

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **September 30, 2023**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____



<u>Commission File Number</u>	<u>Exact Name of Registrant as Specified in its Charter, Principal Office Address and Telephone Number</u>	<u>State of Incorporation or Organization</u>	<u>I.R.S. Employer Identification No.</u>
001-38646	Dow Inc. 2211 H.H. Dow Way, Midland, MI 48674 (989) 636-1000	Delaware	30-1128146
001-03433	The Dow Chemical Company 2211 H.H. Dow Way, Midland, MI 48674 (989) 636-1000	Delaware	38-1285128

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

Registrant	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Dow Inc.	Common Stock, par value \$0.01 per share	DOW	New York Stock Exchange
The Dow Chemical Company	0.500% Notes due March 15, 2027	DOW/27	New York Stock Exchange
The Dow Chemical Company	1.125% Notes due March 15, 2032	DOW/32	New York Stock Exchange
The Dow Chemical Company	1.875% Notes due March 15, 2040	DOW/40	New York Stock Exchange
The Dow Chemical Company	4.625% Notes due October 1, 2044	DOW/44	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Dow Inc. ☒ Yes ☐ No **The Dow Chemical Company** ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Dow Inc. ☒ Yes ☐ No **The Dow Chemical Company** ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Dow Inc.	Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐
The Dow Chemical Company	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐

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

Dow Inc.	☐	The Dow Chemical Company	☐
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Dow Inc.	☐ Yes	☒ No	The Dow Chemical Company	☐ Yes	☒ No
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Dow Inc. had 701,397,006 shares of common stock, \$0.01 par value, outstanding at September 30, 2023. The Dow Chemical Company had 100 shares of common stock, \$0.01 par value, outstanding at September 30, 2023, all of which were held by the registrant's parent, Dow Inc.

The Dow Chemical Company meets the conditions set forth in General Instruction H(1)(a) and (b) for Form 10-Q and therefore is filing this form with a reduced disclosure format.

Dow Inc. and Subsidiaries
The Dow Chemical Company and Subsidiaries

QUARTERLY REPORT ON FORM 10-Q
For the quarterly period ended September 30, 2023

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Dow Inc. and Subsidiaries
The Dow Chemical Company and Subsidiaries

This Quarterly Report on Form 10-Q is a combined report being filed by Dow Inc. and The Dow Chemical Company and its consolidated subsidiaries ("TDCC" and together with Dow Inc., "Dow" or the "Company") due to the parent/subsidiary relationship between Dow Inc. and TDCC. The information reflected in the report is equally applicable to both Dow Inc. and TDCC, except where otherwise noted. Each of Dow Inc. and TDCC is filing information in this report on its own behalf and neither company makes any representation to the information relating to the other company.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Certain statements in this report are "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. Such statements often address expected future business and financial performance, financial condition, and other matters, and often contain words or phrases 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 or phrases.

Forward-looking statements are based on current assumptions and expectations of future events that are subject to risks, uncertainties and other factors that are beyond Dow's control, which may cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements and speak only as of the date the statements were made. These factors include, but are not limited to: sales of Dow's products; Dow's expenses, future revenues and profitability; any global and regional economic impacts of a pandemic or other public health-related risks and events on Dow's business; any sanctions, export restrictions, supply chain disruptions or increased economic uncertainty related to the ongoing conflict between Russia and Ukraine; capital requirements and need for and availability of financing; unexpected barriers in the development of technology, including with respect to Dow's contemplated capital and operating projects; Dow's ability to realize its commitment to carbon neutrality on the contemplated timeframe; size of the markets for Dow's products and services and ability to compete in such markets; failure to develop and market new products and optimally manage product life cycles; the rate and degree of market acceptance of Dow's products; significant litigation and environmental matters and related contingencies and unexpected expenses; the success of competing technologies that are or may become available; the ability to protect Dow's intellectual property in the United States and abroad; developments related to contemplated restructuring activities and proposed divestitures or acquisitions such as workforce reduction, manufacturing facility and/or asset closure and related exit and disposal activities, and the benefits and costs associated with each of the foregoing; fluctuations in energy and raw material prices; management of process safety and product stewardship; changes in relationships with Dow's significant customers and suppliers; changes in consumer preferences and demand; changes in laws and regulations, political conditions or industry development; 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, including the ongoing conflict between Russia and Ukraine; weather events and natural disasters; disruptions in Dow's information technology networks and systems; and risks related to Dow's separation from DowDuPont Inc. such as Dow's obligation to indemnify DuPont de Nemours, Inc. and/or Corteva, Inc. 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. A detailed discussion of principal risks and uncertainties which may cause actual results and events to differ materially from such forward-looking statements is included in the section titled "Risk Factors" contained in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2022. These are not the only risks and uncertainties that Dow faces. 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. If any of those risks or uncertainties develops into an actual event, it could have a material adverse effect on Dow's business. 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.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dow Inc. and Subsidiaries Consolidated Statements of Income

	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions, except per share amounts (Unaudited)				
Net sales	\$ 10,730	\$ 14,115	\$ 34,001	\$ 45,043
Cost of sales	9,592	12,381	30,096	37,682
Research and development expenses	197	191	616	626
Selling, general and administrative expenses	380	356	1,216	1,289
Amortization of intangibles	81	83	243	256
Restructuring and asset related charges - net	—	—	549	186
Equity in earnings (losses) of nonconsolidated affiliates	(7)	(58)	(112)	311
Sundry income (expense) - net	92	69	202	292
Interest income	44	41	186	105
Interest expense and amortization of debt discount	192	155	549	487
Income before income taxes	417	1,001	1,008	5,225
Provision for income taxes	90	241	253	1,232
Net income	327	760	755	3,993
Net income attributable to noncontrolling interests	25	21	61	24
Net income available for Dow Inc. common stockholders	\$ 302	\$ 739	\$ 694	\$ 3,969

Per common share data:				
Earnings per common share - basic	\$ 0.43	\$ 1.03	\$ 0.97	\$ 5.45
Earnings per common share - diluted	\$ 0.42	\$ 1.02	\$ 0.97	\$ 5.41

Weighted-average common shares outstanding - basic	704.0	714.3	706.4	724.9
Weighted-average common shares outstanding - diluted	707.5	718.1	709.7	729.8

Depreciation	\$ 484	\$ 482	\$ 1,443	\$ 1,459
Capital expenditures	\$ 597	\$ 452	\$ 1,598	\$ 1,224

See Notes to the Consolidated Financial Statements.

Dow Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income

In millions (Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Net income	\$ 327	\$ 760	\$ 755	\$ 3,993
Other comprehensive income (loss), net of tax				
Unrealized gains (losses) on investments	(20)	(122)	72	(371)
Cumulative translation adjustments	(147)	(403)	(149)	(1,081)
Pension and other postretirement benefit plans	(2)	125	—	356
Derivative instruments	(25)	22	(45)	491
Total other comprehensive loss	(194)	(378)	(122)	(605)
Comprehensive income	133	382	633	3,388
Comprehensive income attributable to noncontrolling interests, net of tax	25	21	61	24
Comprehensive income attributable to Dow Inc.	\$ 108	\$ 361	\$ 572	\$ 3,364

See Notes to the Consolidated Financial Statements.

Dow Inc. and Subsidiaries
Consolidated Balance Sheets

In millions, except share amounts (Unaudited)	Sep 30, 2023	Dec 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,080	\$ 3,886
Accounts and notes receivable:		
Trade (net of allowance for doubtful receivables - 2023: \$80; 2022: \$110)	5,343	5,611
Other	2,039	2,144
Inventories	6,211	6,988
Other current assets	1,625	1,848
Total current assets	18,298	20,477
Investments		
Investment in nonconsolidated affiliates	1,289	1,589
Other investments (investments carried at fair value - 2023: \$1,929; 2022: \$1,757)	2,904	2,793
Noncurrent receivables	555	666
Total investments	4,748	5,048
Property		
Property	59,525	58,055
Less: Accumulated depreciation	38,965	37,613
Net property	20,560	20,442
Other Assets		
Goodwill	8,580	8,644
Other intangible assets (net of accumulated amortization - 2023: \$5,279; 2022: \$5,022)	2,132	2,442
Operating lease right-of-use assets	1,288	1,227
Deferred income tax assets	1,248	960
Deferred charges and other assets	1,434	1,363
Total other assets	14,682	14,636
Total Assets	\$ 58,288	\$ 60,603
Liabilities and Equity		
Current Liabilities		
Notes payable	\$ 223	\$ 362
Long-term debt due within one year	110	362
Accounts payable:		
Trade	4,293	4,940
Other	2,025	2,276
Operating lease liabilities - current	325	287
Income taxes payable	393	334
Accrued and other current liabilities	2,879	2,770
Total current liabilities	10,248	11,331
Long-Term Debt	14,592	14,698
Other Noncurrent Liabilities		
Deferred income tax liabilities	668	1,110
Pension and other postretirement benefits - noncurrent	3,617	3,808
Asbestos-related liabilities - noncurrent	804	857
Operating lease liabilities - noncurrent	1,020	997
Other noncurrent obligations	7,259	6,555
Total other noncurrent liabilities	13,368	13,327
Stockholders' Equity		
Common stock (authorized 5,000,000,000 shares of \$0.01 par value each; issued 2023: 775,630,092 shares; 2022: 771,678,525 shares)	8	8
Additional paid-in capital	8,722	8,540
Retained earnings	22,376	23,180
Accumulated other comprehensive loss	(7,261)	(7,139)
Treasury stock at cost (2023: 74,233,086 shares; 2022: 66,798,605 shares)	(4,278)	(3,871)
Dow Inc.'s stockholders' equity	19,567	20,718
Noncontrolling interests	513	529
Total equity	20,080	21,247
Total Liabilities and Equity	\$ 58,288	\$ 60,603

See Notes to the Consolidated Financial Statements.

