DOW
2Q 2020 RESULTS

July 23, 2020

AGENDA

- Quarterly Highlights
- Addressing Current Market Conditions
- Outlook
- Competitively Advantaged for Growth

2Q 2020 HIGHLIGHTS

- COVID-19 significantly impacted the Company's financial results for the quarter
- Net Sales of $8.4B – near high end of guidance range
- Demand for consumer durable goods significantly impacted by extended pandemic-related lockdowns; gradual economic improvements beginning across most industries and geographies
  - Volume growth in food packaging, health and hygiene, home care and pharma
  - 7% volume growth in packaging applications vs. prior quarter
  - 3% volume growth in Asia Pacific vs. SQLY – leading the global demand recovery
- Generated $1.6B of cash flow from operating activities – continuing operations including $526MM release of working capital
- Delivered $639MM increase in cash flow from ops. YoY including working capital improvement and $461MM ethylene reservation payment from Olin
- Strong cash flow conversion track record of 110% TTM
- Paid down ~$600MM of debt – improving debt maturity profile with net debt reduction of ~$740MM year-to-date
- Returned $516MM to shareholders with industry-leading dividend

>$1.3B
Free cash flow generation

110%
Op. EBITDA-to-CFFO cash conversion TTM

Net debt reduced
~$740MM
year-to-date

~$12B
Available cash & committed liquidity

ADVANCING OUR AMBITION FOR LONG-TERM VALUE CREATION

Industry-leading user of clean energy technologies



MobilityScience™ improves customer experience



INNOVATIVE

CUSTOMER-CENTRIC

GOAL:
VALUE GROWTH
& BEST-IN-CLASS
PERFORMANCE

INCLUSIVE

SUSTAINABLE

Dow ACTs

ADVOCACY COMMUNITY

TALENT





Committed to leading inclusion, diversity & racial equality

New Sustainability Targets: plastics & carbon neutrality

2Q20 Operating Segment Performance

Packaging & Specialty Plastics



- Sales declined 23% vs. SQLY; volume was flat as growth in consumer staple packaging end-market applications was offset by declines from durable end-market exposure
- Operating EBIT was down, driven by lower integrated margins and reduced equity earnings
- Packaging and Specialty Plastics reported flat volume as gains in APAC and EMEAI were offset by declines in U.S. & Canada; the business saw strong demand growth in non-durable packaging applications; packaging application volume sales growth was 7% QoQ
- Hydrocarbons & Energy reported flat volume and a 42% decrease in price vs. SQLY

Industrial Intermediates & Infrastructure



- Sales declined 28% vs. SQLY; volume was down 18% due to significantly weaker demand for durable good end-markets including automotive and construction as a result of COVID-19
- Operating EBIT was down driven by lower demand, margins and equity earnings
- Polyurethanes & Construction Chemicals reported lower volume due to reduced demand in construction, consumer durables and automotive applications
- Industrial Solutions reported volume decline as gains in pharma and home care were more than offset by lower demand in industrial, oil and consumer athleisure wear applications

Performance Materials & Coatings



- Sales declined 21% vs. SQLY; volume was down 14% as growth in home care overall and DIY architectural coatings in the U.S. & Canada was more than offset by declines in siloxanes
- Operating EBIT was down due to margin compression, primarily in siloxanes
- Consumer Solutions volume contracted as demand growth in home care was more than offset by declines in automotive, construction and personal care end-markets
- Coatings & Performance Monomers saw volume decline in all geographic regions due to slower global construction activity driven by the pandemic, despite DIY architectural coatings growth in the U.S. & Canada

SADARA UPDATE

- In a position to declare project completion (PCD)
  - Considering withholding the final administrative steps as long as meaningful progress on the debt reprofiling is made
- Working in good faith on debt reprofiling negotiations with lenders; target completion by year-end 2020
  - Negotiating term sheet acceptable to all parties
  - Dow and Saudi Aramco remain aligned in the negotiations
- Structural long-term feedstock flexibility improvement through additional ethane and extension of natural gasoline allocation agreement, conditional on successful reprofiling
- Dow continues to expect contribution of ~$500MM to Sadara in 2020

PROACTIVE MEASURES TO ADDRESS CURRENT MARKET CONDITIONS

Multiple Near-Term Levers

~$2.6B
In-Flight Actions
2020 vs. 2019

- ➢ Full year cash improvement from working capital (~$500MM)
- ➢ Operational expense savings (~$350MM)
- ➢ CapEx target of $1.25B (~$750MM)
- ➢ Integration and separation cost reduction (~$900MM)
- ➢ Stranded cost removal (~$140MM)

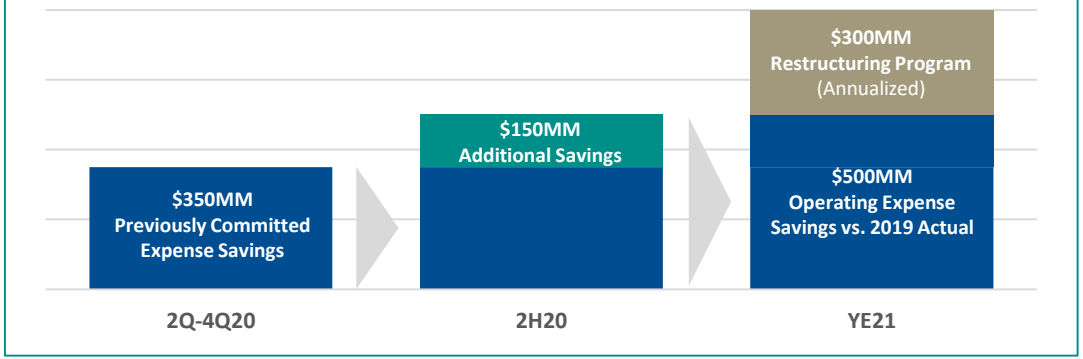
~$1.5B
Unique Cash Contributions

- ✓ Recovery of withholding tax from Nova tranche I judgment ($259MM)
- ✓ Ethylene reservation payment from Olin ($461MM)
- ➢ Divestiture of rail infrastructure non-core assets (>$310MM)
- ➢ Nova judgment tranche II (~$400MM)

