DOW
3Q 2020 RESULTS

October 22, 2020

AGENDA

- Quarterly Highlights
- Further Enhancing Our Financial Strength
- Continued Market Recovery & Outlook
- Competitively Positioned for Growth

3Q 2020 HIGHLIGHTS

- Net Sales of $9.7B – **above guidance;** sequential increase of 16%
- **Demand growth** YoY in Packaging & Specialty Plastics was more than offset by continued pandemic-driven weakness, primarily in durable good end markets
  - Volume grew 9% vs. PQ with **gains in all operating segments and regions**
  - Quarter-over-quarter Operating EBIT margin improved 710 bps
- **Generated $1.8B of cash flow** from operating activities – continuing operations, approximately flat compared to the year-ago period; received $315MM payment for rail divestiture
  - FCF of $1.5B up $156MM YoY; improved every quarter since spin on a YoY basis
- Returned $518MM to shareholders with **industry-leading dividend**
- Signed agreement to divest certain U.S. Gulf Coast marine and terminal operations assets – expected cash proceeds of **$620MM before year end**

$1.5B
Free cash flow generation

119%
Op. EBITDA-to-CFFO cash conversion

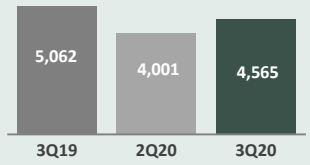
Net debt reduced
~$1.8B
year-to-date

>$13.5B
Available cash & committed liquidity

3Q20 Operating Segment Performance

Packaging & Specialty Plastics

REVENUE ($MM)



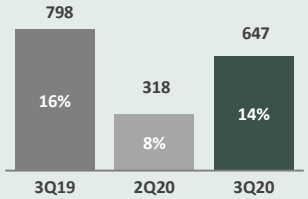
YoY: Sales ↓ 10%; Volume ↑ 1%

- Integrated plastics demand growth partly offset by lower licensing activity

QoQ: Sales ↑ 14%; Volume ↑ 1%

- Strong polyethylene price gains in all regions and double-digit gains in the U.S. & Canada and Latin America

OP. EBIT ($MM) **& OP. EBIT Margin %**



YoY: Op. EBIT ↓ 19%

- Targeted expense reductions & volume gains were more than offset by integrated margin compression

QoQ: Op. EBIT margins ↑ 630bps

- Strong rebound in consumer and industrial sectors
- Op. EBIT up $329MM

Industrial Intermediates & Infrastructure

REVENUE ($MM)



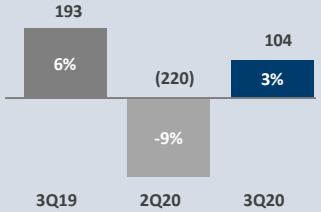
YoY: Sales ↓ 9% ; Volume ↓ 3%

- Reduced demand in automotive, industrial & energy end markets, especially in U.S. & Canada

QoQ: Sales ↑ 27%; Volume ↑ 23%

- Significant volume recovery in PU applications as demand for durable goods, construction & automotive improved

OP. EBIT ($MM) **& OP. EBIT Margin %**



YoY: Op. EBIT ↓ 46%

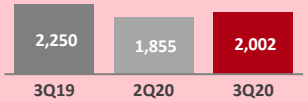
- Weaker demand and margin compression in the core businesses

QoQ: Op. EBIT margins ↑ 1250bps

- Significant recovery in sales volume and improvement in margin-over-raw material costs in polyurethane applications
- Op. EBIT up $324MM

Performance Materials & Coatings

REVENUE ($MM)



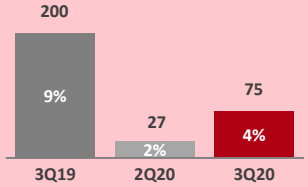
YoY: Sales ↓ 11% ; Volume ↓ 5%

- Home care & DIY coating demand growth more than offset by declines in automotive, construction, oil & gas end markets

QoQ: Sales ↑ 8%; Volume ↑ 8%

- Volume recovery in coatings and silicone applications

OP. EBIT ($MM) **& OP. EBIT Margin %**



YoY: Op. EBIT ↓ 63%

- Margin compression in siloxanes and reduced demand due to the COVID-19 pandemic