Dow Inc. and Subsidiaries
Consolidated Statements of Cash Flows

In millions (Unaudited)	Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022
Operating Activities		
Net income	\$ 755	\$ 3,993
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,954	2,104
Provision (credit) for deferred income tax	(817)	124
Earnings of nonconsolidated affiliates less than dividends received	300	517
Net periodic pension benefit cost (credit)	(69)	19
Pension contributions	(111)	(156)
Net gain on sales of assets, businesses and investments	(49)	(11)
Restructuring and asset related charges - net	549	186
Other net loss	588	159
Changes in assets and liabilities, net of effects of acquired and divested companies:		
Accounts and notes receivable	365	323
Inventories	777	(254)
Accounts payable	(859)	(860)
Other assets and liabilities, net	153	(736)
Cash provided by operating activities - continuing operations	3,536	5,408
Cash provided by (used for) operating activities - discontinued operations	4	(11)
Cash provided by operating activities	3,540	5,397
Investing Activities		
Capital expenditures	(1,598)	(1,224)
Investment in gas field developments	(175)	(134)
Purchases of previously leased assets	(5)	(5)
Proceeds from sales of property, businesses and consolidated companies, net of cash divested	66	16
Acquisitions of property and businesses, net of cash acquired	(103)	(54)
Investments in and loans to nonconsolidated affiliates	(4)	(69)
Distributions and loan repayments from nonconsolidated affiliates	2	10
Proceeds from sales of ownership interests in nonconsolidated affiliates	63	11
Purchases of investments	(1,291)	(445)
Proceeds from sales and maturities of investments	1,244	596
Other investing activities, net	(45)	(41)
Cash used for investing activities	(1,846)	(1,339)
Financing Activities		
Changes in short-term notes payable	(122)	72
Payments on short-term debt greater than three months	—	(14)
Proceeds from issuance of long-term debt	76	82
Payments on long-term debt	(355)	(957)
Collections on securitization programs	8	—
Purchases of treasury stock	(500)	(2,200)
Proceeds from issuance of stock	63	99
Transaction financing, debt issuance and other costs	(1)	(8)
Employee taxes paid for share-based payment arrangements	(41)	(34)
Distributions to noncontrolling interests	(51)	(42)
Dividends paid to stockholders	(1,481)	(1,511)
Cash used for financing activities	(2,404)	(4,513)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(130)	(261)
Summary		
Decrease in cash, cash equivalents and restricted cash	(840)	(716)
Cash, cash equivalents and restricted cash at beginning of period	3,940	3,033
Cash, cash equivalents and restricted cash at end of period	\$ 3,100	\$ 2,317
Less: Restricted cash and cash equivalents, included in "Other current assets"	20	101
Cash and cash equivalents at end of period	\$ 3,080	\$ 2,216

See Notes to the Consolidated Financial Statements.

Dow Inc. and Subsidiaries
Consolidated Statements of Equity

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>
In millions, except per share amounts (Unaudited)				
Common Stock				
Balance at beginning and end of period	\$ 8	\$ 8	\$ 8	\$ 8
Additional Paid-in Capital				
Balance at beginning of period	8,661	8,343	8,540	8,151
Common stock issued/sold	8	2	63	99
Stock-based compensation and allocation of ESOP shares	77	79	217	198
Treasury stock issuances - compensation and benefit plans	(24)	(28)	(98)	(52)
Balance at end of period	8,722	8,396	8,722	8,396
Retained Earnings				
Balance at beginning of period	22,570	22,827	23,180	20,623
Net income available for Dow Inc. common stockholders	302	739	694	3,969
Dividends to stockholders	(492)	(493)	(1,481)	(1,511)
Other	(4)	(5)	(17)	(13)
Balance at end of period	22,376	23,068	22,376	23,068
Accumulated Other Comprehensive Loss				
Balance at beginning of period	(7,067)	(9,204)	(7,139)	(8,977)
Other comprehensive loss	(194)	(378)	(122)	(605)
Balance at end of period	(7,261)	(9,582)	(7,261)	(9,582)
Unearned ESOP Shares				
Balance at beginning of period	—	—	—	(15)
Allocation of ESOP shares	—	—	—	15
Balance at end of period	—	—	—	—
Treasury Stock				
Balance at beginning of period	(4,175)	(3,001)	(3,871)	(1,625)
Treasury stock purchases	(127)	(800)	(505)	(2,200)
Treasury stock issuances - compensation and benefit plans	24	28	98	52
Balance at end of period	(4,278)	(3,773)	(4,278)	(3,773)
Dow Inc.'s stockholders' equity	19,567	18,117	19,567	18,117
Noncontrolling Interests	513	512	513	512
Total Equity	\$ 20,080	\$ 18,629	\$ 20,080	\$ 18,629
Dividends declared per share of common stock	\$ 0.70	\$ 0.70	\$ 2.10	\$ 2.10

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Statements of Income

In millions (Unaudited)	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>
Net sales	\$ 10,730	\$ 14,115	\$ 34,001	\$ 45,043
Cost of sales	9,591	12,379	30,093	37,676
Research and development expenses	197	191	616	626
Selling, general and administrative expenses	380	357	1,216	1,289
Amortization of intangibles	81	83	243	256
Restructuring and asset related charges - net	—	—	549	186
Equity in earnings (losses) of nonconsolidated affiliates	(7)	(58)	(112)	311
Sundry income (expense) - net	71	73	169	287
Interest income	47	45	194	111
Interest expense and amortization of debt discount	192	155	549	487
Income before income taxes	400	1,010	986	5,232
Provision for income taxes	90	242	253	1,233
Net income	310	768	733	3,999
Net income attributable to noncontrolling interests	25	21	61	24
Net income available for The Dow Chemical Company common stockholder	\$ 285	\$ 747	\$ 672	\$ 3,975

Depreciation	\$ 484	\$ 482	\$ 1,443	\$ 1,459
Capital expenditures	\$ 597	\$ 452	\$ 1,598	\$ 1,224

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Statements of Comprehensive Income

In millions (Unaudited)	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>
Net income	\$ 310	\$ 768	\$ 733	\$ 3,999
Other comprehensive income (loss), net of tax				
Unrealized gains (losses) on investments	(20)	(122)	72	(371)
Cumulative translation adjustments	(147)	(403)	(149)	(1,081)
Pension and other postretirement benefit plans	(2)	125	—	356
Derivative instruments	(25)	22	(45)	491
Total other comprehensive loss	(194)	(378)	(122)	(605)
Comprehensive income	116	390	611	3,394
Comprehensive income attributable to noncontrolling interests, net of tax	25	21	61	24
Comprehensive income attributable to The Dow Chemical Company	\$ 91	\$ 369	\$ 550	\$ 3,370

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Balance Sheets

In millions, except share amounts (Unaudited)	Sep 30, 2023	Dec 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,080	\$ 3,886
Accounts and notes receivable:		
Trade (net of allowance for doubtful receivables - 2023: \$80; 2022: \$110)	5,343	5,611
Other	2,050	2,211
Inventories	6,211	6,988
Other current assets	1,578	1,815
Total current assets	18,262	20,511
Investments		
Investment in nonconsolidated affiliates	1,289	1,589
Other investments (investments carried at fair value - 2023: \$1,929; 2022: \$1,757)	2,904	2,793
Noncurrent receivables	517	650
Total investments	4,710	5,032
Property		
Property	59,525	58,055
Less accumulated depreciation	38,965	37,613
Net property	20,560	20,442
Other Assets		
Goodwill	8,580	8,644
Other intangible assets (net of accumulated amortization - 2023: \$5,279; 2022: \$5,022)	2,132	2,442
Operating lease right-of-use assets	1,288	1,227
Deferred income tax assets	1,248	960
Deferred charges and other assets	1,434	1,363
Total other assets	14,682	14,636
Total Assets	\$ 58,214	\$ 60,621
Liabilities and Equity		
Current Liabilities		
Notes payable	\$ 223	\$ 362
Long-term debt due within one year	110	362
Accounts payable:		
Trade	4,293	4,940
Other	2,044	2,349
Operating lease liabilities - current	325	287
Income taxes payable	393	334
Accrued and other current liabilities	2,730	2,613
Total current liabilities	10,118	11,247
Long-Term Debt	14,592	14,698
Other Noncurrent Liabilities		
Deferred income tax liabilities	668	1,110
Pension and other postretirement benefits - noncurrent	3,617	3,808
Asbestos-related liabilities - noncurrent	804	857
Operating lease liabilities - noncurrent	1,020	997
Other noncurrent obligations	7,117	6,415
Total other noncurrent liabilities	13,226	13,187
Stockholder's Equity		
Common stock (authorized and issued 100 shares of \$0.01 par value each)	—	—
Additional paid-in capital	8,907	8,627
Retained earnings	18,119	19,472
Accumulated other comprehensive loss	(7,261)	(7,139)
The Dow Chemical Company's stockholder's equity	19,765	20,960
Noncontrolling interests	513	529
Total equity	20,278	21,489
Total Liabilities and Equity	\$ 58,214	\$ 60,621

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Statements of Cash Flows

In millions (Unaudited)	Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022
Operating Activities		
Net income	\$ 733	\$ 3,999
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,954	2,104
Provision (credit) for deferred income tax	(817)	125
Earnings of nonconsolidated affiliates less than dividends received	300	517
Net periodic pension benefit cost (credit)	(69)	19
Pension contributions	(111)	(156)
Net gain on sales of assets, businesses and investments	(49)	(11)
Restructuring and asset related charges - net	549	186
Other net loss	589	167
Changes in assets and liabilities, net of effects of acquired and divested companies:		
Accounts and notes receivable	365	323
Inventories	777	(254)
Accounts payable	(859)	(860)
Other assets and liabilities, net	205	(718)
Cash provided by operating activities	3,567	5,441
Investing Activities		
Capital expenditures	(1,598)	(1,224)
Investment in gas field developments	(175)	(134)
Purchases of previously leased assets	(5)	(5)
Proceeds from sales of property, businesses and consolidated companies, net of cash divested	66	16
Acquisitions of property and businesses, net of cash acquired	(103)	(54)
Investments in and loans to nonconsolidated affiliates	(4)	(69)
Distributions and loan repayments from nonconsolidated affiliates	2	10
Proceeds from sales of ownership interests in nonconsolidated affiliates	63	11
Purchases of investments	(1,291)	(445)
Proceeds from sales and maturities of investments	1,244	596
Other investing activities, net	(45)	(41)
Cash used for investing activities	(1,846)	(1,339)
Financing Activities		
Changes in short-term notes payable	(122)	72
Payments on short-term debt greater than three months	—	(14)
Proceeds from issuance of long-term debt	76	82
Payments on long-term debt	(355)	(957)
Collections on securitization programs	8	—
Proceeds from issuance of stock	63	99
Transaction financing, debt issuance and other costs	(1)	(8)
Employee taxes paid for share-based payment arrangements	(41)	(34)
Distributions to noncontrolling interests	(51)	(42)
Dividends paid to Dow Inc.	(2,008)	(3,755)
Cash used for financing activities	(2,431)	(4,557)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(130)	(261)
Summary		
Decrease in cash, cash equivalents and restricted cash	(840)	(716)
Cash, cash equivalents and restricted cash at beginning of period	3,940	3,033
Cash, cash equivalents and restricted cash at end of period	\$ 3,100	\$ 2,317
Less: Restricted cash and cash equivalents, included in "Other current assets"	20	101
Cash and cash equivalents at end of period	\$ 3,080	\$ 2,216