~$450MM
Additional Structural Savings

- **$150MM** additional operational expense savings in 2020
- **$300MM** annualized EBITDA benefit from restructuring program being initiated during third quarter
  - ~6% workforce reduction
  - Exit noncompetitive assets
  - Payback ~2 years

$800MM/yr. Run Rate of Expected Savings



✓ Complete ➢ On Track

3Q20 Modeling Guidance

Based on continued gradual economic recovery and 50% realization of additional $150MM 2H20 cost savings

Net Sales	$8.5B – $9.0B
Full Year Operational Tax Rate[1]	~38 – 42%
Net Income Attrib. to Non-Controlling Int.	~$10MM

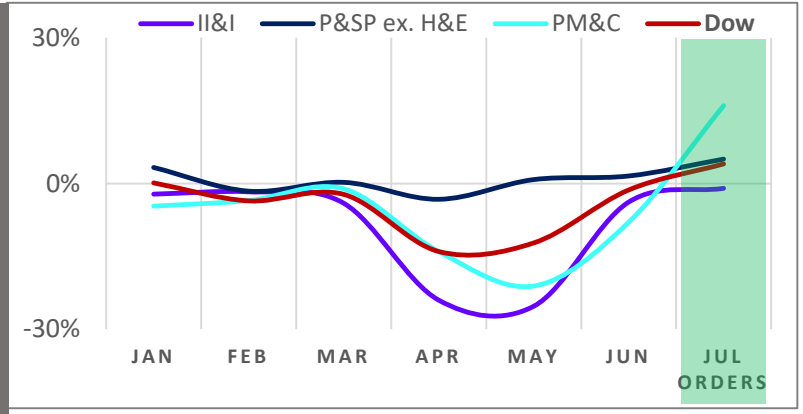
Depreciation & Amortization	~$705MM
Net Interest Expense (Net of Int. Income)	~$200MM
Share Count	~745MM

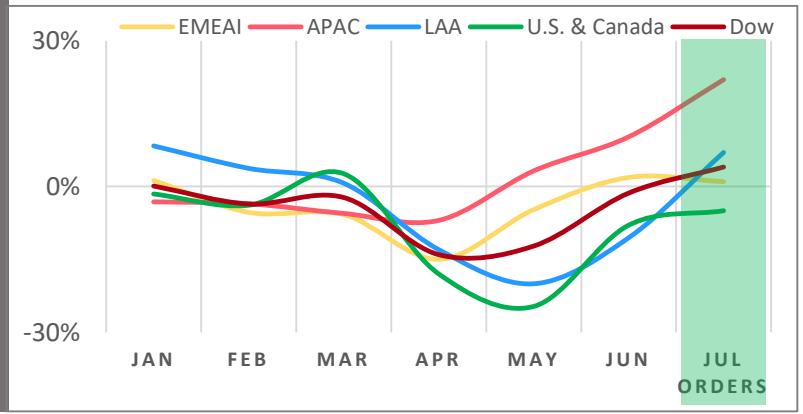
	Top-Line Ranges (3Q20 vs. 2Q20)				*Base Case Op. EBIT Drivers (3Q20 vs. 2Q20)*
	Volume % Δ QoQ		Sales % Δ QoQ		
	Low	High	Low	High	
Packaging & Specialty Plastics	*FLAT*	*+5%*	*FLAT*	+5%	▪ Continued robust demand in food, health and hygiene applications plus the beginning of durable end-market recovery all supporting announced polyethylene price increases ▪ Higher equity earnings (~$10MM tailwind) on demand recovery & widening olefin margins ▪ Higher ethylene envelope planned turnaround expenses (~$70MM headwind) ▪ Expense controls (~$75MM tailwind)
Industrial Intermediates & Infrastructure	+10%	+15%	+10%	+15%	▪ Gradual consumer durable recovery in automotive, construction and furniture & bedding ▪ Planned PDH maintenance; 2/3rd of cost and lost margin (~$20MM headwind) ▪ MDI spreads remain at trough levels globally, early signs of volume recovery but bouncing along bottom ▪ Higher equity earnings (~$20MM tailwind) from slight uptick in MEG pricing and Sadara volumes ▪ Expense controls (~$30MM net tailwind)
Performance Materials & Coatings	+5%	+10%	*FLAT*	+5%	▪ Gradual recovery in all consumer segments incl. automotive, construction and electronics segments – with continued strong DIY architectural coatings and stabilization in personal care end-markets ▪ Planned PDH maintenance; 1/3rd of cost and lost margin (~$10MM headwind) ▪ Siloxanes prices flat to June levels but off bottoms from April/May ▪ Expense controls (~$40MM net tailwind)
Corporate	*Sales of $75MM*				▪ Op. EBIT of $(75)MM and Op. EBITDA of $(65)MM

(1) Normalized full year operational tax rate 20-25%

ECONOMIC RECOVERY ON THE HORIZON

Year-Over-Year Volume Trend(1)





