership Development Committee
- Clawback policy
- Anti-hedging/Anti-pledging policies
- Independent compensation consultant reporting to the Compensation and Leadership Development Committee
- No change-in-control agreements
- Stock incentive plans prohibit option repricing, reloads, exchanges or options granted below market value without stockholder approval
- Regular review of the Compensation and Leadership Development Committee Charter to ensure best practices and priorities

The Compensation and Leadership Development Committee will periodically review best practices in governance and executive compensation to ensure that the compensation programs align with Dow’s core principles.
Components of Executive Compensation and Benefits

Executives will receive a mix of variable and fixed components of compensation which are aligned with the compensation philosophy as highlighted in the chart below:

<table>
<thead>
<tr>
<th>Component</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Salary</td>
<td>Provides a regular source of income for Dow NEOs and acts as a foundation for other pay components (e.g., annual incentive targets for Dow NEOs are expressed as a percentage of base salary)</td>
</tr>
<tr>
<td>Annual Incentive</td>
<td>Rewards employees for achieving critical financial and operational goals</td>
</tr>
<tr>
<td>Long-Term Incentive</td>
<td>Aligns the interests of executives with stockholders by linking pay and performance, with the goal of accelerating growth, profitability and stockholder return</td>
</tr>
<tr>
<td>Benefits and Perquisites</td>
<td>Executives participate in the same benefit programs that are offered to other salaried employees</td>
</tr>
<tr>
<td></td>
<td>Limited perquisites are provided to executives to facilitate strong performance on the job and enhance their personal security and productivity</td>
</tr>
</tbody>
</table>

NEO incentive compensation will be based on clearly disclosed and measurable goals linked to company performance. The Dow compensation program will be targeted to deliver compensation at approximately the median of a core group of companies with whom Dow competes globally for business and executive talent. To the extent that an individual NEO’s compensation exceeds the median, it will be attributable to factors including executive tenure, experience and stockholder value-enhancing achievement of measurable goals. In connection with the separation and distribution, Dow expects to continue the components of Historical Dow’s compensation and benefits program and will adopt a stock incentive plan as described below under “—Dow Holdings Inc. 2019 Stock Incentive Plan.”

Benefits and Perquisites

Benefits

Dow will provide benefits (including retirement benefits) to eligible employees, including the eligible Dow NEOs, through a combination of qualified and non-qualified plans such as the following:

- Defined-Benefit Retirement Plans (if applicable)
- Supplemental Retirement Plans
- Pension Plans
- 401(k) Plans
- Supplemental Savings Plans

The Dow NEOs will be entitled to participate in the same plans as most other salaried employees. In addition, because highly compensated employees are subject to U.S. tax limitations on contributions to some retirement plans, Historical Dow created non-qualified retirement programs intended to provide these employees with the same benefits they would have received under the qualified plans without the tax limits. Dow expects to continue many of Historical Dow’s compensation plans, including The Dow Executives’ Supplemental Retirement Plan and Dow Employees’ Savings Plan, which are described in the section entitled “Executive Compensation—Benefits—Pension Benefits—Additional Information.” The Dow NEOs will be eligible to participate in the same non-qualified retirement plans as all other highly compensated salaried employees.

Perquisites

Dow may offer perquisites that the Compensation and Leadership Development Committee believes are reasonable yet competitive in attracting and retaining the executive team.
The Compensation and Leadership Development Committee will regularly review the perquisites provided to the respective Dow NEOs as part of its overall review of executive compensation. The following outlines the limited perquisites that may be provided to executives:

- Financial and Tax Planning Support
- Executive Physical Examination and Related Travel Expenses
- Executive Excess Umbrella Liability Insurance
- Home Security Alarm System
- Personal Travel on Corporate Aircraft and Related Travel Expenses for CEO, who Dow expects will be required by the Dow board of directors for security and immediate availability reasons to use corporate aircraft for business and personal travel, and for other NEOs as may be approved under limited circumstances
- Company Car for CEO

Although Mr. Fitterling was entitled to use a company car during 2018, he declined to use this benefit in 2018. For information regarding the perquisites that the Dow NEOs received from Historical Dow for the fiscal year ended December 31, 2018, see the column titled “All Other Compensation” of the Summary Compensation Table and the accompanying narrative in the section entitled “Executive Compensation—Compensation Tables and Narratives—Summary Compensation Table.”

The Compensation Process

The Compensation and Leadership Development Committee, with the support of Mercer, Dow’s independent compensation consultant, and company management, will develop and execute the executive compensation program. The Compensation and Leadership Development Committee will be responsible for recommending for approval by the independent directors the compensation of the CEO, and for approving the compensation of all of the other Dow NEOs and executive officers. The Compensation and Leadership Development Committee will annually review and evaluate the executive compensation program to ensure that the program is aligned with Dow’s compensation philosophy and with performance.

The Compensation and Leadership Development Committee will review the following factors, among others, to determine executive compensation:

- Competitive analysis: Median levels of compensation for similar jobs and job levels in the market, taking into account revenue relative to the peer group
- Company performance: Measured against financial metrics and operational targets approved by the Compensation and Leadership Development Committee
- Market landscape: Business climate, economic conditions and other factors
- Individual roles: Each executive’s experience, knowledge, skills and personal contributions

Role of Company Management

The CEO will make recommendations to the Compensation and Leadership Development Committee regarding compensation for senior executives after reviewing Dow’s overall performance, each executive’s personal contributions and relevant compensation market data from the peer group for similar jobs and job levels.

Role of the Compensation and Leadership Development Committee

The Compensation and Leadership Development Committee will be responsible for establishing Dow’s executive compensation philosophy. The Compensation and Leadership Development Committee will be responsible for approving compensation for the Dow NEOs and will have broad discretion when setting
compensation types and amounts. As part of the review, company management and the Compensation and Leadership Development Committee also will review summary total compensation scenarios for the Dow NEOs. Additionally, the Compensation and Leadership Development Committee will annually review the corporate goals and objectives relevant to the compensation of the CEO. The Compensation and Leadership Development Committee will evaluate the CEO’s performance against the CEO’s objectives and make recommendations to the independent directors regarding compensation levels based on that evaluation. The Compensation and Leadership Development Committee will consider compensation market data from the peer group when setting compensation types and amounts for the CEO.

**Role of Independent Board Members**

The independent members of the Dow board of directors will be responsible for assessing the performance of the CEO. They also will be responsible for approving the compensation types and amounts for the CEO.

**Role of the Independent Compensation Consultant**

The Compensation and Leadership Development Committee is expected to continue the retention of Mercer as Dow’s independent compensation consultant (the “Consultant”) for executive compensation matters.

The Consultant’s responsibilities are expected to include:

- Advising the Compensation and Leadership Development Committee on trends and issues in executive compensation
- Reviewing and advising the group of companies in the peer group
- Consulting on the competitiveness of the compensation structure and levels of Dow’s executive officers and non-employee directors
- Providing advice and recommendations related to the compensation and design of Dow’s compensation programs
- Reviewing and advising on all materials provided to the Compensation and Leadership Development Committee for discussion and approval
- Participating in Compensation and Leadership Development Committee meetings as requested and communicating with the Chair of the Compensation and Leadership Development Committee between meetings

The Consultant is expected to have safeguards and procedures in place to maintain the independence of the Consultant in its executive compensation consulting practice, and the Compensation and Leadership Development Committee will determine whether the compensation consultant’s work has raised any conflicts of interest. These safeguards may include a rigidly enforced code of conduct, a policy against investing in client organizations and separation between the Consultant’s executive compensation consulting and their other administrative and consulting business units from a leadership, performance measurement and compensation perspective.

**Peer Group and Benchmarking**

Dow competes with a wide variety of both industry and non-industry specific companies for executive talent and investor assets. In order to ensure the executive pay program is competitive and has a strong link to stock price performance, Dow will maintain an executive compensation peer group developed utilizing the following selection criteria:

- Revenues
- Market capitalization
Global presence
- Research intensity or innovation and/or technology
- Competitor for talent
- Industries and markets served

The Dow Compensation Subcommittee, with the support of the Dow management team and Mercer, selected the companies named below, which will be reviewed by the Compensation and Leadership Development Committee following the distribution:

<table>
<thead>
<tr>
<th>Peer Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M Company</td>
</tr>
<tr>
<td>Archer Daniels Midland Co.</td>
</tr>
<tr>
<td>Caterpillar Inc.</td>
</tr>
<tr>
<td>The Coca-Cola Company</td>
</tr>
<tr>
<td>ConocoPhillips</td>
</tr>
<tr>
<td>Deere &amp; Company</td>
</tr>
<tr>
<td>Eli Lilly and Company</td>
</tr>
<tr>
<td>Honeywell International Inc.</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
</tr>
<tr>
<td>Johnson Controls Inc.</td>
</tr>
<tr>
<td>Kimberly-Clark Corporation</td>
</tr>
<tr>
<td>Lockheed Martin Corporation</td>
</tr>
<tr>
<td>Mondelēz International, Inc.</td>
</tr>
<tr>
<td>PepsiCo, Inc.</td>
</tr>
<tr>
<td>Pfizer Inc.</td>
</tr>
<tr>
<td>The Procter &amp; Gamble Company</td>
</tr>
<tr>
<td>United Technologies Corporation</td>
</tr>
</tbody>
</table>

The selected peer group will be used for market comparisons, benchmarking and setting executive compensation. Market pay data for the selected peer group will be gathered through compensation surveys conducted by the Consultant. Dow expects to target the median of the peer group for all compensation elements in order to attract, motivate, develop and retain top level executive talent. Annual performance award targets and long-term incentive grants are expected to reflect market median values while actual payouts are dependent on performance.

The peer group will be periodically evaluated and updated to ensure the companies in the group remain relevant.

Other Considerations

Stock Ownership Guidelines

Dow will require that its CEO accumulate and hold shares with a value equal to six times his or her base pay and that all other Dow NEOs accumulate and hold shares of Dow common stock with a value equal to four times base pay. The Dow NEOs will have a period of five years following the distribution to meet this requirement. Currently, based on their ownership of DowDuPont common stock, all Dow NEOs would be expected to meet this requirement during the required time.

The stock ownership guidelines will include a retention ratio requirement. Under the policy, until the required ownership is reached, executives will be required to retain 75 percent of net shares acquired upon any future vesting of stock units or exercise of stock options, after deducting shares used to pay applicable taxes and/or exercise price.

For purposes of the stock ownership guidelines, direct ownership of shares and stock units held in employee plans will not be included. Stock options and performance share units (“PSUs”) are not included in determining whether an executive has achieved the ownership levels.

Speculative Stock Transactions; Anti-Hedging and Anti-Pledging Policy

It will be against Dow policy for directors and executive officers to engage in derivative or speculative transactions in Dow securities. As such, it will be against Dow policy for directors and executive officers to trade in puts or calls in Dow securities, or sell Dow securities short. In addition, it will be against Dow policy for directors and executive officers to pledge Dow securities, or hold Dow securities in margin accounts.
Executive Compensation Recovery (Clawback) Policy
As part of its overall corporate governance structure, Dow will maintain an Executive Compensation Recovery Policy for its executive officers. This policy is expected to allow Dow to recover incentive income if an executive officer either knowingly engaged in or was grossly negligent in the event of circumstances that resulted in a financial restatement or other material non-compliance.

Compensation and Risk Management
The Compensation and Leadership Development Committee periodically will review Dow’s compensation policies and practices to determine whether the incentive compensation programs create risks that are reasonably likely to have a material adverse effect on Dow. The evaluation is expected to cover a wide range of practices and policies including: the balanced mix between pay elements, the balanced mix between short and long-term programs, caps on incentive payouts, governance processes in place to establish, review and approve goals, use of multiple performance measures, discretion on individual awards, use of stock ownership guidelines, provisions in severance/change in control policies, use of a compensation recovery policy, and Compensation and Leadership Development Committee oversight of compensation programs.

2018 Compensation Decisions
The following information relates to DowDuPont’s 2018 compensation program as applicable to the Dow NEOs.

Base Salary
Base salary is a fixed portion of compensation based primarily on an individual’s skills, job responsibilities and experience, as well as more subjective factors such as the assessment of individual performance by the DowDuPont Compensation Committee (in the case of Messrs. Fitterling and Ungerleider) or Dow Compensation Subcommittee (for the other Dow NEOs). Base salaries for executives are benchmarked against similar jobs at other companies and are targeted at the median of the respective peer group, after adjusting for each company’s revenue size.

The table below shows the annual base salaries for the Dow NEOs as of December 31, 2018. This information may be different from the base salary provided in the Summary Compensation Table, which reflects actual base pay received for 2018.

<table>
<thead>
<tr>
<th>Name</th>
<th>2018 Base Salary ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Fitterling</td>
<td>1,185,717</td>
</tr>
<tr>
<td>Howard Ungerleider</td>
<td>1,110,261</td>
</tr>
<tr>
<td>A.N. Sreeram</td>
<td>787,551</td>
</tr>
<tr>
<td>Amy E. Wilson</td>
<td>580,008</td>
</tr>
<tr>
<td>Peter Holicki</td>
<td>630,365</td>
</tr>
</tbody>
</table>

Annual Incentive Compensation—Annual Performance Award
The Performance Award is an annual cash incentive program. DowDuPont uses this component of compensation to reward its executives and Historical Dow and Historical DuPont employees for achieving financial results and goals linked to the company’s success. Meeting or exceeding annual business and financial goals is important to executing DowDuPont’s (and Historical Dow’s) long-term business strategy and delivering value to stockholders. To do this, the DowDuPont Compensation Committee identifies key performance metrics and goals. The DowDuPont Compensation Committee (or, in the case of the Dow NEOs other than Messrs. Fitterling and Ungerleider, the Dow Compensation Subcommittee) then links these to individual goals to determine the Performance Award payout.
The Performance Award target amount is calculated using each eligible employee’s individual Performance Award target percentage amount, multiplied against the company component, and adjusted by an individual performance factor, which includes safety performance. The metrics of the company component include DowDuPont Operating Net Income and Materials Science Division Operating EBITDA, and can range from 0 percent to 200 percent of target. The individual performance factor can range from 0 percent to 150 percent. The 2018 Performance Award was capped at a maximum payout of 200 percent. The Dow Compensation Subcommittee (or, the DowDuPont Compensation Committee in the case of Messrs. Fitterling and Ungerleider) had discretion to modify the 2018 Performance Award payout for employees or executive management once the metrics for the company component were known.

The target goals and 2018 results of the company component of the 2018 Performance Award are shown below:

<table>
<thead>
<tr>
<th>Employee Group</th>
<th>Metric Description</th>
<th>Threshold ($mm) (50%)</th>
<th>Target ($mm) (100%)</th>
<th>Maximum ($mm) (200%)</th>
<th>Weight</th>
<th>2018 Actual ($mm)</th>
<th>Metric Payout</th>
<th>Total Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>DowDuPont Officers, excluding COO’s (Howard Ungerleider)</td>
<td>DowDuPont Operating Net Income</td>
<td>8,086</td>
<td>9,513</td>
<td>10,940</td>
<td>100%</td>
<td>9,564</td>
<td>104%</td>
<td>104%</td>
</tr>
<tr>
<td>DowDuPont Materials Science Division COO (Jim Fitterling)</td>
<td>DowDuPont Operating Net Income</td>
<td>8,086</td>
<td>9,513</td>
<td>10,940</td>
<td>50%</td>
<td>9,564</td>
<td>104%</td>
<td>101%</td>
</tr>
<tr>
<td></td>
<td>Materials Science Division Operating EBITDA</td>
<td>8,242</td>
<td>9,696</td>
<td>11,150</td>
<td>50%</td>
<td>9,639</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>DowDuPont Materials Science Division employees (all other Dow NEOs)</td>
<td>DowDuPont Operating Net Income</td>
<td>8,086</td>
<td>9,513</td>
<td>10,940</td>
<td>30%</td>
<td>9,564</td>
<td>104%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Materials Science Division Operating EBITDA</td>
<td>8,242</td>
<td>9,696</td>
<td>11,150</td>
<td>70%</td>
<td>9,639</td>
<td>98%</td>
<td></td>
</tr>
</tbody>
</table>

The metrics used in the 2018 Performance Award are non-GAAP measures and defined as follows:

- **DowDuPont Operating Net Income**: Net income available for DowDuPont common stockholders, excluding the after tax impact of significant items and the after tax impact of amortization expense associated with Historical DuPont’s intangible assets. DowDuPont excludes the impact of significant items from both presentations to investors and from its executive compensation performance calculations because they are not reflective of underlying operations for the particular period in which they are recorded and, therefore, could mask underlying operating trends.

- **Materials Science Division Operating EBITDA**: Combined earnings (i.e., income from continuing operations before income taxes) before interest, depreciation, amortization and foreign exchange gains (losses), excluding the impact of significant items, for DowDuPont’s Performance Materials & Coatings segment, Industrial Intermediates & Infrastructure segment and Packaging & Specialty Plastics segment.

As detailed in the table above, the results related to the company component were in line with financial targets for the 2018 Performance Award and resulted in a payout ranging from 100 percent to 104 percent. However, based on the recommendation of Dow management, the DowDuPont Compensation Committee set the company component at 82 percent for all employees of DowDuPont’s Materials Science Division, including the Dow NEOs, due to the impact of costs on the company’s financial results. The DowDuPont Compensation Committee also set the individual performance factor for Messrs. Fitterling and Ungerleider, who serve as executive officers of DowDuPont, reflecting each individual’s personal contributions to the company’s success. The Dow Compensation Subcommittee set the individual performance factor for the remaining Dow NEOs based on their respective contributions. The following table reflects the 2018 Performance Award payout for each Dow NEO.
<table>
<thead>
<tr>
<th>Name</th>
<th>Year End Base Salary ($) (a)</th>
<th>PA Target Percent (b)</th>
<th>PA Target Amount ($) (c)</th>
<th>Company Component (d)</th>
<th>Individual Factor - Committee Assessment (e)</th>
<th>Total PA Payment Percent (f)</th>
<th>Total PA Payout Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Fitterling</td>
<td>1,185,717</td>
<td>125%</td>
<td>1,482,146</td>
<td>82%</td>
<td>120%</td>
<td>98%</td>
<td>1,458,432</td>
</tr>
<tr>
<td>Howard Ungerleider</td>
<td>1,110,261</td>
<td>120%</td>
<td>1,332,313</td>
<td>82%</td>
<td>120%</td>
<td>98%</td>
<td>1,310,996</td>
</tr>
<tr>
<td>A.N. Sreeram</td>
<td>787,551</td>
<td>95%</td>
<td>748,173</td>
<td>82%</td>
<td>115%</td>
<td>94%</td>
<td>705,528</td>
</tr>
<tr>
<td>Amy E. Wilson</td>
<td>580,008</td>
<td>100%</td>
<td>580,008</td>
<td>82%</td>
<td>110%</td>
<td>90%</td>
<td>523,167</td>
</tr>
<tr>
<td>Peter Holicki</td>
<td>630,365</td>
<td>90%</td>
<td>567,329</td>
<td>82%</td>
<td>100%</td>
<td>82%</td>
<td>465,209</td>
</tr>
</tbody>
</table>

**Long-Term Incentive (LTI) Compensation**

Executive compensation is linked strongly to the financial and operational performance of the company. Prior to the Merger, Historical Dow’s practice was to utilize a LTI mix of 45 percent PSUs, 30 percent stock options and 25 percent restricted stock units (“RSUs”). In light of the anticipated timing of DowDuPont’s separation into three independent, publicly traded companies, including that 2018 may be the only full calendar year for the combined company, the DowDuPont Compensation Committee determined that (other than the 2017 Synergy Grants described below) PSUs, given their three year measurement convention, were not an appropriate form of award. As a result, in February 2018 the DowDuPont Compensation Committee made all 2018 LTI grants in the form of stock options, and approved the LTI grant for Messrs. Fitterling and Ungerleider. In February 2018, the Dow Compensation Subcommittee approved the LTI grant for the remaining Dow NEOs based upon the peer group median LTI values. In March 2018, the DowDuPont Compensation Committee approved a one-time grant for Mr. Ungerleider. In October 2018, the Dow Compensation Subcommittee approved a one-time grant for Ms. Wilson. Following the separation and distribution, the Dow Compensation and Leadership Development Committee will evaluate and set an appropriate pay mix based on market practice. See the Summary Compensation Table in the section entitled “Executive Compensation” for more information on the LTI grants to the Dow NEOs.

**Synergy and Speed to Spin Incentives**

In December 2017 following the Merger, DowDuPont made grants of PSUs (the “Synergy Grants”) to certain senior executive officers, including Messrs. Fitterling, Ungerleider, Sreeram and Holicki, as well as cash-based performance awards to other leaders (the “Incentive Awards”) to incentivize:

- Targeted cost synergies of $3 billion on a run-rate basis (DowDuPont is performing above target and has committed to deliver run-rate cost synergies of $3.6 billion); and
- Timely realization of the distributions of Dow and Corteva.

The parameters of the Synergy Grant and Incentive Awards are outlined below:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Weighting</th>
<th>Threshold ($) (Synergy: 50% Payout Spin: 25% Payout)</th>
<th>Target ($) (100% Payout)</th>
<th>Maximum ($) (200% Payout)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergy Capture</td>
<td>66%</td>
<td>2.94 billion</td>
<td>3.0 billion</td>
<td>3.45 billion</td>
</tr>
<tr>
<td>Dow Spin</td>
<td>17%</td>
<td>22 months</td>
<td>19 months</td>
<td>16 months</td>
</tr>
<tr>
<td>Corteva Spin</td>
<td>17%</td>
<td>24 months</td>
<td>21 months</td>
<td>18 months</td>
</tr>
</tbody>
</table>

1 Payouts will be interpolated on a linear basis for performance between, respectively, Threshold and Target performance and Target and Maximum performance.

2 All dates measured from the Merger closing.
Given that DowDuPont intends to separate into three separate entities in the near-term, the DowDuPont Compensation Committee developed this post-Merger program to further incentivize key DowDuPont executives to meet these Merger-related objectives. Regardless of when completion of the specified performance measures occurs, no payouts will be made until, at the earliest, twenty-four months after the close of the Merger, to ensure continued alignment with the strategic objectives.

Treatment of Equity Awards Outstanding at the Time of the Distribution

Dow expects that DowDuPont equity awards outstanding at the distribution date will be adjusted using the following principles:

- For each award recipient, the intent is to maintain the economic/intrinsic value of those awards before and after the distribution date.
- The material terms of the equity awards, such as vesting conditions and treatment upon termination of employment, will generally continue unchanged.
- Depending on certain factors, relating to the type, timing and holder of the equity awards, the awards may be adjusted using either the “employer method” or the “shareholder method” as more fully described, and subject to certain exceptions noted, below.

Employer Method

DowDuPont stock options and restricted stock units, other than those granted to employees on February 15, 2018 and awards granted to certain non-Dow executives, will generally be adjusted using the “employer method” as follows:

- At the time of the distribution, all DowDuPont equity awards held by individuals who are employees of Dow at such time will be converted into awards of Dow and all equity awards held by employees who remain with DowDuPont will remain awards of DowDuPont, in each case, with appropriate adjustments to account for the separation and distribution of Dow.
- At the time of the distribution of Corteva, all DowDuPont equity awards held by individuals who are employees of Corteva at such time will be converted into awards of Corteva and all equity awards held by employees who remain with New DuPont (except that awards held by certain employees with no defined future role will convert into awards covering both Corteva and New DuPont), in each case, with appropriate adjustments to account for the separation and distribution of Corteva.

Shareholder Method

DowDuPont (i) stock options and restricted stock units granted on February 15, 2018, (ii) outstanding performance stock unit awards and restricted stock awards and (iii) awards held by non-employee directors of DowDuPont and certain non-Dow executives will generally be adjusted using the “shareholder method” as follows:

- At the time of the distribution, all such equity awards will be converted into awards of each of Dow and DowDuPont and adjusted based on the Dow distribution ratio and the relative closing share prices of Dow and DowDuPont common stock upon the distribution.
- At the time of the distribution of Corteva, the DowDuPont awards will be further converted into awards of each of New DuPont and Corteva and adjusted based on the Corteva distribution ratio and the relative closing share prices of Corteva and New DuPont common stock upon such distribution.

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The following table provides additional information regarding the general treatment of specific types of equity awards in connection with the distribution, depending on whether an individual will be an employee of Dow or remain with DowDuPont following the distribution. As a result of the adjustments to such awards in connection with the separation and distribution, the precise number of stock options, restricted stock awards, restricted stock units and performance stock units will not be known until the distribution date or shortly thereafter.

<table>
<thead>
<tr>
<th>Stock Options</th>
<th>Dow Employees</th>
<th>DowDuPont Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employer Method:</strong> Outstanding stock options will be converted into awards that will be settled in shares of Dow common stock, with the number of shares and exercise price adjusted to maintain the economic/intrinsic value of the award at the time of separation.</td>
<td><strong>Employer Method:</strong> Outstanding stock options will remain awards of DowDuPont, but the number of shares underlying the award and exercise price will be adjusted to maintain the economic/intrinsic value of the award at the time of separation.</td>
<td>The adjusted DowDuPont stock option will be further adjusted upon the Corteva distribution to cover the common stock of the holder’s employer (i.e., Corteva or New DuPont) after the Corteva distribution (or, in the case of an employee with no future defined role, the stock of both companies), with appropriate adjustments to maintain the economic/intrinsic value of the award at the time of the Corteva distribution.</td>
</tr>
<tr>
<td>Shareholder Method: Upon the distribution, outstanding stock options will be converted into both stock options to purchase Dow common stock and stock options to purchase DowDuPont common stock, based on the relative values of each company’s stock at the time of the separation, with the number of shares and exercise price adjusted to maintain the economic/intrinsic value of the award.</td>
<td></td>
<td>When DowDuPont separates Corteva, such adjusted DowDuPont stock options will be further adjusted into stock options to purchase Corteva common stock and options to purchase New DuPont common stock, based on the relative values of each of Corteva and New DuPont’s stock at the time of the Corteva distribution, with the number of shares and the exercise price adjusted to maintain the economic/intrinsic value of the award.</td>
</tr>
<tr>
<td>Restricted Stock Units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dow Employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Employer Method:</em> Outstanding restricted stock units will be converted into awards that will be settled in shares of Dow common stock, with the number of shares adjusted to maintain the economic/intrinsic value of the award at the time of separation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **DowDuPont Employees** |
| *Employer Method:* Outstanding restricted stock units will remain awards of DowDuPont, but the number of shares will be adjusted to maintain the economic/intrinsic value of the award at the time of separation. The adjusted DowDuPont restricted stock unit will be further adjusted upon the Corteva distribution to cover the common stock of the holder’s employer (i.e., Corteva or New DuPont) after the Corteva distribution (or, in the case of an employee with no future defined role, the stock of both companies), with appropriate adjustments to maintain the economic/intrinsic value of the award at the time of the Corteva distribution. |

| **Shareholder Method:** |
| Outstanding restricted stock units will be converted into both Dow restricted stock units and DowDuPont restricted stock units, based on the relative values of each company’s stock at the time of the separation, with the number of shares subject to the award adjusted to maintain the economic/intrinsic value of the award. When DowDuPont separates Corteva, such adjusted DowDuPont restricted stock units will be further adjusted into Corteva restricted stock units and New DuPont restricted stock units, based on the relative values of each of Corteva and New DuPont’s stock at the time of such separation and subject to adjustment to maintain the economic/intrinsic value of the award. |

<table>
<thead>
<tr>
<th>Performance Stock Units and Restricted Stock Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dow Employees</strong></td>
</tr>
<tr>
<td>All outstanding performance stock units (i.e., the Synergy Grants) and restricted stock awards will be adjusted using the “shareholder method”. Upon the distribution, outstanding performance stock units and restricted stock awards, as the case may be, will be converted into both the applicable Dow award and DowDuPont award, based on the relative values of each company’s stock at the time of the separation, with the number of shares subject to the award adjusted to maintain the economic/intrinsic value of the award. When DowDuPont separates Corteva, the adjusted DowDuPont performance stock units and restricted stock awards, as the case may be, will be further converted into the applicable Corteva award and New DuPont award, based on the relative values of Corteva and New DuPont’s stock at the time of such separation and subject to adjustment to maintain the economic/intrinsic value of the award. With respect to performance stock units, no adjustments will be made to the performance metrics applicable to the awards.</td>
</tr>
</tbody>
</table>

| **DowDuPont Employees** |
| All outstanding performance stock units (i.e., the Synergy Grants) and restricted stock awards will be adjusted using the “shareholder method”. Upon the distribution, outstanding performance stock units and restricted stock awards, as the case may be, will be converted into both the applicable Dow award and DowDuPont award, based on the relative values of each company’s stock at the time of the separation, with the number of shares subject to the award adjusted to maintain the economic/intrinsic value of the award. When DowDuPont separates Corteva, the adjusted DowDuPont performance stock units and restricted stock awards, as the case may be, will be further converted into the applicable Corteva award and New DuPont award, based on the relative values of Corteva and New DuPont’s stock at the time of such separation and subject to adjustment to maintain the economic/intrinsic value of the award. With respect to performance stock units, no adjustments will be made to the performance metrics applicable to the awards. |
Outstanding equity awards held by individuals outside of the United States generally will be adjusted in accordance with the summaries above to the extent permitted by applicable law. However, treatment of equity awards may vary in certain non-US jurisdictions.

The DowDuPont equity awards held by Historical Dow employees who will not be employees of Dow, Corteva, or New DuPont following the separation and distribution will be converted and adjusted in the same manner as those types of equity awards that have been granted to employees of Dow, and will be adjusted accordingly to maintain the economic/intrinsic value of the awards. Likewise, the DowDuPont equity awards held by Historical DuPont employees who will not be an employee of Dow, Corteva or New DuPont following the distribution of Corteva will be converted and adjusted in the same manner as those types of equity awards that have been granted to continuing employees, except that, upon the Corteva distribution, the award will be adjusted to cover the common stock of both Corteva and New DuPont, in each case, with appropriate adjustments to maintain the economic/intrinsic value of the award at the time of the Corteva distribution.

Dow Holdings Inc. 2019 Stock Incentive Plan

Prior to the separation and distribution, Dow expects to adopt the Dow Holdings Inc. 2019 Stock Incentive Plan, which is referred to in this section as the “Incentive Plan.” The following summary of the material terms of the Incentive Plan is qualified in its entirety by reference to the terms of the Incentive Plan, the form of which is attached as Exhibit 10.4 to the Form 10 and incorporated herein by reference.

The Incentive Plan will become effective as of the distribution date, subject to the occurrence of the distribution, and will authorize Dow to grant equity-based incentive awards to its and its subsidiaries’ eligible employees, non-employee directors, consultants, advisors and other individuals following the distribution. In addition, the Incentive Plan will be used to settle outstanding DowDuPont equity awards that will be converted into awards that are denominated in Dow common stock following the distribution pursuant to the employee matters agreement, which are referred to in this section as “Legacy Awards.” These Legacy Awards will otherwise generally remain in effect pursuant to their existing terms and the terms of the plan under which they were originally granted. See the section entitled “Compensation Discussion and Analysis—Treatment of Equity Awards Outstanding at the Time of the Distribution.”

Dow expects the following limitations to apply under the Incentive Plan:

- A to-be-determined maximum number of shares of Dow common stock underlying Legacy Awards and new awards that may be granted.
- For participants other than non-employee directors, no participant may be granted in any one fiscal year awards that, in the aggregate, comprise more than 3,000,000 shares of Dow common stock.
- For participants who are non-employee directors, the maximum aggregate number of shares of Dow common stock subject to awards granted in one fiscal year is 15,000 shares; however, in the first fiscal year in which a non-employee director joins the Dow board of directors or is first designated as Chairman or Lead Director of the Dow board of directors, the maximum aggregate number of shares is 30,000.

The foregoing share limits will be subject to adjustment in certain circumstances to prevent dilution or enlargement, or in the event Dow undergoes a reorganization or other corporate transaction. If an award expires or is forfeited (including, for this purpose, any Legacy Award), the shares underlying the expired or forfeited award will be added back to the share pool and would be available for future grants. However, shares that are tendered or withheld to cover the exercise price of any award or to satisfy any tax withholding obligation, or that are not issued upon full settlement of a stock-settled stock appreciation right, will not be added back to the share pool.

Under the Incentive Plan, Dow may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock, performance stock units, and other equity-based awards. The Dow Compensation and Leadership Development Committee would have the discretion to establish the vesting conditions applicable
to awards, the performance goals applicable to a performance award, and to determine the extent to which any performance goals have been achieved. Awards of restricted stock or restricted stock units will generally be subject to minimum vesting requirements set forth in the plan, subject to certain limited exceptions.

All of Dow’s and its subsidiaries’ employees would be eligible for awards under the Incentive Plan. In addition, Dow’s non-employee directors, consultants, advisors and other individuals would be eligible for awards. The Compensation and Leadership Development Committee will have broad authority to grant awards to eligible individuals and to otherwise administer the Incentive Plan. The Compensation and Leadership Development Committee will also be authorized to delegate certain of its authority to administer the plan and grant awards, subject to applicable legal and regulatory constraints.

No new awards may be issued under the Incentive Plan after the tenth anniversary of the plan’s effective date, or the date the Dow board of directors terminates the plan, if earlier.

The Dow board of directors will have the authority to amend the Incentive Plan as it deems desirable, and the Compensation and Leadership Development Committee will have similar authority to amend award agreements. However, no amendment that would require stockholder approval under applicable law or stock exchange rules (for example, an amendment to increase to the share reserve(s) under the plan) would become effective until such stockholder approval is received. In addition, award agreements may not be amended in a way that would impair the rights of the award recipient without his or her consent, unless the amendment is required or advisable to satisfy any law or regulation, or to meet the requirements of or avoid adverse consequences under any accounting standards.
EXECUTIVE COMPENSATION

Compensation Tables and Narratives

Summary Compensation Table

The following table summarizes the compensation of the individuals expected to be Dow’s Chief Executive Officer and Chief Financial Officer as well as the individuals expected to be Dow’s three other most highly compensated executive officers (based on compensation received by such individuals from DowDuPont (including, Historical Dow) for the fiscal year ending December 31, 2018).

<table>
<thead>
<tr>
<th>Name and Principal Position</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Bonus ($)</th>
<th>Stock Awards ($) (a)</th>
<th>Option Awards ($) (b)</th>
<th>Non-Equity Incentive Plan Compensation ($) (c)</th>
<th>Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)</th>
<th>All Other Compensation ($) (d)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Fitterling, Chief Executive Officer</td>
<td>2018</td>
<td>1,178,116</td>
<td>0</td>
<td>0</td>
<td>4,750,008</td>
<td>1,458,432</td>
<td>893,865</td>
<td>190,917</td>
<td>8,471,338</td>
</tr>
<tr>
<td>Howard Ungerleider, President and Chief Financial Officer</td>
<td>2018</td>
<td>1,103,144</td>
<td>0</td>
<td>5,000,007</td>
<td>4,150,005</td>
<td>1,310,996</td>
<td>330,919</td>
<td>99,625</td>
<td>11,994,697</td>
</tr>
<tr>
<td>A.N. Sreeram, SVP &amp; Chief Technology Officer</td>
<td>2018</td>
<td>782,503</td>
<td>0</td>
<td>0</td>
<td>2,600,063</td>
<td>705,528</td>
<td>318,358</td>
<td>69,984</td>
<td>4,476,435</td>
</tr>
<tr>
<td>Amy E. Wilson, General Counsel and Secretary</td>
<td>2018</td>
<td>417,733</td>
<td>0</td>
<td>195,432</td>
<td>2,055,178</td>
<td>523,167</td>
<td>566,127</td>
<td>29,089</td>
<td>3,786,726</td>
</tr>
<tr>
<td>Peter Holicki, SVP of Manufacturing &amp; Engineering</td>
<td>2018</td>
<td>627,305</td>
<td>0</td>
<td>0</td>
<td>1,700,136</td>
<td>465,209</td>
<td>258,940</td>
<td>17,721</td>
<td>3,069,312</td>
</tr>
</tbody>
</table>

Totals in the above table might not equal the summation of the columns due to rounding amounts to the nearest dollar.

(a) Amounts represent the aggregate grant date fair value of awards in the year of grant in accordance with the same standard applied for financial accounting purposes, Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. No performance shares were granted in 2018. See Note 20 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein to the pertinent pages thereof filed as Exhibit 99.2 to the Form 10.

(b) Historical Dow’s valuation for financial accounting purposes uses the widely accepted Black-Scholes option valuation model and is otherwise computed in accordance with FASB ASC Topic 718. The option value calculated for the Dow NEOs’ grants on February 15, 2018 was $15.46 with exercise price of $71.85 based on the closing share price of DowDuPont stock on the grant date. In addition, Ms. Wilson received an option grant, reflective of her new role as General Counsel of Historical Dow, on October 10, 2018, with the option value calculated at $12.91 and an exercise price of $59.32 using the closing share price of DowDuPont on the grant date. See Note 20 to the Historical Dow 2018 Financial Statements, which are incorporated by reference herein to the pertinent pages thereof filed as Exhibit 99.2 to the Form 10, for a discussion of the assumptions used in calculating these values.

(c) Individual results for Non-Equity Incentive Plan Compensation are detailed in the section above entitled “Compensation Discussion and Analysis—2018 Compensation Decisions—Annual Incentive Compensation—Annual Performance Award” and reflect income paid in 2019 under Historical Dow’s annual Performance Award program for performance achieved in 2018.

(d) “All Other Compensation” includes perquisites, other personal benefits and the company contributions to both qualified and non-qualified defined company contribution plans. Perquisites and personal benefits include: personal use of aircraft (as required by the company for security and immediate availability reasons) and related travel expenses, company car, certain tax reimbursements to the NEOs, financial and tax planning support, home security, executive physical examinations and related travel expenses and personal
excess liability insurance premiums. Personal use of aircraft includes use of corporate aircraft for travel to outside board meetings and to company provided executive physicals. The incremental cost to Historical Dow of personal use of Historical Dow aircraft is calculated based on published industry rates by Conklin & de Decker Associates, Inc. for the variable operating costs to Historical Dow including fuel, landing, catering, handling, aircraft maintenance and pilot travel costs. Fixed costs, which do not change based upon usage, such as pilot salaries or depreciation of the aircraft or maintenance costs not related to personal travel, are excluded. The Dow NEOs also are provided a tax reimbursement for taxes incurred when a spouse travels for business purposes as it is sometimes necessary for spouses to accompany NEOs to business functions. These taxes are incurred because of the Internal Revenue Service’s rules governing business travel by spouses and Historical Dow reimburses the associated taxes. No NEO is provided a tax reimbursement for personal use of aircraft. Tax reimbursements may also be provided to NEOs for certain company provided or reimbursed relocation expenses, if applicable.

The following other compensation items exceeded $10,000 in value:

I. Mr. Fitterling: Historical Dow contributions to savings plans ($60,898), personal use of company aircraft as required by company policy for security and immediate availability purposes ($57,848), financial and tax planning ($34,203), tax reimbursement ($21,403), home security ($15,558)

II. Mr. Ungerleider: Historical Dow contributions to savings plans ($59,309) and financial and tax planning ($32,027)

III. Mr. Sreeram: Personal use of company aircraft for outside board travel and executive health physical ($31,409), Historical Dow contributions to savings plans ($28,879)

IV. Ms. Wilson: Historical Dow contributions to savings plans ($28,879)

Grants of Plan-Based Awards

The following table provides additional information about plan-based compensation disclosed in the Summary Compensation Table.

---

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant Date</th>
<th>Date of Action by the Compensation Committee</th>
<th>Estimated Future Payouts Under Non-Equity Incentive Plan Awards</th>
<th>Estimated Future Payouts Under Equity Incentive Plan Awards (a)</th>
<th>All Other Stock Awards: Number of Shares of Stock or Units (#)(b)</th>
<th>All Other Option Awards: Number of Securities Underlying Options (#)(c)</th>
<th>Exercise or Base Price of Option Awards ($/Sh)</th>
<th>Grant Date Fair Value of Stock and Option Awards ($) (d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Fitterling</td>
<td>02/15/2018</td>
<td>02/15/2018</td>
<td>0,1,482,146</td>
<td>2,964,293</td>
<td>307,245</td>
<td>268,435</td>
<td>168,180</td>
<td>168,180</td>
</tr>
<tr>
<td>Howard Ungerleider</td>
<td>02/15/2018</td>
<td>02/15/2018</td>
<td>0,1,332,313</td>
<td>2,664,626</td>
<td>268,435</td>
<td>195,105</td>
<td>1,860,073</td>
<td>1,860,073</td>
</tr>
<tr>
<td>A.N. Sreeram</td>
<td>02/15/2018</td>
<td>02/15/2018</td>
<td>0,748,173</td>
<td>1,496,347</td>
<td>168,180</td>
<td>144,080</td>
<td>1,160,673</td>
<td>1,160,673</td>
</tr>
<tr>
<td>Amy E. Wilson</td>
<td>02/15/2018</td>
<td>02/15/2018</td>
<td>0,580,008</td>
<td>1,160,016</td>
<td>2720</td>
<td>12,620</td>
<td>195,432</td>
<td>195,432</td>
</tr>
<tr>
<td>Peter Holicki</td>
<td>02/15/2018</td>
<td>02/15/2018</td>
<td>0,177,000</td>
<td>354,000 (e)</td>
<td>144,080</td>
<td>59,32</td>
<td>1,860,073</td>
<td>1,860,073</td>
</tr>
</tbody>
</table>

(a) Performance share awards were not granted in 2018.

(b) RSUs were not granted to any Dow NEOs as part of the annual grant, with the exception of Ms. Wilson due to the non-executive role she held during part of calendar year 2018. Mr. Ungerleider received a one-time RSU grant on March 12, 2018.

(c) Stock option awards as described in the section above entitled “Compensation Discussion and Analysis—2018 Compensation Decisions—Long-Term Incentive (LTI) Compensation.” Ms. Wilson received an option grant, reflective of her new role as General Counsel of Historical Dow, on October 10, 2018.

(d) Amounts represent the aggregate grant date fair value of awards in the year of grant in accordance with the same standard applied for financial accounting purposes consistent with the values shown in the Summary Compensation Table.

(e) Incentive Award grant to Ms. Wilson. See the section above entitled “Compensation Discussion and Analysis—2018 Compensation Decisions—Synergy and Speed to Spin Incentives.”

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Outstanding Equity Awards

The following table lists outstanding equity grants for each Dow NEO as of December 31, 2018, including outstanding equity grants from past years. See the section entitled “Compensation Discussion and Analysis—Treatment of Equity Awards Outstanding at the Time of the Distribution” for a description of the treatment of these awards in connection with the distribution.

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant Date</th>
<th>Option Awards</th>
<th>Stock Awards</th>
<th>Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (c) (d)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number of Securities Underlying Exercisable Options (#)</td>
<td>Number of Securities Underlying Unexercisable Options (#)</td>
<td>Number of Shares or Units of Stock That Have Not Vested (#) (b)</td>
</tr>
<tr>
<td>Jim Fitterling</td>
<td>02/11/2011</td>
<td>118,090</td>
<td>–</td>
<td>02/11/2021 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/15/2013</td>
<td>178,210</td>
<td>–</td>
<td>02/15/2023 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/14/2014</td>
<td>96,220</td>
<td>–</td>
<td>02/14/2024 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/13/2015</td>
<td>95,610</td>
<td>–</td>
<td>02/13/2025 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/12/2016</td>
<td>86,758</td>
<td>43,382</td>
<td>02/12/2026 81,562 4,361,936 – –</td>
</tr>
<tr>
<td></td>
<td>02/10/2017</td>
<td>32,896</td>
<td>65,794</td>
<td>02/10/2027 67,278 3,598,027 – –</td>
</tr>
<tr>
<td></td>
<td>11/26/2017</td>
<td>–</td>
<td>–</td>
<td>14,259 2,254,663 – –</td>
</tr>
<tr>
<td></td>
<td>02/15/2018</td>
<td>–</td>
<td>307,245</td>
<td>02/15/2028 n/a n/a n/a n/a</td>
</tr>
<tr>
<td>Howard Ungerleider</td>
<td>02/13/2009</td>
<td>2,788</td>
<td>–</td>
<td>02/13/2019 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/12/2010</td>
<td>22,400</td>
<td>–</td>
<td>02/12/2020 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/11/2011</td>
<td>18,600</td>
<td>–</td>
<td>02/11/2021 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/10/2012</td>
<td>82,420</td>
<td>–</td>
<td>02/10/2022 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/13/2015</td>
<td>95,610</td>
<td>–</td>
<td>02/13/2025 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/12/2016</td>
<td>71,232</td>
<td>35,618</td>
<td>02/12/2026 66,980 3,582,090 – –</td>
</tr>
<tr>
<td></td>
<td>02/10/2017</td>
<td>28,739</td>
<td>57,481</td>
<td>02/10/2027 58,772 3,143,127 – –</td>
</tr>
<tr>
<td></td>
<td>11/26/2017</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a 42,159 2,254,663 – –</td>
</tr>
<tr>
<td></td>
<td>02/15/2018</td>
<td>–</td>
<td>268,435</td>
<td>02/15/2028 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>03/12/2018</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a 70,087 3,748,253 – –</td>
</tr>
<tr>
<td>A.N. Sreeram</td>
<td>02/13/2015</td>
<td>15,508</td>
<td>–</td>
<td>02/13/2025 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/12/2016</td>
<td>16,969</td>
<td>33,941</td>
<td>02/12/2026 31,916 1,706,868 – –</td>
</tr>
<tr>
<td></td>
<td>02/10/2017</td>
<td>18,006</td>
<td>36,014</td>
<td>02/10/2027 36,838 1,970,096 – –</td>
</tr>
<tr>
<td></td>
<td>11/26/2017</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a – – 14,053 751,554</td>
</tr>
<tr>
<td></td>
<td>02/15/2018</td>
<td>–</td>
<td>168,180</td>
<td>02/15/2028 n/a n/a n/a n/a</td>
</tr>
<tr>
<td>Amy E. Wilson</td>
<td>02/13/2015</td>
<td>5,950</td>
<td>–</td>
<td>02/13/2025 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/12/2016</td>
<td>4,206</td>
<td>2,104</td>
<td>02/12/2026 3,950 211,246 – –</td>
</tr>
<tr>
<td></td>
<td>02/10/2017</td>
<td>1,593</td>
<td>3,187</td>
<td>02/10/2027 3,269 174,826 – –</td>
</tr>
<tr>
<td></td>
<td>02/15/2018</td>
<td>–</td>
<td>12,620</td>
<td>02/15/2028 2,720 145,466 – –</td>
</tr>
<tr>
<td></td>
<td>10/10/2018</td>
<td>–</td>
<td>144,080</td>
<td>10/10/2028 n/a n/a n/a n/a</td>
</tr>
<tr>
<td>Peter Holicki</td>
<td>02/12/2010</td>
<td>12,500</td>
<td>–</td>
<td>02/12/2020 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/11/2011</td>
<td>14,100</td>
<td>–</td>
<td>02/11/2021 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/10/2012</td>
<td>21,460</td>
<td>–</td>
<td>02/10/2022 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/13/2013</td>
<td>30,300</td>
<td>–</td>
<td>02/13/2023 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/14/2014</td>
<td>28,440</td>
<td>–</td>
<td>02/14/2024 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/13/2015</td>
<td>38,760</td>
<td>–</td>
<td>02/13/2025 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/12/2016</td>
<td>27,398</td>
<td>13,702</td>
<td>02/12/2026 25,776 1,378,500 – –</td>
</tr>
<tr>
<td></td>
<td>02/10/2017</td>
<td>11,773</td>
<td>23,547</td>
<td>02/10/2027 24,089 1,288,280 – –</td>
</tr>
<tr>
<td></td>
<td>11/26/2017</td>
<td>–</td>
<td>23,547</td>
<td>11/26/2027 n/a n/a n/a n/a</td>
</tr>
<tr>
<td></td>
<td>02/15/2018</td>
<td>–</td>
<td>109,970</td>
<td>02/15/2028 n/a n/a n/a n/a</td>
</tr>
</tbody>
</table>

(a) Stock option award grants vest in three equal installments on the first, second and third anniversaries of the grant date shown in the table.

(b) RSUs, including those shares associated with the conversion of Historical Dow performance and deferred share awards upon the closing of the Merger, vest and are delivered three years after the grant date.

(c) Market values based on the December 31, 2018 closing stock price of $53.48 per share of DowDuPont common stock.

(d) These PSUs are associated with Synergy Grants. See the section entitled “Compensation Discussion and Analysis—2018 Compensation Decisions Synergy and Speed to Spin Incentives.”
Option Exercises and Stock Vested

The following table summarizes the value received by the Dow NEOs from stock options exercised and stock grants vested during 2018.

**OPTION EXERCISES AND STOCK VESTED FOR 2018**

<table>
<thead>
<tr>
<th>Name</th>
<th>Option Awards</th>
<th>Stock Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Shares Acquired on Exercise (#)</td>
<td>Value Realized on Exercise ($)</td>
</tr>
<tr>
<td>Jim Fitterling</td>
<td>10,500</td>
<td>372,120</td>
</tr>
<tr>
<td>Howard Ungerleider</td>
<td>39,250</td>
<td>1,490,198</td>
</tr>
<tr>
<td>A.N. Sreeram</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Amy E. Wilson</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Peter Holicki</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

(a) Reflects delivery of shares from Historical Dow’s 2015-2017 Performance Share program, even if elected to receive as cash, and Historical Dow 2015 Deferred Stock grants with three-year vesting.

Benefits

**Pension Benefits**

The following table lists the pension program participation and actuarial present value of each Dow NEO’s defined benefit pension as of December 31, 2018.

**PENSION BENEFITS AS OF DECEMBER 31, 2018**

<table>
<thead>
<tr>
<th>Name</th>
<th>Plan Name</th>
<th>Number of Years Credited Service (#)</th>
<th>Present Value of Accumulated Benefit ($)</th>
<th>Payments During Last Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Fitterling</td>
<td>Dow Employees’ Pension Plan</td>
<td>35.0</td>
<td>1,600,385</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Dow Executives’ Supplemental Retirement Plan</td>
<td>35.0</td>
<td>1,281,962</td>
<td>–</td>
</tr>
<tr>
<td>Howard Ungerleider</td>
<td>Dow Employees’ Pension Plan</td>
<td>28.5</td>
<td>995,236</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Dow Executives’ Supplemental Retirement Plan</td>
<td>28.5</td>
<td>501,511</td>
<td>–</td>
</tr>
<tr>
<td>A.N. Sreeram</td>
<td>Dow Employees’ Pension Plan</td>
<td>12.6</td>
<td>670,963</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Dow Executives’ Supplemental Retirement Plan</td>
<td>12.6</td>
<td>457,281</td>
<td>–</td>
</tr>
<tr>
<td>Amy E. Wilson</td>
<td>Dow Employees’ Pension Plan</td>
<td>18.2</td>
<td>725,399</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Dow Executives’ Supplemental Retirement Plan</td>
<td>18.2</td>
<td>628,552</td>
<td>–</td>
</tr>
<tr>
<td>Peter Holicki (b)</td>
<td>Betriebliche Versorgungsregelungen 1993</td>
<td>31.6</td>
<td>7,402,644</td>
<td>–</td>
</tr>
</tbody>
</table>

(a) Unless otherwise noted, all present values reflect immediate commencement of pension benefits. The form of payment, discount rate (4.41%) and mortality (RP 2014) are based on assumptions used to determine pension plan obligations as reflected in Note 19 to the Historical Dow 2018 Financial Statements, the pertinent pages of which are filed as Exhibit 99.2 to the Form 10.

(b) Unless otherwise noted, all present values reflect benefits payable at the normal retirement age under each plan. The form of payment, discount rate (1.856%), mortality (Heubeck 2018 G), COLA increase assumption (1.75%) and currency conversion rate (1 EUR = US$ 1.143602) are based on assumptions used to determine pension plan obligations as reflected in Note 19 to the Historical Dow 2018 Financial Statements, the pertinent pages of which are filed as Exhibit 99.2 to the Form 10.

**Pension Benefits – Additional Information**

The Dow Employees’ Pension Plan

For employees hired prior to January 1, 2008: Historical Dow provides the Dow Employees’ Pension Plan (the “DEPP”) for TDCC’s U.S. employees and for employees of some of TDCC’s wholly owned U.S. subsidiaries.
Upon retirement, employees receive an annual pension under the DEPP formula subject to statutory limitations. The benefit is paid in the form of a monthly annuity and is calculated based on the sum of the employee’s yearly basic and supplemental accruals up to a maximum of 425 percent for basic accruals and 120 percent for supplemental accruals.

- Basic accruals equal the employee’s highest consecutive three-year average compensation multiplied by a percentage ranging from 4 percent to 18 percent based on the age of the employee in the years earned.
- Supplemental accruals are for compensation in excess of a rolling 36-month average of the Social Security wage base. Supplemental accruals range from 1 percent to 4 percent, based on the age of the employee in the years earned.

The sum of the basic and supplemental accruals is divided by a conversion factor to calculate an immediate monthly benefit. If the employee terminates employment before age 65 and defers payment of the benefit, the account balance calculated under this formula will be credited with interest. All Dow NEOs except Mr. Holicki participate in the DEPP.

Betriebliche Versorgungsregelungen 1993 (BVR 1993)

For German employees hired before 2005, Historical Dow provides the Betriebliche Versorgungsregelungen 1993 ("German Pension Plan"). The primary component of the German Pension Plan provides a benefit equal to 0.5 percent of the employee’s highest average three years’ pensionable pay up to the Social Security Contribution Ceiling (SSCC) and 1.5 percent for the portion above the SSCC multiplied by the number of years of credited pension service. In addition to this primary component, there is a cash balance benefit earned each year. The cash balance contribution each year is equal to 4.8 percent of pensionable pay.