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Statements of Equity

In millions (Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Common Stock				
Balance at beginning and end of period	\$ —	\$ —	\$ —	\$ —
Additional Paid-in Capital				
Balance at beginning of period	8,822	8,375	8,627	8,159
Issuance of parent company stock - Dow Inc.	8	2	63	99
Stock-based compensation and allocation of ESOP shares	77	79	217	198
Balance at end of period	8,907	8,456	8,907	8,456
Retained Earnings				
Balance at beginning of period	18,469	20,049	19,472	19,288
Net income available for The Dow Chemical Company common stockholder	285	747	672	3,975
Dividends to Dow Inc.	(630)	(1,301)	(2,008)	(3,755)
Other	(5)	(4)	(17)	(17)
Balance at end of period	18,119	19,491	18,119	19,491
Accumulated Other Comprehensive Loss				
Balance at beginning of period	(7,067)	(9,204)	(7,139)	(8,977)
Other comprehensive loss	(194)	(378)	(122)	(605)
Balance at end of period	(7,261)	(9,582)	(7,261)	(9,582)
Unearned ESOP Shares				
Balance at beginning of period	—	—	—	(15)
Allocation of ESOP shares	—	—	—	15
Balance at end of period	—	—	—	—
The Dow Chemical Company's stockholder's equity	19,765	18,365	19,765	18,365
Noncontrolling Interests	513	512	513	512
Total Equity	\$ 20,278	\$ 18,877	\$ 20,278	\$ 18,877

See Notes to the Consolidated Financial Statements.

Dow Inc. and Subsidiaries
The Dow Chemical Company and Subsidiaries

(Unaudited)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 – CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

Dow Inc. is the direct parent company of The Dow Chemical Company and its consolidated subsidiaries ("TDCC" and together with Dow Inc., "Dow" or the "Company"). The unaudited interim consolidated financial statements of Dow Inc. and TDCC were prepared in accordance with accounting principles generally accepted in the United States of America and reflect all adjustments (including normal recurring accruals) which, in the opinion of management, are considered necessary for the fair presentation of the results for the periods presented. These statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the combined Dow Inc. and TDCC Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 10-K").

As a result of the parent/subsidiary relationship between Dow Inc. and TDCC, and considering that the financial statements and disclosures of each company are substantially similar, the companies are filing a combined report for this Quarterly Report on Form 10-Q. The information reflected in the report is equally applicable to both Dow Inc. and TDCC, except where otherwise noted. Transactions between TDCC and Dow Inc. are treated as related party transactions for TDCC.

Except as otherwise indicated by the context, the term "Union Carbide" means Union Carbide Corporation and the term "Dow Silicones" means Dow Silicones Corporation, both wholly owned subsidiaries of the Company.

NOTE 2 – RECENT ACCOUNTING GUIDANCE

Recently Adopted Accounting Guidance

In the first quarter of 2023, the Company adopted the interim period disclosure requirements of Accounting Standards Update ("ASU") 2022-04, "Liabilities — Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." The ASU, issued in September 2022, requires disclosures intended to enhance the transparency of supplier finance programs. Specifically, the amendments require buyers in a supplier finance program to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. The amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for disclosure of rollforward information, which is required to be disclosed annually and is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The amendments should be applied retrospectively to each period in which a balance sheet is presented, except for disclosure of rollforward information, which should be applied prospectively. The Company expects to early adopt the annual requirement to disclose rollforward information prospectively beginning in the 2023 annual financial statements. See Note 5 for disclosures related to the Company's supplier finance program.

Accounting Guidance Issued But Not Adopted at September 30, 2023

In March 2023, the Financial Accounting Standards Board issued ASU 2023-02, "Investments — Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." The amendments permit reporting entities to elect to account for their tax equity investments using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the income tax credits and other income tax benefits received and recognizes the net amortization and income tax credits and other income tax benefits in the income statement as a component of income tax expense (benefit). The amendments also require certain disclosures in annual and interim reporting periods about an entity's tax credit programs. The new standard is effective for public companies for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, and the amendments must be applied on either a modified retrospective or a retrospective basis. Early adoption is permitted. The Company is currently evaluating early adoption of the new guidance in 2023 and the adoption is not expected to have a material impact on the consolidated financial statements.

NOTE 3 – REVENUE

Revenue Recognition

The majority of the Company's revenue is derived from product sales. The Company's revenue related to product sales was 98 percent for the three and nine months ended September 30, 2023 (99 percent for the three and nine months ended September 30, 2022). The remaining sales were primarily related to the Company's insurance operations and licensing of patents and technologies. Product sales consist of sales of the Company's products to manufacturers and distributors. The Company considers order confirmations or purchase orders, which in some cases are governed by master supply agreements, to be contracts with a customer. The Company enters into licensing arrangements in which it licenses certain rights of its patents and technology to customers. Revenue from the Company's licenses for patents and technology is derived from sales-based royalties and licensing arrangements based on billing schedules established in each contract.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to unsatisfied or partially unsatisfied performance obligations. At September 30, 2023, the Company had unfulfilled performance obligations of \$890 million (\$840 million at December 31, 2022) related to the licensing of technology. The Company expects revenue to be recognized for the remaining performance obligations over the next seven years.

The Company has additional remaining performance obligations for product sales that have expected durations of one year or less, product sales of materials delivered through a pipeline for which the Company has elected the "right to invoice" practical expedient, and variable consideration attributable to royalties for licenses of patents and technology. The Company has received advance payments from customers related to long-term supply agreements that are deferred and recognized over the life of the contract, with remaining contract terms that range up to 17 years. The Company will have rights to future consideration for revenue recognized when product is delivered to the customer. These payments are included in "Accrued and other current liabilities" and "Other noncurrent obligations" in the consolidated balance sheets.

Disaggregation of Revenue

The Company disaggregates its revenue from contracts with customers by operating segment and business, as the Company believes it best depicts the nature, amount, timing and uncertainty of its revenue and cash flows. See details in the tables below:

Net Trade Sales by Segment and Business	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions				
Hydrocarbons & Energy	\$ 1,441	\$ 2,509	\$ 4,987	\$ 7,704
Packaging and Specialty Plastics	4,013	4,818	12,521	15,483
Packaging & Specialty Plastics	\$ 5,454	\$ 7,327	\$ 17,508	\$ 23,187
Industrial Solutions	\$ 1,012	\$ 1,420	\$ 3,235	\$ 4,381
Polyurethanes & Construction Chemicals	2,019	2,636	6,343	8,560
Other	4	3	12	12
Industrial Intermediates & Infrastructure	\$ 3,035	\$ 4,059	\$ 9,590	\$ 12,953
Coatings & Performance Monomers	\$ 839	\$ 1,052	\$ 2,572	\$ 3,256
Consumer Solutions	1,291	1,602	4,031	5,450
Performance Materials & Coatings	\$ 2,130	\$ 2,654	\$ 6,603	\$ 8,706
Corporate	\$ 111	\$ 75	\$ 300	\$ 197
Total	\$ 10,730	\$ 14,115	\$ 34,001	\$ 45,043

Net Trade Sales by Geographic Region	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions				
U.S. & Canada	\$ 3,968	\$ 5,334	\$ 12,667	\$ 16,578
EMEA ¹	3,398	4,634	11,225	15,823
Asia Pacific	2,067	2,571	6,172	7,997
Latin America	1,297	1,576	3,937	4,645
Total	\$ 10,730	\$ 14,115	\$ 34,001	\$ 45,043

1. Europe, Middle East, Africa and India.

Contract Assets and Liabilities

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Contract liabilities include payments received in advance of performance under the contract and are recognized in revenue when the performance obligations are met. "Contract liabilities - current" primarily reflects deferred revenue from prepayments from customers for product to be delivered in 12 months or less and royalty payments that are deferred and will be recognized in 12 months or less. "Contract liabilities - noncurrent" includes advance payments that the Company has received from customers related to long-term supply agreements and royalty payments that are deferred and recognized over the life of the contract.

Revenue recognized in the first nine months of 2023 from amounts included in contract liabilities at the beginning of the period was approximately \$205 million (approximately \$165 million in the first nine months of 2022). In the first nine months of 2023, the amount of contract assets reclassified to receivables as a result of the right to the transaction consideration becoming unconditional was approximately \$45 million (insignificant in the first nine months of 2022).

The following table summarizes contract assets and liabilities at September 30, 2023 and December 31, 2022:

Contract Assets and Liabilities	<i>Balance Sheet Classification</i>	<i>Sep 30, 2023</i>	<i>Dec 31, 2022</i>
In millions			
Accounts and notes receivable - trade	Accounts and notes receivable - trade	\$ 5,343	\$ 5,611
Contract assets - current	Other current assets	\$ 29	\$ 48
Contract assets - noncurrent	Deferred charges and other assets	\$ 4	\$ 16
Contract liabilities - current	Accrued and other current liabilities	\$ 220	\$ 275
Contract liabilities - noncurrent	Other noncurrent obligations	\$ 1,703	\$ 1,725

NOTE 4 – RESTRUCTURING AND ASSET RELATED CHARGES - NET

Charges for restructuring programs and other asset related charges, which includes asset impairments, are recorded in "Restructuring and asset related charges - net" in the consolidated statements of income. For additional information on the Company's restructuring programs, see Note 5 to the Consolidated Financial Statements included in the 2022 10-K.