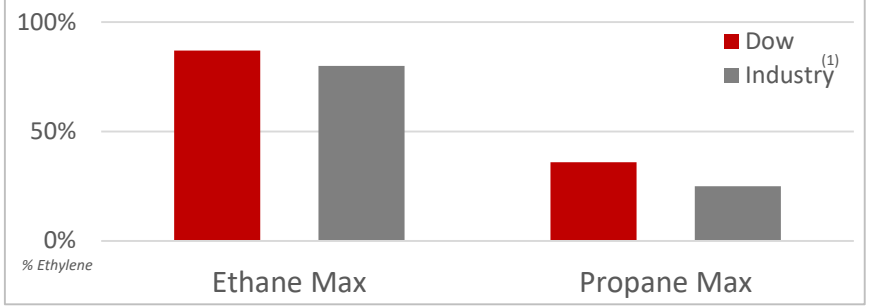
QoQ: Op. EBIT margins ↑ 220bps

- Demand recovery in silicone offerings and coatings
- Op. EBIT up $48MM

Dow Feedstock Flexibility a Key Enabler of Margin Expansion

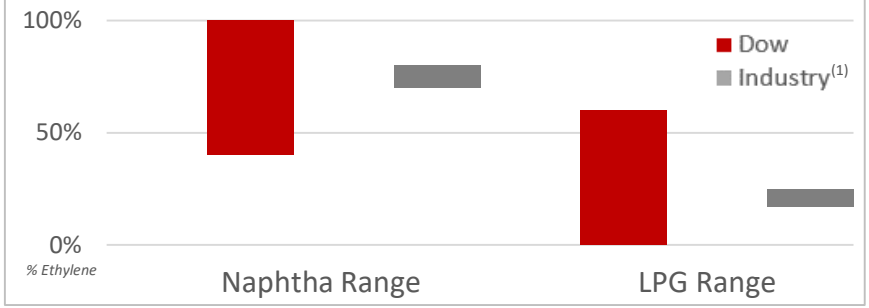
Deliberate USGC Feedstock Optimization

Max ethane & propane capabilities with min naphtha requirement



Unmatched Europe Feedstock Optionality

Widest flexibility range versus the industry across all feedstocks



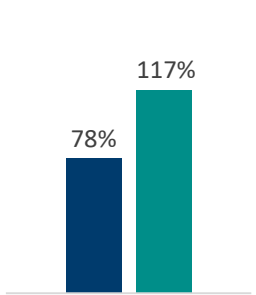
Empowers Greater Returns vs. Industry

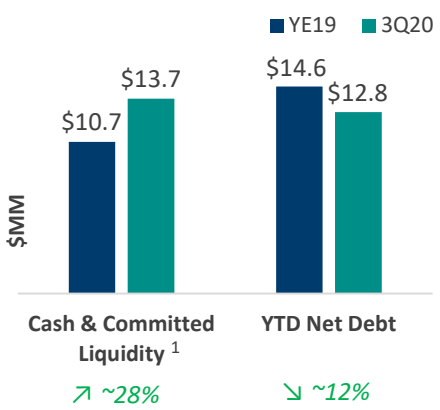
- Purpose-built feedslate optimization capabilities; managed dynamically on an asset-by-asset and furnace-by-furnace basis
- Downstream integration decreases market dependence
- First quartile of the cost-curve in all geographies
- Ethane / propane advantaged >90% of the time over last decade
- Leading feedstock flexibility vs. the industry:
  - Max ethane and min naphtha along the U.S. Gulf Coast
  - Capability to reduce naphtha to zero along U.S. Gulf Coast
  - ~4x greater LPG range in Europe
  - Advantage extends to Canada, Argentina, our JVs in Asia Pacific and the Middle East

(1) Industry Data Sourced from Hodson and CEFIC

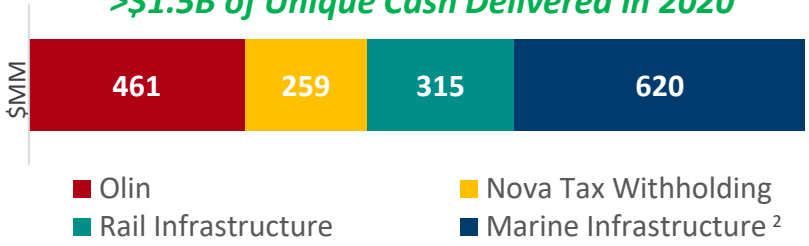
Further Enhancing Our Financial Strength

Cash Discipline Strengthens Financial Position





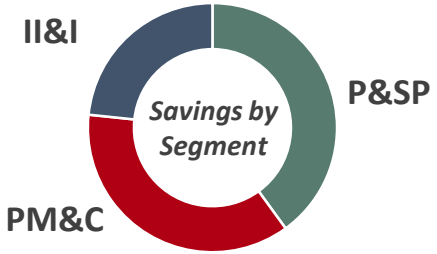
>$1.5B of Unique Cash Delivered in 2020



Further Streamlining Cost Structure Boosts Competitiveness

On track to deliver 2020 operational expense reduction and working capital savings targets

Restructuring Preserves Dow's Low-Cost-to-Serve



- Targets 6% workforce cost reduction and small-scale asset rationalization, balancing supply to regional needs
- ~$300MM EBITDA Savings with ~2-Year Payback
- Total EBITDA benefit run rate of ~$300MM by end of 2021; 50% by mid-2021

(1) Cash and Committed Liquidity is defined as cash and cash equivalents plus total committed and available credit facilities plus accounts receivable securitization facility limits
(2) Deal anticipated to close by end of year

SADARA OPERATIONAL AND FINANCIAL IMPROVEMENTS

Improving Operating Results

- Recovering global economy and improved end-market demand driving enhanced Sadara operating performance on a year-over-year basis
- Delivered improved 3Q equity earnings, up ~$100MM YoY
- Dow contribution now expected to be $100MM lower; no more than $400MM in 2020