Attractive Market Opportunities Growing above GDP

Packaging ~1.5x GDP



Consumer ~1.5x GDP

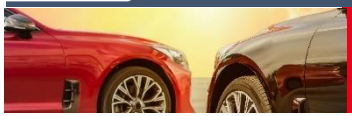


$650B
Addressable Market

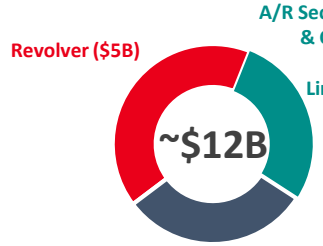
Infrastructure ~1.3x GDP

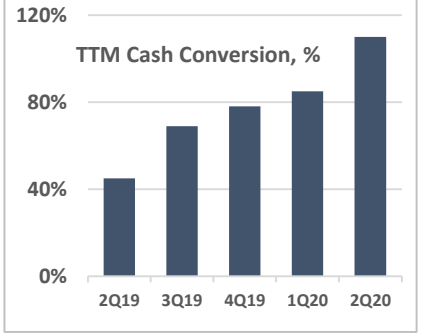


Mobility ~1.1x GDP



Ample Liquidity & Strong Cash Conversion





(1) All comparisons are on a Year-Over-Year Pro-Forma basis; Jan-Jun PVC Volumes & Jul month to date order book volume
(2) Plastic volumes represent the P&SP segment excluding Hydrocarbons & Energy

Why Dow Wins

- Well-positioned to benefit from market recovery
- Addressable market exposure that grows well above GDP
- Feedstock flexibility underpins lower costs and higher, more resilient margins through the cycle
- Diversity of portfolio with technological and geographic reach
- Structurally enhanced margins and cash generation capabilities
- Industry-leading dividend rewards investors across the cycle

Diverse End-Markets



Unmatched Feedstock Flexibility



Multiple Technologies



Geographic Breadth



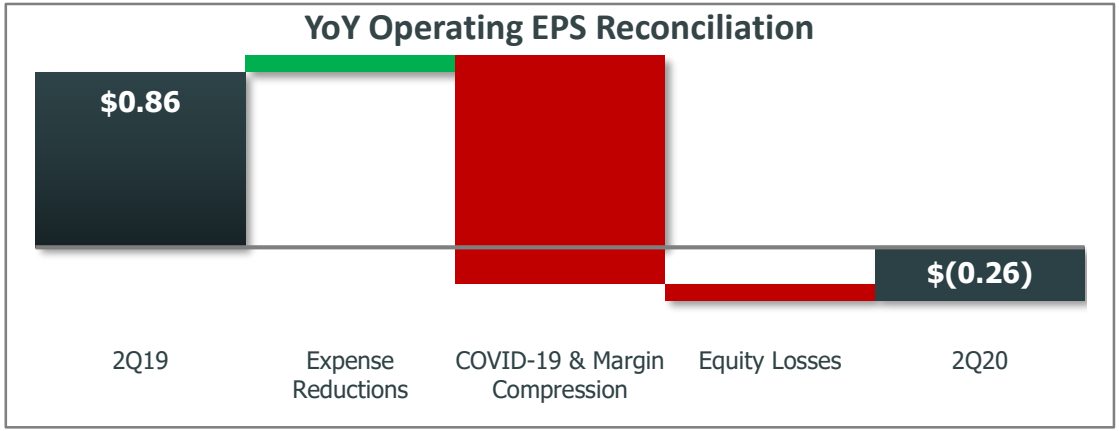


Seek

Together™

Appendix

2Q 2020 Financial Highlights



Financial Summary *($ millions, unless otherwise noted)*	2Q20	2Q19	YoY B/(W)	1Q20	QoQ B/(W)
Net Sales	$8,354	$11,014	$(2,660)	$9,770	$(1,416)
Equity Losses	$(95)	$(15)	$(80)	$(89)	$(6)
Income (loss) from Continuing Ops., Net of Tax	$(217)	$90	$(307)	$258	$(475)
Operating EBIT	$57	$1,059	$(1,002)	$843	$(786)
Op. EBIT Margin (%)	*0.7%*	*9.6%*	*(890) bps*	*8.6%*	*(790) bps*
Adj. Op. EBIT Margin (ex. Eq. Earnings (%))	*1.8%*	*9.8%*	*(800) Bps*	*9.5%*	*(770) Bps*
Earnings (Loss) per Share – GAAP	$(0.31)	$0.10	$(0.41)	$0.32	$(0.63)
Operating Earnings (Loss) per Share	$(0.26)	$0.86	$(1.12)	$0.59	$(0.85)
Cash Provided by Op. Activities – Cont. Ops.	$1,599	$960	$639	$1,236	$363
Op. EBITDA to CFFO (Cash Flow Conversion, %)	*211%*	*53%*		*79%*	

Key Drivers in the Quarter

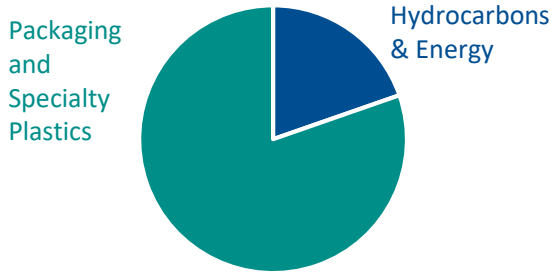
- Resilient demand in food packaging, home care and health & hygiene applications persisted in the quarter
- Higher YoY cash flow from operations every quarter since spin
- Strong progress on expense reductions
- Unfavorable YoY tax rate and currency impact offset by lower interest expense, D&A and share count
- Weaker demand in automotive, consumer durables like appliance and furniture & bedding, and select home & personal care applications
- Lower JV equity earnings, driven primarily by margin compression in MEG and polyethylene

