

DowDuPont a done deal

The successful completion of the merger of equals between The Dow Chemical Company (Dow) and E.I. du Pont de Nemours & Company (DuPont) has been announced. The combined entity is operating as a holding company under the name DowDuPont with three divisions: agriculture, materials science, and specialty products.



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DowDuPont will start trading on the New York Stock Exchange under the stock ticker symbol DWDP. Pursuant to the merger agreement, Dow shareholders received a fixed exchange ratio of 1.00 share of DowDuPont for each Dow share, and DuPont shareholders received a fixed exchange ratio of 1.282 shares of DowDuPont for each DuPont share.

“Today marks a significant milestone in the storied histories of our two companies,” said Andrew Liveris, executive chairman of DowDuPont. “We are extremely excited to complete this transformational merger and move forward to create three intended industry-leading, independent, publicly traded companies. While our collective heritage and strength are impressive, the true value of this merger lies in the intended creation of three industry powerhouses that will define their markets and drive growth for the benefit of all stakeholders. Our teams have been working for more than a year on integration planning, and - as of today - we will hit the ground running on executing those plans with an intention to complete the separations as quickly as possible.”

“For shareholders, customers and employees, closing this transaction is a definitive step toward unlocking higher value and greater opportunities through a future built on sustainable growth and innovation,” said Ed Breen, chief executive officer of DowDuPont. “DowDuPont is a launching pad for three intended strong companies that will be better positioned to reinvest in science and innovation, solve our customers’ ever-evolving challenges, and generate long-term returns for our shareholders. With the merger now complete, our focus is on finalising the organisational structures that will be the foundations of these three intended strong companies and capturing the synergies to unlock value. With clear focus, market visibility and more productive R&D, each intended company will be equipped to compete successfully as an industry leader.”

Unlocking value for all stakeholders

By merging the complementary portfolios of Dow and DuPont and subsequently creating intended industry leaders, DowDuPont expects to maximise value for all its stakeholders.

- Shareholders are expected to benefit from the stronger, focused investment profile of each intended company and substantial cost synergies, as well as from long-term growth and sustainable value creation following the intended separations into three independent companies. The transaction is expected to result in run-rate cost synergies of approximately \$3bn and the potential for approximately \$1bn in growth synergies. The company expects to reach 100 percent run rate on the cost synergies within the first 24 months of merger closing.
- Customers will benefit from superior solutions and expanded product offerings. By combining the complementary strengths of Dow and DuPont, each intended company will be able to respond faster and more effectively to rapidly changing conditions with innovative products and greater choice.
- Employees will benefit from being part of these intended highly focused and competitive industry leaders, built for sustainable, long-term growth – which will create opportunities for our businesses and opportunities for our people.



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Paths to Separation

Dow and DuPont leaders and integration teams are developing the future state operating models and organisational designs that will support the refined strategy of each intended company. Once each division has its own processes, people, assets, systems, and licenses in place to operate independently from the parent company, DowDuPont intends to separate the divisions to stand within their own legal entities, subject to board approval and any regulatory approvals. The intended separations are expected to occur within 18 months.

- A leading agriculture company that brings together the strengths of DuPont Pioneer, DuPont Crop Protection, and Dow AgroSciences to better serve growers around the world with a superior portfolio of solutions, greater choice and competitive price for value. The combined capabilities and highly productive innovation engine will enable the intended agriculture company to bring a broader suite of products to the market faster, so it can be an even better partner to growers, delivering innovation and helping them to increase their productivity and profitability. The intended agriculture company will be headquartered in Wilmington, Delaware, with global business centers in Johnston, Iowa, and Indianapolis, Indiana.
- A leading materials science company, to be named Dow that will consist of the businesses comprising the following current Dow operating segments: performance plastics, performance materials and chemicals, infrastructure solutions and consumer solutions (consumer care and Dow automotive systems, Dow electronic materials is intended to go to the specialty products company), as well as DuPont's current performance materials operating segment. The intended

materials science company will offer the strongest and broadest chemistry and polymers toolkit in the industry, with the scale and competitive capabilities to enable truly differentiated solutions for customers in high-growth end markets, including packaging, transportation, infrastructure and consumer care. The intended materials science company will be headquartered in Midland, Michigan.

- A leading specialty products company that will consist of powerful, market-leading businesses including DuPont Protection Solutions, Sustainable Solutions, Industrial Biosciences and Nutrition & Health, which will integrate the health and nutrition business from FMC pending the close of that transaction; as well as electronic technologies, which combines DuPont's Electronics & Communications business with Dow's electronic materials business unit. The intended specialty products company will be an innovation leader composed of technology-driven specialty businesses with highly differentiated products and solutions that transform industries and everyday life. The intended specialty products company will be headquartered in Wilmington, Delaware.

As announced, the DowDuPont Board is conducting a comprehensive portfolio review to assess current business facts and leverage the knowledge gained over the past year and a half to capture any material value-enhancing opportunities in preparation for the intended creation of industry-leading companies.

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