Pensionable pay is calculated using base pay only. The benefits under the primary component are paid as a monthly annuity with actuarial reductions taken if the employee retires before normal retirement age. The cash balance can be elected as either a monthly annuity or a lump sum. Benefits in pay are increased in accordance with pension regulations. Mr. Holicki is the only Dow NEO who participates in the German Pension Plan.

The Dow Executives’ Supplemental Retirement Plan

Because the Code limits the benefits otherwise provided by the DEPP, the board of directors of TDCC adopted the Executives’ Supplemental Retirement Plan (the “ESRP”) to provide Historical Dow employees who participate in the DEPP with non-qualified benefits calculated under the same formulas described above. Some parts of the supplemental benefit may be taken in the form of a lump sum depending upon date of hire and plan participation. All Dow NEOs except Mr. Holicki participate in the ESRP.

Dow Employees’ Savings Plan

Historical Dow provides all U.S. salaried employees the opportunity to participate in a 401(k) plan—The Dow Chemical Company Employees’ Savings Plan (which is referred to herein as the “Savings Plan”). In 2018, for salaried employees of Historical Dow who contributed 2 percent of annual salary, Historical Dow provided a matching contribution of 100 percent of the employee’s contribution. For salaried employees who contributed up to an additional 4 percent, Historical Dow provided a 50 percent match. All Dow NEOs except Mr. Holicki participate in the 401(k) plan on the same terms as other eligible employees.
Non-Qualified Deferred Compensation

The following table provides information on compensation that the Dow NEOs elected to defer during 2018, with respect to those individuals who elected to participate in Historical Dow’s deferred compensation program.

### NON-QUALIFIED DEFERRED COMPENSATION FOR 2018

<table>
<thead>
<tr>
<th>Name</th>
<th>Executive Contributions in Last Fiscal Year ($) (a)</th>
<th>Historical Dow Contributions in Last Fiscal Year ($) (b)</th>
<th>Aggregate Earnings in Last Fiscal Year ($)</th>
<th>Aggregate Withdrawals/Distributions ($)</th>
<th>Aggregate Balance at Last Fiscal Year-End ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Fitterling</td>
<td>58,905</td>
<td>32,019</td>
<td>(124,313)</td>
<td>–</td>
<td>1,574,437</td>
</tr>
<tr>
<td>Howard Ungerleider</td>
<td>55,157</td>
<td>30,430</td>
<td>(10,543)</td>
<td>–</td>
<td>93,384</td>
</tr>
<tr>
<td>A.N. Sreeram</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Amy E. Wilson</td>
<td>8,354</td>
<td>–</td>
<td>(477)</td>
<td>–</td>
<td>7,877</td>
</tr>
<tr>
<td>Peter Holicki</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

(a) Executive contributions are included in salary for 2018 in the Summary Compensation Table above.

(b) Historical Dow contributions are included in All Other Compensation for 2018 in the Summary Compensation Table above.

Dow Elective Deferral Plan

Because the Code limits contributions to The Dow Chemical Company Employees’ Savings Plan, the board of directors of TDCC adopted the Elective Deferral Plan (the “EDP”) in order to further assist employees in saving for retirement. The EDP allows participants to voluntarily defer the receipt of base salary (maximum deferral of 75 percent) and Performance Award (maximum deferral of 100 percent).

Each participant enrolled in the EDP receives a matching contribution using the same formula authorized for salaried participants under the Savings Plan for employer matching contributions. The current formula provides for a matching contribution on the first 6 percent of base salary deferred. For purposes of calculating the match under the EDP, Dow will assume each participant is contributing the maximum allowable amount to the Savings Plan and receiving a match thereon. The assumed match from the Savings Plan will be offset from the matching contribution calculated under the EDP. The NEOs’ balances consist primarily of voluntary deferrals (and related earnings), not contributions made by Dow.

Investment choices include a fund with an interest rate equal to the sum of the 60-month rolling average of ten-year U.S. Treasury Note yield plus the current five-year Dow credit spread, as well as the line-up of funds available under the Savings Plan.

Other Retirement Benefits

Except for Mr. Sreeram and Ms. Wilson, all of the Dow NEOs are currently retirement eligible. In the event of their retirement, the Dow NEOs are entitled to receive benefits similar to most other salaried U.S. employees of Historical Dow, except Mr. Holicki who is entitled to receive benefits similar to other similarly situated German employees of Historical Dow. These benefits are described in the table below, together with the impact of various types of separation events on the different compensation elements the Dow NEOs receive.

All of the Dow NEOs are also entitled to additional benefits in the case of an involuntary termination without cause or a change in control event as described in the section below and in the section entitled “—Potential Payments upon Termination or Change in Control.”
**Retirement, Death, or Disability**

The Dow NEOs are entitled to receive benefits and equity award treatment in the event of their retirement, death or disability, similar to most other salaried U.S. employees of Historical Dow (and, for Mr. Holicki, similar to other similarly situated German employees of Historical Dow) as summarized in the table below:

<table>
<thead>
<tr>
<th><strong>Base Salary</strong></th>
<th>Paid through date of separation on the normal schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Incentive</strong></td>
<td>Prorated for the portion of the year worked and paid on the normal schedule</td>
</tr>
<tr>
<td><strong>LTI Awards</strong></td>
<td>Age/Service Requirements Met: If an executive meets the age 55 and 10-year service requirement, the executive’s LTI awards will be subject to the following treatment:</td>
</tr>
<tr>
<td></td>
<td>• Stock Options: Vesting and expiration periods remain unchanged, except that grants made in the same year as termination vest pro-rata for the portion of the year worked.</td>
</tr>
<tr>
<td></td>
<td>• RSUs and PSUs: Vesting and delivery dates remain unchanged, except that grants made in the same year as termination vest pro-rata for the portion of the year worked.</td>
</tr>
<tr>
<td>Age/Service Requirements Not Met: If an executive does not meet these age and service requirements, other than in the event of a voluntary separation, the executive’s LTI awards will be subject to the following treatment:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Stock Options: Vesting and expiration periods are shortened to the earlier of the existing expiration date or one year.</td>
</tr>
<tr>
<td></td>
<td>• RSUs: Grants are prorated for the number of days worked during the vesting period. Vesting and delivery dates remain unchanged.</td>
</tr>
<tr>
<td></td>
<td>• PSUs: Grants are prorated for the number of days worked during the performance period. Vesting periods and delivery dates remain unchanged.</td>
</tr>
<tr>
<td><strong>Voluntary Separation:</strong></td>
<td>If the executive voluntarily separates before meeting the age and service requirements of a particular grant, such grant is forfeited.</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Eligible for retiree medical and life insurance coverage, subject to their respective country’s policy and practice</td>
</tr>
<tr>
<td><strong>Retirement Plans</strong></td>
<td>Participants have access to the following retirement plan benefits, subject to their respective elections and pursuant to the applicable plan features:</td>
</tr>
<tr>
<td></td>
<td>• Defined contribution 401(k) plans</td>
</tr>
<tr>
<td></td>
<td>• Non-qualified deferred compensation programs (see discussion above under the section titled “Non-Qualified Deferred Compensation”).</td>
</tr>
<tr>
<td></td>
<td>• Pension benefits (see discussion above under the section entitled “Pension Benefits” and “Pension Benefits—Additional Information”).</td>
</tr>
</tbody>
</table>
Involuntary Termination with Cause

In the event of an involuntary termination with cause, all outstanding equity grants are forfeited and incentive income (including LTI) may be recovered by Historical Dow as described in its Executive Compensation Recovery Policy.

Involuntary Termination without Cause

In the event of an involuntary termination without cause, executives’ LTI grants will be treated as described in the table above, depending on whether the executive met the age and years of service requirements referenced above. The Dow NEOs are also entitled to receive certain additional benefits in the event of an involuntary termination without cause, as described below under “Potential Payments upon Termination or Change in Control.”

Potential Payments upon Termination or Change in Control

Dow does not have and does not intend to enter into change-in-control severance or similar agreements with the Dow executive officers, continuing the policy of Historical Dow, which has prohibited new change-in-control agreements since 2007. Equity awards held by Historical Dow employees and officers have a double trigger change in control provision whereby the awards will become fully vested upon the holder’s involuntary termination of employment without cause within 24 months following a change in control (which included the Merger with respect to then-outstanding awards).

In addition to these benefits, all of the Dow NEOs except Mr. Holicki will receive the following additional benefits upon an involuntary termination without cause:

- A lump-sum severance payment of two weeks per year of service (up to a maximum of 18 months) under the U.S. Severance Plan, plus six months base salary under the Executive Severance Supplement. The U.S. Severance Plan covers most salaried employees in the United States.
- Outplacement counseling and financial/tax planning with a value of $30,000.
- If eligible for retiree medical (as described above under “Other Retirement Benefits”), eighteen months of health and welfare benefits at employee rates.

Mr. Holicki will receive additional benefits upon an involuntary termination without cause based on Dow’s policy and practice for severance in Germany:

- A lump sum severance payment calculated for employees with at least twenty years of service (a) and under the age of sixty-one, on an annualized monthly base multiplied by years of service (maximum 24) times 1.25; or (b) and over sixty, on an annualized monthly basis multiplied by years of service (maximum 24).
- Outplacement counseling and financial/tax planning with a value of $30,000.

The following table summarizes the compensation and benefits that the Dow NEOs would have received under Historical Dow’s existing plans and arrangements had a change in control of DowDuPont occurred on December 31, 2018 or had their employment been terminated on that date under specified circumstances. The amounts shown are not necessarily indicative of what Dow will pay under similar circumstances because Dow has not yet determined what change in control or termination plans it will adopt and because a wide variety of factors can affect payment amounts, which, as a result, can be determined with certainty only when an actual change in control or termination event occurs.

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## IN VOLUNTARY TERMINATION OR CHANGE IN CONTROL VALUES

<table>
<thead>
<tr>
<th>Name</th>
<th>Type of Benefit</th>
<th>Involuntary Termination Without Cause ($) (a)</th>
<th>Change-in-Control ($) (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Fitterling</td>
<td>Severance</td>
<td>2,189,017</td>
<td>2,189,017</td>
</tr>
<tr>
<td></td>
<td>Double Trigger LTI Acceleration</td>
<td>n/a</td>
<td>10,538,690</td>
</tr>
<tr>
<td></td>
<td>Increase in Present Value of Pension</td>
<td>n/a</td>
<td>110,444</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Welfare Benefits</td>
<td>27,495</td>
<td>27,495</td>
</tr>
<tr>
<td></td>
<td>Outplacement &amp; Financial Planning</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Howard Ungerleider</td>
<td>Severance</td>
<td>1,772,148</td>
<td>1,772,148</td>
</tr>
<tr>
<td></td>
<td>Double Trigger LTI Acceleration</td>
<td>n/a</td>
<td>12,994,200</td>
</tr>
<tr>
<td></td>
<td>Increase in Present Value of Pension</td>
<td>n/a</td>
<td>80,765</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Welfare Benefits</td>
<td>6,705</td>
<td>6,705</td>
</tr>
<tr>
<td></td>
<td>Outplacement &amp; Financial Planning</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>A. N. Sreeram</td>
<td>Severance</td>
<td>775,435</td>
<td>775,435</td>
</tr>
<tr>
<td></td>
<td>Double Trigger LTI Acceleration</td>
<td>n/a</td>
<td>4,682,058</td>
</tr>
<tr>
<td></td>
<td>Increase in Present Value of Pension</td>
<td>n/a</td>
<td>68,824</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Welfare Benefits</td>
<td>31,105</td>
<td>31,105</td>
</tr>
<tr>
<td></td>
<td>Outplacement &amp; Financial Planning</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Amy E. Wilson</td>
<td>Severance</td>
<td>696,010</td>
<td>696,010</td>
</tr>
<tr>
<td></td>
<td>Double Trigger LTI Acceleration</td>
<td>n/a</td>
<td>547,255</td>
</tr>
<tr>
<td></td>
<td>Increase in Present Value of Pension</td>
<td>n/a</td>
<td>106,723</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Welfare Benefits</td>
<td>16,785</td>
<td>16,785</td>
</tr>
<tr>
<td></td>
<td>Outplacement &amp; Financial Planning</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Peter Holicki</td>
<td>Severance</td>
<td>1,575,913</td>
<td>1,575,913</td>
</tr>
<tr>
<td></td>
<td>Double Trigger LTI Acceleration</td>
<td>n/a</td>
<td>4,272,243</td>
</tr>
<tr>
<td></td>
<td>Increase in Present Value of Pension</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Welfare Benefits</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Outplacement &amp; Financial Planning</td>
<td>30,000</td>
<td>30,000</td>
</tr>
</tbody>
</table>

(a) While, due to the Merger, as of December 31, 2018 each of the Dow NEOs would have qualified for separation payments applicable under a change in control had they been terminated on an involuntary basis without cause, figures in this column are presented as if no underlying change in control triggering event existed.

(b) An executive must meet the double trigger requirement of being involuntarily terminated within two years of a change in control in order to receive benefits. In addition, the LTI acceleration value in this table includes performance shares at target.
CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Agreements with Dow, DowDuPont and Corteva

In connection with the separation, Dow will enter into certain agreements that will effect the separation, provide for the allocation of DowDuPont’s assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) among Dow, New DuPont and Corteva, and provide a framework for Dow’s relationship with New DuPont and Corteva following the separation and distribution. For a summary of the terms of certain of the agreements that Dow will enter into with DowDuPont and Corteva prior to the separation, see the section entitled “Dow’s Relationship with New DuPont and Corteva Following the Distribution.”

Review and Approval of Transactions with Related Persons

The Dow board of directors will adopt a written policy relating to the approval or ratification of related person transactions. Under this written policy, the Corporate Governance Committee will be responsible for reviewing the material facts of all transactions that could potentially be “transactions with related persons.”
Until the distribution, Dow NewCo will continue to be a wholly owned subsidiary of DowDuPont.

The following tables set forth information with respect to the expected beneficial ownership of Dow common stock immediately following the distribution by: (1) each person who is known by Dow to beneficially own more than five percent of the issued and outstanding DowDuPont common stock, which persons would be expected to beneficially own more than five percent of the issued and outstanding Dow common stock upon the distribution, (2) each of the expected directors and director nominees of Dow and each of the Dow NEOs and (3) all of Dow’s expected directors, director nominees and executive officers as a group.

Except as noted below, Dow has calculated each person’s beneficial ownership of Dow common stock based on the person’s beneficial ownership of DowDuPont common stock as of \[\text{\textcopyright\textregistered}\] after giving effect to a distribution ratio of \[\text{\textcopyright\textregistered}\] shares of Dow common stock for every \[\text{\textcopyright\textregistered}\] shares of DowDuPont common stock. Immediately following the distribution, Dow estimates that approximately \[\text{\textcopyright\textregistered}\] shares of Dow common stock will be issued and outstanding, based on \[\text{\textcopyright\textregistered}\] shares of DowDuPont common stock issued and outstanding as of \[\text{\textcopyright\textregistered}\], 2019. The actual number of outstanding shares of Dow common stock following the distribution will be determined on the record date.

Security Ownership of Certain Beneficial Owners

Based solely on the information filed with the SEC pursuant to section 13(d) or 13(g) of the Exchange Act and publicly available as of \[\text{\textcopyright\textregistered}\], Dow anticipates the following stockholders will beneficially own more than five percent of the outstanding shares of Dow common stock immediately following the distribution. The following table will be populated by amendment to the Form 10 to provide such information.

<table>
<thead>
<tr>
<th>Name and Address of Beneficial Owner</th>
<th>Number of Shares of DowDuPont Common Stock</th>
<th>Number of Shares of Dow common stock</th>
<th>Percent of Dow Shares Outstanding</th>
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Security Ownership of Directors and Executive Officers

The following table will be populated by amendment to the Form 10 to provide information regarding beneficial ownership of each of the expected directors and director nominees of Dow and each of the Dow NEOs as well as all of the expected directors, director nominees and executive officers of Dow as a group. The address of each director, director nominee and executive officer shown in the table below is c/o Dow Holdings Inc., 2211 H.H. Dow Way, Midland, Michigan 48674.

<table>
<thead>
<tr>
<th>Name of Director / Executive Officer</th>
<th>Number of Shares of DowDuPont Common Stock</th>
<th>Number of Shares of Dow common stock</th>
<th>Percent of Dow Shares Outstanding</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>

All directors and executive officers as a group (\[\text{\textcopyright\textregistered}\] persons)

*Less than one percent
DOW’S RELATIONSHIP WITH NEW DUPONT AND CORTEVA
FOLLOWING THE DISTRIBUTION

In connection with the intended separation of DowDuPont into three independent, publicly traded companies, Dow, DowDuPont and Corteva will enter into certain agreements that will effect the separation of DowDuPont’s agriculture, materials science and specialty products businesses, including by providing for the allocation among Dow, New DuPont and Corteva of DowDuPont’s assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities), and will provide a framework for Dow’s relationship following the distribution with New DuPont and Corteva. The following is a summary of the material terms of certain of these agreements.

The terms of the agreements described below that will be in effect following the separation have not yet been finalized; changes to these agreements, some of which may be material, may be made prior to Dow’s separation from DowDuPont. Following the separation and distribution, however, no changes to such agreements may be made without Dow’s consent.

Separation Agreement

Prior to the separation and distribution, Dow NewCo intends to enter into a separation and distribution agreement with DowDuPont and Corteva. The separation agreement will set forth Dow’s agreement with DowDuPont and Corteva regarding the principal actions to be taken in connection with the separation, including those related to the Internal Reorganization and Business Realignment. It will also set forth other agreements that govern certain aspects of Dow’s relationship with New DuPont and Corteva following the separation and distribution. This summary of the separation agreement is qualified in its entirety by reference to the full text of the agreement, which will be filed as an exhibit in an amendment to the Form 10.

Transfer of Assets and Assumption of Liabilities. The separation agreement will identify assets and liabilities to be allocated to each of Dow, Corteva and New DuPont as part of the separation of DowDuPont into three companies. We note, however that (x) the allocation of employee-related liabilities (including pension liabilities) and related assets is set forth in the employee matters agreement (see the section below entitled “—Employee Matters Agreement” for a summary of such allocation) and (y) the allocation of tax liabilities and assets is set forth in the tax matters agreement (see the section below entitled “—Tax Matters Agreement” for a summary of such allocation). In particular, the separation agreement will provide that, subject to the terms and conditions contained in the separation agreement:

**Assets**

- Generally, assets primarily related to the agriculture business, materials science business or specialty products business will be assigned to or retained by Corteva, Dow or New DuPont, respectively;
- Dow NewCo, Corteva or New DuPont, as applicable, will be allocated the equity interests of subsidiaries that are intended to be each of their respective subsidiaries after the distributions (which, for Dow NewCo, includes TDCC and the other subsidiaries listed in Exhibit 21.1 to the Form 10);
- Dow will accept or retain certain real property set forth on a schedule (including the former headquarters of TDCC), Corteva will accept or retain certain real property set forth on a schedule and New DuPont will accept or retain certain real property set forth on a schedule (including the former headquarters of EID);
- Generally, Dow will be allocated all of the financial assets that are related to the materials science business and all financial assets of Historical Dow that are not related to the agriculture business, specialty products business or materials science business;
- Generally, Corteva will be allocated all of the financial assets that are related to the agriculture business and a to-be-determined specified percentage of all financial assets of Historical DuPont that are not related to the agriculture business, the materials science business or the specialty products business;
• Generally, New DuPont will be allocated all of the financial assets that are related to the specialty products business and a to-be-determined specified percentage of all financial assets of Historical DuPont that are not related to the specialty products business, the materials science business or the agriculture business;

• Dow will be allocated the Dow name and all Dow brands, Corteva will be allocated the Corteva name and all Corteva and Corteva Agriscience brands, and New DuPont will be allocated the DuPont name and all DuPont brands, subject, in each case, to certain licenses described in more detail in the section below entitled “—Transitional Trademark House Marks License Agreement”;

Liabilities

• Generally, liabilities primarily related to the agriculture business, materials science business or specialty products business will be assigned to or retained by Corteva, Dow and New DuPont, respectively;

• Each of Dow, Corteva and New DuPont will generally retain or assume any liabilities (including under applicable federal and state securities laws) relating to any disclosure document filed or furnished with the SEC in connection with the separation (including, with respect to Dow, the Form 10 and this information statement, and, with respect to Corteva, the registration statement on Form 10 and related information statement filed by Corteva) based on information supplied by (i) Historical Dow, in the case of Dow, and (ii) Historical DuPont, in the case of Corteva and New DuPont;

• Historical Dow liabilities for borrowed money that were incurred or guaranteed by Dow (including those of TDCC) will be retained or assumed by Dow;

• Historical DuPont liabilities for borrowed money that were incurred or guaranteed by Corteva (including EID) will be retained or assumed by Corteva or the applicable subsidiary;

• Historical DuPont liabilities for borrowed money that were incurred or guaranteed by New DuPont, as well as those of DowDuPont, will be retained or assumed by New DuPont;

• Generally, Dow will be allocated all of the other financial liabilities that are related to the materials science business and all of the other financial liabilities of Historical Dow that are not related to the agriculture business, the specialty products business or the materials science business;

• Generally, Corteva will be allocated all of the other financial liabilities that are related to the agriculture business and a to-be-determined specified percentage of all financial liabilities of Historical DuPont that are not related to the agriculture business, the materials science business or the specialty products business;

• Generally, New DuPont will be allocated all of the other financial liabilities that are related to the specialty products business and a to-be-determined specified percentage of all financial liabilities of Historical DuPont that are not related to the agriculture business, the materials science business or the specialty products business;

• Corteva will retain or assume a to-be-determined specified percentage and New DuPont will retain or assume a to-be-determined specified percentage of liabilities for costs and expenses incurred relating to the transfer of (i) materials science assets of Historical DuPont to Dow and (ii) agriculture assets and specialty products assets of Historical DuPont to Corteva and New DuPont, respectively;

• Dow will retain or assume liabilities for costs and expenses relating to the transfer of agriculture assets, specialty products assets and materials science assets of Historical Dow to Corteva, New DuPont and Dow, respectively;
Corteva and New DuPont will each retain or assume a to-be-determined specified percentage of certain liabilities of Historical DuPont, which otherwise would have been transferred to Dow as primarily related to the materials science business, in excess of a to-be-determined deductible, if any, that are (i) known (or deemed to be known) by specified persons of Historical DuPont and (ii) not specifically identified, through disclosure schedules or otherwise, as allocated to Dow pursuant to the separation agreement;

Dow will retain or assume certain liabilities of Historical Dow, which otherwise would have been transferred to Corteva as primarily related to the agriculture business, in excess of a to-be-determined deductible, if any, that are (i) known (or deemed to be known) by specified persons of Historical Dow and (ii) not specifically identified, through disclosure schedules or otherwise, as allocated to Corteva pursuant to the separation agreement;

Dow will retain or assume certain liabilities of Historical Dow, which otherwise would have been transferred to New DuPont as primarily related to the specialty products business, in excess of a to-be-determined deductible, if any, that are (i) known (or deemed to be known) by specified persons of Historical Dow and (ii) not specifically identified, through disclosure schedules or otherwise, as allocated to New DuPont pursuant to the separation agreement;

Liabilities related to businesses and operations of Historical DuPont that were previously discontinued or divested will be allocated between Corteva and New DuPont as set forth on the schedules to the separation agreement (with each of Corteva and New DuPont retaining or assuming their respective applicable allocated liabilities) and if not set forth on the schedule, such liabilities primarily related to Corteva’s business and operations will be retained or assumed by Corteva and such liabilities primarily related to New DuPont’s business and operations will be retained or assumed by New DuPont. To the extent a liability related to or arising out of businesses of Historical DuPont that were previously discontinued or divested is not set forth on a schedule to the separation agreement or is in excess of a to-be-determined amount set forth therein and is not primarily related to Corteva’s or New DuPont’s respective business and operations, such liability will be allocated to whichever of Corteva or New DuPont incurs or incurred the liability up to $200 million in the aggregate for each company. In the event such liabilities exceed such amount for either Corteva or New DuPont, the excess liability will be allocated to the other, subject to the aggregate cap. In the event such liabilities exceed $200 million in the aggregate for each of Corteva and New DuPont, Corteva will retain or assume a to-be-determined specified percentage, and New DuPont will retain or assume a to-be-determined specified percentage, of such excess (subject to a de minimis threshold).

Liabilities related to or arising out of businesses and operations of Historical Dow that were previously discontinued or divested will be retained or assumed by Dow;

Off-site environmental liabilities of Historical Dow not related to or arising out of businesses of Historical Dow that were previously discontinued or divested will be retained or assumed by Dow;

Off-site environmental liabilities of Historical DuPont not related to or arising out of businesses of Historical DuPont that were previously discontinued or divested that are primarily related to the (x) agriculture business, (y) specialty products business or (z) materials science business will be retained or assumed, respectively, by (X) Corteva, (Y) New DuPont, or (Z) both Corteva and New DuPont in to-be-determined specified percentages (or, in each case, an applicable subsidiary of Corteva and/or New DuPont);

Corteva will be allocated a to-be-determined specified percentage, Dow will be allocated a to-be-determined specified percentage and New DuPont will be allocated a to-be-determined specified percentage of certain general corporate liabilities of DowDuPont, which are referred to in this information statement as “Specified DowDuPont Shared Liabilities,” in each case incurred on or prior to the applicable distribution date, including liabilities of DowDuPont related to (i) DowDuPont’s filings with the SEC (other than actions arising out of disclosure documents distributed or filed relating to the distribution or the distribution of Dow), (ii) documents distributed or filed by DowDuPont
relating to indebtedness of the agriculture business, the materials science business or the specialty products business, (iii) DowDuPont’s corporate and legal compliance and other corporate level actions, (iv) claims made by or on behalf of holders of any of DowDuPont’s securities and (v) separation expenses that were not allocated to any specific party in connection with the separation under the separation agreement;

• Corteva will retain or assume a to-be-determined specified percentage and New DuPont will retain or assume a to-be-determined specified percentage of certain general corporate liabilities of Historical DuPont, which are referred to in this information statement, together with certain other liabilities of Historical DuPont that will be shared by Corteva and New DuPont, as “Shared Historical DuPont Liabilities,” which are not otherwise allocated to the agriculture business, the materials science business or the specialty products business, in each case incurred on or prior to the Corteva distribution date, including liabilities of Historical DuPont related to (i) Historical DuPont’s filings with the SEC, (ii) Historical DuPont’s corporate and legal compliance and other corporate level actions, (iii) claims made by or on behalf of holders of any of Historical DuPont’s securities and (iv) indemnification obligations to, and claims for breaches of fiduciary duties brought against, any current or former director or officer of Historical DuPont; and

• Dow will retain or assume certain general corporate liabilities of Historical Dow which are not otherwise allocated to the agriculture business, the materials science business or the specialty products business, in each case incurred on or prior to the Dow distribution date, including liabilities of Historical Dow related to (i) Historical Dow’s filings with the SEC, (ii) Historical Dow’s corporate and legal compliance and other corporate level actions, (iii) claims made by or on behalf of holders of any of Historical Dow’s securities and (iv) indemnification obligations to, and claims for breaches of fiduciary duties brought against, any current or former director or officer of Historical Dow.

In addition, Dow, Corteva or New DuPont will be allocated certain specified assets and liabilities set forth on schedules to the separation agreement, which, in the case of Dow, includes the business, assets and liabilities related to Historical Dow’s telone/1,3-dichloropropene business.

Except as may expressly be set forth in the separation agreement or any ancillary agreement, all assets will be transferred on an “as is,” “where is” basis and the respective transferees will bear the economic and legal risks that (i) any conveyance will prove to be insufficient to vest in the transferee good title, free and clear of any security interest, and (ii) any necessary consents or governmental approvals are not obtained or that any requirements of laws or judgments are not complied with. In general, none of DowDuPont, Dow or Corteva will make any representations or warranties regarding any assets or liabilities transferred or assumed, any consents or governmental approvals that may be required in connection with such transfers or assumptions, or any other matters.

Information in this information statement with respect to the assets and liabilities of the parties following the separation is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. Certain of the liabilities and obligations to be assumed by one party or for which one party will have an indemnification obligation under the separation agreement and the other agreements relating to the separation are, and following the separation may continue to be, the legal or contractual liabilities or obligations of another party. Each such party that continues to be subject to such legal or contractual liability or obligation will rely on the applicable party that assumed the liability or obligation or the applicable party that undertook an indemnification obligation with respect to the liability or obligation, as applicable, under the separation agreement, to satisfy the performance and payment obligations or indemnification obligations with respect to such legal or contractual liability or obligation.

Further Assurances. To the extent that any transfers of assets or assumptions of liabilities contemplated by the separation agreement have not been consummated on or prior to the applicable distribution date, the parties will agree to cooperate with each other to effect such transfers or assumptions while holding such assets or liabilities for the benefit of the appropriate party so that all the benefits and burdens relating to such asset or liability inure
to the party entitled to receive or assume such asset or liability. Each party will agree to use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the separation agreement.

The Distribution. The separation agreement will govern the rights and obligations of the parties regarding the distribution and certain actions that must occur prior to the distribution. DowDuPont will cause its agent to distribute to holders of record of DowDuPont common stock as of the applicable record date all of the then-issued and outstanding shares of Dow common stock. DowDuPont will have the sole and absolute discretion to determine the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the date of the distribution.

Conditions. The separation agreement will provide that the distribution is subject to several conditions that must be satisfied or waived by DowDuPont in its sole discretion. For further information regarding these conditions, see the section entitled “The Distribution—Conditions to the Distribution.”

Shared Contracts. Generally, shared contracts will be assigned in part if so assignable, or amended, bifurcated or replicated to facilitate the separation of Dow’s business from DowDuPont so that the appropriate party receives the rights and benefits and assumes the related portion of any liabilities inuring to the business of the appropriate party, and each party will use commercially reasonable efforts to obtain the consents required to partially assign, amend, bifurcate or replicate any shared contract.

Intercompany Accounts. The separation agreement will provide that, subject to certain specified exceptions in the separation agreement, schedules or any ancillary agreement, certain accounts that were formerly intercompany accounts within Historical Dow or within Historical DuPont will be settled prior to the completion of the Business Realignment (or, as between members of Historical DuPont that will be subsidiaries of Corteva or New DuPont, prior to the distribution of Corteva).

Release of Claims and Indemnification. Except as otherwise provided in the separation agreement, each party will release and forever discharge the other parties and their respective subsidiaries and affiliates from all liabilities existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the separation. The releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation pursuant to the separation agreement or any ancillary agreement. These releases will be subject to certain exceptions set forth in the separation agreement.

The separation agreement will provide for cross-indemnities that, except as otherwise provided in the separation agreement, are principally designed to place financial responsibility for the obligations and liabilities allocated to Dow under the separation agreement with Dow and financial responsibility for the obligations and liabilities allocated to Corteva and/or New DuPont under the separation agreement with Corteva and/or New DuPont, as applicable. Specifically, each party will indemnify, defend and hold harmless the other parties, their respective affiliates and subsidiaries and each of their respective officers, directors, employees and agents for any losses to the extent relating to, arising out of or resulting from:

- the liabilities each party assumed or retained pursuant to the separation agreement (or any third party claim that would, if resolved in favor of the claimant, constitute such a liability); and
- any breach by such party of any provision of the separation agreement.

Each party’s indemnification obligations will be uncapped; provided that the amount of each party’s indemnification obligations will be subject to reduction by any insurance proceeds or other third-party proceeds received by the party being indemnified that reduce the amount of the loss. In addition, a party’s indemnifiable losses will be subject to, in certain cases, a “de minimis” threshold amount and, in certain cases, a deductible
amount. The separation agreement will also specify procedures with respect to claims subject to indemnification and related matters. Indemnification with respect to taxes will be governed by the tax matters agreement.

**Legal Matters.** Except as otherwise set forth in the separation agreement or any ancillary agreement, each party to the separation agreement will assume the liability for, and control of, all pending and threatened legal matters related to the liabilities it has been allocated and (unless allocated specifically to one of the other parties) its ongoing business and will indemnify the other parties for their respective indemnifiable losses, if any, arising out of or resulting from such assumed legal matters.

Each party to a claim will agree to cooperate in defending any claims against two or more parties for events that took place prior to, on or after the date of the separation of such party from DowDuPont.

**Insurance.** Following the separation, Dow will generally be responsible for obtaining and maintaining, at its own cost, Dow’s own insurance coverage for liabilities for which Dow is assuming responsibility, although Dow will continue to have coverage under certain of Historical DuPont’s insurance policies for certain matters that are related to occurrences prior to the separation and distribution of Dow, subject to the terms, conditions and exclusions of such policies. Such insurance coverage generally will be shared with (x) Corteva for other liabilities existing prior to the distribution date that Corteva retained and (y) New DuPont for liabilities of Historical DuPont existing prior to the distribution date for which New DuPont assumed responsibility. Each of Corteva and New DuPont will continue to have coverage under certain of Dow’s insurance policies for certain matters that are related to occurrences prior to the separation and distribution of Dow for liabilities for which Corteva or New DuPont, as applicable, is assuming responsibility, in each case, subject to the terms, conditions and exclusions of such policies.

**Dispute Resolution.** Except as otherwise set forth in the separation agreement, if a dispute arises between Dow, Corteva and/or New DuPont under the separation agreement, the general counsels of the parties and such other executive officers as the parties may designate will negotiate to resolve any disputes for a reasonable period of time. If the parties are unable to resolve the dispute in this manner, then the dispute will be resolved through binding arbitration.

**Termination and Amendment.** Prior to the distribution of Dow, DowDuPont has the unilateral right to terminate or modify the terms of the separation agreement. After the distribution of Dow but before the distribution of Corteva, the separation agreement may only be terminated or modified with the prior written consent of DowDuPont and Dow. After the distribution of Corteva, the separation agreement may only be terminated or modified with the prior written consent of each of Dow, New DuPont and Corteva.

**Other Matters Governed by the Separation Agreement.** Other matters governed by the separation agreement include access to financial and other information, confidentiality, access to and provision of records and separation of guarantees and other credit support instruments.

**Tax Matters Agreement**

Dow NewCo intends to enter into a tax matters agreement with DowDuPont and Corteva immediately prior to the distribution that will govern the parties’ respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. This summary of the tax matters agreement does not purport to be complete as the parties have not yet finalized all of the terms of the tax matters agreement, including the potential scope of certain indemnification obligations and potential limits or caps (if any) on certain of the parties’ obligations under the agreement. This summary is qualified in its entirety by reference to the full text of the agreement, which will be filed as an exhibit in an amendment to the Form 10.

The party responsible for any tax liability under the tax matters agreement will generally indemnify any other party which may become liable for such taxes.
**Allocation of Historic Taxes**

In general, under the tax matters agreement:

- Following the distribution, but prior to the distribution of Corteva, (A) Dow will be responsible for tax liabilities (and any related interest, penalties or audit adjustments) of (i) Historical Dow, (ii) each subsidiary of Historical Dow, for periods and portions thereof prior to any such subsidiary being transferred to DowDuPont or Corteva pursuant to the Internal Reorganization and Business Realignment, and (iii) each former subsidiary of Historical DuPont for periods or portions thereof after such subsidiary is transferred, pursuant to the Internal Reorganization and Business Realignment, from Historical DuPont to either Dow or DowDuPont; and (B) DowDuPont will be responsible for tax liabilities (and any related interest, penalties or audit adjustments) of (i) Historical DuPont, (ii) each subsidiary of Historical DuPont, for periods and portions thereof prior to any such subsidiary being transferred, pursuant to the Internal Reorganization and Business Realignment, to DowDuPont or Dow, and (iii) each former subsidiary of Historical Dow for periods or portions thereof after such subsidiary is transferred, pursuant to the Internal Reorganization and Business Realignment, from Historical Dow to either Historical DuPont or DowDuPont. For purposes of the foregoing, and subject to compensation for certain consolidated tax attributes as described further below, DowDuPont and its subsidiaries will generally allocate the consolidated U.S. federal income tax liability of the DowDuPont consolidated U.S. tax group (which currently includes DowDuPont and its domestic corporate subsidiaries, including Dow NewCo, TDCC, Corteva, EID and their respective domestic corporate subsidiaries) among the domestic corporate entities in accordance with the consolidated U.S. tax items attributable to each such entity under methods described in United States Treasury Department Regulations concerning the computation of consolidated taxes.

- Prior to the distribution of Corteva, Corteva and New DuPont are expected to enter into an agreement regarding the sharing of responsibility for tax liabilities (and any related interest, penalties or audit adjustments) of DowDuPont described in the bullet point above for which DowDuPont is responsible. Absent any such agreement, following the distribution of Corteva, New DuPont will be responsible for all such liabilities of DowDuPont. Dow will remain responsible for tax liabilities (and any related interest, penalties or audit adjustments) of DowDuPont described in the bullet point above for which Dow is responsible.

Notwithstanding the general rules described above, under the tax matters agreement, taxes directly resulting from certain types of transactions or conduct undertaken pursuant to Dow’s exercise of control over Historical DuPont’s materials science business prior to the transfer of such business to Dow, pursuant to the Internal Reorganization and Business Realignment, will be allocated to Dow, and taxes directly resulting from certain types of transactions or conduct undertaken pursuant to Historical DuPont’s exercise of control over Historical Dow’s agriculture business or specialty products business prior to the transfer of such business to DowDuPont or Corteva, pursuant to the Internal Reorganization and Business Realignment, will be allocated to DowDuPont.

**Allocation of Taxes on the Distributions**

Notwithstanding the general rules described above, under the tax matters agreement, a company will be responsible for taxes that arise from the failure of the distribution of Dow common stock or the distribution of Corteva common stock to qualify as tax-free transactions under Sections 355 and 368(a)(1)(D) of the Code, if, in either case, such failure to qualify is attributable to the actions of or transactions undertaken by such company or its direct or indirect subsidiaries (including the prohibited actions described below under “—Preservation of the Tax-free Status of the Distributions and the Internal Reorganization and Business Realignment”) after the applicable distribution or to any breach of the company’s representations made in connection with the IRS Ruling or in any representation letter provided to a tax advisor in connection with certain tax opinions, including the Tax Opinions, regarding the tax-free status of the distributions and certain related transactions. In the event taxes arising from the failure of the distribution of Dow common stock or the distribution of Corteva common stock to qualify as tax-free transactions under Sections 355 and 368(a)(1)(D) of the Code, if, in either case, such failure to qualify is attributable to the actions of or transactions undertaken by such company or its direct or indirect subsidiaries (including the prohibited actions described below under “—Preservation of the Tax-free Status of the Distributions and the Internal Reorganization and Business Realignment”) after the applicable distribution or to any breach of the company’s representations made in connection with the IRS Ruling or in any representation letter provided to a tax advisor in connection with certain tax opinions, including the Tax Opinions, regarding the tax-free status of the distributions and certain related transactions. In the event taxes arising from the failure of the distribution of Dow common stock or the distribution of Corteva common
stock to qualify as tax-free transactions under Sections 355 and 368(a)(1)(D) of the Code (other than failures as a result of the application of Section 355(e) of the Code) are attributable to the actions or transactions undertaken by more than one company or its direct or indirect subsidiaries, liability for such taxes will be equitably apportioned among the responsible companies in accordance with relative fault. In addition, Dow and DowDuPont will generally share (in accordance with their relative equity values on the first trading day following the distribution of Dow) responsibility for taxes resulting from the failure of the distribution of Dow common stock or the distribution of Corteva common stock to qualify as tax-free transactions under Sections 355 and 368(a)(1)(D) of the Code, if such failure is attributable to certain reasons relating to the overall structure of the Merger and the distributions. DowDuPont’s responsibility for any such taxes is expected to be shared between New DuPont and Corteva following the distribution of Corteva in accordance with a fixed percentage to be agreed by the parties (though absent any such agreement, following the distribution of Corteva, New DuPont will be responsible for all such liabilities of DowDuPont). Further, if, under Section 355(e) of the Code, a distribution fails to qualify for tax-free treatment because of any direct or indirect transfer of the stock of DowDuPont, New DuPont, Corteva or Dow following the distribution, the company whose transferred stock resulted in the application of Section 355(e) of the Code to the distribution will be responsible for any resulting taxes. Prior to the distribution of Corteva, Corteva and New DuPont are expected to reach an agreement regarding the sharing of responsibility for all liabilities of DowDuPont described in the preceding sentence as a result of actions or transactions of DowDuPont preceding the distribution of Corteva. Absent any such agreement, following the distribution of Corteva, New DuPont will be responsible for all such liabilities of DowDuPont.

Finally, Dow generally will be responsible for tax liabilities imposed as a result of the failure of the distribution of Dow common stock to qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) and Corteva generally will be responsible for tax liabilities imposed as a result of the failure of the distribution of Corteva to qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D), in each case, for reasons not described in the preceding paragraph.

Allocation of Internal Reorganization and Business Realignment Taxes

Pursuant to the tax matters agreement, Dow will generally be responsible for any taxes attributable to business separation activities of Historical Dow and its subsidiaries pursuant to the Internal Reorganization and Business Realignment and any transfers of assets or entities from DowDuPont to Dow, regardless of when the activities giving rise to such taxes occur. Similarly, DowDuPont and its subsidiaries (including Corteva and its subsidiaries) will generally be responsible for any taxes attributable to business separation activities of Historical DuPont and its subsidiaries pursuant to the Internal Reorganization and Business Realignment, and any transfers of assets or entities from DowDuPont to Historical DuPont or Corteva, regardless of when the activities giving rise to such taxable income occur. Notwithstanding this general rule, a party will be responsible for any taxes resulting from the failure of certain transactions pursuant to the Internal Reorganization and/or Business Realignment to qualify for their intended tax-free status as a result of certain actions of or transactions undertaken by such party or its direct or indirect subsidiaries. Prior to the distribution of Corteva, Corteva and New DuPont are expected to reach an agreement regarding the sharing of responsibility for all such liabilities of DowDuPont. Absent any such agreement, following the distribution of Corteva, New DuPont will be responsible for all such liabilities of DowDuPont.

Responsibility for Filing Tax Returns and Audits

The tax matters agreement will also assign responsibilities for administrative matters, such as the filing of returns, payment of taxes due, retention of records and conduct of audits, examinations or similar proceedings. In general, the party with economic responsibility for any tax liability will control the portions of audits, litigations and/or settlements with respect to such liability, with customary participation and settlement rights for the other parties. Audits, litigation or settlements concerning tax liabilities or matters which may affect more than one of the parties will be jointly controlled by the affected parties. In addition, the agreement provides for cooperation
Preservation of the Tax-free Status of the Distributions and the Internal Reorganization and Business Realignment

Dow, DowDuPont and Corteva intend for the distribution of Dow common stock and the distribution of Corteva common stock to each qualify as tax-free transactions under Section 355 and Section 368(a)(1)(D) of the Code. In addition, Dow, DowDuPont and Corteva intend for certain other aspects of the Internal Reorganization and Business Realignment to qualify for tax-free treatment under U.S. federal, state and local tax law and/or foreign tax law.

In connection with the Merger, DowDuPont sought and received the IRS Ruling, as described above. In addition, Dow expects to receive the Dow Tax Opinions and DowDuPont expects to receive the DowDuPont Tax Opinion from their respective outside tax advisors regarding the tax-free status of the distributions and certain related transactions. The Tax Opinions will rely on the continued validity of the IRS Ruling, as well as certain representations regarding the past and future conduct of Dow’s, DowDuPont’s, and Corteva’s respective businesses and certain other matters.

Dow, Corteva and DowDuPont will agree to certain covenants that contain restrictions intended to preserve the tax-free status of the distribution of Dow common stock, the distribution of Corteva common stock and certain transactions pursuant to the Internal Reorganization and Business Realignment. During the time period ending two years after the date of the applicable distribution these covenants will include specific restrictions on Dow’s ability to:

- enter into any transaction resulting in acquisitions of a certain percentage of its assets, whether by merger or otherwise;
- dissolve, merge, consolidate or liquidate;
- undertake or permit any transaction relating to Dow stock, including issuances, redemptions or repurchases, other than certain, limited, permitted issuances and repurchases;
- affect the relative voting rights of Dow stock, whether by amending Dow NewCo’s certificate of incorporation or otherwise; or
- cease to actively conduct Dow’s business.

In addition, Dow will be precluded from taking certain actions with respect to certain subsidiaries of Historical DuPont that are transferred to Dow in the Internal Reorganization and Business Realignment in order to preserve the intended tax-free treatment of certain parts of the Internal Reorganization and Business Realignment involving such subsidiaries for certain periods of time.

Dow may take certain actions prohibited by these covenants only if Dow receives a private letter ruling from the IRS or Dow obtains and provides to New DuPont and Corteva a tax opinion, in form and substance reasonably acceptable to New DuPont and Corteva, to the effect that such action would not jeopardize the tax-free status of these transactions.

Payment for Consolidated Taxes and Compensation for Consolidated Tax Attributes

During the period following the Merger and prior to the distribution of Dow common stock, TDCC and its domestic corporate subsidiaries join in the filing of a consolidated U.S. federal income tax return with DowDuPont and its domestic corporate subsidiaries. Each domestic corporate entity directly or indirectly owned
by DowDuPont will generally be required to pay to DowDuPont its allocable share of the consolidated U.S. federal income tax liability of the DowDuPont consolidated U.S. tax group for the period during which such domestic corporate entity is a member of the DowDuPont consolidated U.S. tax group. In some cases, payments of such amounts may be required to be made after such domestic corporate entity is no longer a member of the DowDuPont consolidated U.S. tax group, for example, following the distribution of Dow common stock. In such case, the tax matters agreement will require such entity, or its parent entity, to make a payment to New DuPont of its allocable portion of the consolidated U.S. federal income tax liability of the DowDuPont consolidated U.S. tax group.

Additionally, during the period a domestic corporate entity is included in the DowDuPont consolidated U.S. tax group, losses, loss carryforwards, interest deductions, and credits (hereinafter referred to as “tax attributes”) generated by such entity may be used to offset the consolidated U.S. federal income tax attributable to another entity, or vice versa. DowDuPont and Dow will agree in the tax matters agreement that a net payment will be made between the two to compensate for the use or receipt by one party or its subsidiaries of certain tax attributes generated by the other party or its subsidiaries. A party will generally be required to make a payment to the other to the extent it and its subsidiaries benefited from joining a consolidated U.S. tax group with the other party, either as a result of bearing a decreased portion of the U.S. federal income tax liability of the DowDuPont consolidated U.S. tax group, or through being allocated an increased portion of certain tax attributes, in each case, as compared to the U.S. federal income tax liability or tax attributes that would be borne by or allocated to such party and its subsidiaries assuming that the party and its subsidiaries (other than the other party and its subsidiaries) had been members of a separate stand-alone consolidated group, determined using certain simplifying assumptions. To the extent one party’s benefit as so determined exceeds the other party’s detriment, the amount of the payment will equal the average of such party’s benefit and the other party’s detriment. A separate payment will be calculated on similar principles with respect to U.S. state income consolidated taxes and certain state tax attributes that Dow and DowDuPont share for periods from the Merger to the distribution of Dow. Such payments are intended to ensure that (i) to the extent Dow, and the subsidiaries that Dow is responsible for under “—Allocation of Historic Taxes” above, utilize tax attributes generated by DowDuPont or the subsidiaries that DowDuPont is responsible for under “—Allocation of Historic Taxes” above, Dow compensates DowDuPont for the value of such tax attributes, and (ii) to the extent DowDuPont, and the subsidiaries that DowDuPont is responsible for under “—Allocation of Historic Taxes” above, utilize tax attributes generated by Dow or the subsidiaries that Dow is responsible for under “—Allocation of Historic Taxes” above, DowDuPont compensates Dow for the value of such tax attributes.

The payments for U.S. federal and applicable state income tax attributes described in the preceding paragraph will generally be netted and be due from Dow to DowDuPont (or vice versa) within 120 or 150 days, respectively, after New DuPont files its consolidated U.S. federal income tax return for the taxable year that includes the distribution of Dow. Prior to the distribution of Corteva, Corteva and New DuPont are expected to reach an agreement regarding sharing any such DowDuPont obligation to pay Dow, and sharing any such DowDuPont right to receive payment from Dow. Absent any such agreement, following the distribution of Corteva, New DuPont will be responsible for making any such payment to Dow, and will be entitled to receive any such payment from Dow.

Tax Refunds

Except with respect to certain types of refunds, each of Dow, DowDuPont (or, following the distribution of Corteva, New DuPont) and Corteva will generally be entitled to any tax refund to the extent that it would be responsible for the underlying tax that is refunded.

Compensation for Certain Attributes Relating to the Distribution

Pursuant to the tax matters agreement, DowDuPont has agreed to make a protective election under Section 336(e) of the Code with respect to Dow and each of Dow’s domestic corporate subsidiaries to treat the distribution,
solely for U.S. income tax purposes, as a taxable transfer of Dow’s assets and the assets of Dow’s domestic corporate subsidiaries. This election is protective in nature and will have no effect if, as expected, the distribution qualifies for tax-free treatment for U.S. federal income tax purposes. In the event the distribution fails to qualify for tax-free treatment, the election would provide Dow with an increased tax basis in Dow’s assets and in the assets of Dow’s domestic corporate subsidiaries in amounts equal to their fair market values. Any such increased tax basis would be expected to result in additional depreciation and amortization deductions in the calculation of Dow’s taxable income. To the extent that either DowDuPont (or, following the distribution of Corteva, New DuPont) or Corteva would be responsible under the tax matters agreement for the taxes resulting from the failure of the distribution of Dow common stock to qualify for tax-free treatment, Dow will be required to compensate them for the resulting tax savings Dow receives from such increased tax basis.

**Employee Matters Agreement**

Prior to the separation and distribution, Dow NewCo intends to enter into an employee matters agreement with DowDuPont and Corteva. The employee matters agreement will identify employees and employee-related liabilities (and attributable assets) to be allocated (either retained, transferred and accepted, or assigned and assumed, as applicable) to Dow, Corteva and New DuPont as part of the separation of DowDuPont into three companies, and will describe when and how the relevant transfers and assignments will occur. This summary of the employee matters agreement is qualified in its entirety by reference to the full text of the employee matters agreement, the form of which is filed as Exhibit 10.2 to the Form 10 and is incorporated by reference into this information statement. The terms described in this summary are also subject to exceptions with respect to applicable law, applicable labor agreements and certain other situations.

Each of Dow, Corteva and New DuPont will honor all labor agreements covering its respective employees in accordance with the terms of those agreements, notwithstanding any provisions in the employee matters agreement to the contrary. Each of Dow, Corteva and New DuPont will also have engaged in, and cooperated with one another to satisfy, any consultation or information obligations with respect to unions and works councils that may arise under applicable law prior to the date of the applicable distribution.

With some exceptions, following the applicable distribution, each of Dow, Corteva and New DuPont will provide the employees identified to it with target total direct compensation that is no less than that which the employee received immediately prior to the applicable distribution, as well as market competitive benefits, and each of Dow, Corteva and New DuPont will cause the employees identified to it to commence participation in its benefit plans, on or prior to the date of the applicable distribution, and will recognize prior years of service.

With some exceptions, each of Dow, Corteva and New DuPont will assume or retain liabilities arising out of or in connection with the employment or termination of the employees identified to it, whether arising before or after the applicable distribution. Liabilities attributable to former employees generally will be allocated to Dow, Corteva or New DuPont depending on the business to which the liability relates (i.e., to Dow if related to the materials science business, to Corteva if related to the agriculture business, and to New DuPont if related to the specialty products business).

With some exceptions, the employee matters agreement will not cause any transfer of assets or liabilities between or in respect of any defined benefit pension plan, defined contribution plan, nonqualified deferred compensation plan or other post-employment pension benefit plan, but will cause a trustee-to-trustee transfer of assets and liabilities from Corteva’s U.S. and Puerto Rico tax qualified defined contribution pension plans to those of New DuPont.

With some exceptions, the employee matters agreement will provide for the equitable adjustment of existing equity incentive compensation awards denominated in the common stock of DowDuPont to reflect the occurrence of the distributions. For a discussion of the treatment of outstanding equity awards and equity-based compensation, see the section entitled “Compensation Discussion and Analysis—Treatment of Equity Awards Outstanding at the Time of the Distribution.”
If any of Dow, Corteva or New DuPont terminates an employee’s employment within 12 months following the
distribution of Dow (in the case of Dow) or the distribution of Corteva (in the case of Corteva and New DuPont)
and such employee is entitled to severance under the terms of the severance plan then applicable to the employee,
the amount of severance will be not less than the cash severance to which the employee would have been entitled
under the severance plan applicable to him or her immediately before the applicable distribution (taking into
account any service and changes in eligible compensation following the distribution). In any event, however,
each of Dow, Corteva and New DuPont will honor the provisions of the EID Senior Executive Severance Plan
and Key Employee Severance Plan with respect to terminations occurring on or before August 31, 2019.

With some exceptions, each of Dow, Corteva and New DuPont will, effective as of the applicable distribution
date, assume liabilities for accrued but unused vacation benefits for employees identified to it. However, certain
grandfathered vacation benefits will be paid out, along with other accrued but unused vacation benefits where
required by local law.