2023 Restructuring Program

On January 25, 2023, the Dow Inc. Board of Directors ("Board") approved restructuring actions to achieve the Company's structural cost improvement initiatives in response to the continued economic impact from the global recessionary environment and to enhance its agility and long-term competitiveness across the economic cycle. As a result of these actions, the Company recorded pretax restructuring charges of \$541 million in the first quarter of 2023 and additional pretax restructuring charges of \$8 million in the second quarter of 2023. These actions are expected to be substantially complete by the end of 2024. The following table summarizes the activities related to the 2023 Restructuring Program, including segment information:

2023 Restructuring Program	<i>Severance and Related Benefit Costs</i>	<i>Asset Write-downs and Write-offs</i>	<i>Total</i>
In millions			
Packaging & Specialty Plastics	\$ —	\$ 1	\$ 1
Industrial Intermediates & Infrastructure	—	40	40
Performance Materials & Coatings	—	49	49
Corporate	344	107	451
Total restructuring charges	\$ 344	\$ 197	\$ 541
Charges against the reserve	—	(197)	(197)
Cash payments	(11)	—	(11)
Reserve balance at Mar 31, 2023	\$ 333	\$ —	\$ 333
Industrial Intermediates & Infrastructure	\$ —	\$ 8	\$ 8
Total restructuring charges	\$ —	\$ 8	\$ 8
Charges against the reserve	—	(8)	(8)
Cash payments	(60)	—	(60)
Reserve balance at Jun 30, 2023	\$ 273	\$ —	\$ 273
Cash payments	(110)	—	(110)
Reserve balance at Sep 30, 2023	\$ 163	\$ —	\$ 163

At September 30, 2023, \$105 million of the reserve balance was included in "Accrued and other current liabilities" and \$58 million was included in "Other noncurrent obligations" in the consolidated balance sheets.

The Company recorded pretax restructuring charges of \$549 million inception-to-date under the 2023 Restructuring Program, consisting of severance and related benefit costs of \$344 million and asset write-downs and write-offs of \$205 million.

Severance and Related Benefit Costs

Severance benefits are provided to employees primarily under Dow's ongoing benefit arrangements and are accrued against the Corporate segment once management commits to a plan of termination. The 2023 Restructuring Program included a charge for severance and related benefit costs of \$344 million for a global workforce reduction of approximately 2,000 employees, with separations continuing primarily through the end of 2024.

Asset Write-downs and Write-offs

The 2023 Restructuring Program included charges related to the write-down and write-off of assets totaling \$205 million. Details regarding the asset write-downs and write-offs are as follows:

- Industrial Intermediates & Infrastructure charges relate to the shutdown of certain polyurethanes assets and the write-off of other assets. The majority of the impacted facilities are expected to be shutdown by the end of 2024.
- Performance Materials & Coatings recorded charges to rationalize its asset footprint by shutting down certain coatings assets. These facilities are expected to be shutdown by the end of 2024.
- Corporate recorded charges related to the write-down of Company owned and leased, non-manufacturing facilities, primarily related to office space rationalization.

Restructuring implementation costs, primarily decommissioning and demolition activities related to asset actions, and costs associated with the Company's productivity and efficiency actions, are expected to result in additional cash expenditures of approximately \$280 million, primarily through the end of 2024.

2022 Asset Related Charges

In the first quarter of 2022, the Company recorded pretax asset related charges of \$186 million due to the Russia and Ukraine conflict and the expectation that certain assets will not be recoverable. These charges included the write-down of inventory, the recording of bad debt reserves and the impairment of other assets. Asset related charges by segment were as follows: \$31 million in Packaging & Specialty Plastics, \$109 million in Industrial Intermediates & Infrastructure, \$16 million in Performance Materials & Coatings and \$30 million in Corporate.

NOTE 5 – SUPPLEMENTARY INFORMATION

Dow Inc. Sundry Income (Expense) – Net	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>
In millions				
Non-operating pension and other postretirement benefit plan net credits ¹	\$ 97	\$ 89	\$ 290	\$ 267
Foreign exchange losses ²	(39)	(31)	(236)	(46)
Gain on sales of other assets and investments ³	—	10	74	53
Asset impairments and related costs ⁴	—	—	(18)	—
Indemnification and other transaction related costs ⁵	21	(7)	17	(3)
Loss on early extinguishment of debt	—	—	—	(8)
Other - net	13	8	75	29
Total sundry income (expense) – net	\$ 92	\$ 69	\$ 202	\$ 292

1. See Note 12 for additional information.

2. Foreign exchange losses for the three and nine months ended September 30, 2023 and September 30, 2022 relate primarily to exposures in the Argentinian peso.

3. The nine months ended September 30, 2023 includes gains associated with the sale of shares of a previously impaired equity method investment.

4. Certain obligations associated with a previously impaired equity method investment.

5. Primarily related to charges associated with agreements entered into with DuPont and Corteva as part of the separation and distribution.

Sundry income (expense) - net for TDCC for the three and nine months ended September 30, 2023 and 2022 is substantially the same as that of Dow Inc., with the primary difference related to indemnification and other transaction related costs recorded on Dow Inc. Therefore, TDCC sundry income (expense) - net is not disclosed separately.

Supplier Finance Program

The Company facilitates a supply chain financing (“SCF”) program in the ordinary course of business in order to extend payment terms with vendors. Under the terms of this program, a vendor can voluntarily enter into an agreement with a participating financial intermediary to sell its receivables due from the Company. The vendor receives payment from the financial intermediary, and the Company pays the financial intermediary on the terms originally negotiated with the vendor, which generally range from 90 to 120 days. The vendor negotiates the terms of the agreements directly with the financial intermediary and the Company is not a party to that agreement. The financial intermediary may allow the participating vendor to utilize the Company’s creditworthiness in establishing credit spreads and associated costs, which may provide the vendor with more favorable terms than they would be able to secure on their own. The Company does not provide guarantees related to the SCF program. At September 30, 2023, outstanding obligations confirmed as valid under the SCF program were \$317 million (\$267 million at December 31, 2022), included in “Accounts payable – Trade” in the consolidated balance sheets.

NOTE 6 - EARNINGS PER SHARE CALCULATIONS

The following tables provide earnings per share calculations for Dow Inc. for the three and nine months ended September 30, 2023 and 2022. Earnings per share of TDCC is not presented as this information is not required in financial statements of wholly owned subsidiaries.

Net Income for Earnings Per Share Calculations	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions				
Net income	\$ 327	\$ 760	\$ 755	\$ 3,993
Net income attributable to noncontrolling interests	25	21	61	24
Net income attributable to participating securities ¹	2	4	8	21
Net income attributable to common stockholders	\$ 300	\$ 735	\$ 686	\$ 3,948

Earnings Per Share - Basic and Diluted	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Dollars per share				
Earnings per common share - basic	\$ 0.43	\$ 1.03	\$ 0.97	\$ 5.45
Earnings per common share - diluted	\$ 0.42	\$ 1.02	\$ 0.97	\$ 5.41

Share Count Information	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Shares in millions				
Weighted-average common shares outstanding - basic	704.0	714.3	706.4	724.9
Plus dilutive effect of equity compensation plans	3.5	3.8	3.3	4.9
Weighted-average common shares outstanding - diluted	707.5	718.1	709.7	729.8
Stock options and restricted stock units excluded from EPS calculations ²	9.3	9.7	9.8	6.8

1. Restricted stock units are considered participating securities due to the Company's practice of paying dividend equivalents on unvested shares.

2. These outstanding options to purchase shares of common stock and restricted stock units were excluded from the calculation of diluted earnings per share because the effect of including them would have been antidilutive.

NOTE 7 – INVENTORIES

The following table provides a breakdown of inventories:

Inventories	Sep 30, 2023	Dec 31, 2022
In millions		
Finished goods	\$ 3,540	\$ 4,150
Work in process	1,255	1,476
Raw materials	772	954
Supplies	945	892
Total	\$ 6,512	\$ 7,472
Adjustment of inventories to the LIFO basis	(301)	(484)
Total inventories	\$ 6,211	\$ 6,988

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A summary of the Company's commitments and contingencies can be found in Note 15 to the Consolidated Financial Statements included in the 2022 10-K, which is incorporated by reference herein.

Environmental Matters

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. At September 30, 2023, the Company had accrued obligations of \$1,228 million for probable environmental remediation and restoration costs (\$1,192 million at December 31, 2022), including \$258 million for the remediation of Superfund sites (\$244 million at December 31, 2022). This is management's best estimate of the costs for remediation and restoration with respect to environmental matters for which the Company has accrued liabilities, although it is reasonably possible that the ultimate cost with respect to these particular matters could range up to approximately two times that amount. Consequently, it is reasonably possible that environmental remediation and restoration costs in excess of amounts accrued could have a material impact on the Company's results of operations, financial condition and cash flows. It is the opinion of the Company's management, however, that the possibility is remote that costs in excess of the range disclosed will have a material impact on the Company's results of operations, financial condition and cash flows. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, and emerging remediation technologies for handling site remediation and restoration. As new or additional information becomes available and/or certain spending trends become known, management will evaluate such information in determination of the current estimate of environmental liability.

Litigation

Asbestos-Related Matters of Union Carbide Corporation

Each quarter, Union Carbide reviews asbestos-related claims filed, settled and dismissed, as well as average settlement and resolution costs by disease category. Union Carbide also considers additional quantitative and qualitative factors such as the nature of pending claims, trial experience of Union Carbide and other asbestos defendants, current spending for defense and processing costs, significant appellate rulings and legislative developments, trends in the tort system, and their respective effects on expected future resolution costs. Union Carbide's management considers these factors in conjunction with the most recent actuarial study and determines whether a change in the estimate is warranted. Based on Union Carbide's review of 2023 activity, it was determined that no adjustment to the accrual was required at September 30, 2023.

Union Carbide's total asbestos-related liability for pending and future claims and defense and processing costs was \$884 million at September 30, 2023 (\$947 million at December 31, 2022). At September 30, 2023, approximately 23 percent of the recorded claim liability related to pending claims and approximately 77 percent related to future claims.

