

## **Important U.S. Federal Income Tax Information for Shareholders Concerning the Dow Inc. Company Stock Distribution**

April 1, 2019

Dear Shareholder,

On March 7, 2019, the Board of Directors of DowDuPont Inc. (“DowDuPont”) declared a pro rata dividend to DowDuPont common stockholders of record as of the close of business on March 21, 2019 (the “Record Date”) of 100% of the outstanding shares of Dow, Inc. (“Dow”) common stock payable on April 1, 2019 (the “Distribution Date”). On the Distribution Date, DowDuPont completed the spin-off of Dow (the “Spin-off”) and each such shareholder who held DowDuPont common stock on the Record Date and did not sell them in the “regular way”<sup>1</sup> prior to the Distribution Date received one (1) share of Dow common stock for each three (3) shares of DowDuPont common stock owned on the Record Date.

This letter explains certain U.S. federal income tax consequences of the Spin-off and describes how to allocate your tax basis between your DowDuPont common stock and the Dow common stock you received in the Spin-off.

**Tax Treatment of the Spin-off.** On April 1, 2019, DowDuPont received an opinion from Skadden, Arps, Slate, Meagher & Flom L.L.P. concluding, based on certain representations of DowDuPont with respect to (among other things) the activities of DowDuPont and Dow following the Spin-off, that the Spin-off “will” qualify as a reorganization within the meaning of sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the “Code”). As a result, you will generally not recognize gain or loss for U.S. federal income tax purposes upon receipt of the Dow common stock in the Spin-off. If, however, you receive cash in lieu of fractional shares you will recognize gain or loss as described below.

**Fractional Shares.** No fractional shares of Dow common stock were distributed in the Spin-off. Instead, all fractional shares of Dow common stock were aggregated for all DowDuPont shareholders and sold in the public market. You will receive cash in lieu of fractional shares (i.e., your pro rata portion of the proceeds associated with the sales of all fractional shares of Dow common stock to which DowDuPont shareholders were entitled). The taxable gain or loss that you recognize with respect to any cash you receive in lieu of fractional shares is equal to the difference between the amount of cash you receive and your tax basis (determined as described below) in such fractional shares of Dow common stock.

**Tax Basis.** Your tax basis in the DowDuPont common stock you owned immediately before the Spin-off must be allocated between your DowDuPont common stock and the shares of Dow common stock you received in the Spin-off (including any fractional share for which you received cash).

This allocation is based on the relative fair market values of your DowDuPont common stock and your Dow common stock. Although U.S. federal income tax laws do not specify how to determine fair market value, one approach is to use the average of the high and low share prices quoted on the New York Stock Exchange on April 3, 2019, the second trading day after the distribution.

You should contact your tax advisor to determine these fair market values.

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<sup>1</sup> Shares of DowDuPont common stock that traded in the “regular-way” market on the New York Stock Exchange prior to the Distribution Date traded with an entitlement to shares of Dow common stock distributed on the Distribution Date.

If you acquired your DowDuPont common stock at different times and at different prices, you will need to calculate a separate tax basis for each block of DowDuPont common stock you own and then allocate the basis in each block of stock separately to the Dow common stock you received. DowDuPont suggests that you retain this letter to support your determination of your basis in your DowDuPont common stock and your Dow common stock.

**Example:** This example assumes you choose to use the average high-low trading price on April 3, 2019, as the method of determining the fair market values of the DowDuPont common stock and the Dow common stock. Using this method, after the Spin-off, the fair market value of a share of DowDuPont common stock was \$37.19 and the fair market value of a share of Dow common stock was \$56.36. Based on the one (1) to three (3) distribution ratio, this means that you would receive \$18.787 of Dow common stock for each share of DowDuPont common stock you own. See Exhibit 1. Based on these relative fair market values, your basis in your DowDuPont common stock would be apportioned 66.4380% to your DowDuPont stock and 33.5620% to your Dow common stock. This calculation may be illustrated as follows:

- Assume you own a single block of 112 shares of DowDuPont common stock with a tax basis of \$50 per share (and a total tax basis of \$5,600).
- You are entitled to receive 37.33 shares of Dow common stock in the Spin-off. Because no fractional shares are issued, you receive 37 shares of Dow common stock and cash in lieu of .33 fractional shares. (The price of your fractional shares will be provided by your broker or financial institution.)
- Your total tax basis in your DowDuPont common stock is allocated \$3,720.53 to the DowDuPont common stock (66.4380% of \$5,600), or \$33.22 per share (i.e., \$3,720.53, divided by 112 shares), and \$1,879.47 to the Dow common stock (including fractional shares) (33.5620% of \$5,600), or \$50.35 per share (i.e., \$1,879.47, divided by 37.33 shares).
- The basis allocated to the .33 fractional share of Dow common stock for which you received cash is \$16.62 (.33 fractional share multiplied by \$50.35 of tax basis per share of Dow common stock). This would leave you with \$1,862.85 of tax basis in your remaining shares of Dow common stock (i.e., \$1,879.47 minus \$16.62). The above calculations are summarized in the attached table:

<b>Shares</b>	<b>Number of Shares</b>	<b>Tax Basis Allocation (per share)</b>	<b>Tax Basis Allocation (total)</b>
DowDuPont	112	\$33.22	\$3,720.53
Dow	37	\$50.35	\$1,862.85
Dow (fractional shares)	.33	\$50.35	\$ 16.62
Total Tax Basis			\$5,600.00

If you own DowDuPont common stock with a different basis for alternative minimum tax (“AMT”) purposes than your basis for regular federal income tax purposes, you will need to allocate your AMT basis between your DowDuPont common stock and your Dow common stock in the same manner as described above.