For a period commencing on the Dow distribution date and ending on the shorter of (a) 24 months following the
date of the distribution of Corteva, but no longer than 26 months following the distribution of Dow or (b) the
maximum period permitted by applicable law in each applicable jurisdiction, none of Dow, Corteva or New
DuPont will solicit for employment (not including through non-targeted public advertisements or job postings)
any of (i) the other companies’ current employees, (ii) the other companies’ former employees during the 90 days
following a voluntary termination (other than individuals who are covered by the following clause (iii)), or (iii)
any Historical Dow or Historical DuPont employee who was ring-fenced to Dow, Corteva or New DuPont (or its
subsidiary), as the case may be, but exercised a right under applicable law or contract not to be employed by such
entity in connection with the distributions. These restrictions will not prohibit Dow, Corteva or New DuPont
from soliciting or hiring an individual who provided services to it under certain manufacturing related
agreements.

The employee matters agreement will also provide that employee transfers outside of the United States will
generally operate under the same principles described above and applicable to employee transfers in the United
States, except as otherwise provided in the employee matters agreement or as required by applicable law or labor
agreement.

**Intellectual Property Cross-License Agreements**

Prior to the separation and distribution, Dow, New DuPont and Corteva will enter into separate intellectual
property cross license agreements with each other (the “IP Cross Licenses”), which will set forth the terms and
conditions under which each company may use in its business, following the separation and distribution, certain
patents, know-how (including trade secrets), copyrights, and software allocated to the other party pursuant to the
separation agreement. The IP Cross License that Dow will enter into with New DuPont is referred to as the Dow-
DuPont IP Cross License and the IP Cross License that Dow will enter into with Corteva is referred to as the
Dow-Corteva IP Cross License. All licenses under the IP Cross License will be worldwide, royalty-free and
sublicensable to affiliates and third parties in the operation of the licensee’s business, but not for the independent
use of any third party.

This summary of the IP Cross Licenses is qualified in its entirety by reference to the full text of the form of
intellectual property cross license agreement, which is attached as Exhibit 10.3 to the Form 10 and is
incorporated by reference into this information statement. The form attached as Exhibit 10.3 to the Form 10 is the
form of Dow-DuPont IP Cross License (i.e., the MatCo/SpecCo agreement). Dow expects that the Dow-Corteva
IP Cross License will be on terms substantially similar to the Dow-DuPont IP Cross License, except that (x)
Corteva’s licensed fields of use will relate to DowDuPont’s agriculture business and (y) DowDuPont continues to
consider whether any patents allocated to Dow are relevant to the agriculture business and whether any patents
allocated to Corteva are relevant to the materials science business (and it is therefore possible that the Dow-
Corteva IP Cross License may not contain licenses to patents).
**Dow-DuPont IP Cross License.**

Under the Dow-DuPont IP Cross License, each of Dow and New DuPont will grant worldwide royalty-free licenses to the other to certain patents, know-how, copyrights, and proprietary software to continue to use in the operation of their respective businesses after separation, as further described below. The license with respect to certain patents will be exclusive, while the licenses to know-how, copyrights, software and certain other patents will be non-exclusive. Under this agreement, New DuPont also will license to Dow certain engineering, safety, health and environmental standards owned by New DuPont or to which New DuPont will have certain rights. The foregoing licenses are limited by field of use, which are generally directed to Dow’s and New DuPont’s respective businesses (and in the case of the fields for certain patent licenses, further limited based on negotiated scope specific to the applicable patents).

Under the Dow-DuPont IP Cross License, Dow and New DuPont also will each grant the other a license under certain patents owned by such party that had been owned by the other party prior to the Merger, to exploit products that such other party commercialized prior to the Merger and that are within its business scope, in the same manner as prior to the Merger, and updates, modifications, and enhancements with respect to such products in which the essential character of such products and their pre-Merger use is maintained in all material respects (but solely within the licensee’s allocated business scope).

The Dow-DuPont IP Cross License will expire on a licensed patent-by-licensed patent and licensed copyright-by-licensed copyright basis upon expiration of the relevant intellectual property, and will be perpetual with respect to know-how, standards and software licensed by the parties.

Under the Dow-DuPont IP Cross License, if the licensee party challenges certain patents licensed under the agreement, that party could have to pay liquidated damages of $50 million or $100 million and its rights relating to certain patents or all patents licensed to it could be terminated or, in the case of exclusively licensed patents, converted to nonexclusive licenses. The Dow-DuPont IP Cross License is not otherwise terminable other than by mutual agreement of the parties.

Except for certain restrictions on assigning the provisions of the agreement related to challenges of patents described in the preceding paragraph to non-practicing entities, the Dow-DuPont IP Cross License will be assignable in whole or in relevant part to affiliates or to a successor to all or a portion of the business or assets to which the agreement relates, but will not otherwise be assignable without consent.

**Other Agreements**

Dow or certain of its subsidiaries also intend to enter into certain other agreements with DowDuPont and/or Corteva in connection with the separation and distribution, including those described below.

**Transitional Trademark House Marks License Agreements**

Prior to the separation and distribution, Dow, Corteva and DowDuPont intend to enter into separate transitional trademark house marks license agreements pursuant to which, with respect to certain house trademarks and tradenames owned by the licensor as of the distribution date, (i) Dow will provide non-exclusive licenses (including to the “Dow” name and diamond) to New DuPont and Corteva with respect to each of New DuPont’s and Corteva’s respective businesses, (ii) New DuPont will provide non-exclusive licenses (including to the “DuPont” name and oval) to Dow and Corteva with respect to each of Dow’s and Corteva’s respective businesses and (iii) Dow and New DuPont will agree not to use or license to a third party such trademarks (including to the “Dow” name and diamond, and the “DuPont” name and oval, respectively) with respect to Corteva’s core agricultural pesticides and seeds products used in its business as of the distribution date, subject to certain exceptions for current activities, if any, of Dow or New DuPont in such field for a period of three years from the distribution date.
These license agreements will permit sublicensing in the ordinary course to the subsidiaries of each respective licensee, third parties solely in support of each respective licensee’s business and, in the case of licenses to certain businesses of New DuPont, branding partners under certain circumstances. In addition, these license agreements will be royalty-free and extend to uses in connection with (i) current products and certain extensions as of the distribution date and (ii) certain limited new products. Each transitional trademark house marks license agreement providing for a license to Dow or New DuPont will have a term of three years, subject in each case to regulatory exceptions extending the term of certain licenses for up to a maximum of six years. Each transitional trademark house marks license agreement providing for a license to Corteva will have a term of four years, subject in each case to regulatory exceptions extending the term of certain licenses for up to a maximum of seven years. The transitional trademark house marks license agreements will not be terminable by the respective licensors other than in connection with a material breach causing direct damages from a single occurrence of at least $250 million, with certain licenses surviving any such termination in connection with regulatory name change requirements for a period of time according to the terms of the agreement.

Product Marks Trademark License Agreements
Prior to the separation and distribution, Dow, Corteva and DowDuPont intend to enter into product marks trademark license agreements pursuant to which, with respect to certain trademarks owned by each respective licensor upon the distribution date that are used to identify certain products or services of each respective licensee: (i) Dow will provide non-exclusive and exclusive licenses to New DuPont and Corteva with respect to such products and services of New DuPont and Corteva, respectively, and (ii) New DuPont will provide non-exclusive and exclusive licenses to Dow with respect to such respective products and services of Dow.

These license agreements will permit sublicensing in the ordinary course to the subsidiaries of each respective licensee and to third parties solely in support of each respective licensee’s business. In addition, these license agreements will be royalty-free with initial terms of (a) for certain long-term trademarks, 10 years with automatic 10 year renewal terms in perpetuity, and (b) for certain transitional trademarks, for two years, in each case, unless the parties agree on a different term or the agreement is terminated (i) by mutual agreement, (ii) by the respective licensee upon notice or (iii) by the respective licensor on a trademark-by-trademark basis, for certain uncured material breaches.

Regulatory Transfer and Support Agreements
Prior to the separation and distribution, Dow, Corteva and DowDuPont intend to enter into separate regulatory transfer and support agreements pursuant to which each company will maintain, support and transfer certain designated product registrations and related data that are allocated to the transferee pursuant to the separation agreement but are held by the transferor as of the distribution date.

Regulatory Cross-License Agreements
Prior to the separation and distribution, Dow, Corteva and DowDuPont intend to enter into separate regulatory cross-license agreements pursuant to which each company will license certain designated product registrations and data that are allocated to the licensor pursuant to the separation agreement but are also used in the licensee’s business as of the distribution date (or, with respect to the agreement between New DuPont and Corteva, as of the Corteva distribution date).

MOD 5 Computerized Process Control Software Agreement
Prior to the separation and distribution, Dow, Corteva and DowDuPont intend to enter into a MOD 5 computerized process control software agreement pursuant to which Dow will grant non-exclusive licenses to Corteva and New DuPont to use Dow’s MOD 5 software and related documentation for operation of facilities that use such software and certain related hardware as of the distribution date. Under this agreement, Dow will
also agree to provide New DuPont and Corteva with certain maintenance and support services subject to certain service fees. The license term expires on December 31, 2028, subject to the ability to extend to December 31, 2030 under certain circumstances, and Dow’s obligation to provide maintenance and support services expires on December 31, 2024. This agreement will be assignable in whole or in relevant part to affiliates or to a successor to all or a portion of the business or assets to which the agreement relates (which, in the case of Dow, must include all or substantially all of Dow’s assets related to the licensed MOD 5 software and technology), but will not otherwise be assignable without consent.

**Operating Systems and Tools License Agreements**

Prior to the separation and distribution, Dow intends to enter into separate operating systems and tools license agreements with Corteva and DowDuPont pursuant to which Dow will grant non-exclusive licenses to Corteva and to New DuPont to use certain operating systems and tools (other than the MOD 5 software) and related documentation for operation of facilities of New DuPont or Corteva (as applicable), their affiliates, and their personnel (including consultants and contractors) in the conduct of New DuPont’s or Corteva’s (as applicable) allocated business and natural evolutions thereof. If New DuPont or Corteva acquire certain competitors of Dow, the licensed operating systems and tools may not be used in facilities owned by such entity prior to such transaction (subject to certain limited exceptions). These agreements will be assignable in whole or in relevant part to affiliates or, solely with respect to those licensed operating systems and tools that are incorporated into or reasonably necessary to use any operating systems and tools that were allocated to New DuPont or Corteva (as applicable) pursuant to the separation agreement, to a third party whom is sold all or a portion of the business related to the operating systems and tools or any of the sites and facilities at which the operating systems and tools are used (which third party purchaser will have a 12 month license to transition away from use of any other licensed operating systems and tools not so assigned), but will not otherwise be assignable without consent. These agreements will not be terminable other than by mutual agreement of the parties.

**General Services Agreements**

Prior to the separation and distribution, Dow, Corteva and DowDuPont intend to enter into separate general services agreements pursuant to which (i) Corteva will provide certain transitional services to New DuPont and Dow (ii) New DuPont will provide certain transitional services to Corteva and Dow and (iii) Dow will provide certain transitional services to Corteva and New DuPont. The services, including information technology support, technical services support (including consulting and management of certain process applications) and data management support services, will be provided for a limited time, generally for no longer than one (1) year following the date of the applicable distribution, for specified fees, which are generally based on the cost of services provided.

**Site Services Agreements**

Prior to the separation and distribution, Dow, Corteva and DowDuPont intend to enter into separate site services agreements for the provision of site services at shared sites (i) by Corteva to New DuPont and/or Dow at sites owned by Corteva and on which (or adjacent to which) New DuPont and/or Dow will maintain operations, as applicable, (ii) by New DuPont to Corteva and/or Dow at sites owned by New DuPont on which (or adjacent to which) Corteva and/or Dow will maintain operations, as applicable, and (iii) by Dow to Corteva and/or New DuPont at sites owned by Dow on which (or adjacent to which) Corteva and/or New DuPont will maintain operations, as applicable. These site services agreements will generally address the provision of services relating to site security and access, access to electricity, water and steam, waste water treatment, infrastructure, site logistics and other applicable services, in each case, to the extent permitted by applicable law.

Such site services agreements will generally have a term coextensive with the related lease agreement, although certain services set forth therein will terminate after 5 years, 20 years or such other periods as are set forth in such agreements. The site services agreements will provide for service fees, which are generally based on the cost of services provided.
Manufacturing and Supply Agreements

Prior to the separation and distribution, Dow, Corteva and DowDuPont intend to enter into various product supply agreements, manufacturing product agreements and certain other manufacturing related agreements pursuant to which (a) New DuPont will manufacture products for Corteva and Dow, as applicable, and (b) Dow will manufacture products for Corteva and New DuPont, as applicable.

Under the product supply agreements, Dow and New DuPont will supply products and/or raw materials to each other and/or Corteva at specified prices based on market prices. For example, (i) Dow will supply surfactants, ethyleneamines, propylene glycols, alkanolamines, glycol ethers, and ethylene copolymers to Corteva and polyols, MDI, monomers, glycol ethers, and propylene & ethylene oxides to New DuPont and (ii) New DuPont will supply biocides, and ion exchange and membrane products to Dow. The product supply agreements will generally have a term of five years and thereafter continue until a party provides at least one year’s (or in some cases three year’s) prior written notice of termination unless earlier terminated in accordance with the terms of the product supply agreement.

Under the manufacturing product agreements, New DuPont and Dow will manufacture, label and package a limited number of products currently manufactured at a facility owned by New DuPont or Dow, as applicable, as to which the parties have agreed to share capacity because the facility produces one or more unique or significant products for the business of each of the parties to the particular agreement. Each manufacturing product agreement generally will have a term of either 10 years or 20 years and will be automatically renewed for additional five-year terms unless the buyer provides written notice of non-renewal at least six months prior to the end of the then-current term, or seller provides notice of non-renewal at least 24 months prior to the end of the then-current term, subject to certain additional contingent termination rights set forth in the agreement. For example, Dow will supply laminated adhesives, compressor lubricants, silicone based lubricants, and silicone based healthcare products to New DuPont and New DuPont will supply polyethylene oxide polymers, carboxymethylcellulose, ethylcellulose polymers, and hydroxypropyl methylcellulose to Dow. In addition, New DuPont will supply STC, Product Grade TCS, Technical Grade TCS and Chemical Grade TCS to Dow.

Ground Leases

As a result of the separation, Dow, Corteva and New DuPont will own certain real property, which will have historically supported the operation of more than one business. Dow, Corteva and DowDuPont intend to enter into ground leases with terms that are essentially equivalent to a fee simple transfer with all tenets of fee ownership, including appropriate provisions relating to termination, permitted use, assignability, financability and defaults and remedies. The length of the ground leases will generally be 99 years from the execution date, provided that the lessee will also have the right to terminate the ground lease upon two years’ prior written notice.
MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION

The following is a summary of the material U.S. federal income tax consequences to DowDuPont and DowDuPont stockholders in connection with the distribution. This summary is based on the Code, the Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this information statement and all of which are subject to differing interpretations and may change at any time, possibly with retroactive effect. Any such change could affect the tax consequences described below. This summary assumes that the separation will be consummated in accordance with the separation agreement and as described in this information statement.

Except as specifically described below, this summary is limited to DowDuPont stockholders that are “U.S. Holders” (as defined immediately below). For purposes of this summary, a U.S. Holder is a beneficial owner of DowDuPont common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the U.S.;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the U.S. or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the U.S. is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable Treasury Regulations.

This summary also does not discuss all tax considerations that may be relevant to DowDuPont stockholders in light of their particular circumstances, nor does it address the consequences to DowDuPont stockholders subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities or currencies;
- tax-exempt entities;
- cooperatives;
- banks, trusts, financial institutions, or insurance companies;
- persons who acquired shares of DowDuPont common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- stockholders who own, or are deemed to own, at least 10 percent or more, by voting power or value, of DowDuPont’s equity;
- holders owning DowDuPont common stock as part of a position in a straddle or as part of a hedging, conversion, constructive sale, synthetic security, integrated investment, or other risk reduction transaction for U.S. federal income tax purposes;
- certain former citizens or former long-term residents of the U.S.;
- holders who are subject to the alternative minimum tax; or
- persons that own DowDuPont common stock through partnerships or other pass-through entities.

This summary does not address the U.S. federal income tax consequences to stockholders who do not hold shares of DowDuPont common stock as a capital asset. Moreover, this summary does not address any state, local, or foreign tax consequences or any estate, gift or other non-income tax consequences.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds shares of DowDuPont common stock, the tax treatment of a partner in that partnership generally will depend on the status
of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to the tax consequences of the distribution.

YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC U.S. FEDERAL, STATE AND LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE DISTRIBUTION IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED IN THIS INFORMATION STATEMENT.

Treatment of the Distribution

It is a condition to the distribution that Dow receive the Dow Tax Opinions and DowDuPont receive the DowDuPont Tax Opinion, each in form and substance acceptable to Dow or DowDuPont, as applicable, substantially to the effect, among other things, that the distribution and certain related transactions will qualify as a tax-free transaction under Section 368(a)(1)(D) and Section 355 of the Code.

Assuming the distribution qualifies as tax-free under Section 368(a)(1)(D) and Section 355 of the Code, for U.S. federal income tax purposes:

• no gain or loss will be recognized by DowDuPont as a result of the distribution;
• no gain or loss will be recognized by, or be includible in the income of, a DowDuPont stockholder solely as a result of the receipt of Dow common stock in the distribution;
• the aggregate tax basis of the shares of DowDuPont common stock and shares of Dow common stock in the hands of each DowDuPont stockholder immediately after the distribution (including any fractional shares deemed received, as discussed below) will be the same as the aggregate tax basis of the shares of DowDuPont common stock held by such holder immediately before the distribution, allocated between the shares of DowDuPont common stock and shares of Dow common stock (including any fractional shares deemed received) in proportion to their relative fair market values immediately following the distribution; and
• the holding period with respect to shares of Dow common stock received by DowDuPont stockholders (including any fractional shares deemed received) will include the holding period of their shares of DowDuPont common stock.

DowDuPont stockholders that have acquired different blocks of DowDuPont common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, Dow’s shares distributed with respect to blocks of DowDuPont common stock.

The Tax Opinions will be based on, among other things, certain assumptions as well as on the accuracy of certain factual representations and statements that Dow and DowDuPont make. In rendering the Tax Opinions, the tax advisors also will rely on certain covenants that Dow and DowDuPont enter into, including the adherence by New DuPont (or, following the distribution of Corteva, New DuPont and Corteva) and Dow to certain restrictions on their future actions. The Tax Opinions will be expressed as of the date of the distribution and will not cover subsequent periods. As a result, the Tax Opinions are not expected to be issued until after the date of this information statement. Additionally, the Tax Opinions will rely on the IRS Ruling regarding the proper time, manner and methodology for measuring common ownership in the stock of DowDuPont, Historical Dow and Historical DuPont for purposes of determining whether there has been a 50 percent or greater change of ownership under Section 355(e) of the Code, described further below, as a result of the Merger, as well as certain factual representations from DowDuPont as to the extent of common ownership in the stock of Historical Dow and Historical DuPont immediately prior to the Merger. Based on the representations made by DowDuPont as to the common ownership in the stock of Historical Dow and Historical DuPont immediately prior to the Merger

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and assuming the continued validity of the IRS Ruling, the Tax Opinions will conclude that there was not a
50 percent or greater change of ownership in DowDuPont, Historical Dow or Historical DuPont for purposes of
Section 355(e) as a result of the Merger. If any of the facts, representations, assumptions, or undertakings
described or made in connection with the IRS Ruling or the Tax Opinions are not correct, are incomplete or have
been violated, the IRS Ruling could be revoked retroactively or modified by the IRS, and the ability to rely on
the Tax Opinions could be jeopardized. Dow is not aware of any facts or circumstances, however, that would
cause these facts, representations, or assumptions to be untrue or incomplete, or that would cause any of these
undertakings to fail to be complied with, in any material respect.

An opinion represents the advisor’s best judgment based on current law and is not binding on the IRS or any
court. Dow cannot assure you that the IRS will agree with the conclusions expected to be set forth in the Tax
Opinions, and it is possible that the IRS or another tax authority could adopt a position contrary to one or all of
those conclusions and that a court could sustain that contrary position. You should note that, other than the IRS
Ruling previously mentioned, DowDuPont does not intend to seek a ruling from the IRS as to the U.S. federal
income tax treatment of the distribution or related transactions. The Tax Opinions are not binding on the IRS or a
court, and there can be no assurance that the IRS will not challenge the validity of the distribution and related
transactions as a reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) and Section 355
of the Code or that any such challenge ultimately will not prevail.

If, notwithstanding the conclusions in the IRS Ruling and those that Dow expects to be included in the Tax
Opinions, it is ultimately determined that the distribution does not qualify as tax-free under Section 355 of the
Code for U.S. federal income tax purposes, then DowDuPont would recognize corporate level taxable gain on the
distribution. Pursuant to the tax matters agreement, DowDuPont has agreed to make protective elections under
Section 336(e) of the Code for Dow and all of Dow’s domestic subsidiaries with respect to the distribution. In the
event the distribution is ultimately determined not to qualify as tax-free under Section 355 of the Code for U.S.
federal income tax purposes, these Section 336(e) elections would generally cause the distribution to be treated
as a deemed sale of the assets of Dow and each of its domestic corporate subsidiaries, causing DowDuPont to
recognize gain to the extent the fair market value of the assets (excluding stock in any domestic corporate
subsidiary) of Dow and its domestic corporate subsidiaries exceeded the basis of Dow and its domestic corporate
subsidiaries in such assets. In addition, if the distribution is ultimately determined not to qualify as tax-free under
Section 355 of the Code for U.S. federal income tax purposes, each DowDuPont stockholder that receives shares
of Dow common stock in the distribution would be treated as receiving a distribution in an amount equal to the
fair market value of Dow common stock that was distributed to the stockholder, which generally would be taxed
as a dividend to the extent of the stockholder’s pro rata share of DowDuPont’s current and accumulated earnings
and profits, including DowDuPont’s taxable gain, if any, on the distribution, then treated as a non-taxable return
capital to the extent of the stockholder’s basis in DowDuPont stock and thereafter treated as capital gain from
the sale or exchange of DowDuPont stock.

Even if the distribution otherwise qualifies for tax-free treatment under Section 355 of the Code, the distribution
may result in corporate level taxable gain to DowDuPont under Section 355(e) of the Code if either Dow or
DowDuPont undergoes a 50 percent or greater ownership change as part of a plan or series of related transactions
that includes the distribution, potentially including transactions occurring after the distribution. The process for
determining whether one or more acquisitions or issuances triggering this provision has occurred, the extent to
which any such acquisitions or issuances results in a change of ownership and the cumulative effect of any such
acquisitions or issuances together with any prior acquisitions or issuances (including the Merger) is complex,
inherently factual and subject to interpretation of the facts and circumstances of a particular case. If an
acquisition or issuance of stock triggers the application of Section 355(e) of the Code, DowDuPont would
recognize taxable gain as described above, but the distribution would be tax-free to each DowDuPont stockholder
(except for tax on any cash received in lieu of fractional shares). In certain cases, Dow may be required to
indemnify DowDuPont for all or part of the tax liability resulting from the application of Section 355(e). For
further details regarding Dow’s potential indemnity obligation, see the section entitled “Dow’s Relationship with
New DuPont and Corteva Following the Distribution—Tax Matters Agreement.”

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A U.S. Holder that receives cash instead of fractional shares of Dow common stock should be treated as though the U.S. Holder first received a distribution of a fractional share of Dow common stock, and then sold it for the amount of cash. Such U.S. Holder should recognize capital gain or loss, measured by the difference between the cash received for such fractional share and the U.S. Holder’s basis in the fractional share, as determined above. Such capital gain or loss should generally be a long-term capital gain or loss if the U.S. Holder’s holding period for such U.S. Holder’s DowDuPont common stock exceeds one year.

U.S. Treasury Regulations require certain stockholders that receive stock in a distribution to attach a detailed statement setting forth certain information relating to the distribution to their respective U.S. federal income tax returns for the year in which the distribution occurs. Within 45 days after the distribution, DowDuPont will provide stockholders who receive Dow common stock in the distribution with the information necessary to comply with such requirement. In addition, all stockholders are required to retain permanent records relating to the amount, basis, and fair market value of Dow common stock received in the distribution and to make those records available to the IRS upon request of the IRS.
DESCRIPTION OF MATERIAL INDEBTEDNESS

Dow expects to retain Historical Dow’s then-existing third-party indebtedness arrangements in the separation. As a result, Dow expects to have third-party indebtedness of approximately $19.8 billion (excluding operating leases) following the distribution. Upon the separation, Dow expects to receive a cash payment of approximately $2.024 billion from DowDuPont, which Dow expects to use to pay down a portion of such indebtedness. The amount of this cash payment is included in the pro forma figure for “cash and cash equivalents” in the section entitled “Capitalization.” The following is a summary of the material terms of Historical Dow’s current material indebtedness:

Historical Dow’s outstanding long-term debt has been primarily issued under indentures which contain, among other provisions, certain customary restrictive covenants that Dow will be required to comply with following the distribution while the underlying notes are outstanding. The failure of Dow to comply with any of these covenants could result in a default under the applicable indenture and allow the note holders to accelerate the due date of the outstanding principal and accrued interest on the underlying notes. Historical Dow’s indenture covenants include obligations to not allow liens on principal U.S. manufacturing sites, enter into sale and leaseback transactions with respect to principal U.S. manufacturing sites, merge or consolidate with any other corporation, or sell, lease or convey, directly or indirectly, all or substantially all of Historical Dow’s assets. In addition, Dow NewCo is obligated, should it issue a guarantee in respect of outstanding or committed indebtedness under the Revolving Credit Agreement, to enter into a supplemental indenture with TDCC and the trustee under Historical Dow’s existing 2008 base indenture governing certain notes issued by TDCC, substantially concurrently with the issuance of such guarantee, pursuant to which it will guarantee all outstanding debt securities and all amounts due under such existing base indenture and will become subject to certain covenants and events of default under the existing base indenture. Historical Dow’s outstanding debt also contains customary default provisions.

Historical Dow has also entered into private credit agreements that contain certain customary restrictive covenants and default provisions in addition to the covenants set forth above. Significant other restrictive covenants and default provisions related to these agreements include:

- the obligation of TDCC to maintain the ratio consolidated indebtedness to consolidated capitalization at no greater than 0.65 to 1.00 at any time the aggregate outstanding amount of loans under the Revolving Credit Facility, equals or exceeds $500 million;
- a default if TDCC or an applicable subsidiary fails to make any payment, including principal, premium or interest, under the applicable agreement on other indebtedness of, or guaranteed by, the company or such applicable subsidiary in an aggregate amount of $100 million or more when due, or any other default or other event under the applicable agreement with respect to such indebtedness occurs which permits or results in the acceleration of $400 million or more in the aggregate of principal;
- a default if TDCC or any applicable subsidiary fails to discharge or stay within 60 days after the entry of a final judgment against TDCC or such applicable subsidiary of more than $400 million; and
- a default if Dow NewCo incurs or guarantees third party indebtedness for borrowed money in excess of $250 million or engages in any material business activity or directly owns any material assets, in each case, subject to certain conditions and exceptions, which default may, at Dow NewCo’s option, be cured by delivering an unconditional and irrevocable guaranty within 30 days of the event or events giving rise to such default.

Failure of Dow to comply with any of the covenants or default provisions could result in a default under the applicable credit agreement which would allow the lenders to not fund future loan requests and to accelerate the due date of the outstanding principal and accrued interest on any outstanding indebtedness.
DESCRIPTION OF DOW’S CAPITAL STOCK

In the distribution, DowDuPont stockholders will receive shares of Dow common stock. Dow NewCo is the newly formed holding company for Dow.

Dow NewCo’s certificate of incorporation and bylaws will be amended and restated prior to the separation. The following is a summary of the material terms of Dow NewCo’s capital stock. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws as will be in effect at the time of the distribution, or of the applicable provisions of Delaware law, and the summaries are qualified in their entirety by reference to the forms of Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws, which are attached as Exhibits 3.1 and 3.2, respectively, to the Form 10, along with the applicable provisions of Delaware law. For more information on how you can obtain copies of Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws, see the section entitled “Where You Can Find More Information.” Dow urges you to read Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws in their entirety.

Authorized Capital Stock

At the time of the distribution, Dow NewCo’s authorized capital stock will consist of [●] shares of common stock, par value $0.01 per share, and [●] shares of preferred stock, par value $0.01 per share.

Common Stock

Dow expects that, immediately following the distribution, approximately [●] shares of Dow NewCo common stock will be issued and outstanding based upon approximately [●] shares of DowDuPont common stock outstanding as of [●] and no shares of Dow NewCo’s preferred stock will be issued or outstanding.

Voting Rights. Holders of Dow common stock will be entitled to one vote for each voting share held of record by such stockholder. In any question or matter brought before any meeting of stockholders (other than the election of directors), the affirmative vote of a majority of the votes actually cast on any such question or matter at a meeting where there is a quorum shall be the act of the stockholders.

Quorum. The holders of a majority of the voting power of all of the shares of capital stock of Dow entitled to vote with respect to any one of the purposes for which the meeting is called, present in person or represented by proxy, constitutes a quorum.

Election of Directors. Directors are generally elected by a majority of the votes cast at a meeting where there is a quorum; however, directors are elected by a plurality of the votes cast at a meeting where there is a quorum if, as of the record date for such meeting, the number of nominees exceeded the number of directors to be elected.

Dividends and Liquidation Rights. Subject to any preferential rights of any outstanding preferred stock, Dow stockholders will be entitled to receive ratably the dividends, if any, as may be declared from time to time by the Dow board of directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of Dow NewCo, Dow stockholders will be entitled to ratable distribution of Dow NewCo’s assets remaining after the payment in full of liabilities and any preferential rights of any then-outstanding preferred stock.

Miscellaneous. Upon the distribution, all outstanding shares of Dow common stock will be fully paid and non-assessable. Dow stockholders will not have any preemptive rights to subscribe for any additional shares of capital stock or other obligations convertible into or exercisable for shares of capital stock that Dow NewCo may issue in the future. There will be no redemption or sinking fund provisions applicable to the Dow common stock.
The rights, preferences and privileges of the holders of Dow common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that the Dow board of directors may designate and issue in the future.

**Preferred Stock**

Dow NewCo’s amended and restated certificate of incorporation will authorize the Dow board of directors, without further action by Dow stockholders but subject to the applicable provisions of Delaware law, to issue shares of preferred stock and to fix by resolution the designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof, including, without limitation, redemption rights, dividend rights, liquidation preferences and conversion or exchange rights of any class or series of preferred stock, and to fix the number of classes or series of preferred stock, the number of shares constituting any such class or series and the voting powers for each class or series.

The authority possessed by the Dow board of directors to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of Dow through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. The board of directors may issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of Dow stockholders. There are no current agreements or understandings with respect to the issuance of preferred stock and the Dow board of directors has no present intention to issue any shares of preferred stock.

Unless otherwise stated in the resolutions designating any series of preferred stock or any applicable certificate of designations, holders of preferred stock will not have any preemptive rights to subscribe for any additional shares of Dow NewCo’s capital stock or other obligations convertible into or exercisable for shares of capital stock that Dow NewCo may issue in the future. Unless otherwise stated in the resolutions designating any series of preferred stock or any applicable certificate of designations, there will be no redemption or sinking fund provisions applicable to Dow NewCo’s preferred stock.

**Anti-Takeover Considerations**

The provisions of the DGCL contain, and Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws will contain, provisions that could serve to discourage or to make more difficult a change in control of Dow without the support of the Dow board of directors or without meeting various other conditions. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that the Dow board of directors may consider inadequate and to encourage persons seeking to acquire control of Dow to first negotiate with the Dow board of directors. Dow believes that the benefits of increased protection of Dow’s ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure Dow outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

**State Takeover Legislation.** Upon the distribution, Dow NewCo will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL, subject to certain exceptions set forth therein, prohibits a business combination between a corporation and an interested stockholder within three years of the time such stockholder became an interested stockholder, unless (a) prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (b) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 percent of the voting stock of the corporation outstanding at the time the transaction commenced, exclusive of shares owned by directors who are also officers and by certain employee stock plans, or (c) at or subsequent to such time, the business combination is approved by the board of directors and authorized by the affirmative vote at a stockholders’ meeting of at least 66⅔ percent of the outstanding voting stock which is not owned by the interested stockholder.

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Except as otherwise set forth in Section 203 of the DGCL, an interested stockholder is defined to include (i) any person that is the owner of 15 percent or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15 percent or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and (ii) the affiliates and associates of any such person.

The provisions of Section 203 of the DGCL may encourage persons interested in acquiring Dow to negotiate in advance with the Dow board of directors, because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction which results in any such person becoming an interested stockholder. These provisions also may have the effect of preventing changes in Dow’s management. It is possible that these provisions could make it more difficult to accomplish transactions which Dow stockholders may otherwise deem to be in their best interests.

**Stockholder Action by Written Consent.** Delaware law provides that, unless otherwise stated in the certificate of incorporation, any action which may be taken at an annual meeting or special meeting of stockholders may be taken without a meeting, if a consent in writing is signed by the holders of the outstanding stock having the minimum number of votes necessary to authorize the action at a meeting of stockholders. Dow NewCo’s certificate of incorporation will provide that any action required or permitted to be taken by the stockholders of Dow NewCo must be effected at a duly called annual or special meeting of the stockholders and may not be effected by any consent in writing by such stockholders.

**Meetings of Stockholders.** Dow NewCo’s amended and restated certificate of incorporation will provide that except as otherwise required by law and subject to the rights of the holders of any class or series of preferred stock, special meetings of stockholders of Dow NewCo: (i) may be called by the Dow board of directors pursuant to a resolution adopted by a majority of the entire board, and (ii) shall be called by the Chairman of the Dow board or the Secretary of Dow NewCo upon a written request from stockholders of Dow NewCo holding at least 25 percent of the voting power of all the shares of capital stock of Dow NewCo then entitled to vote on the matter or matters to be brought before the proposed special meeting that complies with the procedures for calling a special meeting of stockholders set forth in Dow NewCo’s amended and restated bylaws, as may be amended from time to time. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to Dow NewCo’s notice of meeting.

**No Cumulative Voting.** Delaware law permits stockholders to cumulate their votes and either cast them for one candidate or distribute them among two or more candidates in the election of directors only if expressly authorized in a corporation’s certificate of incorporation. Dow NewCo’s amended and restated certificate of incorporation will not authorize cumulative voting.

**Requirements for Advance Notification of Stockholder Nominations and Proposals.** Dow NewCo’s amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of the Dow board of directors or a committee thereof. Generally, such proposal shall be made not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day in advance of the anniversary of the previous year’s annual meeting.

These advance-notice provisions may have the effect of precluding a contest for the election of Dow NewCo’s directors or the consideration of stockholder proposals if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal, without regard to whether consideration of those nominees or proposals might be harmful or beneficial to Dow and Dow stockholders.
Removal of Directors. Dow NewCo’s amended and restated certificate of incorporation will provide that, except as otherwise required by law and subject to the rights of the holders of any class or series of preferred stock, any director, or the entire Dow board of directors, may be removed from office at any time, with or without cause, only by the affirmative vote of the holders of a majority of the voting power of all of the shares of capital stock of Dow NewCo then entitled to vote generally in the election of directors, voting as a single class.

Size of the Dow Board of Directors. Dow NewCo’s amended and restated bylaws will provide that the number of directors on the Dow board of directors will be not less than six nor more than 21, with the exact number of directors to be fixed exclusively by the board of directors.

Vacancies. Dow NewCo’s amended and restated bylaws will provide that any vacancies created on the board of directors for any reason, including resulting from any increase in the authorized number of directors or the death, resignation, disqualification or removal from office of any director, will be filled exclusively by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy on the Dow board of directors will hold office until the next annual meeting of stockholders or until their successor is duly elected and qualified.

Amendments to Certificate of Incorporation. The DGCL provides that, provided a meeting or vote of stockholders is required to amend a corporation’s certificate of incorporation pursuant to §242 of the DGCL, an amendment to a corporation’s certificate of incorporation requires that (i) the board of directors adopt a resolution setting forth the proposed amendment and either calling a special meeting of the stockholders entitled to vote in respect thereof for consideration of such amendment or directing that the amendment be considered at the next annual meeting of the stockholders and (ii) the stockholders approve the amendment by a majority of outstanding shares entitled to vote (and a majority of the outstanding shares of each class entitled to vote, if any).

Dow NewCo’s amended and restated certificate of incorporation will provide that Dow NewCo reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in Dow NewCo’s certificate of incorporation, and any other provisions authorized by the DGCL may be added or inserted, in the manner now or hereafter prescribed by the DGCL, and all rights, preferences and privileges of whatsoever nature conferred on stockholders, directors or any other persons whomsoever therein granted are subject to this reservation.

Amendments to Bylaws. Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws will provide that the bylaws may be amended by the board of directors.

Undesignated Preferred Stock. The authority that the board of directors will possess to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of Dow through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. The board of directors may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the stockholders.

Limitations on Liability, Indemnification of Officers and Directors, and Insurance

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors’ fiduciary duties as directors, and Dow NewCo’s amended and restated certificate of incorporation will include such an exculpation provision.

Dow NewCo’s amended and restated certificate of incorporation will provide that Dow’s directors, officers, employees and agents may be indemnified by Dow NewCo to the fullest extent as is permitted by the laws of the State of Delaware as it presently exists or may hereafter be amended and as Dow NewCo’s bylaws may from time to time provide.
The limitation of liability and indemnification provisions in Dow NewCo’s amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against Dow’s directors and officers, even though such an action, if successful, might otherwise benefit Dow and Dow stockholders. However, these provisions will not limit or eliminate Dow’s rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director’s duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, Dow pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any directors, officers or employees for which indemnification is sought.

**Exclusive Forum**

Dow NewCo’s amended and restated bylaws will provide that unless Dow NewCo consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Dow NewCo, (ii) any action asserting a claim of breach of a fiduciary duty owed by any Dow NewCo director, officer or other employee to Dow NewCo or Dow NewCo’s stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine.

**Sale of Unregistered Securities**

On August 30, 2018, Dow NewCo issued 100 shares of Dow common stock to DowDuPont pursuant to Section 4(a)(2) of the Securities Act. Dow NewCo did not register the issuance of the shares under the Securities Act because the issuance did not constitute a public offering.

**Transfer Agent and Registrar**

After the distribution, the transfer agent and registrar for Dow common stock will be Computershare Trust Company, N.A.

**Listing**

Dow intends to list the Dow common stock on the NYSE under the symbol “DOW.”
WHERE YOU CAN FIND MORE INFORMATION

Dow NewCo has filed a registration statement on Form 10 with the SEC with respect to the shares of Dow common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Dow and the Dow common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, as well as the annual and quarterly reports of Historical Dow and other information filed by TDCC with the SEC, on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference into this information statement.

Since the Merger, Historical Dow has been a subsidiary of DowDuPont and has not had a class of equity securities registered with the SEC. Consequently, TDCC has had reduced reporting obligations under the Exchange Act. As a result of the distribution, Dow NewCo will become subject to the full information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, Dow NewCo will be required to file periodic reports with the SEC and will also file proxy statements, current reports and other information with the SEC, which will be available on the Internet website maintained by the SEC at www.sec.gov.

You can obtain any of the documents listed above from the SEC, through the SEC’s website at the address described above, through Dow’s website at www.dow.com, or by requesting them in writing or by telephone at the following address:

Dow Holdings Inc.
2211 H.H. Dow Way
Midland, MI 48674
Attention: Investor Relations
1-989-636-1463

These documents are available without charge, excluding any exhibits to them, unless the exhibit is specifically listed as an exhibit to the registration statement on Form 10 of which this information statement forms a part.

Unless Dow or DowDuPont has received contrary instructions, if multiple DowDuPont stockholders share an address, only one Notice of Internet Availability of this information statement is being delivered to such address. This practice, known as “householding,” is designed to reduce printing and postage costs.

Dow undertakes to deliver promptly upon written or oral request a separate copy of this information statement to DowDuPont stockholders at a shared address to which a single copy of the Notice of Internet Availability was delivered. If you are a registered DowDuPont stockholder, you may request such separate copy by contacting the Office of the Corporate Secretary at 2211 H.H. Dow Way, Midland, MI 48674. If you hold your stock with a bank, broker or other nominee, you may request such separate copy by contacting Broadridge Financial Solutions Inc. (Attn: Householding Department) at 51 Mercedes Way, Edgewood, NY 11717, or by calling 1-866-540-7095. If you are a registered DowDuPont stockholder receiving multiple copies at the same address or if you have a number of accounts at a single brokerage firm, you may submit a request to receive a single copy in the future by contacting the Office of the Corporate Secretary. If you hold your DowDuPont common stock with a bank or broker, contact Broadridge Financial Solutions Inc. at the address and telephone number provided above.
Following the distribution, Dow intends to furnish its stockholders with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on by, and with an opinion expressed by, an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which Dow has referred you. Dow has not authorized any person to provide you with different information or to make any representation not contained in this information statement.
TRADEMARK LISTING

The following trademarks or service marks of Historical Dow and certain affiliated companies of Historical Dow appear in this information statement: ACOUSTICRYL, ACRYSOL, AFFINITY, AQUASET, AVANSE, BETAFORCE, BETAMATE, BETASEAL, CANVERA, CARBOWAX, DOW, DOW CORNING, DOWSIL, ELITE, EVOLV3D, EVOQUE, FILMTEC, FORMASHIELD, GREAT STUFF, INTUNE MAINCOTE, MOLYKOTE, MULTIBASE, NORDEL, PRIMAL, RHOPLEX, ROpaque, SENTRY, SILASTIC, STYROFOAM, TAMOL, TEGITOL, TPSiV, TRITON, UCAR, UCARTHERM, UCON, VERSENE, VORAFUSE, WALOCHEL

The following registered service mark of American Chemistry Council appears in this information statement: RESPONSIBLE CARE

The following registered service mark of Papierfabrik August Koehler SE appears in this information statement: Blue4est
Dow Holdings Inc. ("Dow NewCo") is a wholly owned subsidiary of DowDuPont and was formed on August 30, 2018 to serve as a holding company for Dow. Dow NewCo has engaged in no business operations to date and has no assets or liabilities of any kind, other than those incident to its formation.
Exhibit 99.2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors of The Dow Chemical Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Dow Chemical Company and subsidiaries (the “Company”) as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedule listed in the Index at Item 15(a)2 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 11, 2019, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Changes in Accounting Principles

As discussed in Note 16 to the financial statements, in the fourth quarter of 2016, the Company changed its accounting policy from expensing asbestos-related defense and processing costs as incurred to the accrual of asbestos-related defense and processing costs when probable of occurring and estimable. As discussed in Note 4 to the financial statements, in the first quarter of 2018, the Company changed its method of accounting for revenue due to the adoption of Accounting Standards Codification Topic 606, Revenue From Contracts With Customers.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & Touche LLP
Deloitte & Touche LLP
Midland, Michigan
February 11, 2019

We have served as the Company’s auditor since 1905.
## Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$60,278</td>
<td>$55,508</td>
<td>$48,158</td>
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<tr>
<td>Cost of sales</td>
<td>47,705</td>
<td>43,612</td>
<td>37,668</td>
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<tr>
<td>Research and development expenses</td>
<td>1,536</td>
<td>1,648</td>
<td>1,593</td>
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<tr>
<td>Selling, general and administrative expenses</td>
<td>2,846</td>
<td>2,920</td>
<td>2,953</td>
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<tr>
<td>Amortization of intangibles</td>
<td>622</td>
<td>624</td>
<td>544</td>
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<tr>
<td>Restructuring, goodwill impairment and asset related charges - net</td>
<td>620</td>
<td>3,100</td>
<td>595</td>
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<tr>
<td>Integration and separation costs</td>
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<td>786</td>
<td>349</td>
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<tr>
<td>Asbestos-related charge</td>
<td>—</td>
<td>—</td>
<td>1,113</td>
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<tr>
<td>Equity in earnings of nonconsolidated affiliates</td>
<td>950</td>
<td>762</td>
<td>442</td>
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<tr>
<td>Sundry income (expense) - net</td>
<td>181</td>
<td>195</td>
<td>1,486</td>
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<tr>
<td>Interest expense and amortization of debt discount</td>
<td>1,118</td>
<td>976</td>
<td>858</td>
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<td>Income before income taxes</td>
<td>5,918</td>
<td>2,799</td>
<td>4,413</td>
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<td>Provision for income taxes</td>
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<tr>
<td>Net income</td>
<td>4,633</td>
<td>595</td>
<td>4,404</td>
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<tr>
<td>Net income attributable to noncontrolling interests</td>
<td>134</td>
<td>129</td>
<td>86</td>
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<tr>
<td>Net income attributable to The Dow Chemical Company</td>
<td>4,499</td>
<td>466</td>
<td>4,318</td>
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<tr>
<td>Preferred stock dividends</td>
<td>—</td>
<td>—</td>
<td>340</td>
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<tr>
<td>Net income available for The Dow Chemical Company common stockholder</td>
<td>$4,498</td>
<td>$466</td>
<td>$3,978</td>
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See Notes to the Consolidated Financial Statements.
The Dow Chemical Company and Subsidiaries  
Consolidated Statements of Comprehensive Income  

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Net income</td>
<td>$4,633</td>
<td>$595</td>
<td>$4,404</td>
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<tr>
<td>Other comprehensive income (loss), net of tax</td>
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<tr>
<td>Unrealized losses on investments</td>
<td>(67)</td>
<td>(46)</td>
<td>(4)</td>
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<tr>
<td>Cumulative translation adjustments</td>
<td>(225)</td>
<td>900</td>
<td>(644)</td>
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<tr>
<td>Pension and other postretirement benefit plans</td>
<td>(40)</td>
<td>391</td>
<td>(620)</td>
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<td>Derivative instruments</td>
<td>75</td>
<td>(14)</td>
<td>113</td>
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<td>Total other comprehensive income (loss)</td>
<td>(257)</td>
<td>1,231</td>
<td>(1,155)</td>
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<td>Comprehensive income</td>
<td>4,376</td>
<td>1,826</td>
<td>3,249</td>
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<td>Comprehensive income attributable to noncontrolling interests, net of tax</td>
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<td>172</td>
<td>83</td>
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<td>Comprehensive income attributable to The Dow Chemical Company</td>
<td>$4,279</td>
<td>$1,654</td>
<td>$3,166</td>
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See Notes to the Consolidated Financial Statements.
### The Dow Chemical Company and Subsidiaries
#### Consolidated Balance Sheets

In millions, except share amounts) At Dec 31.

#### Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
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<tr>
<td>Cash and cash equivalents (variable interest entities restricted - 2018: $82; 2017: $107)</td>
<td>$2,669</td>
<td>$6,188</td>
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<td>Marketable securities</td>
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<td>Accounts and notes receivable:</td>
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<tr>
<td>Trade (net of allowance for doubtful receivables - 2018: $106; 2017: $117)</td>
<td>8,246</td>
<td>7,338</td>
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<td>Other</td>
<td>4,136</td>
<td>4,711</td>
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<tr>
<td>Inventories</td>
<td>9,260</td>
<td>8,376</td>
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<tr>
<td>Other current assets</td>
<td>852</td>
<td>627</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>25,263</td>
<td>27,244</td>
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<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
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<tr>
<td>Investment in nonconsolidated affiliates</td>
<td>3,823</td>
<td>3,742</td>
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<tr>
<td>Other investments (investments carried at fair value - 2018: $1,699; 2017: $1,512)</td>
<td>2,648</td>
<td>2,510</td>
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<tr>
<td>Noncurrent receivables</td>
<td>394</td>
<td>594</td>
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<tr>
<td><strong>Total investments</strong></td>
<td>6,865</td>
<td>6,846</td>
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<tr>
<td><strong>Property</strong></td>
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<tr>
<td>Property</td>
<td>61,437</td>
<td>60,426</td>
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<tr>
<td>Less accumulated depreciation</td>
<td>37,775</td>
<td>36,614</td>
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<tr>
<td><strong>Net property (variable interest entities restricted - 2018: $734; 2017: $907)</strong></td>
<td>23,662</td>
<td>23,812</td>
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<tr>
<td><strong>Other Assets</strong></td>
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<tr>
<td>Goodwill</td>
<td>13,848</td>
<td>13,938</td>
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<tr>
<td>Other intangible assets (net of accumulated amortization - 2018: $5,762; 2017: $5,161)</td>
<td>4,913</td>
<td>5,549</td>
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<tr>
<td>Deferred income tax assets</td>
<td>2,031</td>
<td>1,722</td>
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<tr>
<td>Deferred charges and other assets</td>
<td>796</td>
<td>829</td>
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<tr>
<td><strong>Total other assets</strong></td>
<td>21,588</td>
<td>22,038</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$77,378</td>
<td>$79,940</td>
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</table>

#### Liabilities and Equity

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
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<td></td>
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<tr>
<td>Notes payable</td>
<td>$305</td>
<td>$484</td>
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<tr>
<td>Long-term debt due within one year</td>
<td>340</td>
<td>752</td>
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<td>Accounts payable:</td>
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<tr>
<td>Trade</td>
<td>5,378</td>
<td>5,360</td>
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<tr>
<td>Other</td>
<td>3,330</td>
<td>3,062</td>
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<tr>
<td>Income taxes payable</td>
<td>791</td>
<td>694</td>
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<tr>
<td>Accrued and other current liabilities</td>
<td>3,611</td>
<td>4,025</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>13,755</td>
<td>14,377</td>
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<tr>
<td><strong>Long-Term Debt (variable interest entities nonrecourse - 2018: $75; 2017: $249)</strong></td>
<td>19,754</td>
<td>19,765</td>
</tr>
<tr>
<td><strong>Other Noncurrent Liabilities</strong></td>
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<td></td>
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<tr>
<td>Deferred income tax liabilities</td>
<td>664</td>
<td>764</td>
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<tr>
<td>Pension and other postretirement benefits - noncurrent</td>
<td>9,226</td>
<td>10,794</td>
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<tr>
<td>Asbestos-related liabilities - noncurrent</td>
<td>1,142</td>
<td>1,237</td>
</tr>
<tr>
<td>Other noncurrent obligations</td>
<td>5,368</td>
<td>5,994</td>
</tr>
<tr>
<td><strong>Total other noncurrent liabilities</strong></td>
<td>16,400</td>
<td>18,789</td>
</tr>
<tr>
<td><strong>Stockholders’ Equity</strong></td>
<td></td>
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</tr>
<tr>
<td>Common stock (authorized and issued 100 shares of $0.01 par value each)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>7,042</td>
<td>6,553</td>
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<tr>
<td>Retained earnings</td>
<td>29,808</td>
<td>28,050</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(9,885)</td>
<td>(8,591)</td>
</tr>
<tr>
<td>Unearned ESOP shares</td>
<td>(134)</td>
<td>(189)</td>
</tr>
<tr>
<td>The Dow Chemical Company’s stockholders’ equity</td>
<td>26,831</td>
<td>25,823</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>1,138</td>
<td>1,186</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>27,969</td>
<td>27,009</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td>$77,378</td>
<td>$79,940</td>
</tr>
</tbody>
</table>

See Notes to the Consolidated Financial Statements.
### Operating Activities

- **Net income**: $4,633 $595 $4,404
- **Adjustments to reconcile net income to net cash provided by (used for) operating activities:**
  - Depreciation and amortization: 3,329 3,155 2,862
  - Provision (Credit) for deferred income tax: (530) 933 (1,259)
  - Earnings of nonconsolidated affiliates less than (in excess of) dividends received: (42) 95 243
  - Net periodic pension benefit cost: 380 1,137 389
  - Pension contributions: (1,656) (1,676) (629)
  - Net gain on sales of assets, businesses and investments: (67) (1,156) (214)
  - Net (gain) loss on step acquisition of nonconsolidated affiliate: 47 — (2,445)
  - Restructuring, goodwill impairment and asset related charges - net: 620 3,100 595
  - Asbestos-related charge: — — 1,113
  - Other net loss: 426 378 361
- **Changes in assets and liabilities, net of effects of acquired and divested companies:**
  - Accounts and notes receivable: (1,532) (11,927) (8,833)
  - Inventories: (983) (1,225) 610
  - Accounts payable: 359 1,735 569
  - Other assets and liabilities, net: (1,090) (102) (723)
- **Cash provided by (used for) operating activities**: 3,894 (4,958) (2,957)

### Investing Activities

- **Capital expenditures**: (2,538) (3,144) (3,804)
- **Investment in gas field developments**: (114) (121) (113)
- **Purchases of previously leased assets**: (26) (187) —
- **Proceeds from sales of property and businesses, net of cash divested**: 155 1,691 284
- **Acquisitions of property and businesses, net of cash acquired**: (20) 47 (187)
- **Cash acquired in step acquisition of nonconsolidated affiliate**: — — 1,070
- **Investments in and loans to nonconsolidated affiliates**: (18) (749) (1,020)
- **Distributions and loan repayments from nonconsolidated affiliates**: 55 69 109
- **Proceeds from sales of ownership interests in nonconsolidated affiliates**: 4 64 22
- **Purchases of investments**: (1,530) (643) (577)
- **Proceeds from sales and maturities of investments**: 1,216 1,163 733
- **Proceeds from interests in trade accounts receivable conduits**: 657 9,462 8,551
- **Other investing activities, net**: 31 (100) 24
- **Cash provided by (used for) investing activities**: (2,128) 7,552 5,092

### Financing Activities

- **Changes in short-term notes payable**: (176) 293 (33)
- **Proceeds from issuance of long-term debt**: 2,000 — 32
- **Payments on long-term debt**: (3,058) (621) (588)
- **Purchases of treasury stock**: — — (916)
- **Proceeds from issuance of parent company stock**: 112 66 —
- **Proceeds from sales of common stock**: 423 398 —
- **Employee taxes paid for share-based payment arrangements**: (92) (93) (65)
- **Distributions to noncontrolling interests**: (172) (129) (176)
- **Purchases of noncontrolling interests**: — — (202)
- **Dividends paid to stockholders**: (2,179) (2,462) —
- **Dividends paid to parent**: (3,711) (1,056) —
- **Other financing activities, net**: (67) (35) (2)
- **Cash used for financing activities**: (5,164) (3,331) (4,014)
- **Effect of exchange rate changes on cash, cash equivalents and restricted cash**: (100) 370 (77)

### Summary

- **Decrease in cash, cash equivalents and restricted cash**: (3,498) (417) (1,956)
- **Cash, cash equivalents and restricted cash at beginning of year**: 6,207 6,624 8,580
- **Cash, cash equivalents and restricted cash at end of year**: $2,709 $6,207 $6,624
- **Cash and cash equivalents at end of year**: $2,669 $6,188 $6,607

### Supplemental cash flow information

- **Interest, net of amounts capitalized**: $1,198 $1,178 $1,192
- **Income taxes**: $1,419 $1,805 $1,592

See Notes to the Consolidated Financial Statements.
<table>
<thead>
<tr>
<th>Year</th>
<th>In millions</th>
<th>Preferred Stock</th>
<th>Common Stock</th>
<th>Add’l Paid In Capital</th>
<th>Retained Earnings</th>
<th>Other Comp Loss</th>
<th>U.S. Treasury ESOP</th>
<th>Non-controlling Interests</th>
<th>Total Equity</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td>$4,000</td>
<td>$3,107</td>
<td>$4,936</td>
<td>$28,425</td>
<td>$(8,667)</td>
<td>$(272)</td>
<td>$(6,155)</td>
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<td>Balance at Jan 1, 2016</td>
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<td>common stockholders</td>
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<td>Other comprehensive loss</td>
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<td>Stock-based compensation and allocation of ESOP shares</td>
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<td>Impact of noncontrolling interests</td>
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<td>Other</td>
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<td>Balance at Dec 31, 2016</td>
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<tr>
<td>2017</td>
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<td>$ —</td>
<td>$3,107</td>
<td>$4,262</td>
<td>$30,338</td>
<td>$(9,822)</td>
<td>$(239)</td>
<td>$(1,659)</td>
<td>$1,242</td>
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<td>Net income available for The Dow Chemical Company</td>
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<td></td>
<td>Dividends to stockholders</td>
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<tr>
<td></td>
<td>Dividends to parent</td>
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<tr>
<td></td>
<td>Common stock issued/sold</td>
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<tr>
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<td>Issuance of parent company stock</td>
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<tr>
<td></td>
<td>Stock-based compensation and allocation of ESOP shares</td>
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<td>Impact of noncontrolling interests</td>
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<td>Merger impact</td>
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<td>Other</td>
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<td></td>
<td>Balance at Dec 31, 2017</td>
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</tr>
<tr>
<td>2018</td>
<td></td>
<td>$ —</td>
<td>$ —</td>
<td>$6,553</td>
<td>$28,050</td>
<td>$(8,591)</td>
<td>$(189)</td>
<td></td>
<td>$1,186</td>
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<tr>
<td></td>
<td>Adoption of accounting standards (Note 1)</td>
<td></td>
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<tr>
<td></td>
<td>Net income available for The Dow Chemical Company</td>
<td></td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>common stockholder</td>
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<td></td>
<td>Other comprehensive loss</td>
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<td>Dividends to parent</td>
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<td>Issuance of parent company stock</td>
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<td>Stock-based compensation and allocation of ESOP shares</td>
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<td>Impact of noncontrolling interests</td>
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<td>Other</td>
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<td></td>
<td>Balance at Dec 31, 2018</td>
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</tbody>
</table>

See Notes to the Consolidated Financial Statements.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation
The accompanying consolidated financial statements of The Dow Chemical Company and its subsidiaries (“Dow” or the “Company”) were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the assets, liabilities, revenues and expenses of all majority-owned subsidiaries over which the Company exercises control and, when applicable, entities for which the Company has a controlling financial interest or is the primary beneficiary. Intercompany transactions and balances are eliminated in consolidation. Investments in nonconsolidated affiliates (20-50 percent owned companies or less than 20 percent owned companies over which significant influence is exercised) are accounted for using the equity method.