PACKAGING & SPECIALTY PLASTICS

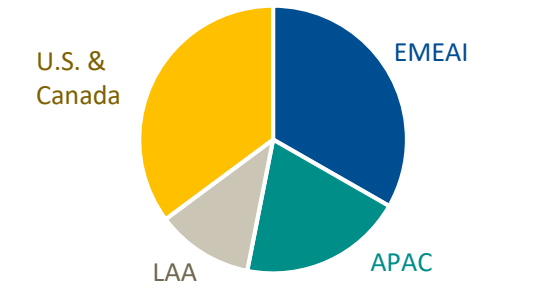
Financial Performance Snapshot *In millions, except margin percentages*	2Q20	2Q19	B/(W)	
Net Sales	$4,001	$5,205	*$(1,204)*	*(23)%*
Op. EBIT	$318	$768	*$(450)*	*(59)%*
Op. EBIT Margin	7.9%	14.8%	*(690) bps*	
Adj. Op. EBIT (ex. Eq. Earn.)	$298	$694	*$(396)*	*(57)%*
Adj. Op. EBIT Margin (ex. Eq. Earn.)	7.4%	13.3%	*(590) bps*	

	Variances vs. SQLY				
	Sales	Local Price	FX	Volume	Op. EBIT
Packaging & Specialty Plastics	**-23%**	**-22%**	**-1%**	–	↓
Packaging and Specialty Plastics	↓	↓	↓	–	↓
Hydrocarbons & Energy	↓	↓	–	–	↓

Net Sales by Business



Net Sales by Geographic Region



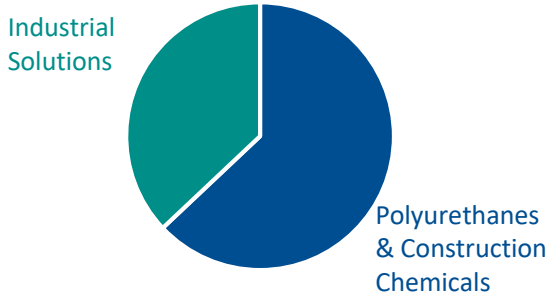
Demand growth in consumer staple applications offset by declines in durable end-market exposure

INDUSTRIAL INTERMEDIATES & INFRASTRUCTURE

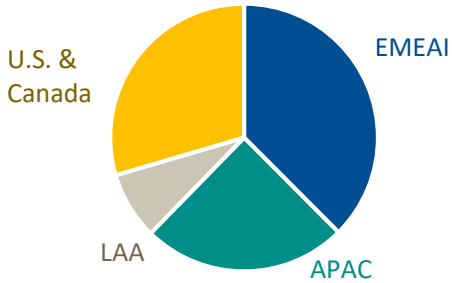
Financial Performance Snapshot *In millions, except margin percentages*	2Q20	2Q19	B/(W)	
Net Sales	$2,417	$3,342	*$(925)*	*(28)%*
Op. EBIT	$(220)	$154	*$(374)*	*(243)%*
Op. EBIT Margin	(9.1)%	4.6%	*(1370) bps*	
Adj. Op. EBIT (ex. Eq. Earn.)	$(107)	$232	*$(339)*	*(146)%*
Adj. Op. EBIT Margin (ex. Eq. Earn.)	(4.4)%	6.9%	*(1130) bps*	

	Variances vs. SQLY				
	Sales	Local Price	FX	Volume	Op. EBIT
Ind. Intermediates & Infrastructure	**-28%**	**-9%**	**-1%**	**-18%**	↓
Industrial Solutions	↓	↓	–	↓	↓
Polyurethanes & Construction Chem.	↓	↓	↓	↓	↓

Net Sales by Business



Net Sales by Geographic Region



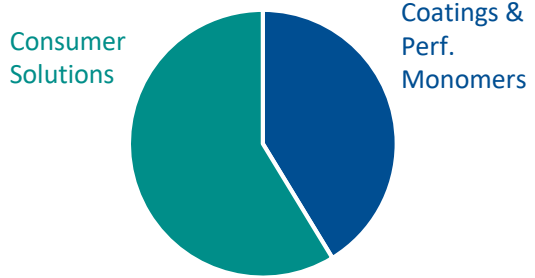
Volume declined due to much weaker demand for durable good end-markets as a result of the COVID-19 pandemic

PERFORMANCE MATERIALS & COATINGS

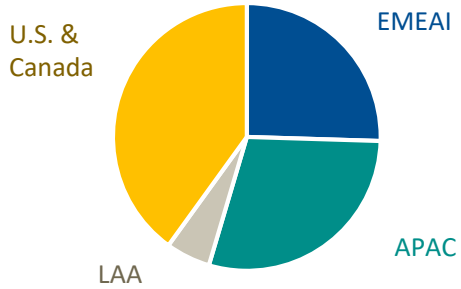
Financial Performance Snapshot *In millions, except margin percentages*	2Q20	2Q19	B/(W)	
Net Sales	$1,855	$2,356	*$(501)*	*(21)%*
Op. EBIT	$27	$214	*$(187)*	*(87)%*
Op. EBIT Margin	1.5%	9.1%	*(760) bps*	