Groundwater Contamination

The Company is the subject of various complaints related to alleged groundwater contamination based on decades-old sales and applications of certain agricultural chemical products ("Legacy Liabilities"). The costs associated with these Legacy Liabilities were previously covered by insurance policies that have since been depleted. In the first quarter of 2023, the Company completed a study of the Legacy Liabilities now deemed to be probable and estimable based on the public reporting of sampling data and historical information to develop a reasonable estimate of the cost of pending and future claims. As a result, the Company recorded a pretax charge of \$177 million, included in "Cost of sales" in the consolidated statements of income and related to Industrial Intermediates & Infrastructure. At September 30, 2023, the total liability related to such alleged Legacy Liabilities settlements was \$234 million, which was included in "Accrued and other current liabilities" and "Other noncurrent obligations" in the consolidated balance sheets.

Indemnifications with Corning Incorporated

The Company had indemnification assets with Corning Incorporated of \$114 million at September 30, 2023 (\$98 million at December 31, 2022) related to the 2016 ownership restructure of Dow Silicones, which were included in "Other current assets" and "Noncurrent receivables" in the consolidated balance sheets.

Gain Contingency - Dow v. Nova Chemicals Corporation Ethylene Asset Matter

As a result of a 2019 damages judgment related to the ethylene asset matter, Nova was ordered to pay the Company \$1.43 billion Canadian dollars (equivalent to approximately \$1.08 billion U.S. dollars), for which the Company received payment in October 2019 and March 2020. At September 30, 2023, \$323 million (\$323 million at December 31, 2022) was included in "Other noncurrent obligations" in the Company's consolidated balance sheets related to the disputed portion of the damages judgment.

NOTE 9 - LEASES

For additional information on the Company's leases, see Note 16 to the Consolidated Financial Statements included in the 2022 10-K.

The components of lease cost for operating and finance leases for the three and nine months ended September 30, 2023 and 2022 were as follows:

Lease Cost In millions	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>
Operating lease cost	\$ 118	\$ 98	\$ 319	\$ 294
Finance lease cost				
Amortization of right-of-use assets - finance	\$ 26	\$ 28	\$ 77	\$ 80
Interest on lease liabilities - finance	8	8	24	25
Total finance lease cost	\$ 34	\$ 36	\$ 101	\$ 105
Short-term lease cost	62	69	194	194
Variable lease cost	241	164	683	412
Sublease income	(2)	(2)	(6)	(8)
Total lease cost	\$ 453	\$ 365	\$ 1,291	\$ 997

The following table provides supplemental cash flow and other information related to leases:

Other Lease Information In millions	<i>Nine Months Ended</i>	
	<i>Sep 30, 2023</i>	<i>Sep 30, 2022</i>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 320	\$ 289
Operating cash flows for finance leases	\$ 24	\$ 25
Financing cash flows for finance leases	\$ 83	\$ 79
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 283	\$ 93
Finance leases	\$ 43	\$ 44

NOTE 10 – ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in each component of accumulated other comprehensive loss ("AOCL") for the three and nine months ended September 30, 2023 and 2022 were as follows:

Accumulated Other Comprehensive Loss In millions	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Unrealized Gains (Losses) on Investments				
Beginning balance	\$ (161)	\$ (190)	\$ (253)	\$ 59
Unrealized gains (losses) on investments	(33)	(61)	55	(385)
Tax (expense) benefit	9	(55)	48	12
Net unrealized gains (losses) on investments	(24)	(116)	103	(373)
(Gains) losses reclassified from AOCL to net income ¹	4	(8)	(41)	2
Tax expense (benefit) ²	—	2	10	—
Net (gains) losses reclassified from AOCL to net income	4	(6)	(31)	2
Other comprehensive income (loss), net of tax	(20)	(122)	72	(371)
Ending balance	\$ (181)	\$ (312)	\$ (181)	\$ (312)
Cumulative Translation Adjustment				
Beginning balance	\$ (1,936)	\$ (2,033)	\$ (1,934)	\$ (1,355)
Gains (losses) on foreign currency translation	(122)	(369)	(122)	(1,034)
Tax (expense) benefit	(6)	(17)	(16)	(7)
Net gains (losses) on foreign currency translation	(128)	(386)	(138)	(1,041)
(Gains) losses reclassified from AOCL to net income ³	(19)	(17)	(11)	(40)
Other comprehensive income (loss), net of tax	(147)	(403)	(149)	(1,081)
Ending balance	\$ (2,083)	\$ (2,436)	\$ (2,083)	\$ (2,436)
Pension and Other Postretirement Benefits				
Beginning balance	\$ (4,875)	\$ (7,103)	\$ (4,877)	\$ (7,334)
Gains (losses) arising during the period	(4)	6	(7)	11
Amortization of net loss and prior service credits reclassified from AOCL to net income ⁴	3	155	8	468
Tax expense (benefit) ²	(1)	(36)	(1)	(123)
Net loss and prior service credits reclassified from AOCL to net income	2	119	7	345
Other comprehensive income (loss), net of tax	(2)	125	—	356
Ending balance	\$ (4,877)	\$ (6,978)	\$ (4,877)	\$ (6,978)
Derivative Instruments				
Beginning balance	\$ (95)	\$ 122	\$ (75)	\$ (347)
Gains (losses) on derivative instruments	(58)	122	(242)	802
Tax (expense) benefit	(2)	(31)	34	(114)
Net gains (losses) on derivative instruments	(60)	91	(208)	688
(Gains) losses reclassified from AOCL to net income ⁵	45	(80)	209	(222)
Tax expense (benefit) ²	(10)	11	(46)	25
Net (gains) losses reclassified from AOCL to net income	35	(69)	163	(197)
Other comprehensive income (loss), net of tax	(25)	22	(45)	491
Ending balance	\$ (120)	\$ 144	\$ (120)	\$ 144
Total AOCL ending balance	\$ (7,261)	\$ (9,582)	\$ (7,261)	\$ (9,582)

1. Reclassified to "Net sales" and "Sundry income (expense) - net."

2. Reclassified to "Provision for income taxes."

3. Reclassified to "Sundry income (expense) - net."

4. These AOCL components are included in the computation of net periodic benefit cost (credit) of the Company's defined benefit pension and other postretirement benefit plans. See Note 12 for additional information.

5. Reclassified to "Cost of sales," "Sundry income (expense) - net" and "Interest expense and amortization of debt discount."

NOTE 11 – NONCONTROLLING INTERESTS

Ownership interests in the Company's subsidiaries held by parties other than the Company are presented separately from the Company's equity in the consolidated balance sheets as "Noncontrolling interests." The amount of consolidated net income attributable to the Company and the noncontrolling interests are both presented on the face of the consolidated statements of income.

The following table summarizes the activity for equity attributable to noncontrolling interests for the three and nine months ended September 30, 2023 and 2022:

Noncontrolling Interests	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions				
Balance at beginning of period	\$ 512	\$ 534	\$ 529	\$ 574
Net income attributable to noncontrolling interests ¹	25	21	61	24
Distributions to noncontrolling interests ²	(15)	(20)	(43)	(35)
Cumulative translation adjustments	(9)	(24)	(34)	(51)
Other	—	1	—	—
Balance at end of period	\$ 513	\$ 512	\$ 513	\$ 512

1. The nine months ended September 30, 2022 includes the portion of asset related charges attributable to noncontrolling interests related to a joint venture in Russia. See Note 4 for additional information.

2. Includes dividends paid to a joint venture of \$8 million for the nine months ended September 30, 2023 (\$7 million for the nine months ended September 30, 2022) which were reclassified to "Equity in earnings (losses) of nonconsolidated affiliates" in the consolidated statements of income.

NOTE 12 – PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

A summary of the Company's pension and other postretirement benefit plans can be found in Note 19 to the Consolidated Financial Statements included in the 2022 10-K. The following table provides the components of the Company's net periodic benefit cost (credit) for all significant plans:

Net Periodic Benefit Cost (Credit) for All Significant Plans	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions				
Defined Benefit Pension Plans				
Service cost	\$ 71	\$ 97	\$ 212	\$ 295
Interest cost	280	170	838	512
Expected return on plan assets	(391)	(420)	(1,170)	(1,267)
Amortization of prior service credit	(7)	(5)	(20)	(16)
Amortization of net loss	24	163	71	495
Net periodic benefit cost (credit)	\$ (23)	\$ 5	\$ (69)	\$ 19
Other Postretirement Benefit Plans				
Service cost	\$ 1	\$ 1	\$ 3	\$ 4
Interest cost	11	6	34	20
Amortization of net gain	(14)	(3)	(43)	(11)
Net periodic benefit cost (credit)	\$ (2)	\$ 4	\$ (6)	\$ 13

Net periodic benefit cost (credit), other than the service cost component, is included in "Sundry income (expense) - net" in the consolidated statements of income.

NOTE 13 – STOCK-BASED COMPENSATION

A summary of the Company's stock-based compensation plans can be found in Note 20 to the Consolidated Financial Statements included in the 2022 10-K.

Stock Incentive Plan

The Company grants stock-based compensation to employees and non-employee directors under the 2019 Stock Incentive Plan, as amended. Most of the Company's stock-based compensation awards are granted in the first quarter of each year.

In the first quarter of 2023, Dow Inc. granted the following stock-based compensation awards to employees:

- 1.1 million stock options with a weighted-average exercise price of \$59.08 per share and a weighted-average fair value of \$12.13 per share;
- 1.8 million restricted stock units with a weighted-average fair value of \$59.03 per share; and
- 1.2 million performance stock units with a weighted-average fair value of \$64.04 per share.

There was minimal grant activity in the second and third quarters of 2023.

Employee Stock Purchase Plan

The Dow Inc. 2021 Employee Stock Purchase Plan (the "2021 ESPP") was adopted by the Dow Inc. Board on February 11, 2021, and approved by stockholders at the Company's annual meeting on April 15, 2021. Under the 2023 annual offering of the 2021 ESPP, most employees will be eligible to purchase shares of common stock of Dow Inc. valued at up to 10 percent of their annual total base salary or wages. The number of shares purchased is determined using the amount contributed by the employee divided by the plan price. The plan price of the stock is equal to 85 percent of the fair market value (closing price) of the common stock at May 1, 2023 (beginning) or November 3, 2023 (ending) of the offering period, whichever is lower.

In the second quarter of 2023, employees subscribed to the right to purchase approximately 2.6 million shares under the 2021 ESPP. The plan price is fixed upon the close of the offering period and will be determined in the fourth quarter of 2023. The shares will be delivered to employees in the fourth quarter of 2023.