Structural Operational Improvements Continue

- Lowering fixed costs and optimizing product mix for higher margin velocity
- Structural, long-term feedstock improvements, timed with debt reprofiling, to increase flexibility by +35% and lower raw material input costs

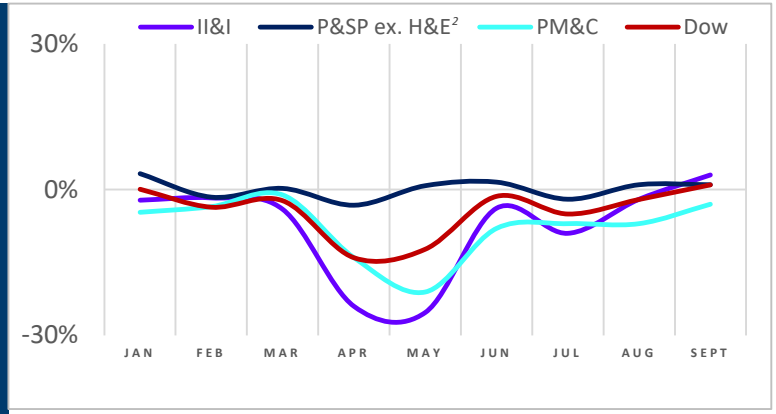
Debt Reprofiling Negotiations Progressing

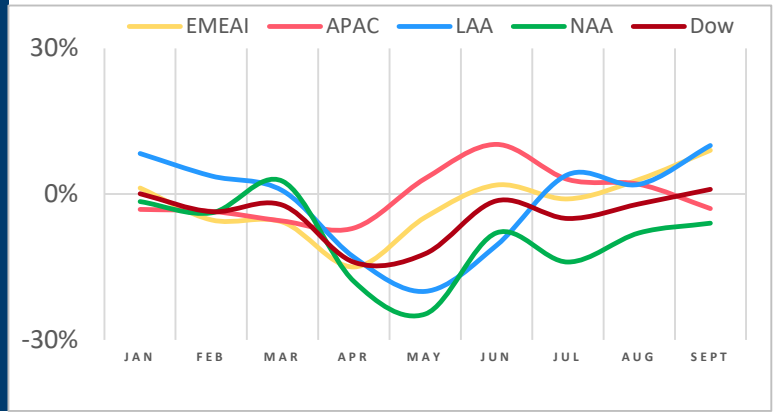
- On track for debt reprofiling agreement with lenders by year-end, targeting Sadara cash flow self-sufficiency



Market Recovery Offers First-Mover Advantage Upside

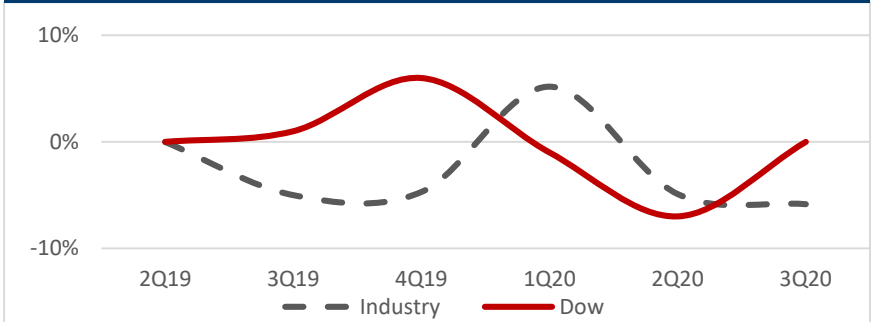
Year-Over-Year Volume Trend[1]





Proactively Matching Supply to Demand

Sequential Polyethylene Operating Rate Changes[3]



Significant Upside Ahead as Economic Recovery Gains Strength

- **Economic indicators signal recovery momentum broadening**
  - PMI expanded across China, EMEAI and the U.S.
  - IHS Materials Price Index shows industrial prices rebounding
- **Demand strengthened across all businesses and geographies vs. PQ**
  - Total company volume up 9% in 3Q over PQ
  - Average operating rates up 16% versus the June low
- **Operational agility and reliability present competitive upside for Dow**
  - Significant industry capacity remains offline from UPEs
  - Tight market conditions support upward pricing and margins

(1) All comparisons are on a Year-Over-Year Pro-Forma basis; Jan-Sept PVC volumes
(2) Plastic volumes represent the P&SP segment excluding Hydrocarbons & Energy
(3) Industry source: IHS Markit Operating Rate Details

4Q20 Modeling Guidance

Economic recovery progressing with typical seasonality

Net Sales	~$9.5 – $9.8B
Quarterly Operational Tax Rate	~23 – 27%
Net Income Attrib. to Non-Controlling Int.	~$25MM

Depreciation & Amortization	~$725MM
Net Interest Expense (Net of Int. Income)	~$200MM
Share Count	~745MM