	Variances vs. SQLY				
	Sales	Local Price	FX	Volume	Op. EBIT
Performance Materials & Coatings	**-21%**	**-6%**	**-1%**	**-14%**	↓
Consumer Solutions	↓	↓	↓	↓	↓
Coatings & Perf. Monomers	↓	↓	↓	↓	↓

Net Sales by Business



Net Sales by Geographic Region



Growth in home care overall and DIY architectural coatings in U.S. & Canada more than offset by declines in siloxanes

PRINCIPAL JOINT VENTURE DETAIL

Dow's Proportionate Share of Principal JV Financial Results

$ millions (unaudited)	2Q 2020			2Q 2019		
	Sadara	**Kuwait JVs**	**Thai JVs**	**Sadara**	**Kuwait JVs**	**Thai JVs**
EBITDA	–	$72	$41	$30	$120	$25
EBIT	$(87)	$31	$31	$(48)	$80	$16
Net Income *Equity Earnings (Losses) to Dow*	**$(127)**	**$17**	**$22**	**$(107)**	**$75**	**$16**
EBITDA in Excess of Eq. Earnings	$127	$55	$19	$137	$45	$9
Net Debt	$4,677	$1,805	$298	$4,680	$1,873	$319

Drivers of YoY Changes

- **Kuwait JVs:** Continued margin compression in MEG and polyethylene
- **Thai JVs:** Stronger naphtha margins for all olefin derivatives
- **Sadara:** Margin compression in isocyanates and polyethylene

GENERAL COMMENTS

Background
On April 1, 2019, DowDuPont completed the separation of its materials science business and Dow Inc. became the direct parent company of TDCC, owning all of the outstanding common shares of TDCC. For filings related to the period commencing April 1, 2019 and thereafter, TDCC was deemed the predecessor to Dow Inc., and the historical results of TDCC are deemed the historical results of Dow Inc. for periods prior to and including March 31, 2019.

The separation was contemplated by the merger of equals transaction effective August 31, 2017, under the Agreement and Plan of Merger, dated as of December 11, 2015, as amended on March 31, 2017. TDCC and Historical DuPont each merged with subsidiaries of DowDuPont and, as a result, TDCC and Historical DuPont became subsidiaries of DowDuPont (the "Merger"). Subsequent to the Merger, TDCC and Historical DuPont engaged in a series of internal reorganization and realignment steps to realign their businesses into three subgroups: agriculture, materials science and specialty products. Dow Inc. was formed as a wholly owned subsidiary of DowDuPont to serve as the holding company for the materials science business.

Unaudited Pro Forma Financial Information
In order to provide the most meaningful comparison of results of operations and results by segment, supplemental unaudited pro forma financial information has been included in the following financial schedules. The unaudited pro forma financial information is based on the consolidated financial statements of TDCC, adjusted to give effect to the separation from DowDuPont as if it had been consummated on January 1, 2017. For the six months ended June 30, 2019, pro forma adjustments have been made for (1) the margin impact of various manufacturing, supply and service related agreements entered into with DuPont and Corteva in connection with the separation which provide for different pricing than the historical intercompany and intracompany pricing practices of TDCC and Historical DuPont, and (2) the elimination of the impact of events directly attributable to the Merger, internal reorganization and business realignment, separation, distribution and other related transactions (e.g., one-time transaction costs). The results for the three and six months ended June 30, 2020 and the three months ended June 30, 2019, are presented under accounting principles generally accepted in the United States of America ("U.S. GAAP").

The unaudited pro forma financial information has been presented for informational purposes only and is not necessarily indicative of what Dow's results of operations actually would have been had the separation from DowDuPont been completed as of January 1, 2017, nor is it indicative of the future operating results of Dow. The unaudited pro forma information does not reflect restructuring or integration activities or other costs following the separation from DowDuPont that may be incurred to achieve cost or growth synergies of Dow. For further information on the unaudited pro forma financial information, please refer to the Company's Current Report on Form 8-K dated June 3, 2019.

General Comments
Unless otherwise specified, all financial measures in this presentation, where applicable, exclude significant items.

SAFE HARBOR

Cautionary Statement about Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In this context, forward-looking statements often address expected future business and financial performance, financial condition, and other matters, and often contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “opportunity,” “outlook,” “plan,” “project,” “seek,” “should,” “strategy,” "target," “will,” “will be,” “will continue,” “will likely result,” “would” 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 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; estimates of the success of competing technologies that may become available; the continuing global and regional economic impacts of the coronavirus disease 2019 ("COVID-19") pandemic and crude oil supply and price volatility; and expectations regarding the benefits and costs associated with each of the foregoing.

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 also involve risks, uncertainties and other factors that are beyond Dow’s control that could cause Dow’s 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 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; disruptions in Dow’s information technology networks and systems; and the continuing risks related to the COVID-19 pandemic and crude oil supply and price volatility. 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.

Risks related to achieving the anticipated benefits of Dow's separation from DowDuPont include, but are not limited to, a number of conditions outside the control of Dow, including risks related to: (i) Dow's inability to achieve some or all of the benefits that it expects to receive from the separation from DowDuPont; (ii) certain tax risks associated with the separation; (iii) the failure of Dow's pro forma financial information to be a reliable indicator of Dow's future results; (iv) Dow's inability to receive third-party consents required under the separation agreement; (v) non-compete restrictions under the separation agreement; (vi) receipt of less favorable terms in the commercial agreements Dow entered into with DuPont and Corteva, Inc. ("Corteva"), including restrictions under intellectual property cross-license agreements, than Dow would have received from an unaffiliated third party; and (vii) Dow's obligation to indemnify DuPont and/or Corteva for certain liabilities.