Effective August 31, 2017, pursuant to the merger of equals transaction contemplated by the Agreement and Plan of Merger, dated as of December 11, 2015, as amended on March 31, 2017, Dow and E. I. du Pont de Nemours and Company (“DuPont”) each merged with subsidiaries of DowDuPont Inc. (“DowDuPont”) and, as a result, Dow and DuPont became subsidiaries of DowDuPont (the “Merger”). In accordance with the accounting guidance for earnings per share, the presentation of earnings per share is not required in financial statements of wholly owned subsidiaries. See Note 3 for additional information on the Merger.
Beginning September 1, 2017, transactions between DowDuPont, Dow and DuPont and their affiliates are reflected in these consolidated financial statements and will be disclosed as related party transactions, when material. Transactions between Dow and DuPont primarily consist of the sale and procurement of certain feedstocks, energy and raw materials that are consumed in each company’s manufacturing process. See Note 24 for additional information.

Effective with the Merger, Dow’s business activities are components of its parent company’s business operations. Dow’s business activities, including the assessment of performance and allocation of resources, are reviewed and managed by DowDuPont. Information used by the chief operating decision maker of Dow relates to the Company in its entirety. Accordingly, there are no separate reportable business segments for the Company under Accounting Standards Codification (“ASC”) Topic 280 “Segment Reporting” and the Company’s business results are reported in this Form 10-K as a single operating segment.

Except as otherwise indicated by the context, the term “Union Carbide” means Union Carbide Corporation, a wholly owned subsidiary of Dow, and “Dow Silicones” means Dow Silicones Corporation (formerly known as Dow Corning Corporation, which changed its name effective as of February 1, 2018), a wholly owned subsidiary of Dow.

Use of Estimates in Financial Statement Preparation
The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company’s consolidated financial statements include amounts that are based on management’s best estimates and judgments. Actual results could differ from those estimates.

Significant Accounting Policies
Asbestos-Related Matters
Accruals for asbestos-related matters, including defense and processing costs, are recorded based on an analysis of claim and resolution activity, defense spending, and pending and future claims. These accruals are assessed at each balance sheet date to determine if the asbestos-related liability remains appropriate. Accruals for asbestos-related matters are included in the consolidated balance sheets in “Accrued and other current liabilities” and “Asbestos-related liabilities - noncurrent.” See Note 16 for additional information.

Legal Costs
The Company expenses legal costs as incurred, with the exception of defense and processing costs associated with asbestos-related matters.

Foreign Currency Translation
The local currency has been primarily used as the functional currency throughout the world. Translation gains and losses of those operations that use local currency as the functional currency are included in the consolidated balance sheets in “Accumulated other comprehensive loss” (“AOCL”). For certain subsidiaries, the U.S. dollar is used as the functional currency. This occurs when the subsidiary operates in an economic environment where the products produced and sold are tied to U.S. dollar-denominated markets, or when the foreign subsidiary operates in a hyper-inflationary environment. Where the U.S. dollar is used as the functional currency, foreign currency translation gains and losses are reflected in income.

Environmental Matters
Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies. These accruals are adjusted periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available. Accruals for environmental liabilities are included in the consolidated balance sheets in “Accrued and other current liabilities” and “Other noncurrent obligations” at undiscounted amounts. Accruals for related insurance or other third-party recoveries for environmental liabilities are recorded when it is probable that a recovery will be realized and are included in the consolidated balance sheets in “Accounts and notes receivable - Other.”

Environmental costs are capitalized if the costs extend the life of the property, increase its capacity and/or mitigate or prevent contamination from future operations. Environmental costs are also capitalized in recognition of legal asset retirement obligations resulting from the acquisition, construction and/or normal operation of a long-lived asset. Costs related to environmental contamination treatment and cleanup are charged to expense. Estimated future incremental operations, maintenance and management costs directly related to remediation are accrued when such costs are probable and reasonably estimable.

Cash and Cash Equivalents
Cash and cash equivalents include time deposits and investments with maturities of three months or less at the time of purchase.
Financial Instruments
The Company calculates the fair value of financial instruments using quoted market prices when available. When quoted market prices are not available for financial instruments, the Company uses standard pricing models with market-based inputs that take into account the present value of estimated future cash flows.

The Company utilizes derivatives to manage exposures to foreign currency exchange rates, commodity prices and interest rate risk. The fair values of all derivatives are recognized as assets or liabilities at the balance sheet date. Changes in the fair values of these instruments are reported in income or AOCL, depending on the use of the derivative and whether the Company has elected hedge accounting treatment.

Gains and losses on derivatives that are designated and qualify as cash flow hedging instruments are recorded in AOCL until the underlying transactions are recognized in income. Gains and losses on derivative and non-derivative instruments used as hedges of the Company’s net investment in foreign operations are recorded in AOCL as part of the cumulative translation adjustment. Prior to the adoption of Accounting Standards Update (“ASU”) 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities” in 2018, the ineffective portions of hedges, if any, were recognized in income immediately. See Note 2 for additional information.

Gains and losses on derivatives designated and qualifying as fair value hedging instruments, as well as the offsetting losses and gains on the hedged items, are reported in income in the same accounting period. Derivatives not designated as hedging instruments are marked-to-market at the end of each accounting period with the results included in income.

Inventories
Inventories are stated at the lower of cost or net realizable value. The method of determining cost for each subsidiary varies among last-in, first-out (“LIFO”); first-in, first-out (“FIFO”); and average cost, and is used consistently from year to year. At December 31, 2018, approximately 24 percent, 70 percent and 6 percent of the Company’s inventories were accounted for under the LIFO, FIFO and average cost methods, respectively. At December 31, 2017, approximately 24 percent, 67 percent and 9 percent of the Company’s inventories were accounted for under the LIFO, FIFO and average cost methods, respectively.

The Company routinely exchanges and swaps raw materials and finished goods with other companies to reduce delivery time, freight and other transportation costs. These transactions are treated as non-monetary exchanges and are valued at cost.

Property
Land, buildings and equipment, including property under capital lease agreements, are carried at cost less accumulated depreciation. Depreciation is based on the estimated service lives of depreciable assets and is calculated using the straight-line method, unless the asset was capitalized before 1997 when the declining balance method was used. Fully depreciated assets are retained in property and accumulated depreciation accounts until they are removed from service. In the case of disposals, assets and related accumulated depreciation are removed from the accounts, and the net amounts, less proceeds from disposal, are included in income.

Impairment and Disposal of Long-Lived Assets
The Company evaluates long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When undiscounted future cash flows are not expected to be sufficient to recover an asset’s carrying amount, the asset is written down to its fair value based on bids received from third parties or a discounted cash flow analysis based on market participant assumptions.

Long-lived assets to be disposed of by sale, if material, are classified as held for sale and reported at the lower of carrying amount or fair value less cost to sell, and depreciation is ceased. Long-lived assets to be disposed of other than by sale are classified as held and used until they are disposed of and reported at the lower of carrying amount or fair value, and depreciation is recognized over the remaining useful life of the assets.

Goodwill and Other Intangible Assets
The Company records goodwill when the purchase price of a business combination exceeds the estimated fair value of net identified tangible and intangible assets acquired. Goodwill is tested for impairment at the reporting unit level annually in the fourth quarter, or more frequently when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. When testing goodwill for impairment, the Company may first assess qualitative factors. If an initial qualitative assessment identifies that it is more likely than not that the fair value of a reporting unit is less than its carrying value, additional quantitative testing is performed. The Company may also elect to skip the qualitative testing and proceed directly to the quantitative testing. If the quantitative testing indicates that goodwill is impaired, an impairment charge is recognized based on the difference between the reporting unit’s carrying value and its fair value. The Company primarily utilizes a discounted cash flow methodology to calculate the fair value of its reporting units.
Finite-lived intangible assets such as purchased customer lists, developed technology, patents, trademarks and software, are amortized over their estimated useful lives, generally on a straight-line basis for periods ranging primarily from 3 to 20 years. Indefinite-lived intangible assets are reviewed for impairment or obsolescence annually, or more frequently when events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. If impaired, intangible assets are written down to fair value based on discounted cash flows.

**Asset Retirement Obligations**
The Company records asset retirement obligations as incurred and reasonably estimable, including obligations for which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. The fair values of obligations are recorded as liabilities on a discounted basis and are accreted over time for the change in present value. Costs associated with the liabilities are capitalized and amortized over the estimated remaining useful life of the asset, generally for periods of 10 years or less.

**Investments**
Investments in debt securities, primarily held by the Company’s insurance operations, are classified as trading, available-for-sale or held-to-maturity. Investments classified as trading are reported at fair value with unrealized gains and losses related to mark-to-market adjustments included in income. Those classified as available-for-sale are reported at fair value with unrealized gains and losses recorded in AOCL. Those classified as held-to-maturity are recorded at amortized cost. The cost of investments sold is determined by FIFO or specific identification.

Investments in equity securities, primarily held by the Company’s insurance operations, with a readily determinable fair value are reported at fair value with unrealized gains and losses related to mark-to-market adjustments included in income. Equity securities without a readily determinable fair value are accounted for at cost, adjusted for impairments and observable price changes in orderly transactions.

The Company routinely reviews its investments for declines in fair value below the cost basis. When events or changes in circumstances indicate the carrying value of an asset may not be recoverable, the security is written down to fair value, establishing a new cost basis.

**Revenue**
Effective with the January 1, 2018 adoption of ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” and the associated ASUs (collectively, “Topic 606”), the Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation. See Note 4 for additional information.

Revenue related to the Company’s insurance operations includes third-party insurance premiums, which are earned over the terms of the related insurance policies and reinsurance contracts.

In periods prior to the adoption of Topic 606, the Company’s accounting policy was to recognize revenue when it was realized or realizable, and the earnings process was complete. Revenue for product sales was recognized as risk and title to the product transferred to the customer, which usually occurred at the time shipment was made. As such, title to the product passed when the product was delivered to the freight carrier. The Company’s standard terms of delivery were included in its contracts of sale, order confirmation documents and invoices. Revenue related to the initial licensing of patent and technology was recognized when earned; revenue related to running royalties was recognized according to licensee production levels.

**Severance Costs**
The Company routinely reviews its operations around the world in an effort to ensure competitiveness across its businesses and geographic regions. When the reviews result in a workforce reduction related to the shutdown of facilities or other optimization activities, severance benefits are provided to employees primarily under Dow’s ongoing benefit arrangements. These severance costs are accrued once management commits to a plan of termination and it becomes probable that employees will be entitled to benefits at amounts that can be reasonably estimated.
Integration and Separation Costs
The Company classifies expenses related to the Merger and the ownership restructure of Dow Silicones as “Integration and separation costs” in the consolidated statements of income. Merger-related costs include: costs incurred to prepare for and close the Merger, post-Merger integration expenses and costs incurred to prepare for the separation of the agriculture business, materials science business and specialty products business. The Dow Silicones-related costs include costs incurred to prepare for and close the ownership restructure, as well as integration expenses. These costs primarily consist of financial advisor, information technology, legal, accounting, consulting and other professional advisory fees associated with preparation and execution of these activities.

Income Taxes
The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities using enacted tax rates. The effect of a change in tax rates on deferred tax assets or liabilities is recognized in income in the period that includes the enactment date. The Company uses the portfolio approach for releasing income tax effects from AOCL.

Effective with the Merger, the Company and DuPont are subsidiaries of DowDuPont. The Company is included in DowDuPont’s consolidated tax groups and related income tax returns within certain jurisdictions. The Company will continue to record a separate tax liability for its share of the taxable income and tax attributes and obligations on DowDuPont’s consolidated income tax returns following a formula consistent with the economic sharing of tax attributes and obligations. Dow and DuPont compute the amount due to DowDuPont for their share of taxable income and tax attributes and obligations on DowDuPont’s consolidated tax return. The amounts reported as income tax payable or receivable represent the Company’s payment obligation (or refundable amount) to DowDuPont based on a theoretical tax liability calculated based on the methodologies agreed, elected or required in each combined or consolidated filing jurisdiction.

The Company recognizes the financial statement effects of an uncertain income tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The Company accrues for other tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated. The current portion of uncertain income tax positions is included in “Income taxes payable” and the long-term portion is included in “Other noncurrent obligations” in the consolidated balance sheets.

 Provision is made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be permanently invested.

See Note 9 for further information relating to the enactment of the Tax Cuts and Jobs Act (“The Act”).

Changes to Prior Period Consolidated Financial Statements
In the first quarter of 2018, the Company adopted new accounting standards that required retrospective application. The Company updated the consolidated statements of income as a result of adopting ASU 2017-07, “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.” The consolidated statements of cash flows were updated as a result of adopting ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments” and ASU 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash.” See Note 2 for additional information on the ASUs. In the third quarter of 2018, the U.S. Securities and Exchange Commission’s (“SEC”) Office of the Chief Accountant provided additional guidance related to ASU 2016-15 that indicated an entity must evaluate daily transaction activity to calculate the value of cash received from beneficial interests in conduits, resulting in additional retrospective updates to the consolidated statements of cash flows.
Changes to the consolidated financial statements as a result of the retrospective application of the new accounting standards are summarized as follows:

### Summary of Changes to the Consolidated Statements of Income

<table>
<thead>
<tr>
<th>In millions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Filed</td>
<td>Updated</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>$44,308</td>
<td>$43,612</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>$1,637</td>
<td>$1,648</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>$2,917</td>
<td>$2,920</td>
</tr>
<tr>
<td>Sundry income (expense) - net</td>
<td>$ 877</td>
<td>$ 195</td>
</tr>
</tbody>
</table>

1. Reflects changes resulting from the adoption of ASU 2017-07. See Note 2 for additional information.

### Summary of Changes to the Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th>In millions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Filed</td>
<td>Updated</td>
</tr>
<tr>
<td>Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and notes receivable</td>
<td>$ (4,734)</td>
<td>$(11,927)</td>
</tr>
<tr>
<td>Proceeds from interests in trade accounts receivable conduits</td>
<td>$ 2,269</td>
<td>$ —</td>
</tr>
<tr>
<td>Other assets and liabilities, net</td>
<td>$(104)</td>
<td>$(102)</td>
</tr>
<tr>
<td>Cash provided by (used for) operating activities</td>
<td>$4,502</td>
<td>$(4,958)</td>
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<tr>
<td>Investing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment into escrow account</td>
<td>$(130)</td>
<td>$ —</td>
</tr>
<tr>
<td>Distribution from escrow account</td>
<td>$130</td>
<td>$ —</td>
</tr>
<tr>
<td>Acquisitions of property and businesses, net of cash acquired</td>
<td>$ 16</td>
<td>$ 47</td>
</tr>
<tr>
<td>Cash acquired in step acquisition of nonconsolidated affiliate</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Proceeds from interests in trade accounts receivable conduits</td>
<td>$ —</td>
<td>$ 9,462</td>
</tr>
<tr>
<td>Cash provided by (used for) investing activities</td>
<td>$(1,941)</td>
<td>$ 7,552</td>
</tr>
<tr>
<td>Financing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financing activities, net</td>
<td>$(4)</td>
<td>$(35)</td>
</tr>
<tr>
<td>Cash used for financing activities</td>
<td>$(3,300)</td>
<td>$(3,331)</td>
</tr>
<tr>
<td>Summary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in cash, cash equivalents and restricted cash</td>
<td>$(419)</td>
<td>$(417)</td>
</tr>
<tr>
<td>Cash, cash equivalents and restricted cash at beginning of period</td>
<td>$ 6,607</td>
<td>$ 6,624</td>
</tr>
<tr>
<td>Cash, cash equivalents and restricted cash at end of period</td>
<td>$ 6,188</td>
<td>$ 6,207</td>
</tr>
</tbody>
</table>

1. Reflects the adoption of ASU 2016-15 and ASU 2016-18. In connection with the review and implementation of ASU 2016-15, the Company also changed the value of “Proceeds from interests in trade accounts receivable conduits” due to additional interpretive guidance of the required method for calculating the cash received from beneficial interests in the conduits, including additional guidance from the SEC’s Office of the Chief Accountant issued in the third quarter of 2018.
Opening Balance Sheet Impact of Accounting Standards Adoption

In the first quarter of 2018, the Company adopted Topic 606, ASU 2016-01 and ASU 2016-16, “Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory.” See Note 2 for additional information on these ASUs. The cumulative effect on the Company’s January 1, 2018, consolidated balance sheet as a result of adopting these accounting standards is summarized in the following table:

<table>
<thead>
<tr>
<th>Summary of Impacts to the Consolidated Balance Sheet</th>
<th>Dec 31, 2017</th>
<th>Adjustments due to:</th>
<th>Jan 1, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Filed</td>
<td>Topic 606</td>
<td>ASU 2016-01</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
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</tr>
<tr>
<td>Inventories</td>
<td>$8,376</td>
<td>$(11)</td>
<td>$—</td>
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<tr>
<td>Other current assets</td>
<td>$627</td>
<td>$29</td>
<td>$—</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$27,244</td>
<td>$18</td>
<td>$—</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>$1,722</td>
<td>$25</td>
<td>$—</td>
</tr>
<tr>
<td>Deferred charges and other assets</td>
<td>$829</td>
<td>$43</td>
<td>$—</td>
</tr>
<tr>
<td>Total other assets</td>
<td>$22,038</td>
<td>$68</td>
<td>$—</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$79,940</td>
<td>$86</td>
<td>$—</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable - Other</td>
<td>$3,062</td>
<td>$10</td>
<td>$—</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>$694</td>
<td>$(2)</td>
<td>$—</td>
</tr>
<tr>
<td>Accrued and other current liabilities</td>
<td>$4,025</td>
<td>$50</td>
<td>$—</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>$14,377</td>
<td>$58</td>
<td>$—</td>
</tr>
<tr>
<td>Other noncurrent obligations</td>
<td>$5,994</td>
<td>$117</td>
<td>$—</td>
</tr>
<tr>
<td>Total other noncurrent liabilities</td>
<td>$18,789</td>
<td>$117</td>
<td>$—</td>
</tr>
<tr>
<td><strong>Stockholders’ Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>$28,050</td>
<td>$(89)</td>
<td>$(20)</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>$(8,591)</td>
<td>$—</td>
<td>$20</td>
</tr>
<tr>
<td>The Dow Chemical Company’s stockholders’ equity</td>
<td>$25,859</td>
<td>$(89)</td>
<td>$—</td>
</tr>
<tr>
<td>Total equity</td>
<td>$27,009</td>
<td>$(89)</td>
<td>$—</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>$79,940</td>
<td>$86</td>
<td>$—</td>
</tr>
</tbody>
</table>

The most significant changes as a result of adopting Topic 606 relate to the Company’s contract liabilities which include payments received in advance of performance. Contract liabilities, which are included in “Accrued and other current liabilities” and “Other noncurrent obligations” in the consolidated balance sheets, increased as certain performance obligations, which were previously recognized over time and related to the licensing of certain rights to patents and technology, as well as other performance obligations, are now recognized at a point in time as none of the three criteria for ‘over time’ recognition under Topic 606 are met.

In the second quarter of 2018, the Company early adopted ASU 2018-02. This standard was adopted on April 1, 2018, and resulted in a $1,057 million increase to retained earnings due to the reclassification from accumulated other comprehensive loss. The reclassification was primarily related to the change in the federal corporate tax rate and the effect of The Act on the Company’s pension plans, derivative instruments, available-for-sale securities and cumulative translation adjustments. This reclassification is reflected in the “Adoption of accounting standards” line in the consolidated statements of equity. See Note 2 for additional information.
Current Period Impact of Topic 606

The following table summarizes the effects of adopting Topic 606 on the Company’s consolidated balance sheets, which was applied prospectively to contracts not completed at January 1, 2018. The effect of adopting Topic 606 did not have a material impact on the consolidated statements of income and the consolidated statements of cash flows.

Summary of Impacts to the Consolidated Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>As Reported at Dec 31, 2018</th>
<th>Adjustments</th>
<th>Balance at Dec 31, Excluding Adoption of Topic 606</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>$9,260</td>
<td>6</td>
<td>$9,266</td>
</tr>
<tr>
<td>Other current assets</td>
<td>$852</td>
<td>(16)</td>
<td>$836</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$25,263</td>
<td>(10)</td>
<td>$25,253</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>$2,031</td>
<td>(26)</td>
<td>$2,005</td>
</tr>
<tr>
<td>Deferred charges and other assets</td>
<td>$796</td>
<td>(43)</td>
<td>$753</td>
</tr>
<tr>
<td>Total other assets</td>
<td>$21,588</td>
<td>(69)</td>
<td>$21,519</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$77,378</td>
<td>(79)</td>
<td>$77,299</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable - Other</td>
<td>$3,330</td>
<td>(10)</td>
<td>$3,320</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>$791</td>
<td>2</td>
<td>$793</td>
</tr>
<tr>
<td>Accrued and other current liabilities</td>
<td>$3,611</td>
<td>(15)</td>
<td>$3,596</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>$13,755</td>
<td>(23)</td>
<td>$13,732</td>
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<tr>
<td>Other noncurrent obligations</td>
<td>$5,368</td>
<td>(140)</td>
<td>$5,228</td>
</tr>
<tr>
<td>Total other noncurrent liabilities</td>
<td>$16,400</td>
<td>(140)</td>
<td>$16,260</td>
</tr>
<tr>
<td><strong>Stockholders’ Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>$29,808</td>
<td>84</td>
<td>$29,892</td>
</tr>
<tr>
<td>The Dow Chemical Company’s stockholders’ equity</td>
<td>$26,831</td>
<td>84</td>
<td>$26,915</td>
</tr>
<tr>
<td>Total equity</td>
<td>$27,969</td>
<td>84</td>
<td>$28,053</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>$77,378</td>
<td>(79)</td>
<td>$77,299</td>
</tr>
</tbody>
</table>

Dividends

Prior to the Merger, the Company declared dividends of $1.38 per share in 2017 ($1.84 per share in 2016). Effective with the Merger, Dow no longer has publicly traded common stock. Dow’s common shares are owned solely by its parent company, DowDuPont. As a result, the Company’s Board of Directors (“Board”) determines whether or not there will be a dividend distribution to DowDuPont. See Note 24 for additional information.

NOTE 2 – RECENT ACCOUNTING GUIDANCE

In the fourth quarter of 2018, the Company early adopted ASU 2018-14, “Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans,” which, as part of the Financial Accounting Standards Board (“FASB”) disclosure framework project, removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of certain disclosures and adds new disclosure requirements that are considered relevant for employers that sponsor defined benefit pension and/or other postretirement benefit plans. The new standard is effective for fiscal years ending after December 15, 2020, and early adoption is permitted. The new guidance should be applied on a retrospective basis for all periods presented. See Note 19 for updated disclosures for defined benefit pension and other postretirement benefit plans.

In the second quarter of 2018, the Company early adopted ASU 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities,” which amends the hedge accounting recognition and presentation under Topic 815, with the objectives of improving the financial reporting of hedging relationships to better portray the economic results of an entity’s risk management activities and simplifying the application of hedge accounting by preparers. The new standard expands the strategies eligible for hedge accounting, relaxes the timing requirements of hedge documentation and effectiveness assessments, and permits, in certain cases, the use of qualitative assessments on an ongoing basis to assess hedge effectiveness. The new guidance also requires new disclosures and presentation. The new standard is effective for fiscal years, and interim periods
within those fiscal years, beginning after December 15, 2018. Early adoption is permitted in any interim or annual period after issuance of the ASU. Entities must adopt the new guidance by applying a modified retrospective approach to hedging relationships existing as of the adoption date. The adoption of the new guidance did not have a material impact on the consolidated financial statements.

In the second quarter of 2018, the Company early adopted ASU 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from The Act, which was enacted on December 22, 2017, and requires certain disclosures about stranded tax effects. An entity has the option of applying the new guidance at the beginning of the period of adoption or retrospectively to each period (or periods) in which the tax effects related to items remaining in accumulated other comprehensive income are recognized. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, and early adoption is permitted, including adoption in an interim period for reporting periods in which the financial statements have not yet been issued. The Company’s adoption of the new standard was applied prospectively at the beginning of the second quarter of 2018, with a reclassification of the stranded tax effects as a result of the The Act from accumulated other comprehensive loss to retained earnings. See Note 1 for additional information.

In the first quarter of 2018, the Company adopted ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” which is the new comprehensive revenue recognition standard that supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition,” and most industry specific guidance. The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In 2015 and 2016, the FASB issued additional ASUs related to Topic 606 that delayed the effective date of the guidance and clarified various aspects of the new revenue guidance, including principal versus agent considerations, identification of performance obligations, and accounting for licenses, and included other improvements and practical expedients. The new guidance was effective for annual and interim periods beginning after December 15, 2017. The Company elected to adopt the new guidance using the modified retrospective transition method for all contracts not completed as of the date of adoption. The Company recognized the cumulative effect of applying the new revenue standard as an adjustment to the opening balance of retained earnings at the beginning of the first quarter of 2018. The comparative periods have not been restated and continue to be accounted for under Topic 605. The adoption of the new guidance did not have a material impact on the consolidated financial statements. See Notes 1 and 4 for additional disclosures regarding the Company’s contracts with customers as well as the impact of adopting Topic 606.

In the first quarter of 2018, the Company adopted ASU 2016-01, “Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,” which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company applied the amendments in the new guidance by means of a cumulative-effect adjustment to the opening balance of retained earnings at the beginning of the first quarter of 2018. The adoption of the new guidance did not have a material impact on the consolidated financial statements. See Notes 1 and 21 for additional information.

In the first quarter of 2018, the Company adopted ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,” which addresses diversity in practice in how certain cash receipts and cash payments are presented and classified in the statements of cash flows and addresses eight specific cash flow issues. The new standard was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. A key provision in the new guidance impacted the presentation of proceeds from interests in certain trade accounts receivable conduits, which were retrospectively reclassified from “Operating Activities” to “Investing Activities” in the consolidated statements of cash flows. See Note 1 for additional information.

In the first quarter of 2018, the Company adopted ASU 2016-16, “Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory,” which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments were effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The new guidance was applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings at the beginning of the first quarter of 2018. The adoption of this guidance did not have a material impact on the consolidated financial statements. See Note 1 for additional information.
In the first quarter of 2018, the Company adopted ASU 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash,” which clarifies how entities should present restricted cash and restricted cash equivalents in the statements of cash flows, and as a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statements of cash flows. An entity with a material balance of restricted cash and restricted cash equivalents must disclose information about the nature of the restrictions. The new standard was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The new guidance changed the presentation of restricted cash in the consolidated statements of cash flows and was implemented on a retrospective basis in the first quarter of 2018. See Note 1 for additional information.

In the first quarter of 2018, the Company adopted ASU 2017-07, “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” which amends the requirements related to the income statement presentation of the components of net periodic benefit cost for employer sponsored defined benefit pension and other postretirement benefit plans. Under the new guidance, an entity must disaggregate and present the service cost component of net periodic benefit cost in the same income statement line items as other employee compensation costs arising from services rendered during the period, and only the service cost component will be eligible for capitalization. Other components of net periodic benefit cost must be presented separately from the line items that includes the service cost. The new standard was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Entities were required to use a retrospective transition method to adopt the requirement for separate income statement presentation of the service cost and other components, and a prospective transition method to adopt the requirement to limit the capitalization of benefit cost to the service component. Accordingly, in the first quarter of 2018, the Company used a retrospective transition method to reclassify net periodic benefit cost, other than the service component, from “Cost of sales,” “Research and development expenses” and “Selling, general and administrative expenses” to “Sundry income (expense) - net” in the consolidated statements of income. See Note 1 for additional information.

Accounting Guidance Issued But Not Adopted at December 31, 2018
In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842),” and associated ASUs related to Topic 842, which requires organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The new guidance requires that a lessee recognize assets and liabilities for leases, and recognition, presentation and measurement in the financial statements will depend on its classification as a finance or operating lease. In addition, the new guidance will require disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. Lessor accounting remains largely unchanged from current U.S. GAAP but does contain some targeted improvements to align with the new revenue recognition guidance issued in 2014 (Topic 606). The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, and early adoption is permitted.

The Company has a cross-functional team in place to evaluate and implement the new guidance and the Company has substantially completed the implementation of a third-party software solution to facilitate compliance with accounting and reporting requirements. The team continues to review existing lease arrangements and has collected and loaded a significant portion of the lease portfolio into the software. The Company continues to enhance accounting systems and update business processes and controls related to the new guidance for leases. Collectively, these activities are expected to enable the Company to meet the new accounting and disclosure requirements upon adoption in the first quarter of 2019.

The ASU requires a modified retrospective transition approach, applying the new standard to all leases existing at the date of initial adoption. An entity may choose to use either (1) the effective date or (2) the beginning of the earliest comparative period presented in the financial statements at the date of initial application. The Company has elected to apply the transition requirements at the January 1, 2019, effective date rather than at the beginning of the earliest comparative period presented. This approach allows for a cumulative effect adjustment in the period of adoption, and prior periods will not be restated. In addition, the Company has elected the package of practical expedients permitted under the transition guidance, which does not require reassessment of prior conclusions related to contracts containing a lease, lease classification and initial direct lease costs. As an accounting policy election, the Company will exclude short-term leases (term of 12 months or less) from the balance sheet presentation and will account for non-lease and lease components in a contract as a single lease component for all asset classes. The Company is finalizing the evaluation of the January 1, 2019, impact and estimates a material increase of lease-related assets and liabilities, ranging from $2.4 billion to $2.8 billion in the consolidated balance sheets. The impact to the Company’s consolidated statements of income and consolidated statements of cash flows is not expected to be material.

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820); Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement,” which is part of the FASB disclosure framework project to improve the effectiveness of disclosures in the notes to the financial statements. The amendments in the new guidance remove, modify and
add certain disclosure requirements related to fair value measurements covered in Topic 820, “Fair Value Measurement.” The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for either the entire standard or only the requirements that modify or eliminate the disclosure requirements, with certain requirements applied prospectively, and all other requirements applied retrospectively to all periods presented. The Company is currently evaluating the impact of adopting this guidance.

In August 2018, the FASB issued ASU 2018-15, “Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract,” which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in Topic 350, “Intangibles - Goodwill and Other” to determine which implementation costs to capitalize as assets or expense as incurred. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted and an entity can elect to apply the new guidance on a prospective or retrospective basis. The Company is currently evaluating the impact of adopting this guidance.

NOTE 3 – MERGER WITH DUPONT

Effective August 31, 2017, Dow and DuPont completed the merger of equals transaction contemplated by the Agreement and Plan of Merger, dated as of December 11, 2015, as amended on March 31, 2017 (the “Merger Agreement”), by and among the Company, DuPont, DowDuPont, Diamond Merger Sub, Inc. and Orion Merger Sub, Inc. Pursuant to the Merger Agreement, (i) Diamond Merger Sub, Inc. was merged with and into Dow, with Dow surviving the merger as a subsidiary of DowDuPont (the “Diamond Merger”) and (ii) Orion Merger Sub, Inc. was merged with and into DuPont, with DuPont surviving the merger as a subsidiary of DowDuPont (the “Orion Merger” and, together with the Diamond Merger, the “Mergers”). Following the consummation of the Mergers, each of Dow and DuPont became subsidiaries of DowDuPont (collectively, the “Merger”). Following the Merger, Dow and DuPont intend to pursue, subject to certain customary conditions, including, among others, the effectiveness of registration statements filed with the SEC and approval by the board of directors of DowDuPont (“DowDuPont Board”), the separation of the combined company’s agriculture, materials science and specialty products businesses through one or more tax-efficient transactions (“Intended Business Separations”). Additional information about the Merger is included in Current Reports on Form 8-K filed with the SEC on December 11, 2015, March 31, 2017, August 4, 2017 and September 1, 2017.

Upon completion of the Diamond Merger, each share of common stock, par value $2.50 per share, of Dow (“Dow Common Stock”) (excluding any shares of Dow Common Stock that were held in treasury immediately prior to the effective time of the Diamond Merger, which were automatically canceled and retired for no consideration) was converted into the right to receive one fully paid and non-assessable share of common stock, par value $0.01 per share, of DowDuPont (“DowDuPont Common Stock”). As provided in the Merger Agreement, at the effective time of the Mergers, (i) all options, deferred stock, performance deferred stock and other equity awards relating to shares of Dow Common Stock outstanding immediately prior to the effective time of the Mergers were generally automatically converted into options and deferred stock and other equity awards relating to shares of DowDuPont Common Stock after giving effect to appropriate adjustments to reflect the Mergers and otherwise generally on the same terms and conditions as applied under the applicable plans and award agreements immediately prior to the effective time of the Mergers. See Note 20 for additional information on the conversion of the equity awards.

In the third quarter of 2017, as a result of the Diamond Merger and the Merger, the Company recorded a reduction in “Treasury stock” of $935 million, a reduction in “Common stock” of $3,107 million and an increase in “Additional paid in capital” of $2,172 million. At September 1, 2017, the Company has 100 shares of common stock issued and outstanding, par value $0.01 per share, owned solely by its parent, DowDuPont.

On August 31, 2017, following the Diamond Merger, Dow requested that the New York Stock Exchange (“NYSE”) withdraw the shares of Dow Common Stock from listing on the NYSE and filed a Form 25 with the SEC to report that the shares of Dow Common Stock are no longer listed on the NYSE. The shares of Dow Common Stock were suspended from trading on the NYSE prior to the open of trading on September 1, 2017.

As a condition of the regulatory approval of the Merger, Dow and DuPont agreed to certain closing conditions, which are as follows:

- Dow divested its global Ethylene Acrylic Acid copolymers and ionomers business (“EAA Business”) to SK Global Chemical Co., Ltd., on September 1, 2017, as part of a divestiture commitment given to the European Commission (“EC”) in connection with the EC’s conditional approval of the Merger granted on March 27, 2017. See Note 6 for additional information on this transaction.
• DuPont divested its Cereal Broadleaf Herbicides and Chewing Insecticides portfolios as well as its Crop Protection research and development (“R&D”) pipeline and organization (excluding seed treatment, nematicides, late-stage R&D programs and certain personnel needed to support marketed products and R&D programs that will remain with DuPont) (collectively, the “DuPont Divested Assets”) to FMC Corporation (“FMC”) on November 1, 2017, as part of the EC’s conditional approval granted on March 27, 2017. Also on November 1, 2017, DuPont completed its acquisition of FMC’s Health and Nutrition business, excluding its Omega-3 products.

• On May 2, 2017, Dow and DuPont announced that China’s Ministry of Commerce (“MOFCOM”) granted conditional regulatory approval for the companies’ proposed merger of equals which included commitments already made to the EC including DuPont’s divestiture of the DuPont Divested Assets and Dow’s divestiture of the EAA Business. In addition, Dow and DuPont made commitments related to the supply and distribution in China of certain herbicide and insecticide ingredients and formulations for rice crops for five years after the closing of the Merger.

• Dow divested a select portion of Dow AgroSciences’ corn seed business in Brazil (“DAS Divested Ag Business”) to CITIC Agri Fund on November 30, 2017. The divestiture was part of the commitment given to Brazil’s Administrative Council for Economic Defense (“CADE”) in connection with the CADE’s conditional approval of the Merger granted on May 17, 2017, which was incremental to commitments already made to the EC, China and regulatory agencies in other jurisdictions. See Note 6 for additional information on this transaction.

• On June 15, 2017, Dow and DuPont announced that a proposed agreement had been reached with the Antitrust Division of the United States Department of Justice that permitted the companies to proceed with the proposed merger of equals transaction. The proposed agreement was consistent with commitments already made to the EC.

Intended Business Separations
In furtherance of the Intended Business Separations, Dow and DuPont are engaged in a series of internal reorganization and realignment steps (the “Internal Reorganization”) to realign their businesses into three subgroups: agriculture, materials science and specialty products. DowDuPont has also formed two wholly owned subsidiaries: Dow Holdings Inc. (“DHI”), to serve as a holding company for its materials science business, and Corteva, Inc. (“Corteva”), to serve as a holding company for its agriculture business. Following the separation and distribution of DHI, which is targeted to occur by April 1, 2019, DowDuPont, as the remaining company, which is referred to herein as “New DuPont,” will continue to hold the agriculture and specialty products businesses. New DuPont is then targeted to complete the separation and distribution of Corteva on June 1, 2019, resulting in New DuPont holding the specialty products businesses of DowDuPont. Following the distributions, DowDuPont will be known as DuPont.

As part of the Internal Reorganization, 1) the assets and liabilities of the materials science business will be transferred or conveyed to legal entities that then will be aligned under DHI, 2) the assets and liabilities of the agriculture business will be transferred or conveyed to legal entities that then will be aligned under Corteva, and 3) the assets and liabilities of the specialty products business will be transferred or conveyed to legal entities that then will be aligned with New DuPont. Following the Internal Reorganization, DowDuPont expects to distribute DHI and Corteva through separate, pro rata U.S. federal tax-free spin-offs in which DowDuPont stockholders, at such time, would receive shares of common stock of DHI and of Corteva.

Additional information is included in the Form 10 registration statements for the separation of DowDuPont’s materials science business (filed as Dow Holdings Inc.) filed with the SEC on September 7, 2018, as amended on October 19, 2018 and November 19, 2018, and the agriculture business (filed as Corteva, Inc.) filed with the SEC on October 18, 2018, as amended on December 19, 2018.

NOTE 4 – REVENUE
Revenue Recognition
The majority of the Company’s revenue is derived from product sales. In 2018, 99 percent of the Company’s sales related to product sales (98 percent in 2017 and 99 percent in 2016). The remaining sales were primarily related to Dow’s insurance operations and licensing of patents and technologies. As of January 1, 2018, the Company accounts for revenue in accordance with Topic 606, “Revenue from Contracts with Customers,” except for revenue from Dow’s insurance operations, which is accounted for in accordance with Topic 944, “Financial Services - Insurance.”

Product Sales
Product sales consist of sales of the Company’s products to manufacturers and distributors. The Company considers order confirmations or purchase orders, which in some cases are governed by master supply agreements, to be contracts with a customer.
Product sale contracts are generally short-term contracts where the time between order confirmation and satisfaction of all performance obligations is less than one year. However, the Company has some long-term contracts which can span multiple years.

Revenues from product sales are recognized when the customer obtains control of the Company’s product, which occurs at a point in time, usually upon shipment, with payment terms typically in the range of 30 to 60 days after invoicing, depending on business and geographic region. When the Company performs shipping and handling activities after the transfer of control to the customer (e.g., when control transfers prior to shipment), these are considered fulfillment activities, and accordingly, the costs are accrued when the related revenue is recognized. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues. The Company elected to use the practical expedient to expense cash and non-cash sales incentives, as the amortization period for the costs to obtain the contract would have been one year or less.

Certain long-term contracts include a series of distinct goods that are delivered continuously to the customer through a pipeline (e.g., feedstocks). For these types of product sales, the Company invoices the customer in an amount that directly corresponds with the value to the customer of the Company’s performance to date. As a result, the Company recognizes revenue based on the amount billable to the customer in accordance with the right to invoice practical expedient.

The transaction price includes estimates for reductions in revenue from customer rebates and right of returns on product sales. These amounts are estimated based upon the most likely amount of consideration to which the customer will be entitled. The Company’s obligation for right of returns is limited primarily to the Seed principal product group. All estimates are based on historical experience, anticipated performance and the Company’s best judgment at the time to the extent it is probable that a significant reversal of revenue recognized will not occur. All estimates for variable consideration are reassessed periodically. The Company elected the practical expedient to not adjust the amount of consideration for the effects of a significant financing component for all instances in which the period between payment and transfer of the goods will be one year or less.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the relative standalone selling price. The standalone selling price is the observable price which depicts the price as if sold to a similar customer in similar circumstances.

**Patents, Trademarks and Licenses**

The Company enters into licensing arrangements in which it licenses certain rights of its patents and technology to customers. Revenue from the majority of the Company’s licenses for patents and technology is derived from sales-based royalties. The Company estimates the amount of sales-based royalties it expects to be entitled to based on historical sales to the customer. For the remaining revenue from licensing arrangements, payments are typically received from the Company’s licensees based on billing schedules established in each contract. Revenue is recognized by the Company when the performance obligation is satisfied.

**Remaining Performance Obligations**

Remaining performance obligations represent the transaction price allocated to unsatisfied or partially unsatisfied performance obligations. At December 31, 2018, the Company had remaining performance obligations related to material rights granted to customers for contract renewal options of $102 million and unfulfilled performance obligations for the licensing of technology of $407 million. The Company expects revenue to be recognized for the remaining performance obligations over the next one to six years.

The remaining performance obligations are for product sales that have expected durations of one year or less, product sales of materials delivered through a pipeline for which the Company has elected the right to invoice practical expedient, or variable consideration attributable to royalties for licenses of patents and technology. The Company has received advance payments from customers related to long-term supply agreements that are deferred and recognized over the life of the contract, with remaining contract terms that range up to 22 years. The Company will have rights to future consideration for revenue recognized when product is delivered to the customer. These payments are included in “Accrued and other current liabilities” and “Other noncurrent obligations” in the consolidated balance sheets.

**Disaggregation of Revenue**

The Company disaggregates its revenue from contracts with customers by principal product group and geographic region, as the Company believes it best depicts the nature, amount, timing and uncertainty of its revenue and cash flows. See Note 25 for net trade revenue by principal product group and geographic region for 2018.

**Contract Balances**

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets include amounts related to the Company’s contractual...
right to consideration for completed performance obligations not yet invoiced. Contract liabilities include payments received in advance of performance under the contract, and are realized when the associated revenue is recognized under the contract. “Contract liabilities - current” primarily reflects deferred revenue from prepayments from customers for product to be delivered in a time period of 12 months or less. “Contract liabilities - noncurrent” includes advance payments that the Company has received from customers related to long-term supply agreements and royalty payments that are deferred and recognized over the life of the contract.

Revenue recognized in 2018 from amounts included in contract liabilities at the beginning of the period was approximately $240 million. In 2018, the amount of contract assets reclassified to receivables as a result of the right to the transaction consideration becoming unconditional was approximately $12 million. The Company did not recognize any asset impairment charges related to contract assets in 2018.

The following table summarizes the contract balances at December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Contract Balances</th>
<th>Dec 31, 2108</th>
<th>Topic 606 Adjustments Jan 1, 2018</th>
<th>Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and notes receivable - Trade</td>
<td>$8,246</td>
<td>$ —</td>
<td>$7,338</td>
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<tr>
<td>Contract assets - current 1</td>
<td>$37</td>
<td>$ 18</td>
<td>$ —</td>
</tr>
<tr>
<td>Contract assets - noncurrent 2</td>
<td>$47</td>
<td>$ 43</td>
<td>$ —</td>
</tr>
<tr>
<td>Contract liabilities - current 3</td>
<td>$165</td>
<td>$ 50</td>
<td>$117</td>
</tr>
<tr>
<td>Contract liabilities - noncurrent 4</td>
<td>$1,390</td>
<td>$ 117</td>
<td>$1,365</td>
</tr>
</tbody>
</table>

1. Included in “Other current assets” in the consolidated balance sheets.
2. Included in “Deferred charges and other assets” in the consolidated balance sheets.
3. Included in “Accrued and other current liabilities” in the consolidated balance sheet.
4. Included in “Other noncurrent obligations” in the consolidated balance sheets.

NOTE 5 – ACQUISITIONS
Ownership Restructure of Dow Silicones
On June 1, 2016, the Company announced the closing of the transaction with Corning Incorporated (“Corning”), Dow Silicones and HS Upstate Inc., (“Splitco”), pursuant to which Corning exchanged with Dow Silicones its 50 percent equity interest in Dow Silicones for 100 percent of the stock of Splitco which held Corning’s historical proportional interest in the Hemlock Semiconductor Group (“HSC Group”) and approximately $4.8 billion in cash. As a result, Dow Silicones, previously a 50:50 joint venture between Dow and Corning, became a wholly owned subsidiary of Dow. In connection with the ownership restructure, on May 31, 2016, Dow Silicones incurred $4.5 billion of indebtedness in order to fund the contribution of cash to Splitco. See Notes 12, 15 and 23 for additional information.

At June 1, 2016, the Company’s equity interest in Dow Silicones, excluding the HSC Group, was $1,968 million. This equity interest was remeasured to fair value. As a result, the Company recognized a non-taxable gain of $2,445 million in the second quarter of 2016, net of closing costs and other comprehensive loss related to the Company’s interest in Dow Silicones. The gain was included in “Sundry income (expense)—net” in the consolidated statements of income. The Company recognized a tax benefit of $141 million on the ownership restructure, on May 31, 2016, Dow Silicones incurred $4.5 billion of indebtedness in order to fund the contribution of cash to Splitco. See Notes 12, 15 and 23 for additional information.

At June 1, 2016, the Company recorded a pretax loss of $47 million for post-closing adjustments related to the Dow Silicones ownership restructure, included in “Sundry income (expense) - net” in the consolidated statements of income.

The ownership restructure resulted in the recognition of $3,229 million of “Goodwill” which was not deductible for tax purposes. Goodwill largely consisted of expected synergies resulting from the ownership restructure. Cost synergies were achieved through a combination of workforce consolidation and savings from actions such as harmonizing energy contracts at large sites, optimizing warehouse and logistics footprints, implementing materials and maintenance best practices, combining information technology service structures and leveraging existing R&D knowledge management systems.

The Company evaluated the disclosure requirements under ASC 805 “Business Combinations” and determined the ownership restructure was not considered a material business combination for purposes of disclosing the revenue and earnings of Dow Silicones since the date of the ownership restructure as well as supplemental pro forma information.
Beginning in June 2016, the results of Dow Silicones, excluding the HSC Group, were fully consolidated in the Company’s consolidated statements of income. Prior to June 2016, the Company’s 50 percent share of Dow Silicones’ results of operations was reported in “Equity in earnings of nonconsolidated affiliates” in the consolidated statements of income. The results of the HSC Group continue to be treated as an equity method investment and reported as “Equity in earnings of nonconsolidated affiliates” in the consolidated statements of income.

**NOTE 6 – DIVESTITURES**

**Merger Remedy - Divestiture of the Global Ethylene Acrylic Acid Copolymers and Ionomers Business**
On February 2, 2017, as a condition of regulatory approval of the Merger, Dow announced it would divest the EAA Business to SK Global Chemical Co., Ltd. The divestiture included production assets located in Freeport, Texas, and Tarragona, Spain, along with associated intellectual property and product trademarks. Under terms of the purchase agreement, SK Global Chemical Co., Ltd will honor certain customer and supplier contracts and other agreements. On September 1, 2017, the sale was completed for $296 million, net of working capital adjustments, costs to sell and other adjustments, with proceeds subject to customary post-closing adjustments. As a result, in 2017, the Company recognized a pretax gain of $227 million on the sale, included in “Sundry income (expense) - net” in the consolidated statements of income.

**Merger Remedy - Divestiture of a Portion of Dow AgroSciences’ Brazil Corn Seed Business**
On July 11, 2017, as a condition of regulatory approval of the Merger, Dow announced it had entered into a definitive agreement with CITIC Agri Fund to sell a select portion of Dow AgroSciences’ corn seed business in Brazil, including some seed processing plants and seed research centers, a copy of Dow AgroSciences’ Brazilian corn germplasm bank, the MORGAN™ brand and a license for the use of the DOW SEMENTES™ brand for a certain period of time. On November 30, 2017, the sale was completed for $1,093 million, net of working capital adjustments, costs to sell and other adjustments, with proceeds subject to customary post-closing adjustments. As a result, in 2017, the Company recognized a pretax gain of $635 million on the sale, included in “Sundry income (expense) - net” in the consolidated statements of income.

The Company evaluated the divestiture of the EAA Business and determined it did not represent a strategic shift that had a major effect on the Company’s operations and financial results and did not qualify as an individually significant component of the Company. The divestiture of a portion of Dow AgroSciences’ corn seed business did not qualify as a component of the Company. As a result, these divestitures were not reported as discontinued operations.

**NOTE 7 – RESTRUCTURING, GOODWILL IMPAIRMENT AND ASSET RELATED CHARGES - NET**
The “Restructuring, goodwill impairment and asset related charges - net” line in the consolidated statements of income is used to record charges for restructuring programs, goodwill impairments, and other asset related charges, which includes other asset impairments.

**DowDuPont Agriculture Division Restructuring Program**
During the fourth quarter of 2018 and in connection with the ongoing integration activities, DowDuPont approved restructuring actions to simplify and optimize certain organizational structures within the Agriculture division in preparation for its intended separation as a standalone company (“Agriculture Division Program”). As a result of these actions, the Company expects to record total pretax restructuring charges of $31 million, comprised of $28 million of severance and related benefit costs and $3 million of asset write-downs and write-offs. For the year ended December 31, 2018, the Company recorded pretax restructuring charges of $25 million, consisting of severance and related benefit costs of $24 million and asset write-downs and write-offs of $1 million. The impact of these charges is shown as “Restructuring, goodwill impairment and asset related charges - net” in the consolidated statements of income. The Company expects actions related to the Agriculture Division Program to be substantially complete by mid 2019.
The following table summarizes the activities related to the Agriculture Division Program. At December 31, 2018, $23 million was included in “Accrued and other current liabilities” in the consolidated balance sheets.