	Top-Line Ranges (4Q20 vs. 3Q20)		***Base Case Op. EBIT Drivers (4Q20 vs. 3Q20)***
	Sales % Δ QoQ		***Business recovery continues with typical 4Q seasonality***
	Low	**High**	***On track to deliver $500MM expense control savings in 2020, flat sequential impact***
Packaging & Specialty Plastics	*Flat*	+ 3%	▪ Support remains for Polyethylene price increases on record low inventory levels and continued consumer demand behaviors ▪ Add back: Hurricane Laura impact (~$55MM tailwind) ▪ Sabine Ethylene cracker and Co-Polymer facility turnarounds pushed to 4Q from hurricane season (~$100MM headwind)
Industrial Intermediates & Infrastructure	*Flat*	+ 2%	▪ Strong support remains for Isocyanate margins on continued durable good end market recovery and supply tightness ▪ Seasonal de-icing pickup not expected as air travel remains subdued (~$15MM headwind) ▪ Add back: PDH turnaround completion (~$20MM tailwind)
Performance Materials & Coatings	- 10%	- 5%	▪ Siloxane prices flat to 3Q levels; Differentiated silicone demand continues to increase in automotive and construction markets ▪ Add back: PDH turnaround completion (~$10MM tailwind) ▪ Typical Northern hemisphere coatings & construction seasonality begins
Corporate	*Sales of $75MM*		▪ Op. EBIT of $(75)MM and Op. EBITDA of $(65)MM

ADVANCING TOWARD OUR SUSTAINABILITY TARGETS

Dow's New Sustainability Targets



PROTECT THE CLIMATE

By 2030, Dow will reduce its net annual carbon emissions by 5 million metric tons vs. its 2020 baseline (15% reduction). By 2050, Dow intends to be carbon neutral (scopes 1-3 plus product benefits).



STOP THE WASTE

By 2030, Dow will STOP THE WASTE by enabling 1 million metric tons of plastic to be collected, reused or recycled through its direct actions and partnerships.



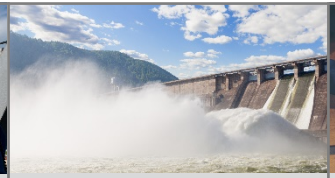
CLOSE THE LOOP

By 2035, Dow will CLOSE THE LOOP by enabling 100% of Dow products sold into packaging applications to be reusable or recyclable.

Our Approach



Developing low-carbon technologies



Increasing our use of renewables



Helping customers reduce their emissions

ALLIANCE TO END PLASTIC WASTE

Collaborating to drive innovation & action



Finding innovative new outlets for plastics waste



#Pullingourweight to help clean up trash



Enabling RecycleReady solutions



Innovating new products made with PCR



Integrated recycled & bio-based feedstocks

COMPETITIVELY POSITIONED TO ACCELERATE GROWTH & CAPTURE VALUE

Taking Proactive Actions

- **Lowered operating expenses** and capital expenditures
- **Liberated cash** from working capital
- Initiated a **restructuring program**
- Suspended **share repurchases**

Enhancing our Financial Position

- **Strong cash flow** and cash conversion
- Further strengthened **robust liquidity**
- **Reduced net debt**
- Extended debt maturities
- Delivering unique **cash tailwinds**
- **Progressing Sadara** reprofiling

Advancing Our Commitment to ESG

- **Sustainability targets** to address carbon neutrality and circular economy
- **Innovating materials** for a more sustainable future
- **Dow ACTs commitment** – Advocacy, Community, Talent
- **Diverse Board** with broad perspectives and expertise
- **Best-in-class** governance and reporting **transparency**

Positioned for the Market Recovery

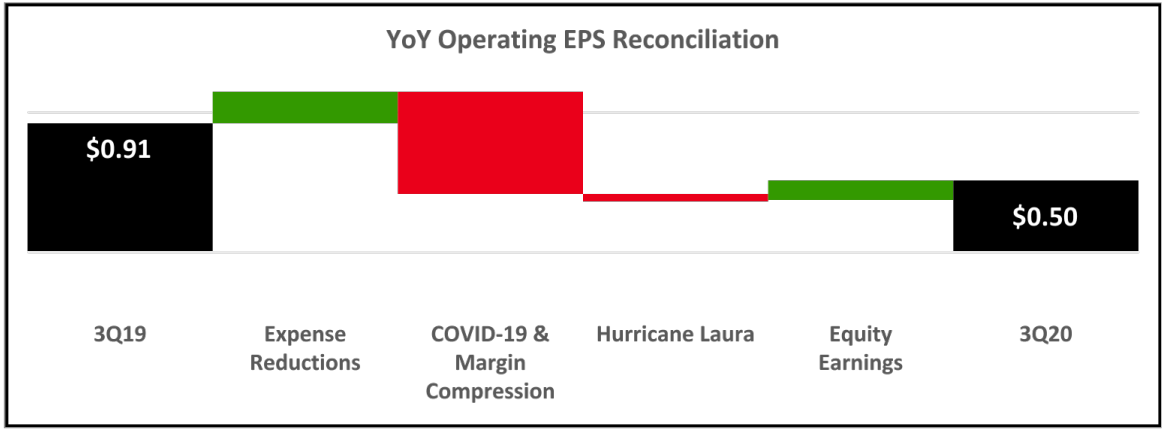
- **Industry-leading dividend**
- Low capital-intensity investments
- **Consumer-focused portfolio**
- Industry-leading **feedstock flexibility**
- **Broadest** geo, product and market **reach and mix**
- Progressing **digitalization** and innovation