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. For a more detailed discussion of Dow’s risks and uncertainties, see the section titled “Risk Factors” contained in Part II, Item 1A of the combined Dow Inc. and TDCC Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, and Part I, Item 1A of the combined Dow Inc. and TDCC Annual Report on Form 10-K for the fiscal year ended December 31, 2019. Dow Inc. and TDCC assume no obligation to update or revise publicly any forward-looking statements whether because of new information, future events or otherwise, except as required by securities and other applicable laws.

NON-GAAP & DEFINITIONS

Non-GAAP Financial Measures

This presentation includes information that does not conform to U.S. GAAP and are considered non-GAAP measures. These measures include the Company's pro forma consolidated results and pro forma earnings per share on an adjusted basis. Management uses these measures internally for planning, forecasting and evaluating the performance of the Company's segments, including allocating resources. Dow's management believes that these non-GAAP measures best reflect the ongoing performance of the Company during the periods presented and provide more relevant and meaningful information to investors as they provide insight with respect to ongoing operating results of the Company and a more useful comparison of year-over-year results. These non-GAAP measures supplement the Company's U.S. GAAP disclosures and should not be viewed as alternatives to U.S. GAAP measures of performance. Furthermore, such non-GAAP measures may not be consistent with similar measures provided or used by other companies. Dow does not provide forward-looking U.S. GAAP financial measures or a reconciliation of forward-looking non-GAAP financial measures to the most comparable U.S. GAAP financial measures on a forward-looking basis because the Company is unable to predict with reasonable certainty the ultimate outcome of pending litigation, unusual gains and losses, foreign currency exchange gains or losses and potential future asset impairments, as well as discrete taxable events, without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on U.S. GAAP results for the guidance period.

Trademarks

The Dow Diamond, logo and all products, unless otherwise noted, denoted with ™, ℠ or ® are trademarks, service marks or registered trademarks of The Dow Chemical Company or its respective subsidiaries or affiliates. Solely for convenience, the trademarks, service marks and trade names referred to in this communication may appear without the ™, ℠ or ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names. This presentation may also contain trademarks, service marks and trade names of certain third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this communication is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us.

Definitions

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 significant items.

Pro forma Operating EBITDA is defined as pro forma earnings (i.e., pro forma "Income from continuing operations before income taxes") before interest, depreciation and amortization, excluding the impact of significant items.

Pro forma Operating EBIT Margin is defined as Pro Forma Operating EBIT divided by pro forma net sales.

Adjusted Pro Forma Operating EBIT is defined as Pro Forma Operating EBIT less equity earnings.

Adjusted Pro Forma Operating EBIT Margin is defined as Pro Forma Operating EBIT less equity earnings divided by pro forma net sales.

Pro forma operating earnings per share is defined as "Pro Forma earnings per common share from continuing operations – diluted" excluding the after-tax impact of significant items.

Operating EBIT is defined as earnings (i.e. "Income (loss) from continuing operations before taxes") before interest, excluding the impact of significant items.

Operating EBITDA is defined as earnings (i.e. "Income (loss) from continuing operations before taxes") before interest, depreciation and amortization, excluding the impact of significant items.

Operating EBIT Margin is defined as Operating EBIT, divided by net sales.

Adjusted Operating EBIT is defined as Operating EBIT less equity earnings.

Adjusted Operating EBIT Margin is defined as Operating EBIT less equity earnings divided by net sales.

Operating earnings per share is defined as "Earnings (loss) per common share from continuing operations - diluted", excluding the after-tax impact of significant items.

Operational Tax Rate is defined as the effective tax rate (i.e., GAAP "Provision for income taxes" divided by "Income (loss) from continuing operations before income taxes"), excluding the impact of significant items.

Free cash flow (FCF) is defined as "Cash provided by operating activities - continuing operations", less capital expenditures. Under this definition, free cash flow represents the cash generated by the Company from operations after investing in its asset base. Free cash flow, combined with cash balances and other sources of liquidity, represent the cash available to fund obligations and provide returns to shareholders. Free cash flow is an integral financial measure used in the Company's financial planning process.

Cash Flow Conversion is defined as "Cash provided by operating activities – continuing operations" divided by Operating EBITDA or Pro Forma Operating EBITDA. Management believes cash flow conversion is an important financial metric as it helps the Company determine how efficiently it is converting its earnings to cash flow.

Net Debt is defined as "Notes payable" plus "Long-term debt due within one year" plus "Long-term debt" less "Cash and cash equivalents" and "Marketable securities."

Kuwait Joint Ventures (JVs) refers to EQUATE Petrochemical Company K.S.C.C., The Kuwait Olefins Company K.S.C.C., and The Kuwait Styrene Company K.S.C.C.

Thai Joint Ventures (JVs) refers to Map Ta Phut Olefins Company Limited and The SCG-Dow Group (Siam Polyethylene Company Limited, Siam Polystyrene Company Limited, Siam Styrene Monomer Co., Ltd., Siam Synthetic Latex Company Limited).