### DowDuPont Agriculture Division Program

<table>
<thead>
<tr>
<th>In millions</th>
<th>Severance and Related Benefit Costs</th>
<th>Asset Write-downs and Write-offs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 restructuring charges</td>
<td>$ 24</td>
<td>$ 1</td>
<td>$ 25</td>
</tr>
<tr>
<td>Charges against the reserve</td>
<td>—</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Cash payments</td>
<td>(1)</td>
<td>—</td>
<td>(1)</td>
</tr>
<tr>
<td>Reserve balance at Dec 31, 2018</td>
<td>$ 23</td>
<td>—</td>
<td>$ 23</td>
</tr>
</tbody>
</table>

### DowDuPont Cost Synergy Program

In September and November 2017, DowDuPont approved post-merger restructuring actions under the DowDuPont Cost Synergy Program (the “Synergy Program”) which is designed to integrate and optimize the organization following the Merger and in preparation for the Intended Business Separations. The Company expects to record total pretax restructuring charges of approximately $1.3 billion, which included initial estimates of approximately $525 million to $575 million of severance and related benefit costs; $400 million to $440 million of asset write-downs and write-offs, and $290 million to $310 million of costs associated with exit and disposal activities.

As a result of the Synergy Program, the Company recorded pretax restructuring charges of $687 million in 2017, consisting of severance and related benefit costs of $357 million, asset write-downs and write-offs of $287 million and costs associated with exit and disposal activities of $43 million. For the year ended December 31, 2018, the Company recorded pretax restructuring charges of $551 million, consisting of severance and related benefit costs of $204 million, asset write-downs and write-offs of $226 million and costs associated with exit and disposal activities of $121 million. The impact of these charges is shown as “Restructuring, goodwill impairment and asset related charges - net” in the consolidated statements of income. The Company expects to record additional restructuring charges during 2019 and substantially complete the Synergy Program by the end of 2019.

The following table summarizes the activities related to the Synergy Program. At December 31, 2018, $272 million was included in “Accrued and other current liabilities” ($231 million at December 31, 2017) and $55 million was included in “Other noncurrent obligations” ($118 million at December 31, 2017) in the consolidated balance sheets.

### DowDuPont Synergy Program

<table>
<thead>
<tr>
<th>In millions</th>
<th>Severance and Related Benefit Costs</th>
<th>Asset Write-downs and Write-offs</th>
<th>Costs Associated with Exit and Disposal Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 restructuring charges</td>
<td>$ 357</td>
<td>$ 287</td>
<td>$ 43</td>
<td>$ 687</td>
</tr>
<tr>
<td>Charges against the reserve</td>
<td>—</td>
<td>(287)</td>
<td>—</td>
<td>(287)</td>
</tr>
<tr>
<td>Cash payments</td>
<td>(51)</td>
<td>—</td>
<td>—</td>
<td>(51)</td>
</tr>
<tr>
<td>Reserve balance at Dec 31, 2017</td>
<td>$ 306</td>
<td>$ 43</td>
<td>$ 349</td>
<td></td>
</tr>
<tr>
<td>2018 restructuring charges</td>
<td>204</td>
<td>121</td>
<td>(551)</td>
<td></td>
</tr>
<tr>
<td>Charges against the reserve</td>
<td>—</td>
<td>(226)</td>
<td>—</td>
<td>(226)</td>
</tr>
<tr>
<td>Cash payments</td>
<td>(248)</td>
<td>—</td>
<td>(99)</td>
<td>(347)</td>
</tr>
<tr>
<td>Reserve balance at Dec 31, 2018</td>
<td>$ 262</td>
<td>—</td>
<td>$ 65</td>
<td>$ 327</td>
</tr>
</tbody>
</table>

### Asset Write-downs and Write-offs

The restructuring charges related to the write-down and write-off of assets in 2017 totaled $287 million. Details regarding the write-downs and write-offs are as follows:

- The Company will close or consolidate several manufacturing, R&D and administrative facilities around the world aligned with seed and crop protection activities, including the write-down of other non-manufacturing assets. As a result, the Company recorded a charge of $94 million. These facilities will be shut down or consolidated by the end of 2019.

- The Company recorded a charge of $83 million for asset write-downs and write-offs aligned with electronics and imaging product lines, including the shutdown of a metalorganic manufacturing facility in Cheonan, South Korea, the write-off of in-process research and development and other intangible assets, and the consolidation of certain R&D facilities. The South Korean facility was shut down in the second quarter of 2018.
• The Company recorded a charge of $22 million for asset write-downs and write-offs aligned with an energy project, including the write-off of capital projects and other non-manufacturing assets.

• The Company wrote-off $21 million of assets aligned with safety and construction products, including intangible assets as a result of the Clean Filtration Technologies plant shutdown in the fourth quarter of 2017.

• The Company recorded a charge of $67 million for other miscellaneous asset write-downs and write-offs, including the shutdown of several small manufacturing facilities and the write-off of non-manufacturing assets, certain corporate facilities and data centers. These manufacturing facilities will be shut down primarily by the end of 2019.

The restructuring charges related to the write-down and write-off of assets in 2018 totaled $226 million. Details regarding the write-downs and write-offs are as follows:

• The Company recorded a charge of $171 million related primarily to the consolidation or shutdown of manufacturing, R&D and other non-manufacturing facilities and the write-down of inventory aligned with seed and crop protection activities. These facilities will be shut down primarily by the end of the third quarter of 2019.

• The Company recorded a charge of $27 million for asset write-downs and write-offs aligned with industrial biosciences product lines, including the shutdown of a microbial control manufacturing facility. The manufacturing facility will be shut down by the end of 2019.

• The Company recorded a charge of $28 million for other miscellaneous asset write-downs and write-offs, including the shutdown of several small manufacturing facilities and the write-off of non-manufacturing assets and certain corporate facilities. These manufacturing facilities will be shut down by the end of the third quarter of 2019.

*Costs Associated with Exit and Disposal Activities*

The restructuring charges for costs associated with exit and disposal activities, including contract cancellation penalties and environmental remediation liabilities, totaled $43 million in 2017 and $121 million in 2018.

*2016 Restructuring*

On June 27, 2016, Dow’s Board approved a restructuring plan that incorporated actions related to the ownership restructure of Dow Silicones. These actions, aligned with Dow’s value growth and synergy targets, resulted in a global workforce reduction of approximately 2,500 positions, with most of these positions resulting from synergies related to the ownership restructure of Dow Silicones.

As a result of these actions, the Company recorded pretax restructuring charges of $449 million in the second quarter of 2016, consisting of severance and related benefit costs of $268 million, asset write-downs and write-offs of $153 million and costs associated with exit and disposal activities of $28 million. The impact of these charges is shown as “Restructuring, goodwill impairment and asset related charges - net” in the consolidated statements of income. The 2016 restructuring activities were substantially complete at June 30, 2018, with remaining liabilities for severance and related benefit costs and costs associated with exit and disposal activities to be settled over time.
The following table summarizes the activities related to the Company’s 2016 restructuring reserve.

<table>
<thead>
<tr>
<th>2016 Restructuring Charges</th>
<th>Severance and Related Benefit Costs</th>
<th>Asset Write-downs and Write-offs</th>
<th>Costs Associated with Exit and Disposal Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 restructuring charges</td>
<td>$ 268</td>
<td>$ 153</td>
<td>$ 28</td>
<td>$ 449</td>
</tr>
<tr>
<td>Charges against the reserve</td>
<td>—</td>
<td>(153)</td>
<td>—</td>
<td>(153)</td>
</tr>
<tr>
<td>Cash payments</td>
<td>(67)</td>
<td>—</td>
<td>(1)</td>
<td>(68)</td>
</tr>
<tr>
<td>Reserve balance at Dec 31, 2016</td>
<td>$ 201</td>
<td>$ —</td>
<td>$ 27</td>
<td>$ 228</td>
</tr>
<tr>
<td>Adjustments to the reserve</td>
<td>—</td>
<td>—</td>
<td>(7)</td>
<td>(7)</td>
</tr>
<tr>
<td>Cash payments</td>
<td>(150)</td>
<td>—</td>
<td>(3)</td>
<td>(153)</td>
</tr>
<tr>
<td>Reserve balance at Dec 31, 2017</td>
<td>$ 51</td>
<td>$ —</td>
<td>$ 17</td>
<td>$ 68</td>
</tr>
<tr>
<td>Adjustments to the reserve</td>
<td>(8)</td>
<td>—</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Cash payments</td>
<td>(37)</td>
<td>—</td>
<td>(4)</td>
<td>(41)</td>
</tr>
<tr>
<td>Reserve balance at Jun 30, 2018</td>
<td>$ 6</td>
<td>$ —</td>
<td>$ 27</td>
<td>$ 33</td>
</tr>
</tbody>
</table>

1. Included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income.

**Asset Write-downs and Write-offs**

The restructuring charges related to the write-down and write-off of assets in the second quarter of 2016 totaled $153 million. Details regarding the write-downs and write-offs are as follows:

- The Company recorded a charge of $70 million for asset write-downs and write-offs including the shutdown of a solar manufacturing facility in Midland, Michigan; the write-down of a solar facility in Milpitas, California; and, the write-off of capital projects and in-process research and development. The Midland facility was shut down in the third quarter of 2016.

- To enhance competitiveness and streamline costs associated with the ownership restructure of Dow Silicones, a silicones manufacturing facility in Yamakita, Japan, was shut down in the fourth quarter of 2018. In addition, an idled facility was shut down in the second quarter of 2016. As a result, the Company recorded a charge of $25 million.

- The Company recorded a charge of $25 million to close and/or consolidate certain corporate facilities and data centers.

- A decision was made to shut down a small manufacturing facility and to write-down other non-manufacturing assets, including a cost method investment and certain aircraft. As a result, the Company recorded a charge of $33 million. The manufacturing facility was shut down in the second quarter of 2016.

**Costs Associated with Exit and Disposal Activities**

The restructuring charges for costs associated with exit and disposal activities, including contract cancellation penalties, environmental remediation and warranty liabilities, were $28 million in the second quarter of 2016.

Dow expects to incur additional costs in the future related to its restructuring activities. Future costs are expected to include demolition costs related to closed facilities and restructuring plan implementation costs; these costs will be recognized as incurred.

The Company also expects to incur additional employee-related costs, including involuntary termination benefits, related to its other optimization activities. These costs cannot be reasonably estimated at this time.

**Goodwill Impairment**

Upon completion of the goodwill impairment testing in the fourth quarter of 2017, the Company determined the fair value of the Coatings & Performance Monomers reporting unit was lower than its carrying amount. As a result, the Company recorded an impairment charge of $1,491 million in the fourth quarter of 2017, included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income. See Note 13 for additional information on the impairment charge.
Asset Related Charges

2018 Charges
In 2018, the Company recognized an additional pretax impairment charge of $34 million related primarily to capital additions made to the biopolymers manufacturing facility in Santa Vitoria, Minas Gerais, Brazil, which was impaired in 2017. The impairment charge was included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income.

2017 Charges
In the fourth quarter of 2017, the Company recognized a $622 million pretax impairment charge related to a biopolymers manufacturing facility in Santa Vitoria, Minas Gerais, Brazil. The Company determined it would not pursue an expansion of the facility’s ethanol mill into downstream derivative products, primarily as a result of cheaper ethane-based production as well as the Company’s new assets coming online on the U.S. Gulf Coast which can be used to meet growing market demands in Brazil. As a result of this decision, cash flow analysis indicated the carrying amount of the impacted assets was not recoverable. The impairment charge was included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income. See Notes 22 and 23 for additional information.

The Company also recognized other pretax impairment charges of $317 million in the fourth quarter of 2017, including charges related to manufacturing assets of $230 million, an equity method investment of $81 million and other assets of $6 million. The impairment charges were included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income. See Note 22 for additional information.

2016 Charges
In the fourth quarter of 2016, the Company recognized a $143 million pretax impairment charge related to its equity interest in AgroFresh Solutions, Inc. (“AFSI”) due to a decline in the market value of AFSI. The impairment charge was included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income. See Notes 12, 22 and 23 for additional information.
### NOTE 8 – SUPPLEMENTARY INFORMATION

#### Sundry Income (Expense) – Net

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-operating pension and other postretirement benefit plan net credits (costs)</td>
<td>$119</td>
<td>$(682)$</td>
<td>$34</td>
</tr>
<tr>
<td>Gain on sales of other assets and investments</td>
<td>59</td>
<td>182</td>
<td>170</td>
</tr>
<tr>
<td>Interest income</td>
<td>109</td>
<td>106</td>
<td>107</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>(119)</td>
<td>(72)</td>
<td>(126)</td>
</tr>
<tr>
<td>Post-closing adjustments on divestiture of MEGlobal</td>
<td>20</td>
<td>—</td>
<td>(1)</td>
</tr>
<tr>
<td>Gain and post-closing adjustments related to Dow Silicones ownership restructure</td>
<td>(47)</td>
<td>—</td>
<td>2,445</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt</td>
<td>(54)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Loss on divestitures</td>
<td>(14)</td>
<td>—</td>
<td>(25)</td>
</tr>
<tr>
<td>Gain on divestiture of DAS Divested Ag Business</td>
<td>—</td>
<td>635</td>
<td>—</td>
</tr>
<tr>
<td>Gain on divestiture of the EAA Business</td>
<td>—</td>
<td>227</td>
<td>—</td>
</tr>
<tr>
<td>Gain related to Nova patent infringement award</td>
<td>—</td>
<td>137</td>
<td>—</td>
</tr>
<tr>
<td>Loss related to Bayer CropScience arbitration matter</td>
<td>—</td>
<td>(469)</td>
<td>—</td>
</tr>
<tr>
<td>Impact of split-off of chlorine value chain</td>
<td>—</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Settlement of the urethane matters class action lawsuit and opt-out cases</td>
<td>—</td>
<td>—</td>
<td>(1,235)</td>
</tr>
<tr>
<td>Costs associated with transactions and productivity actions</td>
<td>—</td>
<td>—</td>
<td>(41)</td>
</tr>
<tr>
<td>Implant liability adjustment</td>
<td>—</td>
<td>—</td>
<td>27</td>
</tr>
<tr>
<td>Reclassification of cumulative translation adjustments</td>
<td>4</td>
<td>8</td>
<td>—</td>
</tr>
<tr>
<td>Other - net</td>
<td>104</td>
<td>116</td>
<td>125</td>
</tr>
<tr>
<td><strong>Total sundry income (expense) – net</strong></td>
<td>$181</td>
<td>$195</td>
<td>$1,486</td>
</tr>
</tbody>
</table>

1. Presented in accordance with ASU 2017-07. See Notes 1, 2 and 19 for additional information.
2. See Note 5 for additional information.
3. See Note 15 for additional information.
4. See Note 6 for additional information.
5. See Note 16 for additional information.

#### Accrued and Other Current Liabilities

“Accrued and other current liabilities” were $3,611 million at December 31, 2018 and $4,025 million at December 31, 2017. Accrued payroll, which is a component of “Accrued and other current liabilities,” was $926 million at December 31, 2018 and $1,109 million at December 31, 2017. No other components of “Accrued and other current liabilities” were more than 5 percent of total current liabilities.

### NOTE 9 – INCOME TAXES

On December 22, 2017, The Act was enacted. The Act reduces the U.S. federal corporate income tax rate from 35 percent to 21 percent, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously deferred, creates new provisions related to foreign sourced earnings, eliminates the domestic manufacturing deduction and moves to a hybrid territorial system. At December 31, 2017, the Company had not completed its accounting for the tax effects of The Act; however, the Company made a reasonable estimate of the effects on its existing deferred tax balances and the one-time transition tax.

In accordance with Staff Accounting Bulletin 118 (“SAB 118”), income tax effects of The Act were refined upon obtaining, preparing, and analyzing additional information during the measurement period. At December 31, 2018, the Company had completed its accounting for the tax effects of The Act.

- As a result of The Act, the Company remeasured its U.S. federal deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21 percent. The Company recorded a cumulative benefit of $29 million ($79 million benefit in 2018 and $50 million charge in 2017) to “Provision for income taxes” in the consolidated statements of income with respect to the remeasurement of the Company’s deferred tax balances.

- The Act requires a mandatory deemed repatriation of post-1986 undistributed foreign earnings and profits, which results in a one-time transition tax. The Company recorded a cumulative charge of $780 million ($85 million benefit in 2018 and $865 million charge in 2017) to “Provision for income taxes” in the consolidated statements of income with respect to the one-time transition tax.
• In 2018, the Company recorded an indirect impact of The Act related to prepaid tax on the intercompany sale of inventory. The amount recorded related to inventory was a charge of $38 million to “Provision for income taxes” in the consolidated statements of income.

• For tax years beginning after December 31, 2017, The Act introduced new provisions for U.S. taxation of certain global intangible low-taxed income (“GILTI”). The Company has made the policy election to record any liability associated with GILTI in the period in which it is incurred.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (Loss) before income taxes</td>
<td>$1,668</td>
<td>$1,973</td>
<td>$485</td>
</tr>
<tr>
<td>Domestic 1, 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>4,250</td>
<td>4,772</td>
<td>3,928</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$5,918</td>
<td>2,799</td>
<td>4,413</td>
</tr>
<tr>
<td>Current tax expense (benefit)</td>
<td>$290</td>
<td>$(308)</td>
<td>91</td>
</tr>
<tr>
<td>State and local</td>
<td>8</td>
<td>—</td>
<td>21</td>
</tr>
<tr>
<td>Foreign</td>
<td>1,517</td>
<td>1,579</td>
<td>1,156</td>
</tr>
<tr>
<td>Total current tax expense</td>
<td>$1,815</td>
<td>1,271</td>
<td>1,268</td>
</tr>
<tr>
<td>Deferred tax expense (benefit)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal 3</td>
<td>$(323)</td>
<td>1,027</td>
<td>(1,255)</td>
</tr>
<tr>
<td>State and local</td>
<td>7</td>
<td>56</td>
<td>(10)</td>
</tr>
<tr>
<td>Foreign</td>
<td>(200)</td>
<td>(150)</td>
<td>6</td>
</tr>
<tr>
<td>Total deferred tax expense (benefit)</td>
<td>$(530)</td>
<td>933</td>
<td>(1,259)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$1,285</td>
<td>2,204</td>
<td>9</td>
</tr>
<tr>
<td>Net income</td>
<td>$4,633</td>
<td>595</td>
<td>4,404</td>
</tr>
</tbody>
</table>

1. In 2017, the domestic component of “Income before income taxes” included approximately $308 million ($2.1 billion in 2016) and the foreign component contained $562 million (zero in 2016) of income from portfolio actions. See Notes 5 and 6 for additional information.

2. In 2017, the domestic component of “Income before income taxes” included approximately $2.7 billion of expense related to a goodwill impairment, non-qualified pension plan change in control charges and litigation settlements. In 2016, the domestic component of “Income before income taxes” included approximately $2.6 billion of expenses related to the urethane matters class action lawsuit and opt-out cases settlements, asbestos-related charge and charges for environmental matters. See Notes 13, 16 and 19 for additional information.

3. The 2018 and 2017 amounts reflect the tax impact of The Act which accelerated the utilization of tax credits and required remeasurement of all U.S. deferred tax assets and liabilities. The 2016 amount reflects the tax impact of accrued one-time items and reduced domestic income which limited the utilization of tax credits.

In 2017, as a result of the Merger and subsequent change in the Company’s ownership, certain net operating loss carryforwards available for the Company’s consolidated German tax group were derecognized. In addition, the sale of stock between two consolidated subsidiaries in 2014 created a gain that was initially deferred for tax purposes. This deferred gain became taxable as a result of activities executed in anticipation of the Intended Business Separations. As a result, in 2017, the Company recorded a charge of $267 million to “Provision for income taxes” in the consolidated statements of income.
Reconciliation to U.S. Statutory Rate

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory U.S. federal income tax rate</td>
<td>21.0%</td>
<td>35.0%</td>
<td>35.0%</td>
</tr>
<tr>
<td>Equity earnings effect</td>
<td>(2.1)</td>
<td>(4.2)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Foreign income taxed at rates other than the statutory U.S. federal income tax rate</td>
<td>5.2</td>
<td>(15.9)</td>
<td>(7.0)</td>
</tr>
<tr>
<td>U.S. tax effect of foreign earnings and dividends</td>
<td>(0.5)</td>
<td>(1.6)</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Unrecognized tax benefits</td>
<td>0.1</td>
<td>1.1</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Acquisitions, divestitures and ownership restructuring activities</td>
<td>0.3</td>
<td>11.7</td>
<td>(21.2)</td>
</tr>
<tr>
<td>Impact of U.S. tax reform</td>
<td>(2.1)</td>
<td>32.7</td>
<td>—</td>
</tr>
<tr>
<td>State and local income taxes</td>
<td>0.4</td>
<td>3.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>—</td>
<td>19.2</td>
<td>—</td>
</tr>
<tr>
<td>Excess tax benefits from stock-based compensation</td>
<td>(0.9)</td>
<td>(3.5)</td>
<td>—</td>
</tr>
<tr>
<td>Other - net</td>
<td>0.3</td>
<td>1.0</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>21.7%</td>
<td>78.7%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

1. Includes the impact of valuation allowances in foreign jurisdictions.
2. See Notes 5 and 6 for additional information.
3. Reflects the impact of the adoption of ASU 2016-09, “Compensation—Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting,” which was adopted January 1, 2017, and resulted in the recognition of excess tax benefits related to stock-based compensation in “Provision for income taxes.”

Deferred Tax Balances at Dec 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions</td>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>Property</td>
<td>$ 460</td>
<td>$ 2,550</td>
</tr>
<tr>
<td>Tax loss and credit carryforwards</td>
<td>2,244</td>
<td>—</td>
</tr>
<tr>
<td>Postretirement benefit obligations</td>
<td>2,226</td>
<td>213</td>
</tr>
<tr>
<td>Other accruals and reserves</td>
<td>1,250</td>
<td>110</td>
</tr>
<tr>
<td>Intangibles</td>
<td>151</td>
<td>942</td>
</tr>
<tr>
<td>Inventory</td>
<td>68</td>
<td>163</td>
</tr>
<tr>
<td>Investments</td>
<td>181</td>
<td>60</td>
</tr>
<tr>
<td>Other – net</td>
<td>587</td>
<td>442</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$7,167</td>
<td>$ 4,480</td>
</tr>
<tr>
<td>Valuation allowances</td>
<td>(1,320)</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>$5,847</td>
<td>$ 4,480</td>
</tr>
</tbody>
</table>

Operating Loss and Tax Credit Carryforwards at Dec 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions</td>
<td>Assets</td>
<td>Assets</td>
</tr>
<tr>
<td>Operating loss carryforwards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expire within 5 years</td>
<td>$ 268</td>
<td>246</td>
</tr>
<tr>
<td>Expire after 5 years or indefinite expiration</td>
<td>1,319</td>
<td>1,305</td>
</tr>
<tr>
<td>Total operating loss carryforwards</td>
<td>$ 1,587</td>
<td>1,551</td>
</tr>
<tr>
<td>Tax credit carryforwards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expire within 5 years</td>
<td>$ 325</td>
<td>39</td>
</tr>
<tr>
<td>Expire after 5 years or indefinite expiration</td>
<td>625</td>
<td>144</td>
</tr>
<tr>
<td>Total tax credit carryforwards</td>
<td>657</td>
<td>183</td>
</tr>
<tr>
<td>Total operating loss and tax credit carryforwards</td>
<td>$ 2,244</td>
<td>1,734</td>
</tr>
</tbody>
</table>

Undistributed earnings of foreign subsidiaries and related companies that are deemed to be permanently invested amounted to $6,800 million at December 31, 2018 and $7,052 million at December 31, 2017. The Act imposed U.S. tax on all post-1986 foreign unrepatriated earnings accumulated through December 31, 2017. Unrepatriated earnings generated after December 31, 2017, are now subject to tax in the current year. All undistributed earnings are still subject to certain taxes upon repatriation, primarily where foreign withholding taxes apply. It is not practicable to calculate the unrecognized deferred tax liability on undistributed earnings.
The following table provides a reconciliation of the Company’s unrecognized tax benefits:

<table>
<thead>
<tr>
<th>Total Gross Unrecognized Tax Benefits</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total unrecognized tax benefits at Jan 1</td>
<td>$253</td>
<td>$231</td>
<td>$280</td>
</tr>
<tr>
<td>Decreases related to positions taken on items from prior years</td>
<td>(7)</td>
<td>(4)</td>
<td>(12)</td>
</tr>
<tr>
<td>Increases related to positions taken on items from prior years</td>
<td>68</td>
<td>37</td>
<td>153</td>
</tr>
<tr>
<td>Increases related to positions taken in the current year</td>
<td>2</td>
<td>10</td>
<td>135</td>
</tr>
<tr>
<td>Settlement of uncertain tax positions with tax authorities</td>
<td>—</td>
<td>(12)</td>
<td>(325)</td>
</tr>
<tr>
<td>Decreases due to expiration of statutes of limitations</td>
<td>(1)</td>
<td>(9)</td>
<td>—</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td>(2)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total unrecognized tax benefits at Dec 31</td>
<td>$313</td>
<td>$253</td>
<td>$231</td>
</tr>
<tr>
<td>Total unrecognized tax benefits that, if recognized, would impact the effective tax rate</td>
<td>$236</td>
<td>$243</td>
<td>$223</td>
</tr>
<tr>
<td>Total amount of interest and penalties (benefit) recognized in “Provision for income taxes”</td>
<td>(12)</td>
<td>2</td>
<td>(55)</td>
</tr>
<tr>
<td>Total accrual for interest and penalties recognized in the consolidated balance sheets</td>
<td>109</td>
<td>110</td>
<td>89</td>
</tr>
</tbody>
</table>

1. The 2016 balance includes the impact of a settlement agreement related to a historical change in the legal ownership structure of a nonconsolidated affiliate discussed below.
2. The 2016 balance includes $126 million assumed in the Dow Silicones ownership restructure.

On January 9, 2017, the U.S. Supreme Court denied *certiorari* in the Company’s tax treatment of partnerships and transactions associated with Chemtech, a wholly owned subsidiary. The Company has fully accrued the position and does not expect a future impact to “Provision for income taxes” in the consolidated statements of income as a result of the ruling.

In the fourth quarter of 2016, a settlement of $206 million was reached on a tax matter associated with a historical change in the legal ownership structure of a nonconsolidated affiliate. As a result of the settlement, the Company recorded a charge of $13 million to “Provision for income taxes” in the consolidated statements of income.

Dow and its consolidated subsidiaries are included in DowDuPont’s consolidated federal income tax group and consolidated tax return. Generally, the consolidated tax liability of the DowDuPont U.S. tax group for each year will be apportioned among the members of the consolidated group based on each member’s separate taxable income. Dow and DuPont intend that, to the extent federal and/or state corporate income tax liabilities are reduced through the utilization of tax attributes of the other, settlement of any receivable and payable generated from the use of the other party’s sub-group attributes will be in accordance with a tax sharing agreement and/or tax matters agreement.

Each year, the Company files tax returns in the various national, state and local income taxing jurisdictions in which it operates. These tax returns are subject to examination and possible challenge by the tax authorities. Positions challenged by the tax authorities may be settled or appealed by the Company. As a result, there is an uncertainty in income taxes recognized in the Company’s financial statements in accordance with accounting for income taxes and accounting for uncertainty in income taxes. The ultimate resolution of such uncertainties is not expected to have a material impact on the Company’s results of operations.
Tax years that remain subject to examination for the Company’s major tax jurisdictions are shown below:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Earliest Open Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>2011</td>
</tr>
<tr>
<td>Brazil</td>
<td>2006</td>
</tr>
<tr>
<td>Canada</td>
<td>2012</td>
</tr>
<tr>
<td>China</td>
<td>2008</td>
</tr>
<tr>
<td>Germany</td>
<td>2009</td>
</tr>
<tr>
<td>Italy</td>
<td>2013</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>2016</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2012</td>
</tr>
<tr>
<td>United States:</td>
<td></td>
</tr>
<tr>
<td>Federal income tax</td>
<td>2004</td>
</tr>
<tr>
<td>State and local income tax</td>
<td>2004</td>
</tr>
</tbody>
</table>

The reserve for non-income tax contingencies related to issues in the United States and foreign locations was $91 million at December 31, 2018 and $110 million at December 31, 2017. This is management’s best estimate of the potential liability for non-income tax contingencies. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax law, both legislated and concluded through the various jurisdictions’ tax court systems. It is the opinion of the Company’s management that the possibility is remote that costs in excess of those accrued will have a material impact on the Company’s consolidated financial statements.

**NOTE 10 – INVENTORIES**

The following table provides a breakdown of inventories:

<table>
<thead>
<tr>
<th>Inventories at Dec 31 in millions</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>$5,640</td>
<td>$5,213</td>
</tr>
<tr>
<td>Work in process</td>
<td>$2,214</td>
<td>$1,747</td>
</tr>
<tr>
<td>Raw materials</td>
<td>$941</td>
<td>$898</td>
</tr>
<tr>
<td>Supplies</td>
<td>$880</td>
<td>$848</td>
</tr>
<tr>
<td>Total</td>
<td>$9,675</td>
<td>$8,706</td>
</tr>
<tr>
<td>Adjustment of inventories to a LIFO basis</td>
<td>(415)</td>
<td>(330)</td>
</tr>
<tr>
<td>Total inventories</td>
<td>$9,260</td>
<td>$8,376</td>
</tr>
</tbody>
</table>
NOTE 11 – PROPERTY

The following table provides a breakdown of property:

<table>
<thead>
<tr>
<th>Property at Dec 31</th>
<th>Estimated Useful Lives (Years)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and land improvements</td>
<td></td>
<td>0-25$</td>
<td>2,557</td>
</tr>
<tr>
<td>Buildings</td>
<td>5-50</td>
<td>6,067</td>
<td>5,920</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>3-25</td>
<td>45,133</td>
<td>43,208</td>
</tr>
<tr>
<td>Other property</td>
<td>3-50</td>
<td>5,414</td>
<td>5,277</td>
</tr>
<tr>
<td>Construction in progress</td>
<td></td>
<td>2,266</td>
<td>3,486</td>
</tr>
<tr>
<td>Total property</td>
<td>$</td>
<td>61,437</td>
<td>60,426</td>
</tr>
</tbody>
</table>

In millions

<table>
<thead>
<tr>
<th>Depreciation expense</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,432</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capitalized interest</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>88</td>
<td></td>
<td>240</td>
<td>243</td>
</tr>
</tbody>
</table>

NOTE 12 – NONCONSOLIDATED AFFILIATES

The Company’s investments in companies accounted for using the equity method (“nonconsolidated affiliates”), by classification in the consolidated balance sheets, and dividends received from nonconsolidated affiliates are shown in the following tables:

<table>
<thead>
<tr>
<th>Investments in Nonconsolidated Affiliates at Dec 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in nonconsolidated affiliates</td>
<td>$3,823</td>
<td>$3,742</td>
</tr>
<tr>
<td>Other noncurrent obligations</td>
<td>(495)</td>
<td>(752)</td>
</tr>
<tr>
<td>Net investment in nonconsolidated affiliates</td>
<td>$3,328</td>
<td>$2,990</td>
</tr>
</tbody>
</table>

1. The carrying amount of the Company’s investments in nonconsolidated affiliates at December 31, 2018, was $10 million less than its share of the investees’ net assets, ($32 million less at December 31, 2017), exclusive of additional differences relating to EQUATE Petrochemical Company K.S.C.C. (“EQUATE”) and AFSI, which are discussed separately in the disclosures that follow.

<table>
<thead>
<tr>
<th>Dividends Received from Nonconsolidated Affiliates</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from nonconsolidated affiliates</td>
<td>$908</td>
<td>$865</td>
<td>$685</td>
</tr>
</tbody>
</table>

1. Includes a non-cash dividend of $8 million.

Except for AFSI, the nonconsolidated affiliates in which the Company has investments are privately held companies; therefore, quoted market prices are not available.

Dow Silicones and the HSC Group

As a result of the Dow Silicones ownership restructure, Dow Silicones, previously a 50:50 joint venture between Dow and Corning, became a wholly owned subsidiary of Dow as of June 1, 2016. The Company’s equity interest in Dow Silicones, which was previously classified as “Investment in nonconsolidated affiliates” in the consolidated balance sheets, was remeasured to fair value. See Note 5 for additional information on the Dow Silicones ownership restructure. Dow Silicones continues to maintain equity interests in the HSC Group, which includes Hemlock Semiconductor L.L.C. and DC HSC Holdings LLC. The negative investment balance in Hemlock Semiconductor L.L.C. was $495 million at December 31, 2018 ($752 million at December 31, 2017).

EQUATE

At December 31, 2018, the Company had an investment balance in EQUATE of $131 million ($42 million at December 2017), which is classified as “Investment in nonconsolidated affiliates” in the consolidated balance sheets. The Company’s investment in EQUATE was $502 million less than the Company’s proportionate share of EQUATE’s underlying net assets at December 31, 2018 ($516 million less at December 31, 2017), which represents the difference between the fair values of certain MEGlobal assets acquired by EQUATE and the Company’s related valuation on a U.S. GAAP basis. A basis difference of $184 million at
December 31, 2018 ($200 million at December 31, 2017) is being amortized over the remaining useful lives of the assets and the remainder is considered a permanent difference.

**AFSI**

On July 31, 2015, the Company sold its AgroFresh business to AFSI. Proceeds received on the divestiture of AgroFresh included 17.5 million common shares of AFSI, which were valued at $210 million and represented an approximate 35 percent ownership interest in AFSI. Based on the December 31, 2016 closing stock price of AFSI, the value of this investment would have been lower than the carrying value by $143 million. In the fourth quarter of 2016, the Company determined the decline in market value of AFSI was other-than-temporary and recognized a $143 million pretax impairment charge related to its equity interest in AFSI. The impairment charge was included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income. At December 31, 2018, the Company’s investment in AFSI was $101 million less than the Company’s proportionate share of AFSI’s underlying net assets ($92 million less at December 31, 2017). This amount primarily relates to the other-than-temporary decline in the Company’s investment in AFSI.

On April 4, 2017, the Company and AFSI revised certain agreements related to the divestiture of the Agrofresh business Dow entered into a stock purchase agreement to purchase up to 5,070,358 shares of AFSI’s common stock, which represented approximately 10 percent of AFSI’s common stock outstanding at signing of the agreement, subject to certain terms and conditions. On November 19, 2018, the stock purchase agreement concluded. At December 31, 2018, the Company held a 42 percent ownership interest in AFSI (36 percent at December 31, 2017). See Notes 22 and 23 for further information on this investment.

**Sadara**

The Company and Saudi Arabian Oil Company formed Sadara Chemical Company (“Sadara”) to build and operate a world-scale, fully integrated chemicals complex in Jubail Industrial City, Kingdom of Saudi Arabia. Sadara achieved its first polyethylene production in December 2015 and announced the start-up of its mixed feed cracker and a third polyethylene train (which added to the two polyethylene trains already in operation) in August 2016. Sadara achieved successful startup of its remaining production units in 2017. In 2018, the Company entered into a shareholder loan reduction agreement with Sadara and converted $312 million of the remaining loan and accrued interest balance into equity. At December 31, 2018, the Company’s note receivable with Sadara was zero. In addition, in the fourth quarter of 2018, the Company waived $70 million of accounts receivable with Sadara, which was converted into equity. In 2017, the Company loaned $735 million to Sadara and converted $718 million into equity, and had a note receivable from Sadara of $275 million at December 31, 2017, included in “Noncurrent receivables” in the consolidated balance sheets.

**Transactions with Nonconsolidated Affiliates**

The Company has service agreements with certain nonconsolidated affiliates, including contracts to manage the operations of manufacturing sites and the construction of new facilities; licensing and technology agreements; and marketing, sales, purchase, lease and sublease agreements.

The Company sells excess ethylene glycol produced at Dow’s manufacturing facilities in the United States and Europe to MEGlobal, a subsidiary of EQUATE. The Company also sells ethylene to MEGlobal as a raw material for its ethylene glycol plants in Canada. Sales of these products to MEGlobal represented 1 percent of total net sales in 2018, 2017 and 2016.

Dow Silicones supplies trichlorosilane, a raw material used in the production of polycrystalline silicon, to the HSC Group. Sales of this material to the HSC Group represented less than 1 percent of total net sales in 2018 and 2017. Sales of this material to the HSC Group for the period of June 1, 2016 through December 31, 2016 represented less than 1 percent of total net sales in 2016.

Dow is responsible for marketing the majority of Sadara products outside of the Middle East zone through the Company’s established sales channels. Under this arrangement, the Company purchases and sells Sadara products for a marketing fee. Purchases of Sadara products represented 8 percent of “Cost of sales” in 2018 (3 percent in 2017 and not material in 2016).

Dow purchases products from The SCG-Dow Group, primarily for marketing and distribution in Asia Pacific. Purchases of products from The SCG-Dow Group represented 2 percent of “Cost of sales” in 2018 (2 percent in 2017 and 3 percent in 2016).

Sales to and purchases from other nonconsolidated affiliates were not material to the consolidated financial statements.
Balances due to or due from nonconsolidated affiliates at December 31, 2018 and 2017 were as follows:

<table>
<thead>
<tr>
<th>Balances Due To or Due From Nonconsolidated Affiliates at Dec 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and notes receivable - Other</td>
<td>$ 562</td>
<td>$ 474</td>
</tr>
<tr>
<td>Noncurrent receivables</td>
<td>8</td>
<td>283</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 570</td>
<td>$ 757</td>
</tr>
<tr>
<td>Accounts payable - Other</td>
<td>$ 1,328</td>
<td>$ 1,260</td>
</tr>
</tbody>
</table>

**Principal Nonconsolidated Affiliates**

Dow had an ownership interest in 51 nonconsolidated affiliates at December 31, 2018 (53 at December 31, 2017). The Company’s principal nonconsolidated affiliates and its ownership interest (direct and indirect) for each at December 31, 2018, 2017 and 2016 are as follows:

**Principal Nonconsolidated Affiliates at Dec 31**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUATE Petrochemical Company K.S.C.C.</td>
<td>Kuwait</td>
<td>42.5%</td>
<td>42.5%</td>
<td>42.5%</td>
</tr>
<tr>
<td>The HSC Group:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC HSC Holdings LLC 1</td>
<td>United States</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Hemlock Semiconductor L.L.C.</td>
<td>United States</td>
<td>50.1%</td>
<td>50.1%</td>
<td>50.1%</td>
</tr>
<tr>
<td>The Kuwait Olefins Company K.S.C.C.</td>
<td>Kuwait</td>
<td>42.5%</td>
<td>42.5%</td>
<td>42.5%</td>
</tr>
<tr>
<td>The Kuwait Styrene Company K.S.C.C.</td>
<td>Kuwait</td>
<td>42.5%</td>
<td>42.5%</td>
<td>42.5%</td>
</tr>
<tr>
<td>Map Ta Phut Olefins Company Limited 2</td>
<td>Thailand</td>
<td>32.77%</td>
<td>32.77%</td>
<td>32.77%</td>
</tr>
<tr>
<td>Sadara Chemical Company</td>
<td>Saudi Arabia</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>The SCG-Dow Group:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Siam Polyethylene Company Limited</td>
<td>Thailand</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Siam Polystyrene Company Limited</td>
<td>Thailand</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Siam Styrene Monomer Co., Ltd.</td>
<td>Thailand</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Siam Synthetic Latex Company Limited</td>
<td>Thailand</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

1. DC HSC Holdings LLC holds an 80.5 percent indirect ownership interest in Hemlock Semiconductor Operations LLC.
2. The Company’s effective ownership of Map Ta Phut Olefins Company Limited is 32.77 percent, of which the Company directly owns 20.27 percent and indirectly owns 12.5 percent through its equity interest in Siam Polyethylene Company Limited.

The Company’s investment in and equity earnings from its principal nonconsolidated affiliates are shown in the tables below:

**Investment in Principal Nonconsolidated Affiliates at Dec 31**

<table>
<thead>
<tr>
<th>in millions</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in nonconsolidated affiliates</td>
<td>$ 3,411</td>
<td>$ 3,323</td>
</tr>
<tr>
<td>Other noncurrent obligations</td>
<td>(495)</td>
<td>(752)</td>
</tr>
<tr>
<td>Net investment in principal nonconsolidated affiliates</td>
<td>$ 2,916</td>
<td>$ 2,571</td>
</tr>
</tbody>
</table>

**Equity Earnings from Principal Nonconsolidated Affiliates**

<table>
<thead>
<tr>
<th>in millions</th>
<th>2018</th>
<th>2017</th>
<th>2016 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity in earnings of principal nonconsolidated affiliates</td>
<td>$ 950</td>
<td>$ 701</td>
<td>$ 449</td>
</tr>
</tbody>
</table>

1. Equity in earnings of principal nonconsolidated affiliates for 2016 includes the results of Dow Siloxanes through May 31, 2016.
The summarized financial information that follows represents the combined accounts (at 100 percent) of the principal nonconsolidated affiliates.

Summarized Balance Sheet Information at Dec 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$8,741</td>
<td>$8,039</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>$27,385</td>
<td>$28,300</td>
</tr>
<tr>
<td>Total assets</td>
<td>$36,126</td>
<td>$36,339</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$5,706</td>
<td>$5,164</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>$20,807</td>
<td>$22,240</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$26,513</td>
<td>$27,404</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>$3</td>
<td>$3</td>
</tr>
</tbody>
</table>

Summarized Income Statement Information¹

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016 ²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$15,619</td>
<td>$13,345</td>
<td>$12,003</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$3,130</td>
<td>$2,461</td>
<td>$2,518</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,943</td>
<td>$1,401</td>
<td>$1,831</td>
</tr>
</tbody>
</table>

¹ The results in this table reflect purchase and sale activity between certain principal nonconsolidated affiliates and the Company, as previously discussed in the “Transactions with Nonconsolidated Affiliates” section.
² The summarized income statement information for 2016 includes the results of Dow Silicones through May 31, 2016.

NOTE 13 – GOODWILL AND OTHER INTANGIBLE ASSETS

The following table shows changes in the carrying amount of goodwill for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Jan 1, 2017</td>
<td>$15,272</td>
<td></td>
</tr>
<tr>
<td>Sale of SKC Haas Display Films ¹</td>
<td>(34)</td>
<td></td>
</tr>
<tr>
<td>Divestiture of the EAA Business ²</td>
<td>(23)</td>
<td></td>
</tr>
<tr>
<td>Divestiture of the DAS Divested Ag Business ³</td>
<td>(128)</td>
<td></td>
</tr>
<tr>
<td>Dissolution of joint venture ⁴</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>(1,491)</td>
<td>299</td>
</tr>
<tr>
<td>Foreign currency impact</td>
<td>299</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(5)</td>
<td>10</td>
</tr>
<tr>
<td>Balance at Dec 31, 2017</td>
<td>$13,938</td>
<td></td>
</tr>
<tr>
<td>Foreign currency impact</td>
<td>(80)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>Balance at Dec 31, 2018</td>
<td>$13,848</td>
<td></td>
</tr>
</tbody>
</table>

¹ On June 30, 2017, the Company sold its ownership interest in the SKC Haas Display Films group of companies. See Note 18 for additional information.
² On September 1, 2017, the Company divested its EAA Business to SK Global Chemical Co., Ltd. See Note 6 for additional information.
³ On November 30, 2017, the Company divested the DAS Divested Ag Business to CITIC Agri Fund. See Note 6 for additional information.
⁴ On December 31, 2017, the Company dissolved a crude acrylic acid joint venture. See Note 23 for additional information.

Effective with the Merger, the Company updated its reporting units to align with the level at which discrete financial information is available for review by management. A relative fair value method was used to reallocate goodwill for reporting units of which the composition had changed. The new reporting units are: Agriculture, Coatings & Performance Monomers, Construction Chemicals, Consumer Solutions, Electronics & Imaging, Energy Solutions, Hydrocarbons & Energy, Industrial Biosciences, Industrial Solutions, Nutrition & Health, Packaging and Specialty Plastics, Polyurethanes & CAV, Safety & Construction and Transportation & Advanced Polymers. At December 31, 2017, goodwill was carried by all of these reporting units.

In 2018, the Energy Solutions and Construction Chemicals reporting units were combined into Industrial Solutions and Polyurethanes & CAV, respectively. At December 31, 2018, goodwill was carried by all reporting units.
Goodwill Impairments
The carrying amounts of goodwill at December 31, 2018 and 2017, were net of accumulated impairments of $1,920 million.

Goodwill Impairment Testing
The Company performs an impairment test of goodwill annually in the fourth quarter. In 2018, the Company performed quantitative testing for 2 reporting units (11 in 2017 and 3 in 2016) and a qualitative assessment was performed for the remaining reporting units. The qualitative assessments indicated that it was not more likely than not that fair value was less than the carrying value for those reporting units included in the qualitative test.

The quantitative testing conducted in 2018 and 2016 concluded that no goodwill impairments existed.

Upon completion of the quantitative testing in the fourth quarter of 2017, the Company determined the Coatings & Performance Monomers reporting unit was impaired. Throughout 2017, the Coatings & Performance Monomers reporting unit did not consistently meet expected financial performance targets, primarily due to increasing commoditization in coatings markets and competition, as well as customer consolidation in end markets which reduced growth opportunities. As a result, the Coatings & Performance Monomers reporting unit lowered future revenue and profitability expectations. The fair value of the Coatings & Performance Monomers reporting unit was determined using a discounted cash flow methodology that reflected reductions in projected revenue growth rates, primarily driven by modified sales volume and pricing assumptions, as well as revised expectations for future growth rates. These discounted cash flows did not support the carrying value of the Coatings & Performance Monomers reporting unit. As a result, the Company recorded a goodwill impairment charge for the Coatings & Performance Monomers reporting unit of $1,491 million in the fourth quarter of 2017, included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income. The Coatings & Performance Monomers reporting unit carried $1,071 million of goodwill at December 31, 2017. No other goodwill impairments were identified as a result of the 2017 testing.

Other Intangible Assets
The following table provides information regarding the Company’s other intangible assets:

<table>
<thead>
<tr>
<th>Other Intangible Assets at Dec 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Carrying Amount</td>
<td>Accum Amort</td>
</tr>
<tr>
<td>Intangible assets with finite lives:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed technology</td>
<td>$3,255</td>
<td>(1,934)</td>
</tr>
<tr>
<td>Software</td>
<td>1,529</td>
<td>(876)</td>
</tr>
<tr>
<td>Trademarks/tradenames</td>
<td>688</td>
<td>(631)</td>
</tr>
<tr>
<td>Customer-related</td>
<td>4,911</td>
<td>(2,151)</td>
</tr>
<tr>
<td>Other</td>
<td>243</td>
<td>(170)</td>
</tr>
<tr>
<td>Total other intangible assets, finite lives</td>
<td>$10,626</td>
<td>(5,762)</td>
</tr>
<tr>
<td>In-process research and development (“IPR&amp;D”)</td>
<td>49</td>
<td>—</td>
</tr>
<tr>
<td>Total other intangible assets</td>
<td>$10,675</td>
<td>(5,762)</td>
</tr>
</tbody>
</table>

The following table provides information regarding amortization expense related to intangible assets:

<table>
<thead>
<tr>
<th>Amortization Expense</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other intangible assets, excluding software</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software, included in “Cost of sales”</td>
<td>$622</td>
<td>$624</td>
<td>$544</td>
</tr>
</tbody>
</table>

In the fourth quarter of 2017, the Company wrote-off $69 million of intangible assets (including $11 million of IPR&D) as part of the Synergy Program. In the second quarter of 2016, the Company wrote-off $11 million of IPR&D as part of the 2016 restructuring charge. These charges were included in “Restructuring, goodwill impairment and asset related charges—net” in the consolidated statements of income. See Note 7 for additional information.
Total estimated amortization expense for the next five fiscal years is as follows:

<table>
<thead>
<tr>
<th>Estimated Amortization Expense for Next Five Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>in millions</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**NOTE 14 – TRANSFERS OF FINANCIAL ASSETS**

The Company has historically sold trade accounts receivable of select North American entities and qualifying trade accounts receivable of select European entities on a revolving basis to certain multi-seller commercial paper conduit entities ("conduits"). The proceeds received are comprised of cash and interests in specified assets of the conduits (the receivables sold by the Company) that entitle the Company to the residual cash flows of such specified assets in the conduits after the commercial paper has been repaid. Neither the conduits nor the investors in those entities have recourse to other assets of the Company in the event of nonpayment by the debtors.

In the fourth quarter of 2017, the Company suspended further sales of trade accounts receivable through these facilities and began reducing outstanding balances through collections of trade accounts receivable previously sold to such conduits. In September and October 2018, the North American and European facilities, respectively, were amended and the terms of the agreements changed from off-balance sheet arrangements to secured borrowing arrangements. See Note 15 for additional information on the secured borrowing arrangements.

For the year ended December 31, 2018, the Company recognized a loss of $7 million on the sale of these receivables ($25 million loss for the year ended December 31, 2017 and $20 million loss for the year ended December 31, 2016), which is included in “Interest expense and amortization of debt discount” in the consolidated statements of income.

The following table summarizes the carrying value of interests held, which represents the Company’s maximum exposure to loss related to the receivables sold, and the percentage of anticipated credit losses related to the trade accounts receivable sold. Also provided is the sensitivity of the fair value of the interests held to hypothetical adverse changes in the anticipated credit losses; amounts shown below are the corresponding hypothetical decreases in the carrying value of interests.

<table>
<thead>
<tr>
<th>Interests Held at Dec 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying value of interests held</td>
<td>$ —</td>
<td>$ 677</td>
</tr>
<tr>
<td>Percentage of anticipated credit losses</td>
<td>— %</td>
<td>2.64 %</td>
</tr>
<tr>
<td>Impact to carrying value - 10% adverse change</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Impact to carrying value - 20% adverse change</td>
<td>$ —</td>
<td>$ 1</td>
</tr>
</tbody>
</table>

1. Included in “Accounts and notes receivable - other” in the consolidated balance sheets.

Credit losses, net of any recoveries, on receivables sold were insignificant for the years ended December 31, 2018, 2017 and 2016.

Following is an analysis of certain cash flows between the Company and the conduits:

<table>
<thead>
<tr>
<th>Cash Proceeds</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of receivables</td>
<td>$ —</td>
<td>$ 1</td>
<td>$ 1</td>
</tr>
<tr>
<td>Collections reinvested in revolving receivables</td>
<td>$ —</td>
<td>$ 21,293</td>
<td>$ 21,652</td>
</tr>
<tr>
<td>Interests in conduits 1</td>
<td>$ 657</td>
<td>$ 9,462</td>
<td>$ 8,551</td>
</tr>
</tbody>
</table>

1. Presented in “Investing Activities” in the consolidated statements of cash flows in accordance with ASU 2016-15. See Notes 1 and 2 for additional information. In connection with the review and implementation of ASU 2016-15, the Company also changed the prior year value of “Interests in conduits” due to additional interpretive guidance of the required method for calculating the cash received from beneficial interests in the conduits, including additional guidance from the SEC’s Office of the Chief Accountant issued in the third quarter of 2018 that indicated an entity must evaluate daily transaction activity to calculate the value of cash received from beneficial interests in conduits.
Following is additional information related to the sale of receivables under these facilities:

### Trade Accounts Receivable Sold at Dec 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquencies on sold receivables still outstanding</td>
<td>$ —</td>
<td>$ 82</td>
</tr>
<tr>
<td>Trade accounts receivable outstanding and derecognized</td>
<td>$ —</td>
<td>$ 612</td>
</tr>
</tbody>
</table>

In 2017, the Company repurchased $5 million of previously sold receivables.

### NOTE 15 – NOTES PAYABLE, LONG-TERM DEBT AND AVAILABLE CREDIT FACILITIES

#### Notes Payable at Dec 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial paper</td>
<td>$ 10</td>
<td>$ 231</td>
</tr>
<tr>
<td>Notes payable to banks and other lenders</td>
<td>$ 295</td>
<td>$ 253</td>
</tr>
<tr>
<td>Total notes payable</td>
<td>$ 305</td>
<td>$ 484</td>
</tr>
<tr>
<td>Year-end average interest rates</td>
<td>8.61%</td>
<td>4.42%</td>
</tr>
</tbody>
</table>

#### Long-Term Debt at Dec 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promissory notes and debentures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final maturity 2018</td>
<td>— %</td>
<td>—% 5.78% 339</td>
</tr>
<tr>
<td>Final maturity 2019</td>
<td>9.80%</td>
<td>7% 8.55% 2,122</td>
</tr>
<tr>
<td>Final maturity 2020</td>
<td>4.46%</td>
<td>1,547 4.46% 1,547</td>
</tr>
<tr>
<td>Final maturity 2021</td>
<td>4.71%</td>
<td>1,424 4.71% 1,424</td>
</tr>
<tr>
<td>Final maturity 2022</td>
<td>3.50%</td>
<td>1,373 3.50% 1,373</td>
</tr>
<tr>
<td>Final maturity 2023</td>
<td>7.64%</td>
<td>325 7.64% 325</td>
</tr>
<tr>
<td>Final maturity 2024 and thereafter</td>
<td>5.73%</td>
<td>8,859 5.92% 6,857</td>
</tr>
<tr>
<td>Other facilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. dollar loans, various rates and maturities</td>
<td>3.59%</td>
<td>4,533 2.44% 4,564</td>
</tr>
<tr>
<td>Foreign currency loans, various rates and maturities</td>
<td>3.21%</td>
<td>713 3.00% 814</td>
</tr>
<tr>
<td>Medium-term notes, varying maturities through 2025</td>
<td>3.26%</td>
<td>778 3.20% 873</td>
</tr>
<tr>
<td>Tax-exempt bonds</td>
<td>— %</td>
<td>— 5.66% 343</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>369</td>
<td>282</td>
</tr>
<tr>
<td>Unamortized debt discount and issuance costs</td>
<td>(334)</td>
<td>(346)</td>
</tr>
<tr>
<td>Long-term debt due within one year 1</td>
<td>(340)</td>
<td>(752)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$ 19,254</td>
<td>$ 19,765</td>
</tr>
</tbody>
</table>

1. Presented net of current portion of unamortized debt issuance costs.

#### Maturities of Long-Term Debt for Next Five Years at Dec 31, 2018 1

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 340</td>
<td>$ 1,833</td>
<td>$ 6,247</td>
<td>$ 1,510</td>
<td>$ 480</td>
</tr>
</tbody>
</table>

1. Assumes the option to extend a term loan facility related to the Dow Silicones ownership restructure will be exercised.
**2018 Activity**

In 2018, the Company redeemed $333 million of 5.70 percent notes at maturity and an aggregate principal amount of $91 million of International Notes (“InterNotes”) at maturity. In addition, approximately $138 million of long-term debt was repaid by consolidated variable interest entities. The Company also called an aggregate principal amount of $343 million tax-exempt bonds of various interest rates and maturities in 2029, 2033 and 2038. As a result of these redemptions, the Company recognized a pretax loss of $6 million on the early extinguishment of debt, included in “Sundry income (expense)—net” in the consolidated statements of income.