Seek

Together™

3Q 2020 FINANCIAL HIGHLIGHTS



Financial Summary *($ millions, unless otherwise noted)*	3Q20	3Q19	YoY B(W)	2Q20	QoQ B(W)
Net Sales	$ 9,712	$ 10,764	$ (1,052)	$ 8,354	$ 1,358
Equity Earnings (Losses)	$ 60	$ (44)	$ 104	$ (95)	$ 155
Income (loss) from Continuing Ops., Net of Tax	$ (1)	$ 347	$ (348)	$ (217)	$ 216
Operating EBIT	$ 761	$ 1,117	$ (356)	$ 57	$ 704
Op. EBIT Margin (%)	*7.8 %*	*10.4 %*	*(260) bps*	*0.7 %*	*710 bps*
Adj. Op. EBIT Margin (ex. Eq. Earnings (%))	*7.2 %*	*10.8 %*	*(360) bps*	*1.8 %*	*540 bps*
Earnings (Loss) per Share - GAAP	$ (0.04)	$ 0.45	$ (0.49)	$ (0.31)	$ 0.27
Operating Earnings (Loss) per Share	$ 0.50	$ 0.91	$ (0.41)	$ (0.26)	$ 0.76
Cash Provided by Op. Activities - Cont. Ops.	$ 1,761	$ 1,790	$ (29)	$ 1,599	$ 162
Op. EBITDA to CFFO (Cash Flow Conversion, %)	*119 %*	*96 %*	*2,300 bps*	*211 %*	*(9,200) bps*

Key Drivers in the Quarter

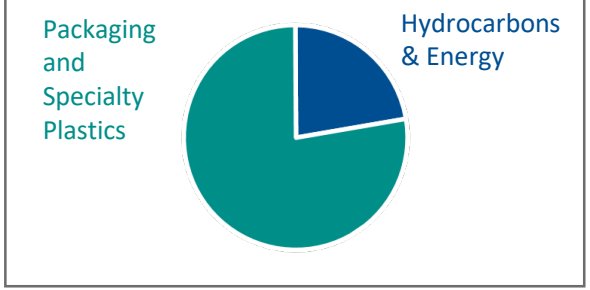
- Resilient demand in integrated plastics & home care; improved demand in furniture & bedding and appliance end markets
- Strong progress on expense reductions
- Higher JV equity earnings driven primarily by operational improvements at Sadara
- Unfavorable YoY tax rate offset by lower interest expense and D&A
- Lower local price driven by lower global energy prices
- Continued margin compression in key value chains
- Weaker demand in automotive, construction and personal care end markets as a result of the pandemic

PACKAGING & SPECIALTY PLASTICS

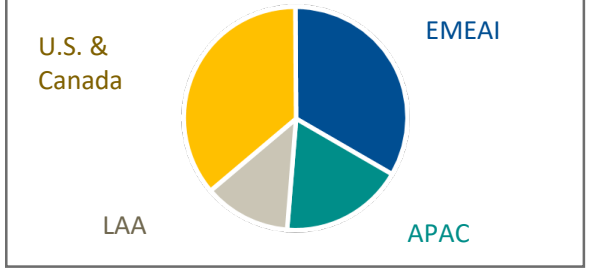
Financial Performance Snapshot *In millions, except margin percentages*	3Q20	3Q19	B/(W)	
Net Sales	$4,565	$5,062	$ (497)	(10)%
Op. EBIT	$ 647	$ 798	$ (151)	(19)%
Op. EBIT Margin	14.2 %	15.8 %	(160) bps	
Adj. Op. EBIT (ex. Eq. Earn.)	$ 576	$ 775	$ (199)	(26)%
Adj. Op. EBIT Margin (ex. Eq. Earn.)	12.6 %	15.3 %	(270) bps	

	Variances vs. SQLY				
	Sales	Local Price	FX	Volume	Op. EBIT
Packaging & Specialty Plastics	**(10)%**	**(12)%**	**1 %**	**1 %**	↓
Packaging and Specialty Plastics	↓	↓	↑	—	↓
Hydrocarbons & Energy	↓	↓	↑	↑	↓

Net Sales by Business



Net Sales by Geographic Region



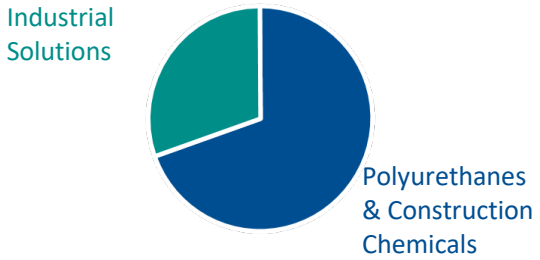
Demand growth in integrated plastics applications offset by lower licensing activity and global energy prices.