NOTE 14 – FINANCIAL INSTRUMENTS

A summary of the Company's financial instruments, risk management policies, derivative instruments and hedging activities can be found in Note 21 to the Consolidated Financial Statements included in the 2022 10-K.

Refer to Note 15 for a summary of the fair value of financial instruments at September 30, 2023 and December 31, 2022.

Debt Securities

The Company's investments in debt securities are primarily classified as available-for-sale. The following table provides investing results from available-for-sale securities for the nine months ended September 30, 2023 and 2022:

Investing Results In millions	Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022
Proceeds from sales of available-for-sale securities	\$ 397	\$ 449
Gross realized gains	\$ 59	\$ 40
Gross realized losses	\$ (18)	\$ (42)

The following table summarizes contractual maturities of the Company's investments in debt securities:

Contractual Maturities of Debt Securities at Sep 30, 2023		
In millions	Cost	Fair Value
Within one year	\$ 63	\$ 59
One to five years	1,117	1,032
Six to ten years	509	437
After ten years	513	386
Total	\$ 2,202	\$ 1,914

Equity Securities

There were no material adjustments to the carrying value of the not readily determinable investments for impairment or observable price changes for the three months ended September 30, 2023. There was \$4 million of net unrealized losses recognized in earnings on equity securities for the three months ended September 30, 2023 (\$2 million of net unrealized losses for the three months ended September 30, 2022). There was \$6 million of net unrealized gains recognized in earnings on equity securities for the nine months ended September 30, 2023 (\$8 million of net unrealized losses for the nine months ended September 30, 2022).

Investments in Equity Securities		
In millions	Sep 30, 2023	Dec 31, 2022
Readily determinable fair value	\$ 15	\$ 10
Not readily determinable fair value	\$ 177	\$ 186

Derivative Instruments

The notional amounts of the Company's derivative instruments at September 30, 2023 and December 31, 2022 were as follows:

Notional Amounts ¹		
In millions	<i>Sep 30, 2023</i>	<i>Dec 31, 2022</i>
Derivatives designated as hedging instruments:		
Interest rate contracts	\$ 3,000	\$ 1,500
Foreign currency contracts	\$ 8,683	\$ 2,408
Derivatives not designated as hedging instruments:		
Interest rate contracts	\$ 140	\$ 3
Foreign currency contracts	\$ 12,921	\$ 8,837

1. Notional amounts represent the absolute value of open derivative positions at the end of the period. Multi-leg option positions are reflected at the maximum notional position at expiration.

The notional amounts of the Company's commodity derivatives at September 30, 2023 and December 31, 2022 were as follows:

Commodity Notionals ¹	<i>Sep 30, 2023</i>	<i>Dec 31, 2022</i>	<i>Notional Volume Unit</i>
Derivatives designated as hedging instruments:			
Hydrocarbon derivatives	2.1	19.2	million barrels of oil equivalent
Derivatives not designated as hedging instruments:			
Hydrocarbon derivatives	0.7	—	million barrels of oil equivalent

1. Notional amounts represent the net volume of open derivative positions outstanding at the end of the period.

Maturity Dates of Derivatives Designated as Hedging Instruments	<i>Year</i>
Interest rate contracts	2025
Foreign currency contracts	2024
Commodity contracts	2026

The following table provides the fair value and balance sheet classification of derivative instruments at September 30, 2023 and December 31, 2022:

Fair Value of Derivative Instruments	Sep 30, 2023			Dec 31, 2022		
	Gross	Counterparty and Cash Collateral Netting ¹	Net ²	Gross	Counterparty and Cash Collateral Netting ¹	Net ²
In millions						
Asset derivatives						
Derivatives designated as hedging instruments:						
Interest rate contracts ³	\$ 8	\$ (8)	\$ —	\$ 351	\$ (246)	\$ 105
Interest rate contracts ⁴	61	(61)	—	—	—	—
Foreign currency contracts ³	190	(117)	73	58	(39)	19
Commodity contracts ³	54	(37)	17	199	(148)	51
Commodity contracts ⁴	5	(4)	1	—	—	—
Total	\$ 318	\$ (227)	\$ 91	\$ 608	\$ (433)	\$ 175
Derivatives not designated as hedging instruments:						
Interest rate contracts ³	\$ 2	\$ (2)	\$ —	\$ —	\$ —	\$ —
Interest rate contracts ⁴	1	(1)	—	—	—	—
Foreign currency contracts ³	15	(12)	3	146	(50)	96
Commodity contracts ³	73	(44)	29	22	(1)	21
Commodity contracts ⁴	6	(1)	5	—	—	—
Total	\$ 97	\$ (60)	\$ 37	\$ 168	\$ (51)	\$ 117
Total asset derivatives	\$ 415	\$ (287)	\$ 128	\$ 776	\$ (484)	\$ 292
Liability derivatives						
Derivatives designated as hedging instruments:						
Interest rate contracts ⁵	\$ 49	\$ (8)	\$ 41	\$ 246	\$ (246)	\$ —
Interest rate contracts ⁶	238	(61)	177	—	—	—
Foreign currency contracts ⁵	117	(117)	—	58	(39)	19
Commodity contracts ⁵	61	(44)	17	258	(198)	60
Commodity contracts ⁶	4	(4)	—	—	—	—
Total	\$ 469	\$ (234)	\$ 235	\$ 562	\$ (483)	\$ 79
Derivatives not designated as hedging instruments:						
Interest rate contracts ⁵	\$ 5	\$ (2)	\$ 3	\$ —	\$ —	\$ —
Interest rate contracts ⁶	1	(1)	—	—	—	—
Foreign currency contracts ⁵	118	(12)	106	61	(50)	11
Commodity contracts ⁵	72	(44)	28	12	(11)	1
Commodity contracts ⁶	4	(1)	3	—	—	—
Total	\$ 200	\$ (60)	\$ 140	\$ 73	\$ (61)	\$ 12
Total liability derivatives	\$ 669	\$ (294)	\$ 375	\$ 635	\$ (544)	\$ 91

1. Counterparty and cash collateral amounts represent the estimated net settlement amount when applying netting and set-off rights included in master netting arrangements between the Company and its counterparties and the payable or receivable for cash collateral held or placed with the same counterparty.

2. Represents the net amounts included in the consolidated balance sheets.

3. Included in "Other current assets" in the consolidated balance sheets.

4. Included in "Deferred charges and other assets" in the consolidated balance sheets.

5. Included in "Accrued and other current liabilities" in the consolidated balance sheets.

6. Included in "Other noncurrent obligations" in the consolidated balance sheets.

Assets and liabilities related to forward contracts, interest rate swaps, currency swaps, options and other conditional or exchange contracts executed with the same counterparty under a master netting arrangement are netted. Collateral accounts are netted with corresponding assets or liabilities, when applicable. The Company posted cash collateral of \$26 million at September 30, 2023 (\$80 million at December 31, 2022). Cash collateral of \$1 million was posted by counterparties with the Company at September 30, 2023 (\$2 million at December 31, 2022).

The following table summarizes the gain (loss) of derivative instruments in the consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2023 and 2022:

Effect of Derivative Instruments	Gain (loss) recognized in OCI ¹				Gain (loss) recognized in income ²			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions								
Derivatives designated as hedging instruments:								
Fair value hedges:								
Excluded components ^{3, 4}	\$ (88)	\$ —	\$ (93)	\$ —	\$ —	\$ —	\$ —	\$ —
Cash flow hedges:								
Interest rate contracts ⁴	—	24	5	231	(3)	(3)	(7)	(8)
Foreign currency contracts ⁵	5	2	6	8	—	4	1	10
Commodity contracts ⁵	4	23	(145)	310	(42)	79	(203)	220
Net foreign investment hedges:								
Foreign currency contracts	69	88	72	135	—	—	—	—
Excluded components ^{3, 6}	4	25	35	59	19	15	26	38
Total derivatives designated as hedging instruments	\$ (6)	\$ 162	\$ (120)	\$ 743	\$ (26)	\$ 95	\$ (183)	\$ 260
Derivatives not designated as hedging instruments:								
Interest rate contracts ⁴	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ (1)
Foreign currency contracts ⁶	—	—	—	—	(101)	(255)	(95)	(531)
Commodity contracts ⁵	—	—	—	—	(1)	10	3	39
Total return swap ⁵	—	—	—	—	(16)	—	(13)	—
Total derivatives not designated as hedging instruments	\$ —	\$ —	\$ —	\$ —	\$ (118)	\$ (245)	\$ (104)	\$ (493)
Total derivatives	\$ (6)	\$ 162	\$ (120)	\$ 743	\$ (144)	\$ (150)	\$ (287)	\$ (233)

1. OCI is defined as other comprehensive income (loss).

2. Pretax amounts.

3. The excluded components are related to the time value of the derivatives designated as hedges.

4. Included in "Interest expense and amortization of debt discount" in the consolidated statements of income.

5. Included in "Cost of sales" in the consolidated statements of income.

6. Included in "Sundry income (expense) - net" in the consolidated statements of income.

The following table provides the net after-tax gain (loss) expected to be reclassified from AOCL to income within the next 12 months:

Expected Reclassifications from AOCL within the next 12 months	Sep 30, 2023
In millions	
Cash flow hedges:	
Interest rate contracts	\$ (7)
Commodity contracts	\$ (33)
Foreign currency contracts	\$ 5
Net foreign investment hedges:	
Excluded components	\$ 4

NOTE 15 – FAIR VALUE MEASUREMENTS

A summary of the Company's recurring and nonrecurring fair value measurements can be found in Note 22 to the Consolidated Financial Statements included in the 2022 10-K.