**U.S. Federal Income Tax Reporting Requirements.** Any shareholder of DowDuPont that is a “significant distributee” is required to attach a statement describing the details of the Spin-off to its U.S. federal income tax return for the period that includes the Distribution Date. This would be the 2019 U.S. Federal income tax return for calendar year shareholders. You are a significant distributee if, immediately before the Spin-off, you owned (i) at least five percent (by vote or value) of the total outstanding stock of DowDuPont or (ii) securities in DowDuPont with a basis of \$1,000,000 or more. If a significant distributee is a “controlled foreign corporation” (within the meaning of section 957 of the Code), each “United States shareholder” (within the meaning of section 951(b) of the Code) with respect thereto must include this statement on or with its return. A sample statement is attached as Exhibit 2.

**THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBITS IS FOR GENERAL INFORMATION PURPOSES ONLY AND DOES NOT PURPORT TO ADDRESS ALL ASPECTS OF FEDERAL TAXATION THAT MAY BE RELEVANT TO PARTICULAR SHAREHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE TAX ADVICE AND MAY NOT BE APPLICABLE TO SHAREHOLDERS WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES. NOR DOES IT ADDRESS TAX CONSEQUENCES WHICH MAY VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, YOU ARE URGED TO CONSULT YOUR TAX ADVISORS TO DETERMINE THE APPLICATION OF THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBITS TO YOUR INDIVIDUAL CIRCUMSTANCES AND THE PARTICULAR FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES OF THE SPIN-OFF TO YOU.**

**Determination of the Fair Market Values of  
DowDuPont and Dow after the Spin-off**

The Spin-off occurred on April 1, 2019. The first regular trading day for the Dow common stock was April 2, 2019.

U.S. federal income tax law does not specifically identify how you should determine the fair market values of the DowDuPont common stock and the Dow common stock after the Spin-off. One method of determining value is to use the average of the high and low trading prices of the DowDuPont common stock and the Dow common stock on the second regular trading day for the Dow common stock (April 3, 2019). The trading prices and basis allocation percentages using this method, which you and your tax advisor may find useful, are set forth in the following Table 1 and Table 2.

**Table 1**  
**Trading Prices**

<b>Common Stock</b>	<b>Average High-Low Trading Price on April 3, 2019</b>
DowDuPont (value per share) . . . . .	\$37.19
Dow (value per share) . . . . .	\$56.36
Value of Dow stock received for each DowDuPont share owned. . . . .	\$ 18.787

**Table 2**  
**Basis Allocation Percentages**

<b>Common Stock</b>	<b>Average High-Low Trading Price Allocation Percentage</b>
DowDuPont Value (a) . . . . .	\$ 37.19
Value of Dow stock received for each DowDuPont share owned (b) . . . . .	\$ 18.787
(a) + (b) = (c) . . . . .	\$ 55.977
DowDuPont Allocation % (a)/(c) . . . . .	66.4380%
Dow Allocation % (b)/(c) . . . . .	33.5620%

**Information Statement to the Internal Revenue Service**

**STATEMENT PURSUANT TO §1.355-5(b) BY**

\_\_\_\_\_, (EIN: \_\_\_\_\_),

**A SIGNIFICANT DISTRIBUTE**

1. On April 1, 2019, the undersigned, a shareholder owning shares in DowDuPont, Inc. as of close of business on March 21, 2019, received a distribution of stock in Dow Inc., a controlled corporation, pursuant to section 355 of the Internal Revenue Code of 1986, as amended.
2. The names, employer identification numbers, and addresses of the corporations involved are as follows:

a. Distributing corporation:

DowDuPont Inc.  
81-1224539  
974 Centre Road  
Wilmington, DE 19805

b. Controlled corporation:

Dow Inc.  
38-1285128  
1 East Main Street  
Bay City, MI 48708

3. No stock or securities in DowDuPont, Inc. were transferred or surrendered by the undersigned in connection with the distribution. The aggregate fair market value, immediately before the distribution, of Dow Holdings, Inc. stock received by the undersigned in the distribution was \$\_\_\_\_\_.
4. No stock (other than the common stock of Dow Holdings, Inc.), securities or other property (including money) was received in the distribution, other than \$\_\_\_\_\_ received in lieu of fractional shares of Dow Holdings, Inc. common stock.

Shareholder's Signature

Spouse's Signature (if stock held jointly)

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