OPERATING AND PRO FORMA OPERATING EARNINGS (LOSS) PER SHARE (EPS) RECONCILIATION

Significant Items Impacting Results for the Three Months Ended Jun 30, 2020			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ (183)	$ (225)	$ (0.31)
Less: Significant items			
Integration and separation costs	(46)	(36)	(0.05)
Restructuring and asset related charges - net	(6)	(6)	(0.01)
Litigation related charges, awards and adjustments	6	6	0.01
Total significant items	$ (46)	$ (36)	$ (0.05)
Operating results (non-GAAP)	$ (137)	$ (189)	$ (0.26)

Significant Items Impacting Results for the Three Months Ended Jun 30, 2019			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 215	$ 75	$ 0.10
Less: Significant items			
Integration and separation costs	(348)	(277)	(0.37)
Restructuring and asset related charges - net	(65)	(53)	(0.07)
Loss on divestiture	(44)	(47)	(0.06)
Loss on early extinguishment of debt	(44)	(34)	(0.04)
Indemnification and other transaction related costs [4]	(127)	(163)	(0.22)
Total significant items	$ (628)	$ (574)	$ (0.76)
Operating results (non-GAAP)	$ 843	$ 649	$ 0.86

1. "Income (loss) from continuing operations before income taxes" or pro forma "Income (loss) from continuing operations before income taxes."

2. "Net income (loss) available for Dow Inc. common stockholders" or pro forma "Net income (loss) available for Dow Inc. common stockholders." The income tax effect on significant items was calculated based upon the enacted tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

3. "Earnings (loss) per common share from continuing operations - diluted" or pro forma "Earnings (loss) per common share from continuing operations - diluted."

4. Primarily related to charges associated with agreements entered into with DuPont and Corteva as part of the separation and distribution which, among other matters, provides for cross-indemnities and allocations of obligations and liabilities for periods prior to, at and after the completion of the separation.

OPERATING AND PRO FORMA OPERATING EPS RECONCILIATION (CONTINUED)

Significant Items Impacting Results for the Six Months Ended Jun 30, 2020			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 213	$ 14	$ 0.01
Less: Significant items			
Integration and separation costs	(111)	(87)	(0.12)
Restructuring and asset related charges - net	(102)	(85)	(0.12)
Loss on early extinguishment of debt	(86)	(70)	(0.09)
Litigation related charges, awards and adjustments	6	6	0.01
Total significant items	$ (293)	$ (236)	$ (0.32)
Operating results (non-GAAP)	$ 506	$ 250	$ 0.33

Significant Items Impacting Results for the Six Months Ended Jun 30, 2019			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Pro forma results	$ 579	$ 251	$ 0.33
Less: Significant items			
Integration and separation costs	(750)	(603)	(0.81)
Restructuring and asset related charges - net	(221)	(203)	(0.27)
Loss on divestiture	(44)	(47)	(0.06)
Loss on early extinguishment of debt	(44)	(34)	(0.04)
Indemnification and other transaction related costs [4]	(127)	(240)	(0.32)
Total significant items	$ (1,186)	$ (1,127)	$ (1.50)
Operating pro forma results (non-GAAP)	$ 1,765	$ 1,378	$ 1.83

1. "Income from continuing operations before income taxes" or pro forma "Income from continuing operations before income taxes."

2. "Net income available for Dow Inc. common stockholders" or pro forma "Net income available for Dow Inc. common stockholders." The income tax effect on significant items was calculated based upon the enacted tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

3. "Earnings per common share from continuing operations - diluted" or pro forma "Earnings per common share from continuing operations - diluted."

4. Primarily related to charges associated with agreements entered into with DuPont and Corteva as part of the separation and distribution which, among other matters, provides for cross-indemnities and allocations of obligations and liabilities for periods prior to, at and after the completion of the separation.

OPERATING AND PRO FORMA OPERATING EBIT & EBITDA RECONCILIATION

Reconciliation of "Income (loss) from continuing operations, net of tax" to Operating EBIT and Operating EBITDA	*Three Months Ended*					*Six Months Ended*	
	Jun 30, 2019	*Sep 30, 2019*	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*	*Jun 30, 2020*	*Jun 30, 2019*
In millions (Unaudited)	*As Reported*	*As Reported*	*As Reported*	*As Reported*	*As Reported*	*As Reported*	*Pro Forma*
Income (loss) from continuing operations, net of tax	$ 90	$ 347	$ (2,310)	$ 258	$ (217)	$ 41	$ 298
+ Provision for income taxes on continuing operations	125	90	114	138	34	172	281
Income (loss) from continuing operations before income taxes	$ 215	$ 437	$ (2,196)	$ 396	$ (183)	$ 213	$ 579
- Interest income	21	19	23	15	6	21	40
+ Interest expense and amortization of debt discount	237	233	222	215	200	415	477
- Significant items	(628)	(466)	(3,030)	(247)	(46)	(293)	(1,186)
Operating EBIT [1]	$ 1,059	$ 1,117	$ 1,033	$ 843	$ 57	$ 900	$ 2,202
+ Depreciation and amortization	743	739	713	724	700	1,424	1,486
Operating EBITDA [2]	$ 1,802	$ 1,856	$ 1,746	$ 1,567	$ 757	$ 2,324	$ 3,688
Operating EBITDA - Trailing Twelve Months ("TTM") basis				$ 6,971	$ 5,926		

1. Operating EBIT is defined as earnings (i.e., "Income (loss) 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 (loss) from continuing operations before income taxes") before interest, excluding the impact of significant items.

2. Operating EBITDA is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, depreciation and amortization, excluding the impact of significant items. Pro forma operating EBITDA is defined as pro forma earnings (i.e., "Pro Forma income (loss) from continuing operations before income taxes") before interest, depreciation and amortization, excluding the impact of significant items.