In November 2018, the Company issued $2.0 billion of senior unsecured notes in an offering under Rule 144A of the Securities Act of 1933. The offering included $900 million aggregate principal amount of 5.55 percent notes due 2048; $600 million aggregate principal amount of 4.80 percent notes due 2028; and $500 million aggregate principal amount of 4.55 percent notes due 2025.

In December 2018, the Company tendered and redeemed $2.1 billion of 8.55 percent notes issued by the Company with maturity in 2019. As a result, the Company recognized a pretax loss of $48 million on the early extinguishment of debt, included in “Sundry income (expense) - net” in the consolidated statements of income.

**2017 Activity**

In 2017, the Company redeemed $436 million of 6.00 percent notes that matured on September 15, 2017, and $32 million aggregate principal amount of InterNotes at maturity. In addition, approximately $119 million of long-term debt was repaid by consolidated variable interest entities.

**2016 Activity**

In 2016, the Company redeemed $349 million of 2.50 percent notes that matured on February 15, 2016, and $52 million aggregate principal amount of InterNotes at maturity. In addition, approximately $128 million of long-term debt (net of $28 million of additional borrowings) was repaid by consolidated variable interest entities.

As part of the Dow Silicones ownership restructure, the fair value of debt assumed by Dow was $4,672 million and is reflected in the long-term debt table above.

**Available Credit Facilities**

The following table summarizes the Company’s credit facilities:

<table>
<thead>
<tr>
<th>Credit Facility</th>
<th>Effective Date</th>
<th>Committed Credit</th>
<th>Available Credit</th>
<th>Maturity Date</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five Year Competitive Advance and Revolving Credit Facility</td>
<td>October 2018</td>
<td>$5,000</td>
<td>$5,000</td>
<td>October 2023</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>August 2015</td>
<td>100</td>
<td>100</td>
<td>March 2019</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>August 2015</td>
<td>100</td>
<td>100</td>
<td>October 2019</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>August 2015</td>
<td>100</td>
<td>100</td>
<td>March 2020</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>August 2015</td>
<td>280</td>
<td>280</td>
<td>March 2020</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>August 2015</td>
<td>100</td>
<td>100</td>
<td>March 2020</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>August 2015</td>
<td>100</td>
<td>100</td>
<td>March 2020</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Term Loan Facility</td>
<td>February 2016</td>
<td>4,500</td>
<td>—</td>
<td>December 2021</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>May 2016</td>
<td>200</td>
<td>200</td>
<td>May 2020</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>July 2016</td>
<td>200</td>
<td>200</td>
<td>July 2020</td>
<td>Floating rate</td>
</tr>
<tr>
<td>Bilateral Revolving Credit Facility</td>
<td>August 2016</td>
<td>100</td>
<td>100</td>
<td>August 2020</td>
<td>Floating rate</td>
</tr>
<tr>
<td>North American Securitization Facility</td>
<td>September 2018</td>
<td>800</td>
<td>800</td>
<td>September 2019</td>
<td>Floating rate</td>
</tr>
<tr>
<td>European Securitization Facility</td>
<td>October 2018</td>
<td>457</td>
<td>457</td>
<td>October 2020</td>
<td>Floating rate</td>
</tr>
<tr>
<td><strong>Total Committed and Available Credit Facilities</strong></td>
<td></td>
<td>$12,137</td>
<td>$7,637</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Equivalent to Euro 400 million.

**Term Loan Facility**

In connection with the ownership restructure of Dow Silicones on May 31, 2016, Dow Silicones incurred $4.5 billion of indebtedness under a certain third party credit agreement (“Term Loan Facility”). The Company subsequently guaranteed the obligations of Dow Silicones under the Term Loan Facility and, as a result, the covenants and events of default applicable to the Term Loan Facility are substantially similar to the covenants and events of default set forth in the Company’s Five Year Competitive

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Advance and Revolving Credit Facility. In the second quarter of 2018, Dow Silicones exercised the 19-month extension option making amounts borrowed under the Term Loan Facility repayable on December 30, 2019. In addition, Dow Silicones amended the Term Loan Facility to include an additional 2-year extension option, at Dow Silicones’ election, upon satisfaction of certain customary conditions precedent. Dow Silicones intends to exercise the 2-year extension option on the Term Loan Facility.

Secured Borrowings
In September 2018, the Company renewed its North American accounts receivable securitization facility for a one year term and amended the terms of the agreement from an off-balance sheet arrangement to a secured borrowing arrangement, with a borrowing capacity up to $800 million. Under the structure of the amended agreement, the Company will use select trade accounts receivable to collateralize the credit facility with certain lenders. At December 31, 2018, the facility had not been drawn upon.

In October 2018, the Company renewed its European accounts receivable securitization facility for a two year term and amended the terms of the agreement from an off-balance sheet arrangement to a secured borrowing arrangement, with a borrowing capacity up to Euro 400 million. Under the structure of the amended agreement, the Company will use select trade accounts receivable to collateralize the credit facility with certain lenders. At December 31, 2018, the facility had not been drawn upon.

Uncommitted Credit Facilities and Outstanding Letters of Credit
The Company had uncommitted credit facilities in the form of unused bank credit lines of approximately $3,480 million at December 31, 2018. These lines can be used to support short-term liquidity needs and general purposes, including letters of credit. Outstanding letters of credit were $439 million at December 31, 2018 ($433 million at December 31, 2017). These letters of credit support commitments made in the ordinary course of business.

Debt Covenants and Default Provisions
The Company’s outstanding long-term debt has been issued primarily under indentures which contain, among other provisions, certain customary restrictive covenants with which the Company must comply while the underlying notes are outstanding. Failure of the Company to comply with any of its covenants, could result in a default under the applicable indenture and allow the note holders to accelerate the due date of the outstanding principal and accrued interest on the underlying notes.

The Company’s indenture covenants include obligations to not allow liens on principal U.S. manufacturing facilities, enter into sale and lease-back transactions with respect to principal U.S. manufacturing facilities, merge or consolidate with any other corporation, or sell, lease or convey, directly or indirectly, all or substantially all of the Company’s assets. The outstanding debt also contains customary default provisions. The Company remains in compliance with these covenants after the Merger.

The Company’s primary, private credit agreements also contain certain customary restrictive covenant and default provisions in addition to the covenants set forth above with respect to the Company’s debt. Significant other restrictive covenants and default provisions related to these agreements include:

(a) the obligation to maintain the ratio of the Company’s consolidated indebtedness to consolidated capitalization at no greater than 0.65 to 1.00 at any time the aggregate outstanding amount of loans under the Five Year Competitive Advance and Revolving Credit Facility Agreement dated October 30, 2018, equals or exceeds $500 million,

(b) a default if the Company or an applicable subsidiary fails to make any payment, including principal, premium or interest, under the applicable agreement on other indebtedness of, or guaranteed by, the Company or such applicable subsidiary in an aggregate amount of $100 million or more when due, or any other default or other event under the applicable agreement with respect to such indebtedness occurs which permits or results in the acceleration of $400 million or more in the aggregate of principal, and

(c) a default if the Company or any applicable subsidiary fails to discharge or stay within 60 days after the entry of a final judgment against the Company or such applicable subsidiary of more than $400 million.

Failure of the Company to comply with any of the covenants or default provisions could result in a default under the applicable credit agreement which would allow the lenders to not fund future loan requests and to accelerate the due date of the outstanding principal and accrued interest on any outstanding indebtedness.
NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES

Environmental Matters

Introduction
Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies. At December 31, 2018, the Company had accrued obligations of $820 million for probable environmental remediation and restoration costs, including $156 million for the remediation of Superfund sites. These obligations are included in “Accrued and other current liabilities” and “Other noncurrent obligations” in the consolidated balance sheets. This is management’s best estimate of the costs for remediation and restoration with respect to environmental matters for which the Company has accrued liabilities, although it is reasonably possible that the ultimate cost with respect to these particular matters could range up to approximately two times that amount. Consequently, it is reasonably possible that environmental remediation and restoration costs in excess of amounts accrued could have a material impact on the Company’s results of operations, financial condition and cash flows. It is the opinion of the Company’s management, however, that the possibility is remote that costs in excess of the range disclosed will have a material impact on the Company’s results of operations, financial condition or cash flows. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, and emerging remediation technologies for handling site remediation and restoration. At December 31, 2017, the Company had accrued obligations of $878 million for probable environmental remediation and restoration costs, including $152 million for the remediation of Superfund sites.

In the fourth quarter of 2016, the Company recorded a pretax charge of $295 million for environmental remediation at a number of historical locations, including the Midland manufacturing site/off-site matters and the Wood-Ridge sites, primarily resulting from the culmination of negotiations with regulators and/or final agency approval. These charges were included in “Cost of sales” in the consolidated statements of income.

The following table summarizes the activity in the Company’s accrued obligations for environmental matters for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Accrued Obligations for Environmental Matters</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Jan 1</td>
<td>$ 878</td>
<td>$ 909</td>
</tr>
<tr>
<td>Accrual adjustment</td>
<td>175</td>
<td>172</td>
</tr>
<tr>
<td>Payments against reserve</td>
<td>(209)</td>
<td>(220)</td>
</tr>
<tr>
<td>Foreign currency impact</td>
<td>(24)</td>
<td>17</td>
</tr>
<tr>
<td>Balance at Dec 31</td>
<td>$ 820</td>
<td>$ 878</td>
</tr>
</tbody>
</table>


Midland Off-Site Environmental Matters
On June 12, 2003, the Michigan Department of Environmental Quality (“MDEQ”) issued a Hazardous Waste Operating License (the “License”) to the Company’s Midland, Michigan manufacturing site (the “Midland site”), which was renewed and replaced by the MDEQ on September 25, 2015, and included provisions requiring the Company to conduct an investigation to determine the nature and extent of off-site contamination in the City of Midland soils, the Tittabawassee River and Saginaw River sediment and floodplain soils, and the Saginaw Bay, and, if necessary, undertake remedial action. In 2016, final regulatory approval was received from the MDEQ for the City of Midland and Dow is continuing the long term monitoring requirements of the Remedial Action Plan.

Tittabawassee and Saginaw Rivers, Saginaw Bay
The Company, the U.S. Environmental Protection Agency (“EPA”) and the State of Michigan (“State”) entered into an administrative order on consent (“AOC”), effective January 21, 2010, that requires the Company to conduct a remedial investigation, a feasibility study and a remedial design for the Tittabawassee River, the Saginaw River and the Saginaw Bay, and pay the oversight costs of the EPA and the State under the authority of the Comprehensive Environmental Response, Compensation, and Liability Act. These actions, to be conducted under the lead oversight of the EPA, will build upon the investigative work completed under the State Resource Conservation Recovery Act program from 2005 through 2009.
The Tittabawassee River, beginning at the Midland Site and extending down to the first six miles of the Saginaw River, are designated as the first Operable Unit for purposes of conducting the remedial investigation, feasibility study and remedial design work. This work will be performed in a largely upriver to downriver sequence for eight geographic segments of the Tittabawassee and upper Saginaw Rivers. In the first quarter of 2012, the EPA requested the Company address the Tittabawassee River floodplain (“Floodplain”) as an additional segment. In January 2015, the Company and the EPA entered into an order to address remediation of the Floodplain. The remedial work is expected to take place over the next three years. The remainder of the Saginaw River and the Saginaw Bay are designated as a second Operable Unit and the work associated with that unit may also be geographically segmented. The AOC does not obligate the Company to perform removal or remedial action; that action can only be required by a separate order. The Company and the EPA have been negotiating orders separate from the AOC that obligate the Company to perform remedial actions under the scope of work of the AOC. The Company and the EPA have entered into four separate orders to perform limited remedial actions in five of the eight geographic segments in the first Operable Unit, and the order to address the Floodplain.

Alternative Dispute Resolution Process
The Company, the EPA, the U.S. Department of Justice (“DOJ”), and the natural resource damage trustees (which include the Michigan Office of the Attorney General, the MDEQ, the U.S. Fish and Wildlife Service, the U.S. Bureau of Indian Affairs and the Saginaw-Chippewa tribe) have been engaged in negotiations to seek to resolve potential governmental claims against the Company related to historical off-site contamination associated with the City of Midland, the Tittabawassee and Saginaw Rivers and the Saginaw Bay. The Company and the governmental parties started meeting in the fall of 2005 and entered into a Confidentiality Agreement in December 2005. The Company continues to conduct negotiations under the Federal Alternative Dispute Resolution Act with all of the governmental parties, except the EPA which withdrew from the alternative dispute resolution process on September 12, 2007.

On September 28, 2007, the Company and the natural resource damage trustees entered into a Funding and Participation Agreement that addressed the Company’s payment of past costs incurred by the natural resource damage trustees, payment of the costs of a trustee coordinator and a process to review additional cooperative studies that the Company might agree to fund or conduct with the natural resource damage trustees. On March 18, 2008, the Company and the natural resource damage trustees entered into a Memorandum of Understanding (“MOU”) to provide a mechanism for the Company to fund cooperative studies related to the assessment of natural resource damages. This MOU was amended and funding of cooperative studies was extended until March 2014. All cooperative studies have been completed. On April 7, 2008, the natural resource damage trustees released their “Natural Resource Damage Assessment Plan for the Tittabawassee River System Assessment Area.”

At December 31, 2018, the accrual for these off-site matters was $95 million (included in the total accrued obligation of $820 million). At December 31, 2017, the Company had an accrual for these off-site matters of $83 million (included in the total accrued obligation of $878 million).

Environmental Matters Summary
It is the opinion of the Company’s management that the possibility is remote that costs in excess of those disclosed will have a material impact on the Company’s results of operations, financial condition or cash flows.

Litigation
Asbestos-Related Matters of Union Carbide Corporation
Introduction
Union Carbide is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past four 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.

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.

Estimating the Asbestos-Related Liability
Based on a study completed in January 2003 by Ankura Consulting Group, LLC (“Ankura”), Union Carbide increased its December 31, 2002 asbestos-related liability for pending and future claims for a 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 Ankura study at each balance sheet date to determine whether the accrual continues to be
In October 2016, Union Carbide requested Ankura to review its historical asbestos claim and resolution activity and determine the appropriateness of updating its December 2014 study. In response to the request, Ankura reviewed and analyzed asbestos-related claim and resolution data through September 30, 2016. The resulting study, completed by Ankura in December 2016, provided estimates for the undiscounted cost of disposing of pending and future claims against Union Carbide and Amchem, excluding future defense and processing costs, for both a 15-year period and through the terminal year of 2049.

Based on the study completed in December 2016 by Ankura, and Union Carbide’s own review, it was determined that an adjustment to the accrual was necessary. Union Carbide determined that using the estimate through the terminal year of 2049 was more appropriate due to increasing knowledge and data about the costs to resolve claims and diminished volatility in filing rates. Using the range in the Ankura December 2016 study, which was estimated to be between $502 million and $565 million for the undiscounted cost of disposing of pending and future claims, Union Carbide increased its asbestos-related liability for pending and future claims through the terminal year of 2049 by $104 million, included in “Asbestos-related charge” in the consolidated statements of income.

In September 2014, Union Carbide began to implement a strategy designed to reduce and to ultimately stabilize and forecast defense costs associated with asbestos-related matters. The strategy included a number of important changes including: invoicing protocols including capturing costs by plaintiff; review of existing counsel roles, work processes and workflow; and the utilization of enterprise legal management software, which enabled claim-specific tracking of asbestos-related defense and processing costs. Union Carbide reviewed the information generated from this new strategy and determined that it now had the ability to reasonably estimate asbestos-related defense and processing costs for the same periods that it estimates its asbestos-related liability for pending and future claims. Union Carbide believes that including estimates of the liability for asbestos-related defense and processing costs provides a more complete assessment and measure of the liability associated with resolving asbestos-related matters, which Union Carbide and the Company believe is preferable in these circumstances.

In October 2016, in addition to the study for asbestos claim and resolution activity, Union Carbide requested Ankura to review asbestos-related defense and processing costs and provide an estimate of defense and processing costs associated with resolving pending and future asbestos-related claims facing Union Carbide and Amchem for the same periods of time that Union Carbide uses for estimating resolution costs. In December 2016, Ankura conducted the study and provided Union Carbide with an estimate of future defense and processing costs for both a 15-year period and through the terminal year of 2049. The resulting study estimated asbestos-related defense and processing costs for pending and future asbestos claims to be between $1,009 million and $1,081 million through the terminal year of 2049.

In the fourth quarter of 2016, Union Carbide and the Company elected to change their method of accounting for asbestos-related defense and processing costs from expensing as incurred to estimating and accruing a liability. This change is believed to be preferable as asbestos-related defense and processing costs represent expenditures related to legacy activities that do not contribute to current or future revenue generating activities of the Company. The change is also reflective of the manner in which Union Carbide manages its asbestos-related exposure, including careful monitoring of the correlation between defense spending and resolution costs. Together, these two sources of cost more accurately represent the “total cost” of resolving asbestos-related claims now and in the future.

This accounting policy change was reflected as a change in accounting estimate effected by a change in accounting principle. As a result of this accounting policy change and based on the December 2016 Ankura study of asbestos-related defense and processing costs and Union Carbide’s own review of the data, Union Carbide recorded a pretax charge for asbestos-related defense and processing costs of $1,009 million in the fourth quarter of 2016, included in “Asbestos-related charge” in the consolidated statements of income.

In October 2017, Union Carbide requested Ankura to review its historical asbestos claim and resolution activity (including asbestos-related defense and processing costs) and determine the appropriateness of updating its December 2016 study. In response to that request, Ankura reviewed and analyzed data through September 30, 2017. In December 2017, Ankura stated that an update of its December 2016 study would not provide a more likely estimate of future events than the estimate reflected in the study and, therefore, the estimate in that study remained applicable. Based on Union Carbide’s own review of the asbestos claim and resolution activity (including asbestos-related defense and processing costs) and Ankura’s response, Union Carbide determined that no change to the accrual was required. At December 31, 2017, the asbestos-related liability for pending and future claims against Union Carbide and Amchem, including future asbestos-related defense and processing costs, was $1,369 million, and approximately 16 percent of the recorded liability related to pending claims and approximately 84 percent related to future claims.
In October 2018, Union Carbide requested Ankura to review its historical asbestos claim and resolution activity (including asbestos-related defense and processing costs) and determine the appropriateness of updating its December 2016 study. In response to that request, Ankura reviewed and analyzed data through September 30, 2018. The resulting study, completed by Ankura in December 2018, provided estimates for the undiscounted cost of disposing of pending and future claims against Union Carbide and Amchem, including future defense and processing costs, through the terminal year of 2049. Based on the study completed in December 2018 by Ankura, and Union Carbide’s own review, it was determined that no adjustment to the accrual was required. At December 31, 2018, Union Carbide’s asbestos-related liability for pending and future claims and defense and processing costs was $1,260 million, and approximately 16 percent of the recorded liability related to pending claims and approximately 84 percent related to future claims.

Summary
The Company’s management believes the amounts recorded by Union Carbide for the asbestos-related liability (including defense and processing costs) reflect reasonable and probable estimates of the liability 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 defending and disposing of each such claim, as well as the numerous uncertainties surrounding asbestos litigation in the United States over a significant period of time, could cause the actual costs for Union Carbide to be higher or lower than those projected or those recorded. Any such events could result in an increase or decrease in the recorded liability.

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

Urethane Matters
Class Action Lawsuit
On February 16, 2006, the Company, among others, received a subpoena from the DOJ as part of a previously announced antitrust investigation of manufacturers of polyurethane chemicals, including methylene diphenyl diisocyanate, toluene diisocyanate, polyether polyols and system house products. The Company cooperated with the DOJ and, following an extensive investigation, on December 10, 2007, the Company received notice from the DOJ that it had closed its investigation of potential antitrust violations involving these products without indictments or pleas.

In 2005, the Company, among others, was named as a defendant in multiple civil class action lawsuits alleging a conspiracy to fix the price of various urethane chemical products, namely the products that were the subject of the above described DOJ antitrust investigation. On July 29, 2008, a Kansas City federal district court (the “district court”) certified a class of purchasers of the products for the six-year period from 1999 through 2004 (“plaintiff class”). In January 2013, the class action lawsuit went to trial with the Company as the sole remaining defendant, the other defendants having previously settled. On February 20, 2013, the federal jury returned a damages verdict of approximately $400 million against the Company, which ultimately was trebled under applicable antitrust laws, less offsets from other settling defendants, resulting in a judgment entered in July 2013 in the amount of $1.06 billion. The Company appealed this judgment to the U.S. Tenth Circuit Court of Appeals (“Court of Appeals”), and on September 29, 2014, the Court of Appeals issued an opinion affirming the district court judgment.

On March 9, 2015, the Company filed a petition for writ of certiorari (“Writ Petition”) with the United States Supreme Court, seeking judicial review and requesting that it correct fundamental errors in the Court of Appeals decision. In the first quarter of 2016, the Company changed its risk assessment on this matter as a result of growing political uncertainties due to events within the Supreme Court, including Justice Scalia’s death, and the increased likelihood for unfavorable outcomes for businesses involved in class action lawsuits. On February 26, 2016, the Company announced a proposed settlement under which the Company would pay the plaintiff class $835 million, which included damages, class attorney fees and post-judgment interest. On July 29, 2016, the U.S. District Court for the District of Kansas granted final approval of the settlement. The settlement resolved the $1.06 billion judgment and any subsequent claim for attorneys’ fees, costs and post-judgment interest against the Company. As a result, in the first quarter of 2016, the Company recorded a loss of $835 million, included in “Sundry income (expense) - net” in the consolidated statements of income. The Company continues to believe that it was not part of any conspiracy and the judgment was fundamentally flawed as a matter of class action law. The case is now concluded.
Opt-Out Cases
Shortly after the July 2008 class certification ruling, a series of “opt-out” cases were filed by a number of large volume purchasers who elected not to be class members in the district court case. These opt-out cases were substantively identical to the class action lawsuit, but expanded the period of time to include 1994 through 1998. A consolidated jury trial of the opt-out cases began on March 8, 2016. Prior to a jury verdict, on April 5, 2016, the Company entered into a binding settlement for the opt-out cases under which the Company would pay the named plaintiffs $400 million, inclusive of damages and attorney fees. Payment of this settlement occurred on May 4, 2016. The Company changed its risk assessment on this matter as a result of the class settlement and the uncertainty of a jury trial outcome along with the automatic trebling of an adverse verdict. As a result, the Company recorded a loss of $400 million in the first quarter of 2016, included in “Sundry income (expense)—net” in the consolidated statements of income. As with the class action case, the Company continues to deny allegations of price fixing and maintains that it was not part of any conspiracy. The case is now concluded.

Bayer CropScience v. Dow AgroSciences ICC Arbitration
On August 13, 2012, Bayer CropScience AG and Bayer CropScience NV (together, “Bayer”) filed a request for arbitration with the International Chamber of Commerce (“ICC”) International Court of Arbitration against Dow AgroSciences LLC, a wholly owned subsidiary of the Company, and other subsidiaries of the Company (collectively, “DAS”) under a 1992 license agreement executed by predecessors of the parties (the “License Agreement”). In its request for arbitration, Bayer alleged that (i) DAS breached the License Agreement, (ii) the License Agreement was properly terminated with no ongoing rights to DAS, (iii) DAS infringed its patent rights related to the use of the pat gene in certain soybean and cotton seed products, and (iv) Bayer was entitled to monetary damages and injunctive relief. DAS denied that it breached the License Agreement and asserted that the License Agreement remained in effect because it was not properly terminated. DAS also asserted that all of Bayer’s patents at issue are invalid and/or not infringed, and, therefore, for these reasons (and others), a license was not required. During the pendency of the arbitration proceeding, DAS filed six re-examination petitions with the United States Patent & Trademark Office (“USPTO”) against the Bayer patents, asserting that each patent is invalid based on the doctrine against double-patenting and/or prior art. The USPTO granted all six petitions, and, on February 26, 2015, the USPTO issued an office action rejecting the patentability of the sole Bayer patent claim in the only asserted Bayer patent that has not expired and that forms the basis for the vast majority of the damages in the arbitral award discussed below.

A three-member arbitration tribunal presided over the arbitration proceeding (the “tribunal”). In a decision dated October 9, 2015, the tribunal determined that (i) DAS breached the License Agreement, (ii) Bayer properly terminated the License Agreement, (iii) all of the patents remaining in the proceeding are valid and infringed, and (iv) that Bayer is entitled to monetary damages in the amount of $455 million inclusive of pre-judgment interest and costs (the “arbitral award”). One of the arbitrators, however, issued a partial dissent finding that all of the patents are invalid based on the double-patenting doctrine. The tribunal also denied Bayer’s request for injunctive relief.

On October 16, 2015, Bayer filed a motion in U.S. District Court for the Eastern District of Virginia (“Federal District Court”) seeking to confirm the arbitral award. DAS opposed the motion and filed separate motions to vacate the award, or in the alternative, to stay enforcement of the award until the USPTO issued final office actions with respect to the re-examination proceedings. On January 15, 2016, the Federal District Court denied DAS’s motions and confirmed the award. DAS appealed the Federal District Court’s decision. On March 1, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) affirmed the arbitral award. As a result of this action, in the first quarter of 2017, the Company recorded a loss of $469 million, inclusive of the arbitral award and post-judgment interest, which was included in “Sundry income (expense) — net” in the consolidated statements of income. On May 19, 2017, the Federal Circuit issued a mandate denying DAS’s request to stay the arbitral award pending judicial review by the United States Supreme Court. On May 26, 2017, the Company paid the $469 million arbitral award to Bayer as a result of that decision. On September 11, 2017, DAS filed a petition for writ of certiorari with the United States Supreme Court to review the case, but the Court denied DAS’s petition.

The litigation is now concluded with no risk of further liability. The Company continues to believe that the arbitral award is fundamentally flawed because, among other things, it allowed for the enforcement of invalid patents. The arbitral award and subsequent related judicial decisions will not impact DAS’s commercialization of its soybean and cotton seed products, including those containing the ENLIST™ technologies.

Rocky Flats Matter
The Company and Rockwell International Corporation (“Rockwell”) (collectively, the “defendants”) were defendants in a class action lawsuit filed in 1990 on behalf of property owners (“plaintiffs”) in Rocky Flats, Colorado, who asserted claims for nuisance and trespass based on alleged property damage caused by plutonium releases from a nuclear weapons facility owned by the U.S. Department of Energy (“DOE”) (the “facility”). Dow and Rockwell were both DOE contractors that operated the facility - Dow from 1952 to 1975 and Rockwell from 1975 to 1989. The facility was permanently shut down in 1989.
In 1993, the United States District Court for the District of Colorado (“District Court”) certified the class of property owners. The plaintiffs tried their case as a public liability action under the Price Anderson Act (“PAA”). In 2005, the jury returned a damages verdict of $926 million. Dow and Rockwell appealed the jury award to the U.S. Tenth Circuit Court of Appeals (“Court of Appeals”) which concluded the PAA had its own injury requirements, on which the jury had not been instructed, and also vacated the District Court’s class certification ruling, reversed and remanded the case, and vacated the District Court’s judgment. The plaintiffs argued on remand to the District Court that they were entitled to reinstate the judgment as a state law nuisance claim, independent of the PAA. The District Court rejected that argument and entered judgment in favor of the defendants. The plaintiffs appealed to the Court of Appeals, which reversed the District Court’s ruling, holding that the PAA did not preempt the plaintiffs’ nuisance claim under Colorado law and that the plaintiffs could seek reinstatement of the prior nuisance verdict under Colorado law.

Dow and Rockwell continued to litigate this matter in the District Court and in the United States Supreme Court following the appellate court decision. On May 18, 2016, Dow, Rockwell and the plaintiffs entered into a settlement agreement for $375 million, of which $131 million was paid by Dow. The DOE authorized the settlement pursuant to the PAA and the nuclear hazards indemnity provisions contained in Dow’s and Rockwell’s contracts. The District Court granted preliminary approval to the class settlement on August 5, 2016. On April 28, 2017, the District Court conducted a fairness hearing and granted final judgment approving the class settlement and dismissed class claims against the defendants (“final judgment order”).

On December 13, 2016, the United States Civil Board of Contract Appeals unanimously ordered the United States government to pay the amounts stipulated in the settlement agreement. On January 17, 2017, the Company received a full indemnity payment of $131 million from the United States government for Dow’s share of the class settlement. On January 26, 2017, the Company placed $130 million in an escrow account for the settlement payment owed to the plaintiffs. The funds were subsequently released from escrow as a result of the final judgment order. The litigation is now concluded.

Dow Silicones Chapter 11 Related Matters

Introduction
In 1995, Dow Silicones, then a 50:50 joint venture between Dow and Corning, voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code in order to resolve Dow Silicones’ breast implant liabilities and related matters (the “Chapter 11 Proceeding”). Dow Silicones emerged from the Chapter 11 Proceeding on June 1, 2004 (the “Effective Date”) and is implementing the Joint Plan of Reorganization (the “Plan”). The Plan provides funding for the resolution of breast implant and other product liability litigation covered by the Chapter 11 Proceeding and provides a process for the satisfaction of commercial creditor claims in the Chapter 11 Proceeding. As of June 1, 2016, Dow Silicones is a wholly owned subsidiary of Dow.

Breast Implant and Other Product Liability Claims
Under the Plan, a product liability settlement program administered by an independent claims office (the “Settlement Facility”) was created to resolve breast implant and other product liability claims. Product liability claimants rejecting the settlement program in favor of pursuing litigation must bring suit against a litigation facility (the “Litigation Facility”). Under the Plan, total payments committed by Dow Silicones to resolving product liability claims are capped at a maximum $2,350 million net present value (“NPV”) determined as of the Effective Date using a discount rate of seven percent (approximately $3,876 million undiscounted at December 31, 2018). Of this amount, no more than $400 million NPV determined as of the Effective Date can be used to fund the Litigation Facility.

Dow Silicones has an obligation to fund the Settlement Facility and the Litigation Facility over a 16-year period, commencing at the Effective Date. At December 31, 2018, Dow Silicones and its insurers have made life-to-date payments of $1,762 million to the Settlement Facility and the Settlement Facility reported an unexpended balance of $118 million.

On June 1, 2016, as part of the ownership restructure of Dow Silicones and in accordance with ASC 450 “Accounting for Contingencies,” the Company recorded a liability of $290 million for breast implant and other product liability claims (“Implant Liability”), which reflected the estimated impact of the settlement of future claims primarily based on reported claim filing levels in the Revised Settlement Program (the “RSP”) and on the resolution of almost all cases pending against the Litigation Facility. The RSP was a program sponsored by certain other breast implant manufacturers in the context of multi-district, coordinated federal breast implant cases and was open from 1995 through 2010. The RSP was also a revised successor to an earlier settlement plan involving Dow Silicones (prior to its bankruptcy filing). While Dow Silicones withdrew from the RSP, many of the benefit categories and payment levels in Dow Silicones settlement program were drawn from the RSP. Based on the comparability in design and actual claim experience of both plans, management concluded that claim information from the RSP provides a reasonable basis to estimate future claim filing levels for the Settlement Facility.

In the fourth quarter of 2016, with the assistance of a third party consultant (“consultant”), Dow Silicones updated its estimate of its Implant Liability to $263 million, primarily reflecting a decrease in Class 7 costs (claimants who have breast implants made by certain other manufacturers using primarily Dow Silicones silicone gel), a decrease resulting from the passage of time, decreased
claim filing activity and administrative costs compared with the previous estimate, and an increase in investment income resulting from insurance proceeds. Based on the consultant’s updated estimate and Dow Silicones own review of claim filing activity, Dow Silicones determined that an adjustment to the Implant Liability was required. Accordingly, Dow Silicones decreased its Implant Liability in the fourth quarter of 2016 by $27 million, which was included in “Sundry income (expense) - net” in the consolidated statements of income. At December 31, 2018, the Implant Liability was $263 million, of which $111 million was included in “Accrued and other current liabilities” and $152 million was included in “Other noncurrent obligations” in the consolidated balance sheets. At December 31, 2017, the Implant Liability was $263 million, which was included in “Other noncurrent obligations” in the consolidated balance sheets.

Dow Silicones is not aware of circumstances that would change the factors used in estimating the Implant Liability and believes the recorded liability reflects the best estimate of the remaining funding obligations under the Plan; however, the estimate relies upon a number of significant assumptions, including: future claim filing levels in the Settlement Facility will be similar to those in the revised settlement program, which management uses to estimate future claim filing levels for the Settlement Facility; future acceptance rates, disease mix, and payment values will be materially consistent with historical experience; no material negative outcomes in future controversies or disputes over Plan interpretation will occur; and the Plan will not be modified. If actual outcomes related to any of these assumptions prove to be materially different, the future liability to fund the Plan may be materially different than the amount estimated. If Dow Silicones were ultimately required to fund the full liability up to the maximum capped value, the liability would be $2,114 million at December 31, 2018.

Commercial Creditor Issues
The Plan provides that each of Dow Silicones commercial creditors (the “Commercial Creditors”) would receive in cash the sum of (a) an amount equal to the principal amount of their claims and (b) interest on such claims. The actual amount of interest that will ultimately be paid to these Commercial Creditors is uncertain due to pending litigation between Dow Silicones and the Commercial Creditors regarding the appropriate interest rates to be applied to outstanding obligations from the 1995 bankruptcy filing date through the Effective Date, as well as the presence of any recoverable fees, costs, and expenses. Upon the Plan becoming effective, Dow Silicones paid approximately $1,500 million to the Commercial Creditors, representing principal and an amount of interest that Dow Silicones considers undisputed.

In 2006, the U.S. Court of Appeals for the Sixth Circuit concluded that there is a general presumption that contractually specified default interest should be paid by a solvent debtor to unsecured creditors (the “Interest Rate Presumption”) and permitting the Commercial Creditors to recover fees, costs, and expenses where allowed by relevant loan agreements. The matter was remanded to the U.S. District Court for the Eastern District of Michigan (“District Court”) for further proceedings, including rulings on the facts surrounding specific claims and consideration of any equitable factors that would preclude the application of the Interest Rate Presumption. On May 10, 2017, the District Court entered a stipulated order resolving pending discovery motions and established a discovery schedule for the Commercial Creditors matter. As a result, Dow Silicones and its third party consultants conducted further analysis of the Commercial Creditors claims and defenses. This analysis indicated the estimated remaining liability to the Commercial Creditors to be within a range of $77 million to $260 million. No single amount within the range appears to be a better estimate than any other amount within the range. Therefore, Dow Silicones recorded the minimum liability within the range, which resulted in a decrease to the Commercial Creditor liability of $33 million in the second quarter of 2017, which was included in “Sundry income (expense)—net” in the consolidated statements of income. At December 31, 2018, the liability related to Dow Silicones’ potential obligation to pay additional interest to the Commercial Creditors in the Chapter 11 Proceeding was $82 million ($78 million at December 31, 2017) and included in “Accrued and other current liabilities” in the consolidated balance sheets. The actual amount of interest that will be paid to these creditors is uncertain and will ultimately be resolved through continued proceedings in the District Court.

Indemnifications
In connection with the June 1, 2016 ownership restructure of Dow Silicones, the Company is indemnified by Corning for 50 percent of future losses associated with certain pre-closing liabilities, including the Implant Liability and Commercial Creditors matters described above, subject to certain conditions and limits. The maximum amount of indemnified losses which may be recovered are subject to a cap that declines over time. Indemnified losses are capped at (1) $1 billion between May 31, 2018 and May 31, 2023, and (2) no recoveries are permitted after May 31, 2023. No indemnification assets were recorded at December 31, 2018 or 2017.

Summary
The amounts recorded by Dow Silicones for the Chapter 11 related matters described above were based upon current, known facts, which management believes reflect reasonable and probable estimates of the liability. However, future events could cause the actual costs for Dow Silicones to be higher or lower than those projected or those recorded. Any such events could result in an increase or decrease in the recorded liability.
Other Litigation Matters

In addition to the specific matters described above, the Company is party to a number of other claims and lawsuits arising out of the normal course of business with respect to product liability, patent infringement, employment matters, governmental tax and regulation disputes, contract and commercial litigation, and other actions. Certain of these actions purport to be class actions and seek damages in very large amounts. All such claims are being contested. Dow has an active risk management program consisting of numerous insurance policies secured from many carriers at various times. These policies may provide coverage that could be utilized to minimize the financial impact, if any, of certain contingencies described above. It is the opinion of the Company’s management that the possibility is remote that the aggregate of all such other claims and lawsuits will have a material adverse impact on the results of operations, financial condition and cash flows of the Company.


On December 9, 2010, Dow filed suit in the Federal Court in Ontario, Canada (“Federal Court”) alleging that Nova Chemicals Corporation (“Nova”) was infringing the Company’s Canadian polyethylene patent 2,106,705 (the “‘705 Patent”). Nova counterclaimed on the grounds of invalidity and non-infringement. In accordance with Canadian practice, the suit was bifurcated into a merits phase, followed by a damages phase. Following trial in the merits phase, in May 2014 the Federal Court ruled that the Company’s ‘705 Patent was valid and infringed by Nova. Nova appealed to the Canadian Federal Court of Appeal, which affirmed the Federal Court decision in August 2016. Nova then sought leave to appeal its loss to the Supreme Court of Canada, which dismissed Nova’s petition in April 2017. As a result, Nova has exhausted all appeal rights on the merits, and it is undisputed that Nova owes Dow the profits it earned from its infringing sales as determined in the trial for the damages phase.

On April 19, 2017, the Federal Court issued a Public Judgment in the damages phase, which detailed its conclusions on how to calculate the profits to be awarded to Dow. Dow and Nova submitted their respective calculations of the damages to the Federal Court in May 2017. On June 29, 2017, the Federal Court issued a Confidential Supplemental Judgment, concluding that Nova must pay $645 million Canadian dollars (equivalent to $495 million U.S. dollars) to Dow, plus pre- and post-judgment interest, for which Dow received payment of $501 million from Nova on July 6, 2017. Although Nova is appealing portions of the damages judgment, certain portions of it are indisputable and will be owed to Dow regardless of the outcome of any further appeals by Nova. As a result of these actions and in accordance with ASC 450-30 “Gain Contingencies,” the Company recorded a $160 million pretax gain in the second quarter of 2017 of which $137 million was included in “Sundry income (expense) - net” and $23 million was included in “Selling, general and administrative expenses” in the consolidated statements of income. At December 31, 2018, the Company had $341 million ($341 million at December 31, 2017) included in “Other noncurrent obligations” related to the disputed portion of the damages judgment. Dow is confident of its chances of defending the entire judgment on appeal, particularly the trial court’s determinations on important factual issues, which will be accorded deferential review on appeal.

Purchase Commitments

The Company has outstanding purchase commitments and various commitments for take-or-pay or throughput agreements. The Company was not aware of any purchase commitments that were negotiated as part of a financing arrangement for the facilities that will provide the contracted goods or services or for the costs related to those goods or services at December 31, 2018 and 2017.

Guarantees

The following table provides a summary of the final expiration, maximum future payments and recorded liability reflected in the consolidated balance sheets for each type of guarantee:

<table>
<thead>
<tr>
<th>Guarantees</th>
<th>Dec 31, 2018</th>
<th>Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Final Expiration</td>
<td>Maximum Future Payments</td>
</tr>
<tr>
<td>Guarantees</td>
<td>2023</td>
<td>$4,523</td>
</tr>
<tr>
<td>Residual value guarantees</td>
<td>2028</td>
<td>885</td>
</tr>
<tr>
<td>Total guarantees</td>
<td></td>
<td>$5,408</td>
</tr>
</tbody>
</table>

Guarantees

Guarantees arise during the ordinary course of business from relationships with customers and nonconsolidated affiliates when the Company undertakes an obligation to guarantee the performance of others (via delivery of cash or other assets) if specified triggering events occur. With guarantees, such as commercial or financial contracts, non-performance by the guaranteed party triggers the obligation of the Company to make payments to the beneficiary of the guarantee. The majority of the Company’s guarantees relate to debt of nonconsolidated affiliates, which have expiration dates ranging from less than one year to less than
five years, and trade financing transactions in Latin America, which typically expire within one year of inception. The Company’s current expectation is that future payment or performance related to the non-performance of others is considered remote.

The Company has entered into guarantee agreements (“Guarantees”) related to project financing for Sadara, a nonconsolidated affiliate. The total of an Islamic bond and additional project financing (collectively “Total Project Financing”) obtained by Sadara is approximately $12.5 billion. Sadara had $11.7 billion of Total Project Financing outstanding at December 31, 2018 ($12.4 billion at December 31, 2017). The Company’s guarantee of the Total Project Financing is in proportion to the Company’s 35 percent ownership interest in Sadara, or up to approximately $4.2 billion when the project financing is fully drawn. Sadara successfully completed an extensive operational testing program in December 2018, however, the Guarantees will be released upon the satisfactory fulfillment of certain project completion conditions, which is expected by the middle of 2019, and must occur no later than December 2020.

Residual Value Guarantees
The Company provides guarantees related to leased assets specifying the residual value that will be available to the lessor at lease termination through sale of the assets to the lessee or third parties.

Operating Leases
The Company routinely leases premises for use as sales and administrative offices, warehouses and tanks for product storage, motor vehicles, railcars, computers, office machines and equipment. In addition, the Company leases aircraft in the United States. The terms for these leased assets vary depending on the lease agreement. Some leases contain renewal provisions, purchase options and escalation clauses.

Rental expenses under leases, net of sublease rental income, were $771 million in 2018, $757 million in 2017 and $661 million in 2016. Future minimum payments under leases with remaining non-cancelable terms in excess of one year are as follows:

<table>
<thead>
<tr>
<th>Minimum Lease Commitments at Dec 31, 2018</th>
<th>$ in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>412</td>
</tr>
<tr>
<td>2020</td>
<td>369</td>
</tr>
<tr>
<td>2021</td>
<td>328</td>
</tr>
<tr>
<td>2022</td>
<td>297</td>
</tr>
<tr>
<td>2023</td>
<td>253</td>
</tr>
<tr>
<td>2024 and thereafter</td>
<td>978</td>
</tr>
<tr>
<td>Total</td>
<td>2,637</td>
</tr>
</tbody>
</table>

Asset Retirement Obligations
Dow has 164 manufacturing sites in 35 countries. Most of these sites contain numerous individual manufacturing operations, particularly at the Company’s larger sites. Asset retirement obligations are recorded as incurred and reasonably estimable, including obligations for which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. The retirement of assets may involve such efforts as remediation and treatment of asbestos, contractually required demolition, and other related activities, depending on the nature and location of the assets; and retirement obligations are typically realized only upon demolition of those facilities. In identifying asset retirement obligations, the Company considers identification of legally enforceable obligations, changes in existing law, estimates of potential settlement dates and the calculation of an appropriate discount rate to be used in calculating the fair value of the obligations. Dow has a well-established global process to identify, approve and track the demolition of retired or to-be-retired facilities; and no assets are retired from service until this process has been followed. Dow typically forecasts demolition projects based on the usefulness of the assets; environmental, health and safety concerns; and other similar considerations. Under this process, as demolition projects are identified and approved, reasonable estimates are determined for the time frames during which any related asset retirement obligations are expected to be settled. For those assets where a range of potential settlement dates may be reasonably estimated, obligations are recorded. Dow routinely reviews all changes to items under consideration for demolition to determine if an adjustment to the value of the asset retirement obligation is required.

The Company has recognized asset retirement obligations for the following activities: demolition and remediation activities at manufacturing sites primarily in the United States, Canada, Brazil, Argentina, Columbia, China, Japan, United Arab Emirates and Europe; and capping activities at landfill sites in the United States, Canada and Brazil. The Company has also recognized conditional asset retirement obligations related to asbestos encapsulation as a result of planned demolition and remediation activities at manufacturing and administrative sites primarily in the United States, Canada, Argentina, Columbia, China and Europe. The
aggregate carrying amount of conditional asset retirement obligations recognized by the Company (included in the asset retirement obligations balance shown below) was $24 million at December 31, 2018 ($20 million at December 31, 2017).

The following table shows changes in the aggregate carrying amount of the Company’s asset retirement obligations for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Asset Retirement Obligations</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Jan 1</td>
<td>$ 104</td>
<td>$ 110</td>
</tr>
<tr>
<td>Additional accruals</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Liabilities settled</td>
<td>(4)</td>
<td>(9)</td>
</tr>
<tr>
<td>Accretion expense</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Revisions in estimated cash flows</td>
<td>—</td>
<td>(9)</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>Balance at Dec 31</strong></td>
<td><strong>$ 114</strong></td>
<td><strong>$ 104</strong></td>
</tr>
</tbody>
</table>

The discount rate used to calculate the Company’s asset retirement obligations at December 31, 2018, was 3.54 percent (2.04 percent at December 31, 2017). These obligations are included in the consolidated balance sheets as “Accrued and other current liabilities” and “Other noncurrent obligations.”

The Company has not recognized conditional asset retirement obligations for which a fair value cannot be reasonably estimated in its consolidated financial statements. Assets that have not been submitted/reviewed for potential demolition activities are considered to have continued usefulness and are generally still operating normally. Therefore, without a plan to demolish the assets or the expectation of a plan, such as shortening the useful life of assets for depreciation purposes in accordance with the accounting guidance related to property, plant, and equipment, the Company is unable to reasonably forecast a time frame to use for present value calculations. As such, the Company has not recognized obligations for individual plants/buildings at its manufacturing sites where estimates of potential settlement dates cannot be reasonably made. In addition, the Company has not recognized conditional asset retirement obligations for the capping of its approximately 37 underground storage wells and 128 underground brine mining and other wells at Dow-owned sites when there are no plans or expectations of plans to exit the sites. It is the opinion of the Company’s management that the possibility is remote that such conditional asset retirement obligations, when estimable, will have a material impact on the Company’s consolidated financial statements based on current costs.

**NOTE 17 – STOCKHOLDERS’ EQUITY**

**Merger with DuPont**

Effective with the Merger, each share of Dow Common Stock (excluding any shares of Dow Common Stock that were held in treasury, which were automatically canceled and retired for no consideration) was converted into the right to receive one fully paid and non-assessable share of DowDuPont Common Stock. As a result, in the third quarter of 2017, the Company recorded a reduction in “Treasury stock” of $935 million, a reduction in “Common stock” of $3,107 million and an increase in “Additional paid in capital” of $2,172 million in the consolidated balance sheets. The Company has 100 shares of common stock issued and outstanding, par value $0.01 per share, owned solely by its parent, DowDuPont. See Note 3 for additional information.

**Cumulative Convertible Perpetual Preferred Stock, Series A**

Equity securities in the form of Cumulative Convertible Perpetual Preferred Stock, Series A (“preferred series A”) were issued on April 1, 2009 to Berkshire Hathaway Inc. in the amount of $3 billion (3 million shares) and the Kuwait Investment Authority in the amount of $1 billion (1 million shares). Shareholders of preferred series A could convert all or any portion of their shares, at their option, at any time, into shares of the Company’s common stock at an initial conversion ratio of 24.2010 shares of common stock for each share of preferred series A. On or after the fifth anniversary of the issuance date, if the common stock price exceeded $53.72 per share for any 20 trading days in a consecutive 30-day window, the Company had the option, at any time, in whole or in part, to convert preferred series A into common stock at the then applicable conversion rate.

On December 15, 2016, the trading price of Dow’s common stock closed at $58.35, marking the 20th trading day in the previous 30 trading days that the common stock closed above $53.72, triggering the right of the Company to exercise its conversion right. On December 16, 2016, the Company sent a Notice of Conversion at the Option of the Company (the “Notice”) to all holders of its preferred series A. Pursuant to the Notice, on December 30, 2016 (the “Conversion Date”) all 4 million outstanding shares of preferred series A (with a carrying value of $4,000 million) were converted into shares of common stock at a conversion ratio of 24.2010 shares of common stock for each share of preferred series A, resulting in the issuance of 96.8 million shares of common stock.
stock from treasury stock. The treasury stock issued was carried at an aggregate historical cost of $4,695 million, resulting in a reduction to “Additional paid-in capital” in the consolidated balance sheets of $695 million. From and after the Conversion Date, no shares of the preferred series A are issued or outstanding and all rights of the holders of the preferred series A have terminated. On January 6, 2017, the Company filed an amendment to the Company’s Restated Certificate of Incorporation by way of a certificate of elimination (the “Certificate of Elimination”) with the Secretary of State of the State of Delaware which had the effect of: (a) eliminating the previously designated 4 million shares of the preferred series A, none of which were outstanding at the time of the filing; (b) upon such elimination, causing such preferred series A to resume the status of authorized and unissued shares of preferred stock, par value $1.00 per share, of the Company, without designation as to series; and (c) eliminating from the Company’s Restated Certificate of Incorporation all references to, and all matters set forth in, the certificates of designations for the preferred series A.

The Company paid cumulative dividends on preferred series A at a rate of 8.5 percent per annum, or $85 million per quarter. The final dividend for the preferred series A was declared on December 15, 2016 and payable on the earlier of the Conversion Date (if applicable) or January 3, 2017, to shareholders of record at December 15, 2016. The dividend was paid in full on the Conversion Date.

Common Stock
Prior to the Merger, the Company issued common stock shares out of treasury stock or as new common stock shares for purchases under the Employee Stock Purchase Plan, for options exercised and for the release of deferred, performance deferred and restricted stock. The number of new common stock shares issued to employees and non-employee directors prior to the Merger was zero in 2017 (zero in 2016). See Note 20 for additional information on changes to Dow equity awards in connection with the Merger.

Retained Earnings
There are no significant restrictions limiting the Company’s ability to pay dividends. Prior to the Merger, the Company declared dividends of $1.38 per share in 2017 ($1.84 per share in 2016). Effective with the Merger, Dow no longer has publicly traded common stock. Dow’s common shares are owned solely by its parent company, DowDuPont. As a result, the Company’s Board determines whether or not there will be a dividend distribution to DowDuPont. See Note 24 for additional information.

Undistributed earnings of nonconsolidated affiliates included in retained earnings were $1,760 million at December 31, 2018 and $1,731 million at December 31, 2017.

Employee Stock Ownership Plan
The Dow Employee Stock Ownership Plan (the “ESOP”) is an integral part of The Dow Chemical Company Employees’ Savings Plan (the “Plan”). A significant majority of full-time employees in the United States are eligible to participate in the Plan. Dow uses the ESOP to provide the Company’s matching contribution in the form of stock to Plan participants. Prior to the Merger, contributions were in the form of Dow Common Stock. Effective with the Merger, shares of Dow stock held by the ESOP were converted into shares of DowDuPont Common Stock at a ratio of 1:1.

In connection with the acquisition of Rohm and Haas on April 1, 2009, the Rohm and Haas Employee Stock Ownership Plan (the “Rohm and Haas ESOP”) was merged into the Plan, and the Company assumed the $78 million balance of debt at 9.8 percent interest with final maturity in 2020 that was used to finance share purchases by the Rohm and Haas ESOP in 1990. The outstanding balance of the debt was $10 million at December 31, 2018 and $17 million at December 31, 2017.

Dividends on unallocated shares held by the ESOP are used by the ESOP to make debt service payments and to purchase additional shares if dividends exceed the debt service payments. Dividends on allocated shares are used by the ESOP to make debt service payments to the extent needed; otherwise, they are paid to the Plan participants. Shares are released for allocation to participants based on the ratio of the current year’s debt service to the sum of the principal and interest payments over the life of the loan. The shares are allocated to Plan participants in accordance with the terms of the Plan.

Compensation expense for allocated shares is recorded at the fair value of the shares on the date of allocation. Compensation expense for ESOP shares was $175 million in 2018, $248 million in 2017 and $192 million in 2016. At December 31, 2018, 15.3 million shares out of a total 21.8 million shares held by the ESOP had been allocated to participants’ accounts; 1.5 million shares were released but unallocated; and 5.0 million shares, at a fair value of $267 million, were considered unearned.
Treasury Stock

In 2013, the Board approved a share buy-back program. As a result of subsequent authorizations approved by the Board, the total authorized amount of the share repurchase program was $9.5 billion. Effective with the Merger, the share repurchase program was canceled. Over the duration of the program, a total of $8.1 billion was spent on the repurchase of Dow Common Stock.