INDUSTRIAL INTERMEDIATES & INFRASTRUCTURE

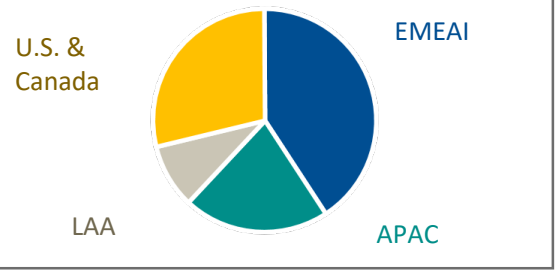
Financial Performance Snapshot *In millions, except margin percentages*	3Q20	3Q19	B/(W)	
Net Sales	$3,058	$3,365	$ (307)	(9)%
Op. EBIT	$ 104	$ 193	$ (89)	(46)%
Op. EBIT Margin	3.4 %	5.7 %	(230) bps	
Adj. Op. EBIT (ex. Eq. Earn.)	$ 117	$ 263	$ (146)	(56)%
Adj. Op. EBIT Margin (ex. Eq. Earn.)	3.8 %	7.8 %	(400) bps	

	Variances vs. SQLY				
	Sales	Local Price	FX	Volume	Op. EBIT
Ind. Intermediates & Infrastructure	(9)%	(7)%	1 %	(3)%	↓
Industrial Solutions	↓	↓	—	↓	↓
Polyurethanes & Construction Chem.	↓	↓	↑	↓	↑

Net Sales by Business



Net Sales by Geographic Region

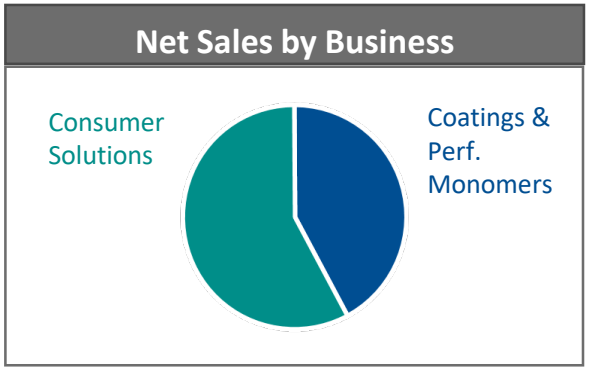


Volume declined due to continued reduced demand in automotive, industrial and energy end markets, particularly in U.S. & Canada.

PERFORMANCE MATERIALS & COATINGS

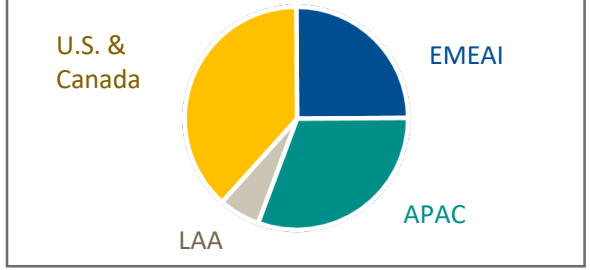
Financial Performance Snapshot *In millions, except margin percentages*	3Q20	3Q19	B/(W)	
Net Sales	$2,002	$2,250	$ (248)	(11)%
Op. EBIT	$ 75	$ 200	$ (125)	(63)%
Op. EBIT Margin	3.7 %	8.9 %	(520) bps	

Net Sales by Business



	Variances vs. SQLY				
	Sales	Local Price	FX	Volume	Op. EBIT
Performance Materials & Coatings	(11)%	(6)%	— %	(5)%	↓
Coatings & Perf. Monomers	↓	↓	↑	↑	↓
Consumer Solutions	↓	↓	—	↓	↓

Net Sales by Geographic Region



Growth in home care and DIY architectural coatings more than offset by declines in automotive, construction and oil & gas applications.

PRINCIPAL JOINT VENTURE DETAIL

Dow's Proportionate Share of Principal JV Financial Results

$ millions (unaudited)	3Q 2020			3Q 2019		
	Sadara	Kuwait JVs	Thai JVs	Sadara	Kuwait JVs	Thai JVs
EBITDA	$ 75	$ 105	$ 59	$ 10	$ 128	$ 32
EBIT	$ (10)	$ 65	$ 48	$ (80)	$ 88	$ 22
Net Income *Equity Earnings (Losses) to Dow*	**$ (43)**	**$ 44**	**$ 46**	**$ (142)**	**$ 78**	**$ 19**
EBITDA in Excess of Eq. Earnings	$ 118	$ 61	$ 13	$ 152	$ 50	$ 13
Net Debt	$ 4,643	$ 1,839	$ 285	$ 4,541	$ 1,799	$ 304

Drivers of YoY Changes

- **Kuwait JVs:** Continued margin compression in MEG and polyethylene
- **Thai JVs:** Stronger naphtha margins for all olefin derivatives
- **Sadara:** Margin expansion on cost-out efforts and higher volume

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 nine months ended September 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 nine months ended September 30, 2020 and the three months ended September 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; estimates regarding benefits achieved through contemplated restructuring activities, such as workforce reduction, manufacturing facility and/or asset closure and related exit and disposal activities; 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; the continuing risks related to the COVID-19 pandemic; and Dow's ability to realize the expected benefits of restructuring activities, such as manufacturing facility and/or asset closure and related exit and disposal activities. 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, Inc. (“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 de Nemours, Inc (“DuPont”) 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 quarters ended March 31, 2020 and June 30, 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.