SEGMENT INFORMATION

Net Sales and Pro Forma Net Sales by Segment	Three Months Ended		Six Months Ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma
Packaging & Specialty Plastics	$ 4,001	$ 5,205	$ 8,610	$ 10,343
Industrial Intermediates & Infrastructure	2,417	3,342	5,462	6,831
Performance Materials & Coatings	1,855	2,356	3,920	4,676
Corporate	81	111	132	180
Total net sales and pro forma net sales by segment	$ 8,354	$ 11,014	$ 18,124	$ 22,030

Operating and Pro Forma Operating EBIT by Segment	Three Months Ended		Six Months Ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma
Packaging & Specialty Plastics	$ 318	$ 768	$ 898	$ 1,458
Industrial Intermediates & Infrastructure	(220)	154	(45)	431
Performance Materials & Coatings	27	214	189	485
Corporate	(68)	(77)	(142)	(172)
Total operating and pro forma operating EBIT by segment	$ 57	$ 1,059	$ 900	$ 2,202

Equity in Earnings (Losses) of Nonconsolidated Affiliates by Segment	Three Months Ended		Six Months Ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma
Packaging & Specialty Plastics	$ 20	$ 74	$ 25	$ 112
Industrial Intermediates & Infrastructure	(113)	(78)	(189)	(126)
Performance Materials & Coatings	2	1	3	1
Corporate	(4)	(12)	(23)	(16)
Total equity in losses of nonconsolidated affiliates by segment	$ (95)	$ (15)	$ (184)	$ (29)

SEGMENT INFORMATION (CONTINUED)

Adjusted Operating and Pro Forma Operating EBIT	Three Months Ended		Six Months Ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
In millions (Unaudited)	*As Reported*	*As Reported*	*As Reported*	*Pro Forma*
Packaging & Specialty Plastics	$ 298	$ 694	$ 873	$ 1,346
Industrial Intermediates & Infrastructure	(107)	232	144	557
Performance Materials & Coatings	25	213	186	484
Corporate	(64)	(65)	(119)	(156)
Adjusted operating and pro forma operating EBIT	$ 152	$ 1,074	$ 1,084	$ 2,231

Operating and Pro Forma Operating EBIT Margin	Three Months Ended		Six Months Ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
Percent change (Unaudited)	*As Reported*	*As Reported*	*As Reported*	*Pro Forma*
Packaging & Specialty Plastics	7.9%	14.8%	10.4%	14.1%
Industrial Intermediates & Infrastructure	-9.1%	4.6%	-0.8%	6.3%
Performance Materials & Coatings	1.5%	9.1%	4.8%	10.4%
Total operating and pro forma operating EBIT margin	0.7%	9.6%	5.0%	10.0%

Adjusted Operating and Pro Forma Operating EBIT Margin	Three Months Ended		Six Months Ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
Percent change (Unaudited)	*As Reported*	*As Reported*	*As Reported*	*Pro Forma*
Packaging & Specialty Plastics	7.4%	13.3%	10.1%	13.0%
Industrial Intermediates & Infrastructure	-4.4%	6.9%	2.6%	8.2%
Performance Materials & Coatings	1.3%	9.0%	4.7%	10.4%
Adjusted operating and pro forma operating EBIT margin	1.8%	9.8%	6.0%	10.1%

CASH CONVERSION AND FREE CASH FLOW RECONCILIATION

Reconciliation of Cash Flow Conversion (Operating EBITDA to Cash Flow From Operations	*Three Months Ended*				
In millions	*Jun 30, 2019*	*Sep 30, 2019*	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*
Cash flows from operating activities - continuing operations (GAAP)	$ 960	$ 1,790	$ 1,920	$ 1,236	$ 1,599
Operating EBITDA (non-GAAP)	$ 1,802	$ 1,856	$ 1,746	$ 1,567	$ 757
Cash flow conversion (non-GAAP) [1]	**53.3%**	**96.4%**	**110.0%**	**78.9%**	**211.2%**
Cash flow conversion - trailing twelve months (non-GAAP)					**110.4%**

1. Cash flow conversion is defined as "Cash provided by operating activities - continuing operations" divided by Operating EBITDA.

Reconciliation of Non-GAAP Cash Flow Measures	*Three Months Ended*					*Six Months Ended*	
In millions	*Jun 30, 2019*	*Sep 30, 2019*	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*	*Jun 30, 2020*	*Jun 30, 2019*
Cash provided by operating activities - continuing operations (GAAP)	$ 960	$ 1,790	$ 1,920	$ 1,236	$ 1,599	$ 2,835	$ 2,003
Capital expenditures	(470)	(472)	(577)	(395)	(273)	(668)	(912)
Free cash flow (non-GAAP) [1]	$ 490	$ 1,318	$ 1,343	$ 841	$ 1,326	$ 2,167	$ 1,091
Free cash flow Trailing Twelve Months ("TTM") basis (non-GAAP)				$ 3,992	$ 4,828		

1. Free cash flow is defined as "Cash provided by operating activities - continuing operations", less capital expenditures. Under this definition, free cash flow represents the cash generated by the Company from operations after investing in its asset base. Free cash flow, combined with cash balances and other sources of liquidity, represent the cash available to fund obligations and provide returns to shareholders. Free cash flow is an integral financial measure used in the Company's financial planning process.

RECONCILIATION OF NET DEBT

Reconciliation of Net Debt In millions (Unaudited)	*Jun 30, 2020*	*Dec 31, 2019*
Notes payable	$ 853	$ 586
Long-term debt due within one year	451	435
Long-term debt	16,288	15,975
Gross debt (GAAP)	$ 17,592	$ 16,996
- Cash and cash equivalents	3,724	2,367
- Marketable securities	2	21
Net debt (Non-GAAP)	$ 13,866	$ 14,608