The Company historically issued shares for purchases under the Employee Stock Purchase Plan, for options exercised as well as for the release of deferred, performance deferred and restricted stock out of treasury stock or as new common stock shares. The number of treasury shares issued to employees and non-employee directors under the Company’s stock-based compensation programs are summarized in the following table. See Note 20 for additional information on changes to Dow equity awards in connection with the Merger.

<table>
<thead>
<tr>
<th>Treasury Shares Issued Under Stock-Based Compensation Programs</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>To employees and non-employee directors</td>
<td>N/A</td>
<td>14,195</td>
<td>14,494</td>
</tr>
</tbody>
</table>

1. Reflects activity prior to the Merger.

The following table provides a reconciliation of Dow Common Stock activity, prior to the Merger, for the years ended December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th>Shares of Dow Common Stock</th>
<th>Issued</th>
<th>Held in Treasury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Jan 1, 2016</td>
<td>1,242,795</td>
<td>125,853</td>
</tr>
<tr>
<td>Issued</td>
<td>—</td>
<td>(14,494)</td>
</tr>
<tr>
<td>Repurchased</td>
<td>—</td>
<td>17,107</td>
</tr>
<tr>
<td>Preferred stock converted to common stock</td>
<td>—</td>
<td>(96,804)</td>
</tr>
<tr>
<td>Balance at Dec 31, 2016</td>
<td>1,242,795</td>
<td>31,662</td>
</tr>
<tr>
<td>Issued</td>
<td>—</td>
<td>(14,195)</td>
</tr>
<tr>
<td>Converted to DowDuPont shares or canceled on Aug 31, 2017</td>
<td>(1,242,795)</td>
<td>(17,467)</td>
</tr>
<tr>
<td>Balance at Aug 31, 2017</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

1. Shares issued to employees and non-employee directors under the Company’s equity compensation plans.
2. Each share of Dow Common Stock issued and outstanding immediately prior to the Merger was converted into one share of DowDuPont Common Stock; treasury shares were canceled as a result of the Merger.
### Accumulated Other Comprehensive Loss

The following table summarizes the changes and after-tax balances of each component of AOCL for the years ended December 31, 2018, 2017 and 2016:

#### Accumulated Other Comprehensive Loss

<table>
<thead>
<tr>
<th></th>
<th>Unrealized Gains (Losses) on Investments</th>
<th>Cumulative Translation Adj</th>
<th>Pension and Other Postretire Benefits</th>
<th>Derivative Instruments</th>
<th>Total Accum Other Comp Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at Jan 1, 2016</td>
<td>$47</td>
<td>$1,737</td>
<td>$(6,769)</td>
<td>$208</td>
<td>$(8,667)</td>
</tr>
<tr>
<td>Other comprehensive income (loss) before reclassifications</td>
<td>32</td>
<td>(644)</td>
<td>(1,354)</td>
<td>84</td>
<td>(1,882)</td>
</tr>
<tr>
<td>Amounts reclassified from accumulated other comprehensive income (loss)</td>
<td>(36)</td>
<td>—</td>
<td>734</td>
<td>29</td>
<td>727</td>
</tr>
<tr>
<td>Net other comprehensive income (loss)</td>
<td>$(4)</td>
<td>$(644)</td>
<td>$(620)</td>
<td>$113</td>
<td>$(1,155)</td>
</tr>
<tr>
<td>Balance at Dec 31, 2016</td>
<td>$43</td>
<td>$(2,381)</td>
<td>$(7,389)</td>
<td>$(95)</td>
<td>$(9,822)</td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income (loss) before reclassifications</td>
<td>25</td>
<td>908</td>
<td>(23)</td>
<td>1</td>
<td>911</td>
</tr>
<tr>
<td>Amounts reclassified from accumulated other comprehensive income (loss)</td>
<td>(71)</td>
<td>(8)</td>
<td>414</td>
<td>(15)</td>
<td>320</td>
</tr>
<tr>
<td>Net other comprehensive income (loss)</td>
<td>$(46)</td>
<td>$900</td>
<td>$(391)</td>
<td>$(14)</td>
<td>$1,231</td>
</tr>
<tr>
<td>Balance at Dec 31, 2017</td>
<td>$3</td>
<td>$(1,481)</td>
<td>$(6,998)</td>
<td>$(109)</td>
<td>$(8,591)</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at Jan 1, 2018</td>
<td>$17</td>
<td>$(1,481)</td>
<td>$(6,998)</td>
<td>$(109)</td>
<td>$(8,571)</td>
</tr>
<tr>
<td>Other comprehensive income (loss) before reclassifications</td>
<td>(74)</td>
<td>(221)</td>
<td>(495)</td>
<td>4</td>
<td>(786)</td>
</tr>
<tr>
<td>Amounts reclassified from accumulated other comprehensive income (loss)</td>
<td>7</td>
<td>(4)</td>
<td>455</td>
<td>71</td>
<td>529</td>
</tr>
<tr>
<td>Net other comprehensive income (loss)</td>
<td>$(67)</td>
<td>$(225)</td>
<td>$(40)</td>
<td>$75</td>
<td>$(257)</td>
</tr>
<tr>
<td>Reclassification of stranded tax effects</td>
<td>$(1)</td>
<td>$(107)</td>
<td>$(927)</td>
<td>$(22)</td>
<td>$(1,057)</td>
</tr>
<tr>
<td>Balance at Dec 31, 2018</td>
<td>$(51)</td>
<td>$(1,813)</td>
<td>$(7,965)</td>
<td>$(56)</td>
<td>$(9,885)</td>
</tr>
</tbody>
</table>

1. The beginning balance of “Unrealized gains (losses) on investments” was increased by $20 million to reflect the impact of adoption of ASU 2016-01. See Notes 1 and 2 for additional information.

2. Amounts reclassified to retained earnings as a result of the adoption of ASU 2018-02. See Notes 1 and 2 for additional information.

The tax effects on the net activity related to each component of other comprehensive income (loss) for the years ended December 31, 2018, 2017 and 2016 were as follows:

#### Tax Benefit (Expense) 1

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains (losses) on investments</td>
<td>$17</td>
<td>$26</td>
<td>$(2)</td>
</tr>
<tr>
<td>Cumulative translation adjustments</td>
<td>(6)</td>
<td>(98)</td>
<td>(171)</td>
</tr>
<tr>
<td>Pension and other postretirement benefit plans</td>
<td>(9)</td>
<td>(213)</td>
<td>438</td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>(20)</td>
<td>(3)</td>
<td>(32)</td>
</tr>
<tr>
<td>Tax benefit (expense) from income taxes related to other comprehensive income (loss) items</td>
<td>$(18)</td>
<td>$(288)</td>
<td>$233</td>
</tr>
</tbody>
</table>

1. Prior year amounts have been updated to conform with the current year presentation.
A summary of the reclassifications out of AOCL for the years ended December 31, 2018, 2017 and 2016 is provided as follows:

<table>
<thead>
<tr>
<th>Reclassifications Out of Accumulated Other Comprehensive Loss</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>Consolidated Statements of Income Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized (gains) losses on investments</td>
<td>$9</td>
<td>$(110)</td>
<td>$(56)</td>
<td>See (1) below</td>
</tr>
<tr>
<td>Tax (benefit) expense</td>
<td>(2)</td>
<td>39</td>
<td>20</td>
<td>See (2) below</td>
</tr>
<tr>
<td>After tax</td>
<td>$7</td>
<td>$(71)</td>
<td>$(36)</td>
<td></td>
</tr>
<tr>
<td>Cumulative translation adjustments</td>
<td>$4</td>
<td>(8)</td>
<td></td>
<td>See (3) below</td>
</tr>
<tr>
<td>Pension and other postretirement benefit plans</td>
<td>$594</td>
<td>607</td>
<td>913</td>
<td>See (4) below</td>
</tr>
<tr>
<td>Tax benefit</td>
<td>(139)</td>
<td>(193)</td>
<td>(179)</td>
<td>See (2) below</td>
</tr>
<tr>
<td>After tax</td>
<td>$455</td>
<td>414</td>
<td>734</td>
<td></td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>$89</td>
<td>(13)</td>
<td>34</td>
<td>See (5) below</td>
</tr>
<tr>
<td>Tax benefit</td>
<td>(18)</td>
<td>(2)</td>
<td>(5)</td>
<td>See (2) below</td>
</tr>
<tr>
<td>After tax</td>
<td>$71</td>
<td>(15)</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>Total reclassifications for the period, after tax</td>
<td>$529</td>
<td>320</td>
<td>727</td>
<td></td>
</tr>
</tbody>
</table>

1. “Net sales” and “Sundry income (expense)—net.”
2. “Provision for income taxes.”
3. “Sundry income (expense) - net.”
4. These AOCL components are included in the computation of net periodic benefit cost of the Company’s defined benefit pension and other postretirement benefit plans. See Note 19 for additional information. In the year ended December 31, 2016, $360 million was included in “Sundry income (expense) - net” (zero impact to “Provision for income taxes”) related to the Dow Silicons ownership restructuring. See Note 5 for additional information.
5. “Cost of sales,” “Sundry income (expense) - net” and “Interest expense and amortization of debt discount.”

NOTE 18 – NONCONTROLLING INTERESTS

Ownership interests in the Company’s subsidiaries held by parties other than the Company are presented separately from the Company’s equity in the consolidated balance sheets as “Noncontrolling interests.” The amount of consolidated net income attributable to the Company and the noncontrolling interests are both presented on the face of the consolidated statements of income.

The following table summarizes the activity for equity attributable to noncontrolling interests for the years ended December 31, 2018, 2017 and 2016:

<table>
<thead>
<tr>
<th>Noncontrolling Interests</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Jan 1</td>
<td>$1,186</td>
<td>$1,242</td>
<td>$809</td>
</tr>
<tr>
<td>Net income attributable to noncontrolling interests</td>
<td>134</td>
<td>129</td>
<td>86</td>
</tr>
<tr>
<td>Distributions to noncontrolling interests</td>
<td>(145)</td>
<td>(109)</td>
<td>(123)</td>
</tr>
<tr>
<td>Acquisition of noncontrolling interests</td>
<td>—</td>
<td>—</td>
<td>473</td>
</tr>
<tr>
<td>Deconsolidation of noncontrolling interests</td>
<td>—</td>
<td>(119)</td>
<td>—</td>
</tr>
<tr>
<td>Cumulative translation adjustments</td>
<td>(39)</td>
<td>41</td>
<td>(4)</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Balance at Dec 31</td>
<td>$1,138</td>
<td>$1,186</td>
<td>$1,242</td>
</tr>
</tbody>
</table>

1. The 2016 activity presented in the table excludes a $202 million cash payment for the purchase of a noncontrolling interest, as the noncontrolling interest was classified as “Accrued and other current liabilities” in the consolidated balance sheets.
2. Distributions to noncontrolling interests is net of $27 million in 2018 ($20 million in 2017 and $53 million in 2016) in dividends paid to a joint venture, which were reclassified to “Equity in earnings of nonconsolidated affiliates” in the consolidated statements of income.
3. Assumed in the ownership restructuring of Dow Silicons. See Note 5 for additional information.
4. On June 30, 2017, the Company sold its ownership interest in the SKC Haas Display Films group of companies. See Note 13 for additional information.
NOTE 19 – PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

Dow and DuPont did not merge their defined benefit pension plans and other postretirement benefit plans as a result of the Merger.

Defined Benefit Pension Plans

The Company has both funded and unfunded defined benefit pension plans that cover employees in the United States and a number of other countries. The U.S. qualified plan covering the parent company is the largest plan. Benefits for employees hired before January 1, 2008, are based on length of service and the employee’s three highest consecutive years of compensation. Employees hired after January 1, 2008, earn benefits that are based on a set percentage of annual pay, plus interest.

The Company’s funding policy is to contribute to the plans when pension laws and/or economics either require or encourage funding. In 2018, the Company contributed $1,656 million to its pension plans, which included a $1,100 million discretionary contribution to its principal U.S. pension plan in the third quarter of 2018. Total contributions in 2018 also included contributions to fund benefit payments for the Company’s non-qualified pension plans. The Company expects to contribute approximately $240 million to its pension plans in 2019.

The provisions of a U.S. non-qualified pension plan require the payment of plan obligations to certain participants upon a change in control of the Company, which occurred at the time of the Merger. Certain participants could elect to receive a lump-sum payment or direct the Company to purchase an annuity on their behalf using the after-tax proceeds of the lump sum. In the fourth quarter of 2017, the Company paid $940 million to plan participants and $230 million to an insurance company for the purchase of annuities, which were included in “Pension contributions” in the consolidated statements of cash flows. The Company also paid $205 million for income and payroll taxes for participants electing the annuity option, of which $201 million was included in “Cost of sales” and $4 million was included in “Selling, general and administrative expenses” in the consolidated statements of income. The Company recorded a settlement charge of $687 million associated with the payout in the fourth quarter of 2017, which was included in “Sundry income (expense) - net” in the consolidated statements of income.

The weighted-average assumptions used to determine pension plan obligations and net periodic benefit costs for all plans are summarized in the table below:

<table>
<thead>
<tr>
<th>Weighted-Average Assumptions for All Pension Plans</th>
<th>Benefit Obligations at Dec 31</th>
<th>Net Periodic Costs for the Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.69%</td>
<td>3.17%</td>
</tr>
<tr>
<td>Interest crediting rate for applicable benefits</td>
<td>3.72%</td>
<td>3.61%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.84%</td>
<td>3.88%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

The weighted-average assumptions used to determine pension plan obligations and net periodic benefit costs for U.S. plans are summarized in the table below:

<table>
<thead>
<tr>
<th>Weighted-Average Assumptions for U.S. Pension Plans</th>
<th>Benefit Obligations at Dec 31</th>
<th>Net Periodic Costs for the Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.39%</td>
<td>3.66%</td>
</tr>
<tr>
<td>Interest crediting rate for applicable benefits</td>
<td>4.50%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>4.25%</td>
<td>4.25%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Other Postretirement Benefit Plans

The Company provides certain health care and life insurance benefits to retired employees and survivors. The Company’s plans outside of the United States are not significant; therefore, this discussion relates to the U.S. plans only. The plans provide health care benefits, including hospital, physicians’ services, drug and major medical expense coverage, and life insurance benefits. In general, for employees hired before January 1, 1993, the plans provide benefits supplemental to Medicare when retirees are eligible for these benefits. The Company and the retiree share the cost of these benefits, with the Company portion increasing as the retiree has increased years of credited service, although there is a cap on the Company portion. The Company has the ability to change these benefits at any time. Employees hired after January 1, 2008, are not covered under the plans.
The Company funds most of the cost of these health care and life insurance benefits as incurred. In 2018, Dow did not make any contributions to its other postretirement benefit plan trusts. The trusts did not hold assets at December 31, 2018. The Company does not expect to contribute assets to its other postretirement benefit plan trusts in 2019.

The weighted-average assumptions used to determine other postretirement benefit obligations and net periodic benefit costs for the U.S. plans are provided below:

<table>
<thead>
<tr>
<th>Weighted-Average Assumptions for U.S. Other Postretirement Benefits Plans</th>
<th>Benefit Obligations at Dec 31</th>
<th>Net Periodic Costs for the Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.24% 3.51%</td>
<td>4.24% 3.51% 3.51% 3.83% 3.96%</td>
</tr>
<tr>
<td>Health care cost trend rate assumed for next year</td>
<td>6.50% 6.75%</td>
<td>6.50% 6.75% 6.75% 7.00% 7.25%</td>
</tr>
<tr>
<td>Rate to which the cost trend rate is assumed to decline (the ultimate health care cost trend rate)</td>
<td>5.00% 5.00%</td>
<td>5.00% 5.00% 5.00% 5.00% 5.00%</td>
</tr>
<tr>
<td>Year that the rate reaches the ultimate health care cost trend rate</td>
<td>2025 2025 2025 2025 2025</td>
<td>2025 2025 2025 2025 2025 2025</td>
</tr>
</tbody>
</table>

Assumptions
The Company determines the expected long-term rate of return on plan assets by performing a detailed analysis of key economic and market factors driving historical returns for each asset class and formulating a projected return based on factors in the current environment. Factors considered include, but are not limited to, inflation, real economic growth, interest rate yield, interest rate spreads and other valuation measures and market metrics. The expected long-term rate of return for each asset class is then weighted based on the strategic asset allocation approved by the governing body for each plan. The Company’s historical experience with the pension fund asset performance is also considered.

The Company uses the spot rate approach to determine the discount rate utilized to measure the service cost and interest cost components of net periodic pension and other postretirement benefit costs for the U.S. and other selected countries. Under the spot rate approach, the Company calculates service costs and interest costs by applying individual spot rates from the Willis Towers Watson RATE:Link yield curve (based on high-quality corporate bond yields) for each selected country to the separate expected cash flow components of service cost and interest cost. Service cost and interest cost for all other plans are determined on the basis of the single equivalent discount rates derived in determining those plan obligations.

The discount rates utilized to measure the pension and other postretirement obligations of the U.S. qualified plans are based on the yield on high-quality corporate fixed income investments at the measurement date. Future expected actuarially determined cash flows for Dow’s U.S. plans are individually discounted at the spot rates under the Willis Towers Watson U.S. RATE:Link 60-90 corporate yield curve (based on 60th to 90th percentile high-quality corporate bond yields) to arrive at the plan’s obligations as of the measurement date.

The Company utilizes a modified version of the Society of Actuaries’ mortality tables released in 2014 and a modified version of the generational mortality improvement scale released in 2018 for purposes of measuring the U.S. pension and other postretirement obligations, based on an evaluation of the mortality experience of the Company’s pension plans.
Summarized information on the Company’s pension and other postretirement benefit plans is as follows:

<table>
<thead>
<tr>
<th>Change in Projected Benefit Obligations, Plan Assets and Funded Status of All Significant Defined Benefit and Other Postretirement Plans</th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in projected benefit obligations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit obligations at beginning of year</td>
<td>$31,851</td>
<td>$30,280</td>
<td>$1,567</td>
<td>$1,835</td>
</tr>
<tr>
<td>Service cost</td>
<td>520</td>
<td>506</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Interest cost</td>
<td>886</td>
<td>883</td>
<td>45</td>
<td>54</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>19</td>
<td>14</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Actuarial changes in assumptions and experience</td>
<td>(1,754)</td>
<td>1,804</td>
<td>(13)</td>
<td>(198)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,476)</td>
<td>(1,440)</td>
<td>(13)</td>
<td>(151)</td>
</tr>
<tr>
<td>Plan amendments</td>
<td>17</td>
<td>14</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Acquisitions/divestitures/other 1</td>
<td>(45)</td>
<td>50</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Effect of foreign exchange rates</td>
<td>(418)</td>
<td>932</td>
<td>(10)</td>
<td>13</td>
</tr>
<tr>
<td>Termination benefits/curtailment cost/settlements 2</td>
<td>—</td>
<td>(1,192)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Benefit obligations at end of year</strong></td>
<td>$29,600</td>
<td>$31,851</td>
<td>$1,478</td>
<td>$1,567</td>
</tr>
<tr>
<td><strong>Change in plan assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of plan assets at beginning of year</td>
<td>$23,401</td>
<td>$21,208</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>(742)</td>
<td>2,500</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>1,656</td>
<td>1,676</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>19</td>
<td>14</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,476)</td>
<td>(1,440)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Acquisitions/divestitures/other 3</td>
<td>(314)</td>
<td>646</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Settlements 4</td>
<td>(1,188)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Fair value of plan assets at end of year</strong></td>
<td>$22,544</td>
<td>$23,401</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Funded status:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. plans with plan assets</td>
<td>$(4,066)</td>
<td>$(5,363)</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Non-U.S. plans with plan assets</td>
<td>(2,263)</td>
<td>(2,333)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>All other plans</td>
<td>(727)</td>
<td>(754)</td>
<td>(1,478)</td>
<td>(1,567)</td>
</tr>
<tr>
<td><strong>Funded status at end of year</strong></td>
<td>$(7,056)</td>
<td>$(8,450)</td>
<td>$(1,478)</td>
<td>$(1,567)</td>
</tr>
<tr>
<td><strong>Amounts recognized in the consolidated balance sheets at Dec 31:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred charges and other assets</td>
<td>$ 491</td>
<td>$ 548</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accrued and other current liabilities</td>
<td>(52)</td>
<td>(48)</td>
<td>(131)</td>
<td>(125)</td>
</tr>
<tr>
<td>Pension and other postretirement benefits - noncurrent</td>
<td>(7,495)</td>
<td>(8,950)</td>
<td>(1,347)</td>
<td>(1,442)</td>
</tr>
<tr>
<td><strong>Net amount recognized</strong></td>
<td>$(7,056)</td>
<td>$(8,450)</td>
<td>$(1,478)</td>
<td>$(1,567)</td>
</tr>
<tr>
<td><strong>Pretax amounts recognized in accumulated other comprehensive loss at Dec 31:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss (gain)</td>
<td>$10,841</td>
<td>$10,899</td>
<td>$315</td>
<td>$326</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(224)</td>
<td>(265)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Pretax balance in accumulated other comprehensive loss at end of year</strong></td>
<td>$10,617</td>
<td>$10,634</td>
<td>$315</td>
<td>$326</td>
</tr>
</tbody>
</table>

1. The 2018 impact includes the divestiture of a business with pension benefit obligations of $37 million. The 2017 impact includes the reclassification of a China pension liability of $69 million from “Other noncurrent obligations” to “Pension and other postretirement benefits - noncurrent” and the divestiture of a South Korean company with pension benefit obligations of $25 million.

2. The 2017 impact includes the settlement of certain plan obligations for a U.S. non-qualified pension plan of $1,170 million required due to a change in control provision. The 2017 impact also includes the conversion of a South Korean pension plan to a defined contribution plan.

3. The 2017 impact relates to the divestiture of a South Korean company.

4. The 2017 impact includes payments made of $1,170 million to settle certain plan obligations of a U.S. non-qualified pension plan required due to a change in control provision. The 2017 impact also includes payments made of $18 million to convert a South Korean pension plan to a defined contribution plan.

A significant component of the overall decrease in the Company’s benefit obligation for the year ended December 31, 2018 was due to the weighted-average change in discount rates, which increased from 3.17 percent at December 31, 2017 to 3.69 percent at December 31, 2018. A significant component of the overall increase in the Company’s benefit obligation for the year ended December 31, 2017 was also due to the weighted-average change in discount rates, which decreased from 3.52 percent at December 31, 2016 to 3.17 percent at December 31, 2017.
The accumulated benefit obligation for all pension plans was $28.3 billion and $30.4 billion at December 31, 2018 and 2017, respectively.

### Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets at Dec 31

<table>
<thead>
<tr>
<th>In millions</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated benefit obligations</td>
<td>$25,392</td>
<td>$27,248</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>$18,902</td>
<td>$19,515</td>
</tr>
</tbody>
</table>

### Pension Plans with Projected Benefit Obligations in Excess of Plan Assets at Dec 31

<table>
<thead>
<tr>
<th>In millions</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected benefit obligations</td>
<td>$26,599</td>
<td>$28,576</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>$19,051</td>
<td>$19,578</td>
</tr>
</tbody>
</table>

### Net Periodic Benefit Costs for All Significant Plans for the Year Ended Dec 31

<table>
<thead>
<tr>
<th>In millions</th>
<th>Defined Benefit Pension Plans</th>
<th>Other Postretirement Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$520</td>
<td>$506</td>
</tr>
<tr>
<td>Interest cost</td>
<td>$886</td>
<td>$883</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>$(1,644)</td>
<td>$(1,548)</td>
</tr>
<tr>
<td>Amortization of prior service credit</td>
<td>$(24)</td>
<td>$(25)</td>
</tr>
<tr>
<td>Amortization of unrecognized (gain) loss</td>
<td>$642</td>
<td>$638</td>
</tr>
<tr>
<td>Curtailment/settlement/other</td>
<td>—</td>
<td>683</td>
</tr>
<tr>
<td>Net periodic benefit costs</td>
<td>$380</td>
<td>$1,137</td>
</tr>
</tbody>
</table>

**Changes in plan assets and benefit obligations recognized in other comprehensive (income) loss:**

<table>
<thead>
<tr>
<th>In millions</th>
<th>Defined Benefit Pension Plans</th>
<th>Other Postretirement Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (gain) loss</td>
<td>$584</td>
<td>$845</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>$17</td>
<td>$14</td>
</tr>
<tr>
<td>Amortization of prior service credit</td>
<td>$24</td>
<td>$25</td>
</tr>
<tr>
<td>Amortization of unrecognized gain (loss)</td>
<td>$(642)</td>
<td>$(638)</td>
</tr>
<tr>
<td>Settlement loss</td>
<td>—</td>
<td>$(687)</td>
</tr>
<tr>
<td>Total recognized in other comprehensive (income) loss</td>
<td>$(17)</td>
<td>$(441)</td>
</tr>
<tr>
<td>Total recognized in net periodic benefit cost and other comprehensive (income) loss</td>
<td>$363</td>
<td>$696</td>
</tr>
</tbody>
</table>

1. The 2017 impact relates to the settlement of a U.S. non-qualified plan triggered by a change in control provision. The 2016 impact relates to the curtailment of benefits for certain participants of a Dow Silicones plan in the U.S.

2. The 2017 impact relates to the settlement of a U.S. non-qualified plan triggered by a change in control provision.

On January 1, 2018, the Company adopted ASU 2017-07, which impacted the presentation of the components of net periodic benefit cost in the consolidated statements of income. Net periodic benefit cost, other than the service cost component, is now included in “Sundry income (expense) - net” in the consolidated statements of income. See Notes 1, 2 and 8 for additional information.
Estimated Future Benefit Payments
The estimated future benefit payments, reflecting expected future service, as appropriate, are presented in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Defined Benefit Pension Plans</th>
<th>Other Postretirement Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$1,549</td>
<td>$133</td>
</tr>
<tr>
<td>2020</td>
<td>1,559</td>
<td>129</td>
</tr>
<tr>
<td>2021</td>
<td>1,585</td>
<td>129</td>
</tr>
<tr>
<td>2022</td>
<td>1,624</td>
<td>125</td>
</tr>
<tr>
<td>2023</td>
<td>1,663</td>
<td>120</td>
</tr>
<tr>
<td>2024-2028</td>
<td>8,641</td>
<td>519</td>
</tr>
<tr>
<td>Total</td>
<td>$16,621</td>
<td>$1,155</td>
</tr>
</tbody>
</table>

Plan Assets
Plan assets consist primarily of equity and fixed income securities of U.S. and foreign issuers, and include alternative investments such as real estate, private market securities and absolute return strategies. At December 31, 2018, plan assets totaled $22.5 billion and included no directly held common stock of DowDuPont. At December 31, 2017, plan assets totaled $23.4 billion and included no directly held common stock of DowDuPont.

The Company’s investment strategy for the plan assets is to manage the assets in relation to the liability in order to pay retirement benefits to plan participants over the life of the plans. This is accomplished by identifying and managing the exposure to various market risks, diversifying investments across various asset classes and earning an acceptable long-term rate of return consistent with an acceptable amount of risk, while considering the liquidity needs of the plans.

The plans are permitted to use derivative instruments for investment purposes, as well as for hedging the underlying asset and liability exposure and rebalancing the asset allocation. The plans use value-at-risk, stress testing, scenario analysis and Monte Carlo simulations to monitor and manage both the risk within the portfolios and the surplus risk of the plans.

Equity securities primarily include investments in large- and small-cap companies located in both developed and emerging markets around the world. Fixed income securities include investment and non-investment grade corporate bonds of companies diversified across industries, U.S. treasuries, non-U.S. developed market securities, U.S. agency mortgage-backed securities, emerging market securities and fixed income related funds. Alternative investments primarily include investments in real estate, private equity limited partnerships and absolute return strategies. Other significant investment types include various insurance contracts and interest rate, equity, commodity and foreign exchange derivative investments and hedges.

The Company mitigates the credit risk of investments by establishing guidelines with investment managers that limit investment in any single issue or issuer to an amount that is not material to the portfolio being managed. These guidelines are monitored for compliance both by the Company and external managers. Credit risk related to derivative activity is mitigated by utilizing multiple counterparties, collateral support agreements and centralized clearing, where appropriate.

The Northern Trust Collective Government Short Term Investment money market fund is utilized as the sweep vehicle for the U.S. plans, which from time to time can represent a significant investment. For one U.S. plan, approximately 35 percent of the liability is covered by a participating group annuity issued by Prudential Insurance Company.
The weighted-average target allocation for plan assets of the Company’s pension plans is summarized as follows:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Target Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>36%</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>35%</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>28%</td>
</tr>
<tr>
<td>Other investments</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For pension plan assets classified as Level 1 measurements (measured using quoted prices in active markets), total fair value is either the price of the most recent trade at the time of the market close or the official close price, as defined by the exchange on which the asset is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs.

For pension plan assets classified as Level 2 measurements, where the security is frequently traded in less active markets, fair value is based on the closing price at the end of the period; where the security is less frequently traded, fair value is based on the price a dealer would pay for the security or similar securities, adjusted for any terms specific to that asset or liability. Market inputs are obtained from well-established and recognized vendors of market data and subjected to tolerance and quality checks. For derivative assets and liabilities, standard industry models are used to calculate the fair value of the various financial instruments based on significant observable market inputs, such as foreign exchange rates, commodity prices, swap rates, interest rates and implied volatilities obtained from various market sources. For other pension plan assets for which observable inputs are used, fair value is derived through the use of fair value models, such as a discounted cash flow model or other standard pricing models.

For pension plan assets classified as Level 3 measurements, total fair value is based on significant unobservable inputs including assumptions where there is little, if any, market activity for the investment.

Certain pension plan assets are held in funds where fair value is based on an estimated net asset value per share (or its equivalent) as of the most recently available fund financial statements which are received on a monthly or quarterly basis. These valuations are reviewed for reasonableness based on applicable sector, benchmark and company performance. Adjustments to valuations are made where appropriate to arrive at an estimated net asset value per share at the measurement date. These funds are not classified within the fair value hierarchy.
The following table summarizes the bases used to measure the Company’s pension plan assets at fair value for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Basis of Fair Value Measurements</th>
<th>Dec 31, 2018</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Dec 31, 2017</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 877</td>
<td>$ 818</td>
<td>$ 59</td>
<td>—</td>
<td>$ 772</td>
<td>$ 671</td>
<td>$ 101</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Equity securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-U.S. equity securities</td>
<td>$ 4,242</td>
<td>$ 3,497</td>
<td>$ 707</td>
<td>38</td>
<td>$ 5,551</td>
<td>$ 4,533</td>
<td>978</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Total equity securities</td>
<td>$ 7,735</td>
<td>$ 6,748</td>
<td>$ 948</td>
<td>$ 39</td>
<td>$ 9,306</td>
<td>$ 7,949</td>
<td>$ 1,317</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Fixed income securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt - government-issued</td>
<td>$ 4,751</td>
<td>$ 285</td>
<td>$ 4,466</td>
<td>—</td>
<td>$ 4,596</td>
<td>$ 158</td>
<td>$ 4,437</td>
<td>$ 1</td>
<td></td>
</tr>
<tr>
<td>Debt - corporate-issued</td>
<td>$ 2,929</td>
<td>$ 411</td>
<td>$ 2,518</td>
<td>—</td>
<td>$ 3,300</td>
<td>351</td>
<td>2,935</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Debt - asset-backed</td>
<td>$ 90</td>
<td>$ 89</td>
<td>1</td>
<td>—</td>
<td>$ 101</td>
<td>100</td>
<td>1</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total fixed income securities</td>
<td>$ 7,770</td>
<td>$ 696</td>
<td>$ 7,073</td>
<td>$ 1</td>
<td>$ 7,997</td>
<td>$ 509</td>
<td>$ 7,472</td>
<td>$ 16</td>
<td></td>
</tr>
<tr>
<td>Alternative investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private market securities</td>
<td>$ 1</td>
<td>$ 1</td>
<td>—</td>
<td>—</td>
<td>$ 1</td>
<td>$ 1</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>$ 19</td>
<td>$ 19</td>
<td>—</td>
<td>—</td>
<td>$ 21</td>
<td>21</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Derivatives - asset position</td>
<td>$ 451</td>
<td>$ 17</td>
<td>$ 434</td>
<td>—</td>
<td>$ 261</td>
<td>2</td>
<td>259</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Derivatives - liability position</td>
<td>(506)</td>
<td>(19)</td>
<td>(487)</td>
<td>—</td>
<td>(305)</td>
<td>(2)</td>
<td>(303)</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total alternative investments</td>
<td>$ (35)</td>
<td>$ 17</td>
<td>(53)</td>
<td>$ 1</td>
<td>$ (23)</td>
<td>$ 21</td>
<td>(44)</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Other investments</td>
<td>$ 380</td>
<td>$ 47</td>
<td>$ 333</td>
<td>—</td>
<td>$ 273</td>
<td>$ 37</td>
<td>$ 236</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$ 16,727</td>
<td>$ 8,326</td>
<td>$ 8,360</td>
<td>$ 41</td>
<td>$ 18,325</td>
<td>$ 9,187</td>
<td>$ 9,082</td>
<td>$ 56</td>
<td></td>
</tr>
<tr>
<td>Investments measured at net asset value:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedge funds</td>
<td>$ 1,637</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 1,595</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private market securities</td>
<td>2,196</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,390</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>2,080</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investments measured at net asset value</td>
<td>$ 5,913</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 5,185</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items to reconcile to fair value of plan assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension trust receivables</td>
<td>$ 29</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension trust payables</td>
<td>(125)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(136)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 22,544</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 23,401</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. No DowDuPont common stock was directly held at December 31, 2018 or December 31, 2017.
2. The Company reviewed its fair value technique and elected to present assets valued at net asset value per share as a practical expedient outside of the fair value hierarchy. The assets are presented as “Investments measured at net asset value.” Prior period amounts were updated to conform with the current year presentation.
3. Primarily receivables for investment securities sold.
4. Primarily payables for investment securities purchased.
The following table summarizes the changes in the fair value of Level 3 pension plan assets for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Fair Value Measurement of Level 3 Pension Plan Assets</th>
<th>Equity Securities</th>
<th>Fixed Income Securities</th>
<th>Alternative Investments</th>
<th>Other Investments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Jan 1, 2017, as previously reported $33 $17 $4,117 $95 $4,262</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reclassification of investments measured at net asset value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at Jan 1, 2017, as restated</td>
<td>$33</td>
<td>$17</td>
<td>$56</td>
<td>$—</td>
<td>$106</td>
</tr>
<tr>
<td>Actual return on assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relating to assets sold during 2017</td>
<td>(1)</td>
<td></td>
<td>5</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Relating to assets held at Dec 31, 2017</td>
<td>5</td>
<td>1</td>
<td>(1)</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Purchases, sales and settlements, net</td>
<td>3</td>
<td>(2)</td>
<td>(60)</td>
<td></td>
<td>(59)</td>
</tr>
<tr>
<td>Balance at Dec 31, 2017</td>
<td>$40</td>
<td>$16</td>
<td>$—</td>
<td>$—</td>
<td>$56</td>
</tr>
<tr>
<td>Actual return on assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relating to assets sold during 2018</td>
<td></td>
<td>4</td>
<td>(1)</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Relating to assets held at Dec 31, 2018</td>
<td>(3)</td>
<td>(4)</td>
<td></td>
<td></td>
<td>(7)</td>
</tr>
<tr>
<td>Purchases, sales and settlements, net</td>
<td>2</td>
<td>(15)</td>
<td>2</td>
<td>(1)</td>
<td>(12)</td>
</tr>
<tr>
<td>Balance at Dec 31, 2018</td>
<td>$39</td>
<td>$1</td>
<td>$1</td>
<td>$—</td>
<td>$41</td>
</tr>
</tbody>
</table>

1. The Company reviewed its fair value technique and elected to present assets valued at net asset value per share as a practical expedient outside of the fair value hierarchy, including those classified as Level 3 pension plan assets. The assets are presented as “Investments measured at net asset value.”

**Defined Contribution Plans**

U.S. employees may participate in defined contribution plans (Employee Savings Plans or 401(k) plans) by contributing a portion of their compensation, which is partially matched by the Company. Defined contribution plans also cover employees in some subsidiaries in other countries, including Australia, Brazil, Canada, Italy, Spain and the United Kingdom. Expense recognized for all defined contribution plans was $242 million in 2018, $367 million in 2017 and $283 million in 2016.

**NOTE 20 – STOCK-BASED COMPENSATION**

The Company grants stock-based compensation to employees and non-employee directors in the form of stock incentive plans, which include stock options, restricted stock units (“RSUs”) (formerly termed deferred stock) and restricted stock. The Company also provides stock-based compensation in the form of performance stock units (“PSUs”) (formerly termed performance deferred stock) and the Employee Stock Purchase Plan (“ESPP”), which grants eligible employees the right to purchase shares of the Company’s common stock at a discounted price.

In connection with the Merger, on August 31, 2017 (“Conversion Date”) all outstanding Dow stock options and RSU awards were converted into stock options and RSU awards with respect to DowDuPont common stock. The stock options and RSU awards have the same terms and conditions under the applicable plans and award agreements prior to the Merger. All outstanding and nonvested PSU awards were converted into RSU awards with respect to DowDuPont common stock at the greater of the applicable performance target or the actual performance as of the effective time of the Merger. Changes in the fair value of liability instruments are recognized as compensation expense each quarter. Dow and DuPont did not merge their stock-based compensation plans as a result of the Merger. The Dow and DuPont stock-based compensation plans were assumed by DowDuPont and continue in place with the ability to grant and issue DowDuPont common stock.

The total stock-based compensation expense included in the consolidated statements of income was $224 million, $359 million and $261 million in 2018, 2017 and 2016, respectively. The income tax benefits related to stock-based compensation arrangements were $50 million, $133 million and $97 million in 2018, 2017 and 2016, respectively.

**Accounting for Stock-Based Compensation**

The Company grants stock-based compensation awards that vest over a specified period or upon employees meeting certain performance and/or retirement eligibility criteria. The fair value of equity instruments issued to employees is measured on the grant date. The fair value of liability instruments (granted to executive employees subject to stock ownership requirements, that provide the recipient the option to elect to receive a cash payment equal to the value of the stock award on the date of delivery) is measured at the end of each quarter. The fair value of equity and liability instruments is expensed over the vesting period or, in the case of retirement, from the grant date to the date on which retirement eligibility provisions have been met and additional service is no longer required. The Company estimates expected forfeitures.
The Company historically used a lattice-based option valuation model to estimate the fair value of stock options and used a Monte Carlo simulation for the market portion of PSU awards. Effective with the first quarter of 2018 grant, the Company began using the Black-Scholes option valuation model to estimate the fair value of stock options. This valuation methodology was adopted as a result of the Merger to align valuation methodologies with DuPont and better align with industry practice. The Company used the Black-Scholes option valuation model for subscriptions to purchase shares under the ESPP. The weighted-average assumptions used to calculate total stock-based compensation are included in the following table:

<table>
<thead>
<tr>
<th>Weighted-Average Assumptions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend yield</td>
<td>2.13%</td>
<td>3.01%</td>
<td>4.13%</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>23.34%</td>
<td>23.71%</td>
<td>31.60%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>2.83%</td>
<td>1.28%</td>
<td>1.12%</td>
</tr>
<tr>
<td>Life of Employee Stock Purchase Plan (months)</td>
<td>—</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

The dividend yield assumption was equal to the dividend yield on the grant date, which reflected the most recent DowDuPont quarterly dividend payment of $0.38 per share in 2018 ($0.46 per share in 2017 and 2016 on Dow Common Stock). The expected volatility assumptions for the 2016 and 2017 stock options and ESPP were based on an equal weighting of the historical daily volatility for the contractual term of the awards and current implied volatility from exchange-traded options. The expected volatility assumptions for the 2018 stock options were based on an equal weighting of the historical daily volatility for the expected term of the awards and current implied volatility from exchange-traded options. The expected volatility assumption for the market portion of the 2016 and 2017 PSU awards were based on historical daily volatility for the term of the award. The risk-free interest rate was based on the weighted-average of U.S. Treasury strip rates over the contractual term of the 2016 and 2017 options. The risk-free interest rate was based on the U.S. Treasury strip rates over the expected life of the 2018 options. The expected life of stock options granted was based on an analysis of historical exercise patterns.

Stock Incentive Plan
The Company has historically granted equity awards under various plans (the “Prior Plans”). On February 9, 2012, the Board authorized The Dow Chemical Company 2012 Stock Incentive Plan (the “2012 Plan”), which was approved by stockholders at the Company’s annual meeting on May 10, 2012 (“Original Effective Date”) and became effective on that date. On February 13, 2014, the Board adopted The Dow Chemical Company Amended and Restated 2012 Stock Incentive Plan (the “2012 Restated Plan”). The 2012 Restated Plan was approved by stockholders at the Company’s annual meeting on May 15, 2014, and became effective on that date. The Prior Plans were superseded by the 2012 Plan and the 2012 Restated Plan (collectively, the “2012 Plan”). Under the 2012 Plan, the Company may grant options, RSUs, PSUs, restricted stock, stock appreciation rights and stock units to employees and non-employee directors until the tenth anniversary of the Original Effective Date, subject to an aggregate limit and annual individual limits. The terms of the grants are fixed at the grant date. Dow’s stock-based compensation programs were assumed by DowDuPont and continue in place with the ability to grant and issue DowDuPont common stock. At December 31, 2018, there were approximately 19 million shares of DowDuPont common stock available for grant under the 2012 Plan.

Stock Options
The Company grants stock options to certain employees, subject to certain annual and individual limits, with terms of the grants fixed at the grant date. The exercise price of each stock option equals the market price of the common stock on the grant date. Options vest from one to three years, and have a maximum term of 10 years.
The following table summarizes stock option activity for 2018:

<table>
<thead>
<tr>
<th>Stock Options</th>
<th></th>
<th>Shares</th>
<th>Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares in thousands</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding at Jan 1, 2018</td>
<td>26,628</td>
<td>$38.30</td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>6,571</td>
<td>$71.43</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(4,074)</td>
<td>$30.65</td>
<td></td>
</tr>
<tr>
<td>Forfeited/Expired</td>
<td>(279)</td>
<td>$61.47</td>
<td></td>
</tr>
<tr>
<td>Outstanding at Dec 31, 2018</td>
<td>28,846</td>
<td>$46.70</td>
<td></td>
</tr>
</tbody>
</table>

Aggregate intrinsic value in millions $327

Exercisable at Dec 31, 2018

Aggregate intrinsic value in millions $322

1. Weighted-average per share.

Additional Information about Stock Options

| | 2018 | 2017 | 2016 |
| | Weighted-average fair value per share of options granted | $15.38 | $14.44 | $10.95 |
| | Total compensation expense for stock option plans | $68 | $37 | $32 |
| | Related tax benefit | $15 | $14 | $12 |
| | Total amount of cash received from the exercise of options | $112 | $310 | $312 |
| | Total intrinsic value of options exercised | $160 | $286 | $153 |
| | Related tax benefit | $36 | $106 | $57 |

1. Difference between the market price at exercise and the price paid by the employee to exercise the options.

Total unrecognized compensation cost related to unvested stock option awards of $36 million at December 31, 2018, is expected to be recognized over a weighted-average period of 1.91 years.

Restricted Stock Units

The Company grants restricted stock units to certain employees. The grants vest after a designated period of time, generally one to five years. The following table shows changes in nonvested RSUs:

<table>
<thead>
<tr>
<th>RSU Awards</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares in thousands</td>
<td>Shares</td>
</tr>
<tr>
<td>Nonvested at Jan 1, 2018</td>
<td>13,346</td>
</tr>
<tr>
<td>Granted</td>
<td>2,022</td>
</tr>
<tr>
<td>Vested</td>
<td>(5,409)</td>
</tr>
<tr>
<td>Canceled</td>
<td>(224)</td>
</tr>
<tr>
<td>Nonvested at Dec 31, 2018</td>
<td>9,735</td>
</tr>
</tbody>
</table>

1. Weighted-average per share.

Additional Information about RSUs

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted-average fair value per share of RSUs granted</td>
<td>$71.46</td>
<td>$61.29</td>
<td>$46.25</td>
</tr>
<tr>
<td>Total fair value of RSUs vested</td>
<td>$382</td>
<td>$179</td>
<td>$166</td>
</tr>
<tr>
<td>Related tax benefit</td>
<td>$86</td>
<td>$66</td>
<td>$61</td>
</tr>
<tr>
<td>Total compensation expense for RSU awards</td>
<td>$144</td>
<td>$178</td>
<td>$97</td>
</tr>
<tr>
<td>Related tax benefit</td>
<td>$32</td>
<td>$66</td>
<td>$36</td>
</tr>
</tbody>
</table>

1. Related tax benefit.
In 2018, the Company paid $45 million in cash, equal to the value of the stock award on the date of delivery, to certain executive employees to settle approximately 625,000 RSUs (there were no RSUs settled in cash in 2017 and 2016). Total unrecognized compensation cost related to RSU awards of $126 million at December 31, 2018, is expected to be recognized over a weighted-average period of 1.68 years. At December 31, 2018, approximately 18,000 RSUs with a grant date weighted-average fair value per share of $35.12 had previously vested, but were not issued. These shares are scheduled to be issued to employees within six months to three years or upon retirement.

Total incremental pretax compensation expense resulting from the conversion of PSU awards into RSU awards was $25 million ($20 million was recognized in the second half of 2017 and $5 million to be recognized over the remaining service period). Approximately 5,000 employees were impacted by the conversion.

Performance Stock Units

The Company grants performance stock units to certain employees. The grants vest when the Company attains specified performance targets, such as return on capital and relative total shareholder return, over a predetermined period, generally one to three years. In November 2017, the Company granted PSUs to senior leadership measured on the realization of cost savings in connection with cost synergy commitments, as well as the Company’s ability to complete the Intended Business Separations. Performance and payouts are determined independently for each metric. Compensation expense related to PSU awards is recognized over the lesser of the service or performance period. Changes in the fair value of liability instruments are recognized as compensation expense each quarter.

The following table shows the PSU awards granted:

<table>
<thead>
<tr>
<th>PSU Awards</th>
<th>Shares in thousands</th>
<th>Target Shares Granted</th>
<th>Grant Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Performance Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>Sep 1, 2017 – Aug 31, 2019</td>
<td>232</td>
<td>$71.16</td>
</tr>
<tr>
<td>2017 ³</td>
<td>Jan 1, 2017 – Dec 31, 2019</td>
<td>1,728</td>
<td>$81.99</td>
</tr>
<tr>
<td>2016 ³</td>
<td>Jan 1, 2016 – Dec 31, 2018</td>
<td>2,283</td>
<td>$52.68</td>
</tr>
</tbody>
</table>

1. At the end of the performance period, the actual number of shares issued can range from zero to 200% of target shares granted.
2. Weighted-average per share.
3. Converted to RSUs as a result of the Merger.

There was no activity in nonvested PSUs in 2018. At January 1, 2018 and December 31, 2018, there were 232,000 target shares of nonvested PSUs outstanding with a grant date fair value of $71.16.

**Additional Information about PSUs**

<table>
<thead>
<tr>
<th>Additional Information about PSUs</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fair value of PSUs vested and delivered</td>
<td>$ —</td>
<td>$ 202</td>
<td>$ 103</td>
</tr>
<tr>
<td>Related tax benefit</td>
<td>$ —</td>
<td>$ 75</td>
<td>$ 38</td>
</tr>
<tr>
<td>Total compensation expense for PSU awards</td>
<td>$ 12</td>
<td>$ 106</td>
<td>$ 125</td>
</tr>
<tr>
<td>Related tax benefit</td>
<td>$ 3</td>
<td>$ 39</td>
<td>$ 46</td>
</tr>
<tr>
<td>Shares of PSUs settled in cash (in thousands)</td>
<td>616</td>
<td>861</td>
<td></td>
</tr>
<tr>
<td>Total cash paid to settle PSUs</td>
<td>$ —</td>
<td>$ 38</td>
<td>$ 40</td>
</tr>
</tbody>
</table>

1. Includes the fair value of shares vested in prior years and delivered in the reporting year.
2. PSU awards vested in prior years and delivered in the reporting year.
3. Cash paid to certain executive employees for PSU awards vested in prior periods and delivered in the reporting year, equal to the value of the stock award on the date of delivery.

Total unrecognized compensation cost related to PSU awards of $8 million at December 31, 2018, is expected to be recognized over a weighted-average period of 0.67 years.
**Restricted Stock**

Under the 2012 Plan, the Company may grant shares (including options, stock appreciation rights, stock units and restricted stock) to non-employee directors over the 10-year duration of the program, subject to the plan’s aggregate limit as well as annual individual limits. The restricted stock issued under this plan cannot be sold, assigned, pledged or otherwise transferred by the non-employee director, until retirement or termination of service to the Company. The following table shows the restricted stock issued under this plan:

<table>
<thead>
<tr>
<th>Year</th>
<th>Shares Issued (in thousands)</th>
<th>Weighted-Average Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>36</td>
<td>$62.82</td>
</tr>
<tr>
<td>2017</td>
<td>33</td>
<td>$62.04</td>
</tr>
<tr>
<td>2016</td>
<td>32</td>
<td>$50.55</td>
</tr>
</tbody>
</table>

**Employee Stock Purchase Plan**

On February 9, 2012, the Board authorized The Dow Chemical Company 2012 Employee Stock Purchase Plan (the “2012 ESPP”) which was approved by stockholders at the Company’s annual meeting on May 10, 2012. When offered, most employees are eligible to purchase shares of common stock of the Company valued at up to 10 percent of their annual base salary. The value is determined using the plan price multiplied by the number of shares subscribed to by the employee. The plan price of the stock is set at an amount equal to at least 85 percent of the fair market value (closing price) of the common stock on a date during the fourth quarter of the year prior to the offering, or the average fair market value (closing price) of the common stock over a period during the fourth quarter of the year prior to the offering, in each case, specified by the Executive Vice President of Human Resources. The most recent offering of the 2012 ESPP closed on July 15, 2017. The ESPP was not offered in 2018 and no current offerings remain outstanding.

<table>
<thead>
<tr>
<th>Additional Information about Employee Stock Purchase Plan</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted-average fair value per share of purchase rights granted</td>
<td>—</td>
<td>$10.70</td>
<td>$3.40</td>
</tr>
<tr>
<td>Total compensation expense for ESPP</td>
<td>—</td>
<td>$38</td>
<td>$7</td>
</tr>
<tr>
<td>Related tax benefit</td>
<td>—</td>
<td>$14</td>
<td>$3</td>
</tr>
<tr>
<td>Total amount of cash received from the exercise of purchase rights</td>
<td>—</td>
<td>$179</td>
<td>$86</td>
</tr>
<tr>
<td>Total intrinsic value of purchase rights exercised</td>
<td>—</td>
<td>$48</td>
<td>$23</td>
</tr>
<tr>
<td>Related tax benefit</td>
<td>—</td>
<td>$18</td>
<td>$9</td>
</tr>
</tbody>
</table>

1. Difference between the market price at exercise and the price paid by the employee to exercise the purchase rights.
NOTE 21 – FINANCIAL INSTRUMENTS

The following table summarizes the fair value of financial instruments at December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Fair Value of Financial Instruments at Dec 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>in millions</td>
<td>Cost</td>
<td>Gain</td>
</tr>
<tr>
<td>Cash equivalents 1</td>
<td>$566</td>
<td>$—</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>$100</td>
<td>$—</td>
</tr>
<tr>
<td>Other investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government debt 2</td>
<td>$714</td>
<td>$9</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1,026</td>
<td>20</td>
</tr>
<tr>
<td>Total debt securities</td>
<td>$1,740</td>
<td>$29</td>
</tr>
<tr>
<td>Equity securities 3</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>Total other investments</td>
<td>$1,756</td>
<td>$30</td>
</tr>
<tr>
<td>Total cash equivalents, marketable securities and other investments</td>
<td>$2,422</td>
<td>$30</td>
</tr>
<tr>
<td>Long-term debt including debt due within one year 4</td>
<td>(19,594)</td>
<td>(35)</td>
</tr>
<tr>
<td>Derivatives relating to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rates</td>
<td>—</td>
<td>$—</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>—</td>
<td>120</td>
</tr>
<tr>
<td>Commodities 5</td>
<td>—</td>
<td>91</td>
</tr>
<tr>
<td>Total derivatives</td>
<td>—</td>
<td>218</td>
</tr>
</tbody>
</table>

1. Prior period amounts were updated to conform with the current year presentation.
2. U.S. Treasury obligations, U.S. agency obligations, agency mortgage-backed securities and other municipalities’ obligations.
3. Equity securities with a readily determinable fair value. Presented in accordance with ASU 2016-01. See Notes 1 and 2 for additional information.
5. Presented net of cash collateral where master netting arrangements allow.

Cost approximates fair value for all other financial instruments.

Cash Equivalents

At December 31, 2018, the Company had $410 million ($1,771 million at December 31, 2017) of held-to-maturity securities (primarily treasury bills and time deposits) classified as cash equivalents, as these securities had maturities of three months or less at the time of purchase. The Company’s investments in held-to-maturity securities are held at amortized cost, which approximates fair value. At December 31, 2018, the Company had investments in money market funds of $156 million classified as cash equivalents ($509 million at December 31, 2017).

Marketable Securities

At December 31, 2018, the Company had $100 million ($4 million at December 31, 2017) of debt securities with maturities of less than one year at the time of purchase.