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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 Sep 30, 2020			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 42	$ (25)	$ (0.04)
Less: Significant items			
Integration and separation costs	(63)	(49)	(0.06)
Restructuring and asset related charges - net	(617)	(495)	(0.67)
Net gain on divestitures	220	195	0.26
Loss on early extinguishment of debt	(63)	(52)	(0.07)
Total significant items	$ (523)	$ (401)	$ (0.54)
Operating results (non-GAAP)	$ 565	$ 376	$ 0.50

Significant Items Impacting Results for the Three Months Ended Sep 30, 2019			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 437	$ 333	$ 0.45
Less: Significant items			
Integration and separation costs	(164)	(132)	(0.18)
Restructuring and asset related charges - net	(147)	(115)	(0.15)
Warranty accrual adjustment of exited business	39	30	0.04
Environmental charges	(399)	(311)	(0.42)
Litigation related charges, awards and adjustments	205	178	0.24
Loss on divestitures	—	4	0.01
Total significant items	$ (466)	$ (346)	$ (0.46)
Operating results (non-GAAP)	$ 903	$ 679	$ 0.91

1. "Income from continuing operations before income taxes."
2. "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."

OPERATING AND PRO FORMA OPERATING EPS RECONCILIATION (CONTINUED)

Significant Items Impacting Results for the Nine Months Ended Sep 30, 2020			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 255	$ (11)	$ (0.02)
Less: Significant items			
Integration and separation costs	(174)	(136)	(0.18)
Restructuring and asset related charges - net	(719)	(580)	(0.79)
Net gain on divestitures	220	195	0.26
Loss on early extinguishment of debt	(149)	(122)	(0.16)
Litigation related charges, awards and adjustments	6	6	0.01
Total significant items	$ (816)	$ (637)	$ (0.86)
Operating results (non-GAAP)	$ 1,071	$ 626	$ 0.84

Significant Items Impacting Results for the Nine Months Ended Sep 30, 2019			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Pro forma results	$ 1,016	$ 584	$ 0.78
Less: Significant items			
Integration and separation costs	(914)	(735)	(0.99)
Restructuring and asset related charges - net	(368)	(318)	(0.42)
Loss on divestitures	(44)	(43)	(0.05)
Loss on early extinguishment of debt	(44)	(34)	(0.04)
Litigation related charges, awards and adjustments	205	178	0.24
Environmental charges	(399)	(311)	(0.42)
Indemnification and other transaction related costs [4]	(127)	(240)	(0.32)
Warranty accrual adjustment of exited business	39	30	0.04
Total significant items	$ (1,652)	$ (1,473)	$ (1.96)
Operating pro forma results (non-GAAP)	$ 2,668	$ 2,057	$ 2.74

1. "Income from continuing operations before income taxes" or pro forma "Income from continuing operations before income taxes."
2. "Net income (loss) 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 (loss) per common share from continuing operations - diluted" or pro forma "Earnings per common share from continuing operations - diluted."

OPERATING AND PRO FORMA OPERATING EBIT & EBITDA RECONCILIATION

Reconciliation of "Income (loss) from continuing operations, net of tax" to Operating EBIT and Operating EBITDA *In millions (Unaudited)*	*Three Months Ended*					*Nine Months Ended*	
	Sep 30, 2019	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*	*Sep 30, 2020*	*Sep 30, 2020*	*Sep 30, 2019*
	As Reported	*As Reported*	*As Reported*	*As Reported*	*As Reported*	*As Reported*	*Pro Forma*
Income (loss) from continuing operations, net of tax	$ 347	$ (2,310)	$ 258	$ (217)	$ (1)	$ 40	$ 645
+ Provision for income taxes on continuing operations	90	114	138	34	43	215	371
Income (loss) from continuing operations before income taxes	$ 437	$ (2,196)	$ 396	$ (183)	$ 42	$ 255	$ 1,016
- Interest income	19	23	15	6	6	27	59
+ Interest expense and amortization of debt discount	233	222	215	200	202	617	710
- Significant items	(466)	(3,030)	(247)	(46)	(523)	(816)	(1,652)
Operating EBIT [1]	$ 1,117	$ 1,033	$ 843	$ 57	$ 761	$ 1,661	$ 3,319
+ Depreciation and amortization	739	713	724	700	724	2,148	2,225
Operating EBITDA [2]	$ 1,856	$ 1,746	$ 1,567	$ 757	$ 1,485	$ 3,809	$ 5,544
Operating EBITDA - Trailing Twelve Months ("TTM") basis			$ 6,971	$ 5,926	$ 5,555		