Fair Value Measurements on a Recurring Basis

The following table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis:

Fair Value Measurements on a Recurring Basis	Fair Value Level	Sep 30, 2023				Dec 31, 2022			
		Cost	Gain	Loss	Fair Value	Cost	Gain	Loss	Fair Value
In millions									
Assets at fair value:									
Cash equivalents:									
Held-to-maturity securities ¹	Level 2	\$ 699	\$ —	\$ —	\$ 699	\$ 872	\$ —	\$ —	\$ 872
Money market funds	Level 2	1,209	—	—	1,209	355	—	—	355
Marketable securities ²	Level 2	886	28	—	914	927	12	—	939
Nonconsolidated affiliates ³	Level 3				7				7
Other investments:									
Debt securities: ⁴									
Government debt ⁵	Level 2	763	—	(146)	617	754	1	(133)	622
Corporate bonds	Level 1	24	—	(4)	20	38	—	(3)	35
Corporate bonds	Level 2	1,215	13	(151)	1,077	1,236	10	(156)	1,090
Corporate bonds	Level 3	200	—	—	200	—	—	—	—
Equity securities ^{4, 6}	Level 1	4	11	—	15	5	5	—	10
Derivatives relating to: ⁷									
Interest rates	Level 2	—	72	—	72	—	351	—	351
Foreign currency	Level 2	—	205	—	205	—	204	—	204
Commodities	Level 1	—	12	—	12	—	63	—	63
Commodities	Level 2	—	126	—	126	—	158	—	158
Total assets at fair value					\$ 5,173				\$ 4,706
Liabilities at fair value:									
Long-term debt including debt due within one year ⁸	Level 2	\$ (14,702)	\$ 1,968	\$ (354)	\$ (13,088)	\$ (15,060)	\$ 1,683	\$ (498)	\$ (13,875)
Guarantee liability ⁹	Level 3				(183)				(199)
Derivatives relating to: ⁷									
Interest rates	Level 2	—	—	(293)	(293)	—	—	(246)	(246)
Foreign currency	Level 2	—	—	(235)	(235)	—	—	(119)	(119)
Commodities	Level 1	—	—	(11)	(11)	—	—	(103)	(103)
Commodities	Level 2	—	—	(130)	(130)	—	—	(167)	(167)
Total liabilities at fair value					\$ (13,940)				\$ (14,709)

1. The Company's held-to-maturity securities primarily included treasury bills and time deposits.

2. The Company's investments in marketable securities are included in "Other current assets" in the consolidated balance sheets.

3. Estimated asset for an investment in a limited liability company included in "Investment in nonconsolidated affiliates" in the consolidated balance sheets.

4. The Company's investments in debt securities, which are primarily available-for-sale, and equity securities are included in "Other investments" in the consolidated balance sheets.

5. U.S. Treasury obligations, U.S. agency obligations, U.S. agency mortgage-backed securities and other municipalities' obligations.

6. Equity securities with a readily determinable fair value.

7. See Note 14 for classification of derivatives in the consolidated balance sheets.

8. Cost includes fair value hedge adjustment losses of \$50 million at September 30, 2023 and gains of \$46 million at December 31, 2022 on \$4,479 million of debt at September 30, 2023 and \$2,279 million of debt at December 31, 2022.

9. Estimated liability for TDCC's guarantee of Sadara's debt which is included in "Other noncurrent obligations" in the consolidated balance sheets.

Cost approximates fair value for all other financial instruments.

For equity securities calculated at net asset value per share (or its equivalent), the Company had \$83 million in private market securities and \$19 million in real estate at September 30, 2023 (\$92 million in private market securities and \$20 million in real estate at December 31, 2022). There are no redemption restrictions and the unfunded commitments on these investments were \$46 million at September 30, 2023 and \$54 million at December 31, 2022.

For assets classified as Level 3 measurements, fair value is based on significant unobservable inputs including assumptions where there is little, if any, market activity. The level 3 asset values represent the fair value of an investment in a corporate bond, accounted for as a debt security and an investment in a limited liability company, accounted for as an investment in nonconsolidated affiliates. There was no unfunded commitment on the investment in a limited liability company at September 30, 2023 or December 31, 2022.

For liabilities classified as Level 3 measurements, fair value is based on significant unobservable inputs including assumptions where there is little, if any, market activity. The fair value of the Company's accrued liability related to the guarantee of Sadara's debt is in proportion to the Company's 35 percent ownership interest in Sadara. The estimated fair value of the guarantee was calculated using a "with" and "without" method. The fair value of the debt was calculated "with" the guarantee less the fair value of the debt "without" the guarantee. The "with" and "without" values were calculated using a discounted cash flow method based on contractual cash flows as well as projected prepayments made on the debt by Sadara.

Fair Value Measurements on a Nonrecurring Basis

As part of the 2023 Restructuring Program, the Company has or will shut down a number of manufacturing facilities, corporate facilities and miscellaneous assets around the world. In the first quarter of 2023, the assets associated with this plan were written down to zero, except for one corporate facility. The remaining corporate facility, which was classified as a level 3 measurement, was written down to a fair value of \$16 million using unobservable inputs. In addition, impairments of leased, non-manufacturing facilities, which were classified as Level 3 measurements, resulted in a write-down of right-of-use assets to a fair value of \$9 million using unobservable inputs. The impairment charges related to the 2023 Restructuring Program, totaling \$197 million, were included in "Restructuring and asset related charges - net" in the consolidated statements of income and related to Packaging & Specialty Plastics (\$1 million), Industrial Intermediates & Infrastructure (\$40 million), Performance Materials & Coatings (\$49 million) and Corporate (\$107 million). In the second quarter of 2023, the Company recorded an adjustment to the impairment charges related to the 2023 Restructuring Program, totaling \$8 million, included in "Restructuring and asset related charges - net" in the consolidated statements of income and related to Industrial Intermediates & Infrastructure.

NOTE 16 – SEGMENTS AND GEOGRAPHIC REGIONS

Dow's measure of profit/loss for segment reporting purposes is Operating EBIT as this is the manner in which the Company's chief operating decision maker assesses performance and allocates resources. The Company defines Operating EBIT as earnings (i.e., "Income before income taxes") before interest, excluding the impact of significant items. Operating EBIT by segment includes all operating items relating to the businesses; items that principally apply to Dow as a whole are assigned to Corporate.

Segment Information	Pack. & Spec. Plastics	Ind. Inter. & Infrast.	Perf. Materials & Coatings	Corp.	Total
In millions					
<i>Three months ended Sep 30, 2023</i>					
Net sales	\$ 5,454	\$ 3,035	\$ 2,130	\$ 111	\$ 10,730
Equity in earnings (losses) of nonconsolidated affiliates	\$ 50	\$ (63)	\$ 5	\$ 1	\$ (7)
Dow Inc. Operating EBIT ¹	\$ 476	\$ 21	\$ 179	\$ (50)	\$ 626
<i>Three months ended Sep 30, 2022</i>					
Net sales	\$ 7,327	\$ 4,059	\$ 2,654	\$ 75	\$ 14,115
Equity in earnings (losses) of nonconsolidated affiliates	\$ 55	\$ (114)	\$ 1	\$ —	\$ (58)
Dow Inc. Operating EBIT ¹	\$ 785	\$ 167	\$ 302	\$ (59)	\$ 1,195
<i>Nine months ended Sep 30, 2023</i>					
Net sales	\$ 17,508	\$ 9,590	\$ 6,603	\$ 300	\$ 34,001
Equity in earnings (losses) of nonconsolidated affiliates	\$ 90	\$ (219)	\$ 14	\$ 3	\$ (112)
Dow Inc. Operating EBIT ¹	\$ 2,036	\$ 109	\$ 280	\$ (206)	\$ 2,219
<i>Nine months ended Sep 30, 2022</i>					
Net sales	\$ 23,187	\$ 12,953	\$ 8,706	\$ 197	\$ 45,043
Equity in earnings (losses) of nonconsolidated affiliates	\$ 303	\$ 5	\$ 6	\$ (3)	\$ 311
Dow Inc. Operating EBIT ¹	\$ 3,455	\$ 1,254	\$ 1,458	\$ (178)	\$ 5,989

1. Operating EBIT for TDCC for the three and nine months ended September 30, 2023 and 2022 is substantially the same as that of Dow Inc. and therefore has not been disclosed separately in the table above. A reconciliation of "Net income" to Operating EBIT is provided in the following table.

Reconciliation of "Net income" to Operating EBIT	Three Months Ended		Nine Months Ended	
In millions	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Net income	\$ 327	\$ 760	\$ 755	\$ 3,993
+ Provision for income taxes	90	241	253	1,232
Income before income taxes	\$ 417	\$ 1,001	\$ 1,008	\$ 5,225
- Interest income	44	41	186	105
+ Interest expense and amortization of debt discount	192	155	549	487
- Significant items	(61)	(80)	(848)	(382)
Operating EBIT	\$ 626	\$ 1,195	\$ 2,219	\$ 5,989

The following tables summarize the pretax impact of significant items by segment excluded from Operating EBIT:

Significant Items by Segment	Three Months Ended Sep 30, 2023					Nine Months Ended Sep 30, 2023				
	Pack. & Spec. Plastics	Ind. Interm. & Infrac.	Perf. Mat. & Coatings	Corp.	Total	Pack. & Spec. Plastics	Ind. Interm. & Infrac.	Perf. Mat. & Coatings	Corp.	Total
In millions										
Restructuring, implementation and efficiency costs, and asset related charges - net ¹	\$ —	\$ —	\$ —	\$ (82)	\$ (82)	\$ (1)	\$ (48)	\$ (67)	\$ (572)	\$ (688)
Litigation related charges, awards and adjustments ²	—	—	—	—	—	—	(177)	—	—	(177)
Indemnification and other transaction related costs ³	—	—	—	21	21	—	—	—	17	17
Total	\$ —	\$ —	\$ —	\$ (61)	\$ (61)	\$ (1)	\$ (225)	\$ (67)	\$ (555)	\$ (848)

1. Includes restructuring charges and implementation and efficiency costs associated with the Company's 2023 Restructuring Program. The nine months ended September 30, 2023 also includes certain gains and losses associated with previously impaired equity investments.

2. Includes a loss associated with legacy agricultural products groundwater contamination matters. See Note 8 for additional information.

3. 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.