Debt Securities

The Company’s investments in debt securities are primarily classified as available-for-sale. The following table provides the investing results from available-for-sale securities for the years ended December 31, 2018, 2017 and 2016:

<table>
<thead>
<tr>
<th>Investing Results 1</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>in millions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sales of available-for-sale securities</td>
<td>$1,053</td>
<td>$245</td>
<td>$396</td>
</tr>
<tr>
<td>Gross realized gains</td>
<td>$21</td>
<td>$5</td>
<td>$15</td>
</tr>
<tr>
<td>Gross realized losses</td>
<td>$30</td>
<td>$—</td>
<td>$1</td>
</tr>
</tbody>
</table>

1. Prior period amounts were updated to conform with the current year presentation as a result of the adoption of ASU 2016-01.
The following table summarizes the contractual maturities of the Company’s investments in debt securities:

<table>
<thead>
<tr>
<th>Contractual Maturities of Debt Securities at Dec 31, 2018 ¹</th>
<th>Amortized Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>$ 124</td>
<td>$ 124</td>
</tr>
<tr>
<td>One to five years</td>
<td>$ 455</td>
<td>$ 444</td>
</tr>
<tr>
<td>Six to ten years</td>
<td>$ 717</td>
<td>$ 683</td>
</tr>
<tr>
<td>After ten years</td>
<td>$ 444</td>
<td>$ 432</td>
</tr>
<tr>
<td>Total</td>
<td>$1,740</td>
<td>$1,683</td>
</tr>
</tbody>
</table>

¹. Includes marketable securities with maturities of less than one year.

Portfolio managers regularly review the Company’s holdings to determine if any investments in debt securities are other-than-temporarily impaired. The analysis includes reviewing the amount of the impairment, as well as the length of time it has been impaired.

The credit rating of the issuer, current credit rating trends, the trends of the issuer’s overall sector, the ability of the issuer to pay expected cash flows and the length of time the security has been in a loss position are considered in determining whether unrealized losses represent an other-than-temporary impairment. The Company did not have any credit-related losses in 2018, 2017 or 2016.

The following tables provide the fair value and gross unrealized losses of the Company’s investments in debt securities that were deemed to be temporarily impaired at December 31, 2018 and 2017, aggregated by investment category:

**Temporarily Impaired Debt Securities at Dec 31, 2018**

<table>
<thead>
<tr>
<th>In millions</th>
<th>Less than 12 months</th>
<th>12 months or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Unrealized Losses</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Government debt ¹</td>
<td>$ 287</td>
<td>(17)</td>
<td>$ 187</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>$ 724</td>
<td>(58)</td>
<td>$ 64</td>
</tr>
<tr>
<td>Total temporarily impaired debt securities</td>
<td>$ 1,011</td>
<td>(75)</td>
<td>$ 251</td>
</tr>
</tbody>
</table>

¹. U.S. Treasury obligations, U.S. agency obligations, agency mortgage-backed securities and other municipalities’ obligations.

**Temporarily Impaired Debt Securities at Dec 31, 2017**

<table>
<thead>
<tr>
<th>In millions</th>
<th>Less than 12 months</th>
<th>12 months or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Unrealized Losses</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Government debt ¹</td>
<td>$ 295</td>
<td>(4)</td>
<td>$ 151</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>$ 163</td>
<td>(2)</td>
<td>$ 19</td>
</tr>
<tr>
<td>Total temporarily impaired debt securities</td>
<td>$ 458</td>
<td>(6)</td>
<td>$ 170</td>
</tr>
</tbody>
</table>

¹. U.S. Treasury obligations, U.S. agency obligations, agency mortgage-backed securities and other municipalities’ obligations.

**Equity Securities**

The Company’s investments in equity securities with a readily determinable fair value totaled $16 million at December 31, 2018 ($140 million at December 31, 2017). The aggregate carrying value of the Company’s investments in equity securities where fair value is not readily determinable totaled $206 million at December 31, 2018, reflecting the carrying value of the investments. There were no material adjustments to the carrying value of the not readily determinable investments for impairment or observable price changes for the year ended December 31, 2018. The net unrealized gain recognized in earnings on equity securities totaled $7 million for the year ended December 31, 2018.

**Repurchase and Reverse Repurchase Agreement Transactions**

The Company enters into repurchase and reverse repurchase agreements. These transactions are accounted for as collateralized borrowings and lending transactions bearing a specified rate of interest and are short-term in nature with original maturities of 30 days or less. The underlying collateral is typically treasury bills with longer maturities than the repurchase agreement. The impact of these transactions is not material to the Company’s results. There were no repurchase or reverse repurchase agreements outstanding at December 31, 2018 and 2017.
Risk Management

Dow’s business operations give rise to market risk exposure due to changes in foreign exchange rates, interest rates, commodity prices and other market factors such as equity prices. To manage such risks effectively, the Company enters into hedging transactions, pursuant to established guidelines and policies that enable it to mitigate the adverse effects of financial market risk. Derivatives used for this purpose are designated as hedges per the accounting guidance related to derivatives and hedging activities, where appropriate. A secondary objective is to add value by creating additional non-specific exposure within established limits and policies; derivatives used for this purpose are not designated as hedges. The potential impact of creating such additional exposures is not material to the Company’s results. Accounting guidance requires companies to recognize all derivative instruments as either assets or liabilities at fair value.

The Company’s risk management program for interest rate, foreign currency and commodity risks is based on fundamental, mathematical and technical models that take into account the implicit cost of hedging. Risks created by derivative instruments and the mark-to-market valuations of positions are strictly monitored at all times, using value-at-risk and stress tests. Counterparty credit risk arising from these contracts is not significant because the Company minimizes counterparty concentration, deals primarily with major financial institutions of solid credit quality, and the majority of its hedging transactions mature in less than three months. In addition, the Company minimizes concentrations of credit risk through its global orientation by transacting with large, internationally diversified financial counterparties. It is the Company’s policy to not have credit risk-related contingent features in its derivative instruments. No significant concentration of counterparty credit risk existed at December 31, 2018. The Company does not anticipate losses from credit risk, and the net cash requirements arising from counterparty risk associated with risk management activities are not expected to be material in 2019.

The Company revises its strategies as market conditions dictate and management reviews its overall financial strategies and the impacts from using derivatives in its risk management program with the Company’s senior leadership who also reviews these strategies with the DowDuPont Board and/or relevant committees thereof.

The notional amounts of the Company’s derivative instruments presented on a net basis at December 31, 2018 and 2017, were as follows:

<table>
<thead>
<tr>
<th>Notional Amounts - Net</th>
<th>Dec 31, 2018</th>
<th>Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivatives designated as hedging instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>$2,049</td>
<td>$185</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>$4,457</td>
<td>$4,343</td>
</tr>
<tr>
<td>Derivatives not designated as hedging instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>$5</td>
<td>$ —</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>$19,285</td>
<td>$12,041</td>
</tr>
</tbody>
</table>

1. Prior period amounts were previously presented on a gross basis and have been updated to conform with the current year net presentation.

The notional amounts of the Company’s commodity derivatives at December 31, 2018 and 2017, were as follows:

<table>
<thead>
<tr>
<th>Commodity Notionals - Net</th>
<th>Dec 31, 2018</th>
<th>Dec 31, 2017</th>
<th>Notional Volume Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivatives designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hydrocarbon derivatives</td>
<td>39.9</td>
<td>71.3</td>
<td>million barrels of oil equivalent</td>
</tr>
<tr>
<td>Seed derivatives</td>
<td>—</td>
<td>3.9</td>
<td>million bushels</td>
</tr>
<tr>
<td>Derivatives not designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hydrocarbon derivatives</td>
<td>1.2</td>
<td>4.1</td>
<td>million barrels of oil equivalent</td>
</tr>
<tr>
<td>Power derivatives</td>
<td>73.9</td>
<td>—</td>
<td>thousands of megawatt hours</td>
</tr>
</tbody>
</table>

1. Prior period amounts were previously presented on a gross basis and have been updated to conform with the current year net presentation.

Interest Rate Risk Management

The main objective of interest rate risk management is to reduce the total funding cost to the Company and to alter the interest rate exposure to the desired risk profile. To achieve this objective, the Company hedges using interest rate swaps, “swaptions,” and exchange-traded instruments. At December 31, 2018, the Company had open interest rate swaps with maturity dates that extend through 2022.
Foreign Currency Risk Management
The global nature of Dow’s business requires active participation in the foreign exchange markets. The Company has assets, liabilities and cash flows in currencies other than the U.S. dollar. The primary objective of the Company’s foreign currency risk management is to optimize the U.S. dollar value of net assets and cash flows. To achieve this objective, the Company hedges on a net exposure basis using foreign currency forward contracts, over-the-counter option contracts, cross-currency swaps and nonderivative instruments in foreign currencies. Exposures primarily relate to assets, liabilities and bonds denominated in foreign currencies, as well as economic exposure, which is derived from the risk that currency fluctuations could affect the dollar value of future cash flows related to operating activities. At December 31, 2018, the Company had foreign currency contracts with various expiration dates, through 2019.

Commodity Risk Management
The Company has exposure to the prices of commodities in its procurement of certain raw materials. The primary purpose of commodity hedging activities is to manage the price volatility associated with these forecasted inventory purchases. At December 31, 2018, the Company had futures contracts, options and swaps to buy, sell or exchange commodities. These agreements have various expiration dates through 2022.

Derivatives Not Designated in Hedging Relationships

Foreign Currency Contracts
The Company also uses foreign exchange forward contracts, options and cross-currency swaps that are not designated as hedging instruments primarily to manage foreign currency exposure.

Commodity Contracts
The Company utilizes futures, options and swap instruments that are effective as economic hedges of commodity price exposures, but do not meet hedge accounting criteria for derivatives and hedging, to reduce exposure to commodity price fluctuations on purchases of raw materials and inventory.

Interest Rate Contracts
The Company uses swap instruments that are not designated as hedging instruments to manage the interest rate exposures. Dow uses interest rate swaps, “swaptions,” and exchange-traded instruments to accomplish this objective.

Accounting for Derivative Instruments and Hedging Activities

Cash Flow Hedges
For derivatives that are designated and qualify as cash flow hedging instruments, the gain or loss on the derivative is recorded in AOCL; it is reclassified to income in the same period or periods that the hedged transaction affects income. The unrealized amounts in AOCL fluctuate based on changes in the fair value of open contracts at the end of each reporting period. The Company anticipates volatility in AOCL and net income from its cash flow hedges. The amount of volatility varies with the level of derivative activities and market conditions during any period.

The net gain from interest rate hedges included in AOCL at December 31, 2018 was $23 million after tax (net loss of $3 million after tax at December 31, 2017). These contracts have maturity dates that extend through 2022.

The Company had open foreign currency contracts designated as cash flow hedges of the currency risk associated with forecasted transactions not extending beyond 2019. The portion of the mark-to-market effects of the foreign currency contracts is recorded in AOCL; it is reclassified to income in the same period or periods that the underlying item affects income. The net gain from the foreign currency hedges included in AOCL at December 31, 2018 was $15 million after tax (net loss of $19 million after tax at December 31, 2017).

Commodity swaps, futures and option contracts with maturities of not more than 60 months are utilized and designated as cash flow hedges of forecasted commodity purchases. Current open contracts hedge forecasted transactions until December 2022. The designated portion of the mark-to-market effect of the cash flow hedge instrument is recorded in AOCL; it is reclassified to income in the same period or periods that the underlying commodity purchase affects income. The net loss from commodity hedges included in AOCL at December 31, 2018 was $87 million after tax (net loss of $73 million after tax at December 31, 2017).

Fair Value Hedges
For interest rate swap instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current period income and reflected as “Interest expense and amortization of debt discount” in the consolidated statements of income. The short-cut method is used when the criteria are met. At December 31, 2018 and 2017, the Company had no open interest rate swaps designated as fair value hedges of underlying fixed rate debt obligations.
Net Foreign Investment Hedges

For derivative instruments that are designated and qualify as net foreign investment hedges, the designated portion of the gain or loss on the derivative is included in “Cumulative translation adjustments” in AOCL. The Company had outstanding foreign-currency denominated debt designated as a hedge of net foreign investment of $182 million at December 31, 2018 ($177 million at December 31, 2017). The results of hedges of the Company’s net investment in foreign operations included in “Cumulative translation adjustments” in AOCL was a net gain of $113 million after tax for the year ended December 31, 2018 (net loss of $76 million after tax for the year ended December 31, 2017).

Amounts to be Reclassified within the Next Twelve Months

The net after-tax amounts to be reclassified from AOCL to income within the next 12 months are a $45 million loss for commodity contracts, a $13 million gain for foreign currency contracts and a $1 million gain for interest rate contracts.

The following tables provide the fair value and gross balance sheet classification of derivative instruments at December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Fair Value of Derivative Instruments</th>
<th>Dec 31, 2018</th>
<th>Counterparty and Cash Collateral Netting</th>
<th>Net Amounts Included in the Consolidated Balance Sheets</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions</td>
<td>Balance Sheet Classification</td>
<td>Gross</td>
<td></td>
</tr>
<tr>
<td>Asset derivatives:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>$ 98</td>
<td>(42)</td>
<td>56</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>47</td>
<td>(13)</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>$ 163</td>
<td>(58)</td>
<td>105</td>
</tr>
<tr>
<td>Derivatives not designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>$ 128</td>
<td>(64)</td>
<td>64</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>41</td>
<td>(1)</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>$ 173</td>
<td>(67)</td>
<td>106</td>
</tr>
<tr>
<td>Liability derivatives:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>$ 64</td>
<td>—</td>
<td>64</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>46</td>
<td>(42)</td>
<td>4</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>111</td>
<td>(18)</td>
<td>93</td>
</tr>
<tr>
<td>Total</td>
<td>$ 307</td>
<td>(69)</td>
<td>238</td>
</tr>
<tr>
<td>Derivatives not designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>$ 103</td>
<td>(64)</td>
<td>39</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>7</td>
<td>(4)</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>$ 118</td>
<td>(71)</td>
<td>47</td>
</tr>
<tr>
<td>1. Counterparty and cash collateral amounts represent the estimated net settlement amount when applying netting and set-off rights included in master netting arrangements between Dow and its counterparties and the payable or receivable for cash collateral held or placed with the same counterparty.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance Sheet Classification</td>
<td>Gross</td>
<td>Counterparty and Cash Collateral Netting ¹</td>
<td>Net Amounts Included in the Consolidated Balance Sheets</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------</td>
<td>--------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td><strong>Asset derivatives:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other current assets</td>
<td>$51</td>
<td>$46</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Other current assets</td>
<td>$20</td>
<td>$(4)</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Deferred charges and other assets</td>
<td>$70</td>
<td>$(5)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$141</td>
<td>$(55)</td>
</tr>
<tr>
<td>Derivatives not designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other current assets</td>
<td>$75</td>
<td>$(58)</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Other current assets</td>
<td>$50</td>
<td>$(5)</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Deferred charges and other assets</td>
<td>$7</td>
<td>$(3)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$132</td>
<td>$(66)</td>
</tr>
<tr>
<td>Total asset derivatives</td>
<td></td>
<td>$273</td>
<td>$(121)</td>
</tr>
<tr>
<td><strong>Liability derivatives:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other noncurrent obligations</td>
<td>$4</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Accrued and other current liabilities</td>
<td>$109</td>
<td>$(46)</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Accrued and other current liabilities</td>
<td>$96</td>
<td>$(15)</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Other noncurrent obligations</td>
<td>$143</td>
<td>$(12)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$352</td>
<td>$(73)</td>
</tr>
<tr>
<td>Derivatives not designated as hedging instruments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Accrued and other current liabilities</td>
<td>$107</td>
<td>$(58)</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Accrued and other current liabilities</td>
<td>$45</td>
<td>$(6)</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Other noncurrent obligations</td>
<td>$8</td>
<td>$(3)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$160</td>
<td>$(67)</td>
</tr>
<tr>
<td>Total liability derivatives</td>
<td></td>
<td>$512</td>
<td>$(140)</td>
</tr>
</tbody>
</table>

1. Counterparty and cash collateral amounts represent the estimated net settlement amount when applying netting and set-off rights included in master netting arrangements between Dow and its counterparties and the payable or receivable for cash collateral held or placed with the same counterparty.

Assets and liabilities related to forward contracts, interest rate swaps, currency swaps, options and other conditional or exchange contracts executed with the same counterparty under a master netting arrangement are netted. Collateral accounts are netted with corresponding assets or liabilities, when applicable. The Company posted cash collateral of $26 million at December 31, 2018 ($21 million at December 31, 2017). Counterparties posted cash collateral of $34 million with the Company at December 31, 2018 (zero at December 31, 2017).
## Effect of Derivative Instruments

<table>
<thead>
<tr>
<th>Income Statement Classification</th>
<th>Derivatives designated as hedging instruments:</th>
<th>Derivatives not designated as hedging instruments:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of gain (loss) recognized in OCI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value hedges:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment hedges:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total derivatives designated as hedging instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives not designated as hedging instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total derivatives not designated as hedging instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total derivatives</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. OCI is defined as other comprehensive income (loss).
2. Pretax amounts.
3. Gain (loss) recognized in income of derivatives is offset by gain (loss) recognized in income of the hedged item.
NOTE 22 – FAIR VALUE MEASUREMENTS

Fair Value Measurements on a Recurring Basis

The following table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis:

<table>
<thead>
<tr>
<th>Basis of Fair Value Measurements on a Recurring Basis</th>
<th>Dec 31, 2018</th>
<th>Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Assets at fair value:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>$ —</td>
<td>$ 566</td>
</tr>
<tr>
<td>Marketable securities</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Interests in trade accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>receivable conduits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Debt securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives relating to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td>17</td>
<td>93</td>
</tr>
<tr>
<td>Total assets at fair value</td>
<td>$ 33</td>
<td>$ 2,668</td>
</tr>
<tr>
<td>Liabilities at fair value:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt including debt due within one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives relating to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rates</td>
<td></td>
<td>64</td>
</tr>
<tr>
<td>Foreign currency</td>
<td></td>
<td>149</td>
</tr>
<tr>
<td>Commodities</td>
<td>23</td>
<td>189</td>
</tr>
<tr>
<td>Total liabilities at fair value</td>
<td>$ 23</td>
<td>$ 20,616</td>
</tr>
</tbody>
</table>

1. Treasury bills, time deposits, and money market funds included in “Cash and cash equivalents” in the consolidated balance sheets and held at amortized cost, which approximates fair value.
2. Included in “Accounts and notes receivable – Other” in the consolidated balance sheets. See Note 14 for additional information on transfers of financial assets.
3. The Company’s investments in debt securities, which are primarily available-for-sale, and equity securities are included in “Other investments” in the consolidated balance sheets.
5. See Note 21 for the classification of derivatives in the consolidated balance sheets.
6. See Note 21 for information on fair value measurements of long-term debt.

For assets and liabilities classified as Level 1 measurements (measured using quoted prices in active markets), total fair value is either the price of the most recent trade at the time of the market close or the official close price, as defined by the exchange on which the asset is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs.

For assets and liabilities classified as Level 2 measurements, where the security is frequently traded in less active markets, fair value is based on the closing price at the end of the period; where the security is less frequently traded, fair value is based on the price a dealer would pay for the security or similar securities, adjusted for any terms specific to that asset or liability, or by using observable market data points of similar, more liquid securities to imply the price. Market inputs are obtained from well-established and recognized vendors of market data and subjected to tolerance and quality checks.

For derivative assets and liabilities, standard industry models are used to calculate the fair value of the various financial instruments based on significant observable market inputs, such as foreign exchange rates, commodity prices, swap rates, interest rates and implied volatilities obtained from various market sources. Market inputs are obtained from well-established and recognized vendors of market data and subjected to tolerance/quality checks.

For all other assets and liabilities for which observable inputs are used, fair value is derived through the use of fair value models, such as a discounted cash flow model or other standard pricing models. See Note 21 for further information on the types of instruments used by the Company for risk management.

There were no transfers between Levels 1 and 2 in the years ended December 31, 2018 and 2017.
For assets classified as Level 3 measurements, the fair value is based on significant unobservable inputs including assumptions where there is little, if any, market activity. The fair value of the Company’s interests held in trade accounts receivable conduits is determined by calculating the expected amount of cash to be received using the key input of anticipated credit losses in the portfolio of receivables sold that have not yet been collected. Given the short-term nature of the underlying receivables, discount rate and prepayments are not factors in determining the fair value of the interests. See Note 14 for further information on assets classified as Level 3 measurements.

For equity securities calculated at net asset value per share (or its equivalent), the Company had $120 million in private market securities and $29 million in real estate at December 31, 2018. There are no redemption restrictions and the underfunded commitments on these investments were $89 million at December 31, 2018.

The following table summarizes the changes in fair value measurements using Level 3 inputs for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Fair Value Measurements Using Level 3 Inputs for Interests Held in Trade Accounts Receivable Conduits</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Jan 1</td>
<td>$677</td>
<td>$1,237</td>
</tr>
<tr>
<td>Gain (loss) included in earnings</td>
<td>3</td>
<td>(8)</td>
</tr>
<tr>
<td>Purchases</td>
<td>—</td>
<td>8,910</td>
</tr>
<tr>
<td>Settlements</td>
<td>(680)</td>
<td>(9,462)</td>
</tr>
<tr>
<td>Balance at Dec 31</td>
<td>$—</td>
<td>$677</td>
</tr>
</tbody>
</table>

1. Included in “Accounts and notes receivable – Other” in the consolidated balance sheets.
2. Included in “Selling, general and administrative expenses” in the consolidated statements of income.
3. Presented in accordance with ASU 2016-15. See Notes 1 and 2 for additional information. In connection with the review and implementation of ASU 2016-15, the Company also changed the prior year value of “Purchases” and “Settlements” due to additional interpretive guidance of the required method for calculating the cash received from beneficial interests in the conduits, including additional guidance from the SEC’s Office of the Chief Accountant issued in the third quarter of 2018 that indicated an entity must evaluate daily transaction activity to calculate the value of cash received from beneficial interests in conduits.

**Fair Value Measurements on a Nonrecurring Basis**

The following table summarizes the bases used to measure certain assets at fair value on a nonrecurring basis in the consolidated balance sheets in 2018, 2017 and 2016:

<table>
<thead>
<tr>
<th>Basis of Fair Value Measurements on a Nonrecurring Basis at Dec 31</th>
<th>(Level 1)</th>
<th>(Level 3)</th>
<th>Total Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018</strong> Assets at fair value:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-lived assets and other assets</td>
<td>$—</td>
<td>$17</td>
<td>$(261)</td>
</tr>
<tr>
<td><strong>2017</strong> Assets at fair value:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-lived assets, intangible assets, other assets and equity method investments</td>
<td>$—</td>
<td>$61</td>
<td>$(1,226)</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$—</td>
<td>$—</td>
<td>$(1,491)</td>
</tr>
<tr>
<td><strong>2016</strong> Assets at fair value:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-lived assets, other assets and equity method investments</td>
<td>$46</td>
<td>$—</td>
<td>$(296)</td>
</tr>
</tbody>
</table>

**2018 Fair Value Measurements on a Nonrecurring Basis**

The Company has or will shut down a number of manufacturing, R&D, other non-manufacturing facilities and corporate facilities around the world as part of its restructuring programs. In 2018, the write-down of inventory, corporate facilities and all but one manufacturing facility and related assets, were written down to zero. The remaining manufacturing facility, which was classified as a Level 3 measurement, was written down to a fair value of $17 million using unobservable inputs, including assumptions a market participant would use to measure the fair value of the group of assets, which included a third party appraisal. The impairment charges related to the restructuring programs, totaling $227 million, were included in “Restructuring, goodwill impairment and asset related charges - net” in the consolidated statements of income. See Note 7 for additional information on the Company’s restructuring activities.
In 2018, the Company recognized an additional pretax impairment charge of $34 million related primarily to capital additions made to
the biopolymers manufacturing facility in Santa Vitoria, Minas Gerais, Brazil, that was impaired in 2017. The assets were written
down to zero in 2018. The impairment charge was included in “Restructuring, goodwill impairment and asset related charges - net” in
the consolidated statements of income. See Note 7 for additional information on the Company’s restructuring activities.

2017 Fair Value Measurements on a Nonrecurring Basis
The Company has or will shut down a number of manufacturing, R&D and corporate facilities around the world as part of the Synergy
Program. The manufacturing facilities and related assets (including intangible assets), corporate facilities and data centers associated
with this plan were written down to zero in the fourth quarter of 2017. The impairment charges related to the Synergy Program,
totaling $287 million, were included in “Restructuring, goodwill impairment and asset related charges - net” in the consolidated
statements of income. See Note 7 for additional information on the Company’s restructuring activities.

In the fourth quarter of 2017, the Company recognized a $622 million pretax impairment charge related to a biopolymers
manufacturing facility in Santa Vitoria, Minas Gerais, Brazil. The Company determined it would not pursue an expansion of the
facility’s ethanol mill into downstream derivative products, primarily as a result of cheaper ethane-based production as well as the
Company’s new assets coming online on the U.S. Gulf Coast which can be used to meet growing market demands in Brazil. As a
result of this decision, cash flow analysis indicated the carrying amount of the impacted assets was not recoverable and the assets were
written down to zero in the fourth quarter of 2017. The impairment charge was included in “Restructuring, goodwill impairment and
asset related charges - net” in the consolidated statements of income. See Notes 7 and 23 for additional information.

The Company also recognized other pretax impairment charges of $317 million in the fourth quarter of 2017, including charges
related to manufacturing assets of $230 million, an equity method investment of $81 million and other assets of $6 million. The assets,
classified as Level 3 measurements, were valued at $61 million using unobservable inputs, including assumptions a market participant
would use to measure the fair value of the group of assets, which included projected cash flows. The impairment charges were
included in “Restructuring, goodwill impairment and asset related charges - net” in the consolidated statements of income. See Notes 7 and 23 for additional information.

In the fourth quarter of 2017, the Company performed its annual goodwill impairment testing utilizing a discounted cash flow
methodology as its valuation technique. As a result, the Company determined the fair value of the Coatings & Performance
Monomers reporting unit was lower than its carrying amount and recorded an impairment charge of $1,491 million, included in
“Restructuring, goodwill impairment and asset related charges - net” in the consolidated statements of income. See Note 13 for
additional information on the impairment charge.

2016 Fair Value Measurements on a Nonrecurring Basis
As part of the 2016 restructuring plan, the Company shut down a number of manufacturing and corporate facilities. The
manufacturing facilities and related assets, corporate facilities and data centers associated with this plan were written down to zero in
the second quarter of 2016. The Company also rationalized its aircraft fleet in the second quarter of 2016. Certain aircraft, classified
as a Level 3 measurement, were considered held for sale and written down to fair value, using unobservable inputs, including
assumptions a market participant would use to measure the fair value of the aircraft. The aircraft were subsequently sold in the second
half of 2016. The impairment charges related to the 2016 restructuring plan, totaling $153 million, were included in “Restructuring,
goodwill impairment and asset related charges - net” in the consolidated statements of income. See Note 7 for additional information
on the Company’s restructuring activities.

The Company recognized an impairment charge of $143 million in the fourth quarter of 2016, related to its equity interest in AFSI.
This investment, classified as a Level 1 measurement, was written down to $46 million using quoted prices in an active market. The
impairment charge was included in “Restructuring, goodwill impairment and asset related charges - net” in the consolidated
statements of income. See Notes 7 and 12 for additional information.

NOTE 23 – VARIABLE INTEREST ENTITIES
Consolidated Variable Interest Entities (“VIEs”)
The Company holds a variable interest in the following joint ventures or entities for which it is the primary beneficiary.

Asia Pacific joint ventures
The Company has variable interests in three joint ventures that own and operate manufacturing and logistics facilities, which produce
chemicals and provide services in Asia Pacific. The Company’s variable interests in these joint ventures relate to
arrangements between the joint ventures and the Company, involving the majority of the output on take-or-pay terms with pricing ensuring a guaranteed return to the joint ventures.

**Polishing materials joint venture**
The Company has variable interests in a joint venture that manufactures products in Japan for the semiconductor industry. Each joint venture partner holds several equivalent variable interests, with the exception of a royalty agreement held exclusively between the joint venture and the Company. In addition, the entire output of the joint venture is sold to the Company for resale to third-party customers.

**Ethylene storage joint venture**
The Company has variable interests in a joint venture that provides ethylene storage in Alberta, Canada. The Company’s variable interests relate to arrangements involving a majority of the joint venture’s storage capacity on take-or-pay terms with pricing ensuring a guaranteed return to the joint venture; and favorably priced leases provided to the joint venture. The Company provides the joint venture with operation and maintenance services and utilities.

**Ethanol production and cogeneration in Brazil**
The Company held a variable interest in a joint venture located in Brazil that produces ethanol from sugarcane. In August 2015, the partner exercised an equity option which required Dow to purchase their equity interest. On March 31, 2016, the partner’s equity investment transferred to the Company. On July 11, 2016, the Company paid $202 million to the former partner, which was classified as “Purchases of noncontrolling interests” in the consolidated statements of cash flows. This former joint venture is now 100 percent owned by the Company. The Company continues to hold variable interests in a related entity that owns a cogeneration facility. The Company’s variable interests are the result of a tolling arrangement where it provides fuel to the entity and purchases a majority of the cogeneration facility’s output on terms that ensure a return to the entity’s equity holders.

**Assets and Liabilities of Consolidated VIEs**
The Company’s consolidated financial statements include the assets, liabilities and results of operations of VIEs for which the Company is the primary beneficiary. The other equity holders’ interests are reflected in “Net income attributable to noncontrolling interests” in the consolidated statements of income and “Noncontrolling interests” in the consolidated balance sheets.

The following table summarizes the carrying amounts of these entities’ assets and liabilities included in the Company’s consolidated balance sheets at December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Assets and Liabilities of Consolidated VIEs at Dec 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$82</td>
<td>$107</td>
</tr>
<tr>
<td>Other current assets</td>
<td>114</td>
<td>131</td>
</tr>
<tr>
<td>Net property</td>
<td>734</td>
<td>907</td>
</tr>
<tr>
<td>Other noncurrent assets</td>
<td>45</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$975</td>
<td>$1,195</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$334</td>
<td>303</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>75</td>
<td>249</td>
</tr>
<tr>
<td>Other noncurrent obligations</td>
<td>31</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$440</td>
<td>593</td>
</tr>
</tbody>
</table>

1. All assets were restricted at December 31, 2018 and 2017.
2. All liabilities were nonrecourse at December 31, 2018 and 2017.

In addition, the Company holds a variable interest in an entity created to monetize accounts receivable of select European entities. Dow is the primary beneficiary of this entity as a result of holding subordinated notes while maintaining servicing responsibilities for the accounts receivable. The carrying amounts of assets and liabilities included in the Company’s consolidated balance sheets pertaining to this entity were current assets of zero (zero restricted) at December 31, 2018 ($671 million, zero restricted, at December 31, 2017) and current liabilities of zero (zero nonrecourse) at December 31, 2018 (less than $1 million, zero nonrecourse, at December 31, 2017).

Amounts presented in the consolidated balance sheets and the table above as restricted assets or nonrecourse obligations relating to consolidated VIEs at December 31, 2018 and 2017 are adjusted for intercompany eliminations and parental guarantees.
Nonconsolidated VIEs
The Company holds a variable interest in the following entities for which Dow is not the primary beneficiary.

Polysilicon joint venture
As a result of the Dow Silicones ownership restructure, the Company holds variable interests in Hemlock Semiconductor L.L.C. The variable interests relate to an equity interest held by the Company and arrangements between the Company and the joint venture to provide services. The Company is not the primary beneficiary, as it does not direct the activities that most significantly impact the economic performance of this entity; therefore, the entity is accounted for under the equity method of accounting. At December 31, 2018, the Company had a negative investment basis of $495 million in this joint venture (negative $752 million at December 31, 2017), classified as “Other noncurrent obligations” in the consolidated balance sheets. The Company’s maximum exposure to loss was zero at December 31, 2018 (zero at December 31, 2017). See Note 12 for additional information on this joint venture.

Silicon joint ventures
Also as a result of the Dow Silicones ownership restructure, the Company holds minority voting interests in certain joint ventures that produce silicon inputs for the Company. These joint ventures operate under supply agreements that sell inventory to the equity owners using pricing mechanisms that guarantee a return, therefore shielding the joint ventures from the obligation to absorb expected losses. As a result of the pricing mechanisms of these agreements, these entities are determined to be VIEs. The Company is not the primary beneficiary, as it does not hold the power to direct the activities that most significantly impact the economic performance of these entities; therefore, the entities are accounted for under the equity method of accounting. The Company’s maximum exposure to loss as a result of its involvement with these variable interest entities is determined to be the carrying value of the investment in these entities. At December 31, 2018, the Company’s investment in these joint ventures was $100 million ($103 million at December 31, 2017), classified as “Investment in nonconsolidated affiliates” in the consolidated balance sheets, representing the Company’s maximum exposure to loss.

AFSI
The Company holds a variable interest in AFSI, a company that produces and sells proprietary technologies for the horticultural market. The variable interest in AFSI relates to a tax receivable agreement that entitles Dow to additional consideration in the form of tax savings, which is contingent on the operations and earnings of AFSI. The Company is not the primary beneficiary, as Dow is a minority shareholder in AFSI and AFSI is governed by a board of directors, the composition of which is mandated by AFSI’s corporate governance requirements that a majority of the directors be independent.

On April 4, 2017, the Company entered into a stock purchase agreement to purchase up to 5,070,358 shares of AFSI’s common stock, which represented approximately 10 percent of AFSI’s common stock outstanding at signing of the agreement, subject to certain terms and conditions. On November 19, 2018, the stock purchase agreement concluded. The Company’s investment in AFSI was $48 million at December 31, 2018 ($51 million at December 31, 2017), classified as “Investment in nonconsolidated affiliates” in the consolidated balance sheets. In the fourth quarter of 2016, as a result of a decline in the market value of AFSI, the Company recognized a $143 million pretax impairment charge related to its equity interest in AFSI, recorded in “Restructuring, goodwill impairment and asset related charges - net” in the consolidated statements of income (see Notes 12 and 22 for further information).

At December 31, 2018, the Company’s receivable with AFSI related to the tax receivable agreement was $8 million ($4 million at December 31, 2017), classified as “Accounts and notes receivable - Other” in the consolidated balance sheets. The Company’s maximum exposure to loss was $56 million at December 31, 2018 ($55 million at December 31, 2017).

Crude acrylic acid joint venture
The Company held a variable interest in a joint venture that manufactured crude acrylic acid in the United States and Germany on behalf of the Company and the other joint venture partner. The variable interest related to a cost-plus arrangement between the joint venture and each joint venture partner. The Company was not the primary beneficiary, as a majority of the joint venture’s output was committed to the other joint venture partner; therefore, the entity was accounted for under the equity method of accounting.

In the fourth quarter of 2017, the joint venture was dissolved by mutual agreement with return of the originally contributed assets to the partners. The carrying value of the Company’s investment prior to the dissolution was $168 million, which was also determined to be fair value, therefore, no gain or loss was recognized as a result of the transaction. The fair value of assets recognized included $47 million of cash, $67 million of other assets and $48 million of goodwill (net of $6 million settlement of an affiliate’s pre-existing obligation).
NOTE 24 – RELATED PARTY TRANSACTIONS
Effective with the Merger, Dow reports transactions with DowDuPont and DuPont and its affiliates as related party transactions.

DowDuPont
The Company has committed to fund a portion of DowDuPont’s share repurchases, dividends paid to common stockholders and certain governance expenses. Funding is accomplished through intercompany loans. On a quarterly basis, the Company’s Board reviews and determines a dividend distribution to DowDuPont to settle the intercompany loans. The dividend distribution considers the level of the Company’s earnings and cash flows and the outstanding intercompany loan balances. In 2018, the Company declared and paid dividends to DowDuPont of $3,711 million ($1,056 million in 2017). At December 31, 2018, the Company’s outstanding intercompany loan balance was insignificant (insignificant at December 31, 2017). In addition, at December 31, 2018, Dow had a receivable related to a tax sharing agreement with DowDuPont of $89 million ($354 million at December 31, 2017), included in “Accounts and notes receivable - Other” in the consolidated balance sheets.

DuPont and its Affiliates
Dow sells to and procures from DuPont and its affiliates certain feedstocks, energy and raw materials that are consumed in each company’s manufacturing process. In addition, Dow and DuPont have tolling arrangements and recognize product sales for agriculture products. The following table presents amounts due to or due from DuPont and its affiliates at December 31, 2018:

<table>
<thead>
<tr>
<th>Balances Due To or Due From DuPont and its Affiliates</th>
<th>Dec 31, 2018</th>
<th>Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and notes receivable - Other</td>
<td>$288</td>
<td>$26</td>
</tr>
<tr>
<td>Accounts payable - Other</td>
<td>$201</td>
<td>$12</td>
</tr>
</tbody>
</table>

The following table presents revenue earned and expenses incurred related to transactions with DuPont and its affiliates:

<table>
<thead>
<tr>
<th>Sales to DuPont and its Affiliates</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$320</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>$219</td>
</tr>
</tbody>
</table>

The Company also transferred certain feedstocks and energy to DuPont at cost which totaled $343 million in 2018 and was reflected in “Cost of sales” in the consolidated statements of income.

Purchases from DuPont and its affiliates were $261 million in 2018 (insignificant for the period September 1, 2017 through December 31, 2017).

NOTE 25 – BUSINESS AND GEOGRAPHIC REGIONS
Effective with the Merger, Dow’s business activities are components of its parent company’s business operations. Dow’s business activities, including the assessment of performance and allocation of resources, ultimately are reviewed and managed by DowDuPont. Information used by the chief operating decision maker of Dow relates to the Company in its entirety. Accordingly, there are no separate reportable business segments for the Company under ASC Topic 280 “Segment Reporting” and the Company’s business results are reported in this Form 10-K as a single operating segment. See Note 3 for additional information on the Merger.

Beginning in the third quarter of 2018, Dow realigned the following joint ventures, product lines and principal product groups in preparation for the Intended Business Separations:

- Realignment of the HSC Group joint ventures (DC HSC Holdings LLC and Hemlock Semiconductor L.L.C.) from the Consumer Solutions principal product group to the Electronics & Imaging principal product group.
- Realignment of certain cellulosics product lines from the Nutrition & Health principal product group to the Consumer Solutions principal product group.
- Certain roofing products were realigned from the Safety & Construction principal product group to Corporate.
- Realignment of the previously divested Epoxy and Chlorinated Organics principal product groups to Corporate.
- The Construction Chemicals principal product group was combined with the Polyurethanes & CAV principal product group.
• Certain product lines associated with the oil and gas industry were realigned from the Industrial Solutions principal product group to the Polyurethanes & CAV principal product group.

These reporting changes were retrospectively applied to all periods presented.

Principal Product Groups
Dow combines science and technology to develop innovative solutions that are essential to human progress. Dow has one of the strongest and broadest toolkits in the industry, with robust technology, asset integration, scale and competitive capabilities that enable it to address complex global issues. Dow’s market-driven, industry-leading portfolio of advanced materials, industrial intermediates and plastics deliver a broad range of differentiated technology-based products and solutions to customers in 175 countries in high-growth markets such as packaging, infrastructure and consumer care. The Company’s products are manufactured at 164 sites in 35 countries across the globe. In 2018, Dow had annual sales of approximately $60 billion. The following is a description of the Company’s principal product groups:

Principal Product Groups Aligned with the Materials Science Business

Coatings & Performance Monomers
Coatings & Performance Monomers makes critical ingredients and additives that help advance the performance of paints and coatings. The product grouping offers innovative and sustainable products to accelerate paint and coatings performance across diverse market segments, including architectural paints and coatings, as well as industrial coatings applications used in maintenance and protective industries, wood, metal packaging, traffic markings, thermal paper and leather. These products enhance coatings by improving hiding and coverage characteristics, enhancing durability against nature and the elements, reducing volatile organic compounds (“VOC”) content, reducing maintenance and improving ease of application. Coatings & Performance Monomers also manufactures critical building blocks based on acrylics needed for the production of coatings, textiles, and home and personal care products.

Consumer Solutions
Consumer Solutions uses innovative, versatile silicone-based technology to provide ingredients and solutions to customers in high performance building, consumer goods, elastomeric applications and the pressure sensitive adhesives industry that help them meet modern consumer preferences in attributes such as texture, feel, scent, durability and consistency; provides a wide array of silicone-based products and solutions that enable Dow’s customers to increase the appeal of their products, extend shelf life, improve performance of products under a wider range of conditions and provide a more sustainable offering; provides standalone silicone materials that are used as intermediates in a wide range of applications including adhesion promoters, coupling agents, crosslinking agents, dispersing agents and surface modifiers; and collaborates closely with global and regional brand owners to deliver innovative solutions for creating new and unrivaled consumer benefits and experiences in cleaning, laundry, skin and hair care applications, among others.

Hydrocarbons & Energy
Hydrocarbons & Energy is the largest global producer of ethylene, an internal feedstock, and a leading producer of propylene and aromatics products that are used to manufacture materials that consumers use every day. It also produces and procures the power and feedstocks used by the Company’s manufacturing sites.

Industrial Solutions
Industrial Solutions is the world’s largest producer of purified ethylene oxide. It provides a broad portfolio of solutions that address world needs by enabling and improving the manufacture of consumer and industrial goods and services, including products and innovations that minimize friction and heat in mechanical processes, manage the oil and water interface, deliver ingredients for maximum effectiveness, facilitate dissolvability, enable product identification and provide the foundational building blocks for the development of chemical technologies. Industrial Solutions supports manufacturers associated with a large variety of end-markets, notably better crop protection offerings in agriculture, coatings, detergents and cleaners, solvents for electronics processing, inks and textiles.

Packaging and Specialty Plastics
Packaging and Specialty Plastics serves growing, high-value sectors using world-class technology, broad existing product lines and a rich product pipeline that creates competitive advantages for the entire packaging value chain. Dow is also a leader in polyolefin elastomers and ethylene propylene diene monomer (“EPDM”) rubber serving automotive, consumer, wire and cable and construction markets. Market growth is expected to be driven by major shifts in population demographics; improving socioeconomic status in emerging geographies; consumer and brand owner demand for increased functionality; global efforts to reduce food waste; growth in telecommunications networks; global development of electrical transmission and distribution infrastructure; and renewable energy applications.
Polyurethanes & CAV
Polyurethanes & Chlor-Alkali & Vinyl (“CAV”) is the world’s largest producer of propylene oxide, propylene glycol and polyether polyols, and a leading producer of aromatic isocyanates and fully formulated polyurethane systems for rigid, semi-rigid and flexible foams, and coatings, adhesives, sealants, elastomers and composites that serve energy efficiency, consumer comfort, industrial and enhanced mobility market sectors. Polyurethanes & CAV provides cost advantaged chlorine and caustic soda supply and markets caustic soda, a valuable co-product of the chlor-alkali manufacturing process, and ethylene dichloride and vinyl chloride monomer. The product grouping also provides cellulose ethers, redispersible latex powders, silicones and acrylic emulsions used as key building blocks for differentiated building and construction materials across many market segments and applications ranging from roofing and flooring to gypsum-, cement-, concrete- or dispersion-based building materials.

Corporate
Corporate includes certain enterprise and governance activities (including insurance operations, environmental operations, etc.); non-business aligned joint ventures; gains and losses on sales of financial assets; non-business aligned litigation expenses; discontinued or non-aligned businesses; and foreign exchange gains (losses).

Principal Product Groups Aligned with the Agriculture Business

Crop Protection
Crop Protection serves the global production agriculture industry with crop protection products for field crops such as wheat, corn, soybean and rice, and specialty crops such as trees, fruits and vegetables. Principal crop protection products are weed control, disease control and insect control offerings for foliar or soil application or as a seed treatment.

Seed
Seed provides seed/plant biotechnology products and technologies to improve the productivity and profitability of its customers. Seed develops, produces and markets canola, cereals, corn, cotton, rice, soybean and sunflower seeds.

Principal Product Groups Aligned with the Specialty Products Business

Electronics & Imaging
Electronics & Imaging is a leading global supplier of differentiated materials and systems for a broad range of consumer electronics including mobile devices, television monitors, personal computers and electronics used in a variety of industries. Dow offers a broad portfolio of semiconductor and advanced packaging materials including chemical mechanical planarization (“CMP”) pads and slurries, photoresists and advanced coatings for lithography, metallization solutions for back-end-of-line advanced chip packaging, and silicones for light emitting diode (“LED”) packaging and semiconductor applications. This product line also includes innovative metallization processes for metal finishing, decorative and industrial applications and cutting-edge materials for the manufacturing of rigid and flexible displays for liquid crystal displays and quantum dot applications.

Industrial Biosciences
Industrial Biosciences is an innovator that works with customers to improve the performance, productivity and sustainability of their products and processes through advanced microbial control technologies such as advanced diagnostics and biosensors, ozone delivery technology and biological microbial control.

Nutrition & Health
Nutrition & Health uses cellulosics and other technologies to improve the functionality and delivery of food and the safety and performance of pharmaceutical products.

Safety & Construction
Safety & Construction unites market-driven science with the strength of highly regarded brands such as STYROFOAM™ brand insulation products, GREAT STUFF™ insulating foam sealants and adhesives, and DOW FILMTEC™ reverse osmosis and nanofiltration elements to deliver products to a broad array of markets including industrial, building and construction, consumer and water processing. Safety & Construction is a leader in the construction space, delivering insulation, air sealing and weatherization systems to improve energy efficiency, reduce energy costs and provide more sustainable buildings. Safety & Construction is also a leading provider of purification and separation technologies including reverse osmosis membranes and ion exchange resins to help customers with a broad array of separation and purification needs such as reusing waste water streams and making more potable drinking water.
Transportation & Advanced Polymers provides high-performance adhesives, lubricants and fluids to engineers and designers in the transportation, electronics and consumer end-markets. Key products include MOLYKOTE® lubricants, DOW CORNING® silicone solutions for healthcare, MULTIBASE™ TPSiV™ silicones for thermoplastics and BETASEAL™, BETAMATE™ and BETAFORCE™ structural and elastic adhesives.

The following table provides sales to external customers by principal product group:

<table>
<thead>
<tr>
<th>Sales to External Customers by Principal Product Group</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coatings &amp; Performance Monomers</td>
<td>$3,987M</td>
<td>$3,761M</td>
<td>$3,362M</td>
</tr>
<tr>
<td>Consumer Solutions</td>
<td>5,660M</td>
<td>5,067M</td>
<td>3,077M</td>
</tr>
<tr>
<td>Crop Protection</td>
<td>4,666M</td>
<td>4,553M</td>
<td>4,628M</td>
</tr>
<tr>
<td>Electronics &amp; Imaging</td>
<td>2,630M</td>
<td>2,615M</td>
<td>2,307M</td>
</tr>
<tr>
<td>Hydrocarbons &amp; Energy</td>
<td>7,401M</td>
<td>6,831M</td>
<td>5,088M</td>
</tr>
<tr>
<td>Industrial Biosciences</td>
<td>500M</td>
<td>484M</td>
<td>419M</td>
</tr>
<tr>
<td>Industrial Solutions</td>
<td>4,736M</td>
<td>4,083M</td>
<td>3,675M</td>
</tr>
<tr>
<td>Nutrition &amp; Health</td>
<td>598M</td>
<td>563M</td>
<td>529M</td>
</tr>
<tr>
<td>Packaging and Specialty Plastics</td>
<td>15,239M</td>
<td>14,110M</td>
<td>13,316M</td>
</tr>
<tr>
<td>Polyurethanes &amp; CAV</td>
<td>10,368M</td>
<td>8,548M</td>
<td>7,143M</td>
</tr>
<tr>
<td>Safety &amp; Construction</td>
<td>1,983M</td>
<td>1,932M</td>
<td>1,877M</td>
</tr>
<tr>
<td>Seed</td>
<td>1,003M</td>
<td>1,393M</td>
<td>1,545M</td>
</tr>
<tr>
<td>Transportation &amp; Advanced Polymers</td>
<td>1,202M</td>
<td>1,167M</td>
<td>897M</td>
</tr>
<tr>
<td>Corporate</td>
<td>285M</td>
<td>383M</td>
<td>281M</td>
</tr>
<tr>
<td>Other</td>
<td>20M</td>
<td>18M</td>
<td>14M</td>
</tr>
<tr>
<td>Total</td>
<td>$60,278M</td>
<td>$55,508M</td>
<td>$48,158M</td>
</tr>
</tbody>
</table>

Sales are attributed to geographic regions based on customer location; long-lived assets are attributed to geographic regions based on asset location. The United States is home to 52 of the Company’s 164 manufacturing sites, representing 67 percent of the Company’s long-lived assets value.

<table>
<thead>
<tr>
<th>Geographic Region Information</th>
<th>United States</th>
<th>EMEA 1</th>
<th>Rest of World</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$20,008M</td>
<td>$18,148M</td>
<td>$22,122M</td>
<td>$60,278M</td>
</tr>
<tr>
<td>Long-lived assets</td>
<td>$15,782M</td>
<td>$2,921M</td>
<td>$4,959M</td>
<td>$23,662M</td>
</tr>
<tr>
<td>2017</td>
<td>$19,166M</td>
<td>$16,393M</td>
<td>$19,949M</td>
<td>$55,508M</td>
</tr>
<tr>
<td>Long-lived assets</td>
<td>$15,715M</td>
<td>$2,999M</td>
<td>$5,098M</td>
<td>$23,812M</td>
</tr>
<tr>
<td>2016</td>
<td>$16,681M</td>
<td>$13,633M</td>
<td>$17,844M</td>
<td>$48,158M</td>
</tr>
<tr>
<td>Long-lived assets</td>
<td>$14,812M</td>
<td>$2,708M</td>
<td>$5,966M</td>
<td>$23,486M</td>
</tr>
</tbody>
</table>

1. Europe, Middle East and Africa.
## NOTE 26 - SELECTED QUARTERLY FINANCIAL DATA

### 2018

<table>
<thead>
<tr>
<th></th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$14,899</td>
<td>$15,793</td>
<td>$14,976</td>
<td>$14,610</td>
<td>$60,278</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>$11,552</td>
<td>$12,400</td>
<td>$11,933</td>
<td>$11,820</td>
<td>$47,705</td>
</tr>
<tr>
<td>Gross margin</td>
<td>$3,347</td>
<td>$3,393</td>
<td>$3,043</td>
<td>$2,790</td>
<td>$12,573</td>
</tr>
<tr>
<td>Restructuring, goodwill impairment and asset related charges - net</td>
<td>$165</td>
<td>$98</td>
<td>$108</td>
<td>$2,790</td>
<td>$12,573</td>
</tr>
<tr>
<td>Integration and separation costs</td>
<td>$202</td>
<td>$231</td>
<td>$278</td>
<td>$333</td>
<td>$1,044</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,377</td>
<td>$1,310</td>
<td>$1,036</td>
<td>$910</td>
<td>$4,633</td>
</tr>
<tr>
<td>Net income attributable to The Dow Chemical Company</td>
<td>$1,342</td>
<td>$1,279</td>
<td>$1,000</td>
<td>$878</td>
<td>$4,499</td>
</tr>
</tbody>
</table>

1. See Note 7 for additional information.
2. Includes tax adjustments related to The Act, enacted on December 22, 2017. See Note 9 for additional information.

### 2017

<table>
<thead>
<tr>
<th></th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$13,230</td>
<td>$13,834</td>
<td>$13,633</td>
<td>$14,811</td>
<td>$55,508</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>$10,194</td>
<td>$10,761</td>
<td>$10,663</td>
<td>$11,994</td>
<td>$43,612</td>
</tr>
<tr>
<td>Gross margin</td>
<td>$3,036</td>
<td>$3,073</td>
<td>$2,970</td>
<td>$2,817</td>
<td>$11,896</td>
</tr>
<tr>
<td>Restructuring, goodwill impairment and asset related charges - net</td>
<td>$(1)</td>
<td>$(12)</td>
<td>$139</td>
<td>$2,974</td>
<td>$3,100</td>
</tr>
<tr>
<td>Integration and separation costs</td>
<td>$109</td>
<td>$136</td>
<td>$283</td>
<td>$258</td>
<td>$786</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$915</td>
<td>$1,359</td>
<td>$805</td>
<td>$(2,484)</td>
<td>$595</td>
</tr>
<tr>
<td>Net income (loss) attributable to The Dow Chemical Company</td>
<td>$888</td>
<td>$1,321</td>
<td>$783</td>
<td>$(2,526)</td>
<td>$466</td>
</tr>
<tr>
<td>Earnings per common share - basic</td>
<td>$0.74</td>
<td>$1.08</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Earnings per common share - diluted</td>
<td>$0.72</td>
<td>$1.07</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Dividends declared per share of common stock</td>
<td>$0.46</td>
<td>$0.46</td>
<td>$0.46</td>
<td>N/A</td>
<td>$1.38</td>
</tr>
<tr>
<td>Market price range of common stock</td>
<td>$65.00</td>
<td>$65.26</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1. Previously reported amounts have been updated to reflect the impact of adoption of ASU 2017-07.
2. See Note 7 for additional information.
3. See Notes 6, 8, 9, 16 and 19 for additional information on items materially impacting “Net income (loss).” The fourth quarter of 2017 included: tax adjustments related to The Act, enacted on December 22, 2017; a gain related to the DAS Divested Ag Business; and, a charge related to payment of plan obligations to certain participants of a U.S. non-qualified pension plan. The third quarter of 2017 included a gain related to the sale of the Company’s EAA Business. The second quarter of 2017 included a gain related to the Nova patent infringement award. The first quarter of 2017 included a loss related to the Bayer CropScience arbitration matter.
4. Effective with the Merger, all issued and outstanding shares of the Company’s common stock are owned solely by its parent, DowDuPont Inc.
6. Composite price as reported by the New York Stock Exchange.