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		Nine Months Ended		Three Months Ended
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma	As Reported
Packaging & Specialty Plastics	$ 4,565	$ 5,062	$ 13,175	$ 15,405	$ 4,001
Industrial Intermediates & Infrastructure	3,058	3,365	8,520	10,196	2,417
Performance Materials & Coatings	2,002	2,250	5,922	6,926	1,855
Corporate	87	87	219	267	81
Total	$ 9,712	10,764	$ 27,836	$ 32,794	$ 8,354

Operating and Pro Forma Operating EBIT by Segment	Three Months Ended		Nine Months Ended		Three Months Ended
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma	As Reported
Packaging & Specialty Plastics	$ 647	$ 798	$ 1,545	$ 2,256	$ 318
Industrial Intermediates & Infrastructure	104	193	59	624	(220)
Performance Materials & Coatings	75	200	264	685	27
Corporate	(65)	(74)	(207)	(246)	(68)
Total	$ 761	1,117	$ 1,661	$ 3,319	$ 57

Equity in Earnings (Losses) of Nonconsolidated Affiliates by Segment	Three Months Ended		Nine Months Ended		Three Months Ended
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma	As Reported
Packaging & Specialty Plastics	$ 71	$ 23	$ 96	$ 135	$ 20
Industrial Intermediates & Infrastructure	(13)	(70)	(202)	(196)	(113)
Performance Materials & Coatings	1	2	4	3	2
Corporate	1	1	(22)	(15)	(4)
Total	$ 60	(44)	$ (124)	$ (73)	$ (95)

SEGMENT INFORMATION (CONTINUED)

Adjusted Operating and Pro Forma Operating EBIT by Segment	Three Months Ended		Nine Months Ended		Three Months Ended
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma	As Reported
Packaging & Specialty Plastics	$ 576	$ 775	$ 1,449	$ 2,121	$ 298
Industrial Intermediates & Infrastructure	117	263	261	820	(107)
Performance Materials & Coatings	74	198	260	682	25
Corporate	(66)	(75)	(185)	(231)	(64)
Total	$ 701	1,161	$ 1,785	$ 3,392	$ 152

Operating and Pro Forma Operating Margin by Segment	Three Months Ended		Nine Months Ended		Three Months Ended
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma	As Reported
Packaging & Specialty Plastics	14.2 %	15.8 %	11.7 %	14.6 %	7.9 %
Industrial Intermediates & Infrastructure	3.4 %	5.7 %	0.7 %	6.1 %	(9.1)%
Performance Materials & Coatings	3.7 %	8.9 %	4.5 %	9.9 %	1.5 %
Total	7.8 %	10.4 %	6.0 %	10.1 %	0.7 %

Adjusted Operating and Pro Forma Operating EBIT Margin by Segment	Three Months Ended		Nine Months Ended		Three Months Ended
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
In millions (Unaudited)	As Reported	As Reported	As Reported	Pro Forma	As Reported
Packaging & Specialty Plastics	12.6 %	15.3 %	11.0 %	13.8 %	7.4 %
Industrial Intermediates & Infrastructure	3.8 %	7.8 %	3.1 %	8.0 %	(4.4)%
Performance Materials & Coatings	3.7 %	8.8 %	4.4 %	9.8 %	1.3 %
Total	7.2 %	10.8 %	6.4 %	10.3 %	1.8 %

CASH CONVERSION AND FREE CASH FLOW RECONCILIATION

Reconciliation of Cash Flow Conversion (Operating EBITDA to Cash Flow From Operations	*Three Months Ended*				
In millions	*Sep 30, 2019*	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*	*Sep 30, 2020*
Cash provided by operating activities - continuing operations (GAAP)	$ 1,790	$ 1,920	$ 1,236	$ 1,599	$ 1,761
Operating EBITDA (non-GAAP)	$ 1,856	$ 1,746	$ 1,567	$ 757	$ 1,485
Cash flow conversion (non-GAAP) [1]	96.4 %	110.0 %	78.9 %	211.2 %	118.6 %
Cash flow conversion - trailing twelve months ("TTM") (non-GAAP)				110.4 %	117.3 %

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*					*Nine Months Ended*	
In millions	*Sep 30, 2019*	*Dec 31, 2019*	*Mar 31, 2020*	*Jun 30, 2020*	*Sep 30, 2020*	*Sep 30, 2020*	*Sep 30, 2019*
Cash provided by operating activities - continuing operations (GAAP)	$ 1,790	$ 1,920	$ 1,236	$ 1,599	$ 1,761	$ 4,596	$ 3,793
Capital expenditures	(472)	(577)	(395)	(273)	(287)	(955)	(1,384)
Free cash flow (non-GAAP) [1]	$ 1,318	$ 1,343	$ 841	$ 1,326	$ 1,474	$ 3,641	$ 2,409
Free cash flow - trailing twelve months ("TTM") basis (non-GAAP)				$ 4,828	$ 4,984		

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)	*Sep 30, 2020*	*Dec 31, 2019*
Notes payable	$ 329	$ 586
Long-term debt due within one year	347	435
Long-term debt	16,698	15,975
Gross debt (GAAP)	$ 17,374	$ 16,996
- Cash and cash equivalents	4,549	2,367
- Marketable securities	30	21
Net debt (non-GAAP)	$ 12,795	$ 14,608