Significant Items by Segment	Three Months Ended Sep 30, 2022					Nine Months Ended Sep 30, 2022				
	Pack. & Spec. Plastics	Ind. Interm. & Infrac.	Perf. Mat. & Coatings	Corp.	Total	Pack. & Spec. Plastics	Ind. Interm. & Infrac.	Perf. Mat. & Coatings	Corp.	Total
In millions										
Digitalization program costs ¹	\$ —	\$ —	\$ —	\$ (62)	\$ (62)	\$ —	\$ —	\$ —	\$ (154)	\$ (154)
Restructuring, implementation costs and asset related charges - net ²	—	—	—	(11)	(11)	—	—	—	(31)	(31)
Russia / Ukraine conflict charges ³	—	—	—	—	—	(31)	(109)	(16)	(30)	(186)
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	(8)	(8)
Indemnification and other transactions related costs ⁵	—	—	—	(7)	(7)	—	—	—	(3)	(3)
Total	\$ —	\$ —	\$ —	\$ (80)	\$ (80)	\$ (31)	\$ (109)	\$ (16)	\$ (226)	\$ (382)

1. Includes costs associated with implementing the Company's Digital Acceleration program.

2. Includes costs associated with implementing the Company's 2020 Restructuring Program.

3. Asset related charges due to the Russia and Ukraine conflict. See Note 4 for additional information.

4. The Company redeemed outstanding long-term debt resulting in a loss on early extinguishment.

5. 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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Quarterly Report on Form 10-Q is a combined report being filed by Dow Inc. and The Dow Chemical Company and its consolidated subsidiaries ("TDCC" and together with Dow Inc., "Dow" or the "Company") due to the parent/subsidiary relationship between Dow Inc. and TDCC. The information reflected in the report is equally applicable to both Dow Inc. and TDCC, except where otherwise noted. Each of Dow Inc. and TDCC is filing information in this report on its own behalf and neither company makes any representation to the information relating to the other company.

Pursuant to General Instruction H(1)(a) and (b) for Form 10-Q "Omission of Information by Certain Wholly-Owned Subsidiaries," TDCC is filing this Form 10-Q with a reduced disclosure format.

Except as otherwise indicated by the context, the term "Union Carbide" means Union Carbide Corporation and the term "Dow Silicones" means Dow Silicones Corporation, both wholly owned subsidiaries of the Company.

OUTLOOK

With the Company's continued focus on operational and financial discipline, Dow is navigating challenging market dynamics and expects to further benefit from rising oil prices that favor its cost-advantaged asset footprint. The Company remains committed to disciplined and balanced capital allocation priorities as it advances its Decarbonize and Grow and Transform the Waste strategies, which, by 2030, are expected to deliver more than \$3 billion in underlying earnings, reduce greenhouse gas emissions by 5 million metric tons and commercialize 3 million metric tons of circular and renewable solutions annually.

OVERVIEW

The following is a summary of the results for the three months ended September 30, 2023:

- The Company reported net sales in the third quarter of 2023 of \$10.7 billion, down 24 percent from \$14.1 billion in the third quarter of 2022, with decreases across all operating segments and geographic regions; Packaging & Specialty Plastics (down 26 percent), Industrial Intermediates & Infrastructure (down 25 percent) and Performance Materials & Coatings (down 20 percent).
- Local price decreased 18 percent compared with the third quarter of 2022 with decreases across all operating segments and geographic regions; Packaging & Specialty Plastics (down 20 percent), Industrial Intermediates & Infrastructure (down 17 percent) and Performance Materials & Coatings (down 17 percent).
- Volume decreased 6 percent compared with the third quarter of 2022. Volume decreased in all operating segments; Packaging & Specialty Plastics (down 7 percent), Industrial Intermediates & Infrastructure (down 7 percent) and Performance Materials & Coatings (down 3 percent). Volume decreased in all geographic regions, except Latin America (up 4 percent).
- Currency impact on net sales was flat compared with the third quarter of 2022.
- Equity in losses of nonconsolidated affiliates was \$7 million in the third quarter of 2023, compared with equity in losses of \$58 million in the third quarter of 2022, due to improved results at all of the Company's principal joint ventures, led by Sadara.
- Net income available for Dow Inc. and TDCC common stockholder(s) was \$302 million and \$285 million, respectively, in the third quarter of 2023, compared with \$739 million and \$747 million, respectively, in the third quarter of 2022. Earnings per share for Dow Inc. was \$0.42 in the third quarter of 2023, compared with \$1.02 per share in the third quarter of 2022.
- Cash provided by operating activities - continuing operations was \$1,658 million in the third quarter of 2023, down \$282 million compared with the same period last year. Cash provided by operating activities - continuing operations was up \$311 million compared with the second quarter of 2023.
- Dow Inc. repurchased \$125 million of the Company's common stock in the third quarter of 2023.
- On July 14, 2023, an incident occurred that included an explosion and subsequent fire at Dow's Louisiana Operations Glycol-2 unit in Plaquemine, Louisiana. There were no injuries reported from the incident. The incident was limited to the Glycol-2 unit with minimal disruption to other site operations. The Company is finalizing a root cause investigation and is developing a plan to restore operations. The Company's estimated

impact on pretax earnings from the incident is \$100 million per quarter. The Glycol-2 unit is currently expected to resume operations sometime in the second quarter of 2024.

- On August 9, 2023, Dow Inc. announced that its Board of Directors ("Board") declared a dividend of \$0.70 per share, which was paid on September 8, 2023, to shareholders of record as of August 31, 2023.
- On August 22, 2023, Standard and Poor's affirmed TDCC's BBB and A-2 rating, and revised its outlook from positive to stable.

In addition, the following events occurred subsequent to the third quarter of 2023:

- On October 12, 2023, Dow Inc. announced that its Board declared a dividend of \$0.70 per share, payable on December 8, 2023, to shareholders of record as of November 30, 2023.
- On October 24, 2023, the Company announced that Howard Ungerleider, president and chief financial officer, has elected to retire in January 2024 after 33 years of service with Dow. The Company also announced that Jeffrey L. Tate has been named chief financial officer effective November 1, 2023.

RESULTS OF OPERATIONS

Net Sales

The following tables summarize net sales and sales variances by operating segment and geographic region from the prior year:

Summary of Sales Results	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions				
Net sales	\$ 10,730	\$ 14,115	\$ 34,001	\$ 45,043

Sales Variances by Operating Segment and Geographic Region	Three Months Ended Sep 30, 2023				Nine Months Ended Sep 30, 2023			
	Local Price & Product Mix	Currency	Volume	Total	Local Price & Product Mix	Currency	Volume	Total
Percentage change from prior year								
Packaging & Specialty Plastics	(20)%	1 %	(7)%	(26)%	(18)%	— %	(6)%	(24)%
Industrial Intermediates & Infrastructure	(17)	(1)	(7)	(25)	(13)	(1)	(12)	(26)
Performance Materials & Coatings	(17)	—	(3)	(20)	(16)	(1)	(7)	(24)
Total	(18)%	— %	(6)%	(24)%	(16)%	(1)%	(8)%	(25)%
Total, excluding the Hydrocarbons & Energy business	(19)%	— %	(1)%	(20)%	(15)%	(1)%	(6)%	(22)%
U.S. & Canada	(18)%	— %	(8)%	(26)%	(16)%	— %	(8)%	(24)%
EMEA	(19)	1	(9)	(27)	(16)	(1)	(12)	(29)
Asia Pacific	(16)	(2)	(2)	(20)	(15)	(2)	(6)	(23)
Latin America	(22)	—	4	(18)	(18)	—	3	(15)
Total	(18)%	— %	(6)%	(24)%	(16)%	(1)%	(8)%	(25)%

Net sales in the third quarter of 2023 were \$10.7 billion, down 24 percent from \$14.1 billion in the third quarter of 2022, with local price down 18 percent, volume down 6 percent and currency flat. Net sales decreased in all operating segments and geographic regions, primarily driven by slower global macroeconomic activity. Local price decreased in Packaging & Specialty Plastics (down 20 percent), Industrial Intermediates & Infrastructure (down 17 percent), and Performance Materials & Coatings (down 17 percent), driven by lower global energy and feedstock costs. Volume decreased in all operating segments and geographic regions except Latin America (up 4 percent). Volume decreased in Packaging & Specialty Plastics (down 7 percent), Industrial Intermediates & Infrastructure (down 7 percent), and Performance Materials & Coatings (down 3 percent). Currency remained flat with an increase in EMEA (up 1 percent) offset by a decrease in Asia Pacific (down 2 percent). Excluding the Hydrocarbons & Energy business, net sales decreased 20 percent.

Net sales for the first nine months of 2023 were \$34.0 billion, down 25 percent from \$45.0 billion in the same period last year, with local price down 16 percent, volume down 8 percent and an unfavorable currency impact of 1 percent. Net sales decreased in all operating segments and geographic regions, primarily driven by lower demand and prices due to slower global macroeconomic activity. Local price decreased in Packaging & Specialty Plastics (down 18 percent), Industrial Intermediates & Infrastructure (down 13 percent), and Performance Materials & Coatings (down 16 percent), driven by industry supply additions and lower global energy and feedstock costs. Volume decreased in all operating segments and geographic regions except Latin America (up 3 percent). Volume decreased in Packaging & Specialty Plastics (down 6 percent), Industrial Intermediates & Infrastructure (down 12 percent), and Performance Materials & Coatings (down 7 percent). Currency unfavorably impacted net sales by 1 percent, driven by EMEA (down 1 percent) and Asia Pacific (down 2 percent). Excluding the Hydrocarbons & Energy business, net sales decreased 22 percent.

Cost of Sales

Cost of sales ("COS") was \$9.6 billion in the third quarter of 2023, compared with \$12.4 billion in the third quarter of 2022. For the first nine months of 2023, COS was \$30.1 billion, compared with \$37.7 billion in the first nine months of 2022. COS in the third quarter and for the first nine months of 2023 decreased primarily due to lower raw material costs on lower volume and lower global energy and feedstock costs. COS as a percentage of net sales was 89.4 percent in the third quarter of 2023 (87.7 percent in the third quarter of 2022) and 88.5 percent for the first nine months of 2023 (83.7 percent for the first nine months of 2022).

Research and Development Expenses

Research and development ("R&D") expenses totaled \$197 million in the third quarter of 2023, compared with \$191 million in the third quarter of 2022. R&D expenses for the first nine months of 2023 were \$616 million, compared with \$626 million in the first nine months of 2022. R&D expenses in the first nine months of 2023 decreased primarily due to lower performance-based compensation costs.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses totaled \$380 million in the third quarter of 2023, compared with \$356 million in the third quarter of 2022. SG&A expenses increased in the third quarter of 2023, primarily due to higher costs associated with the Company's restructuring implementation and efficiency actions. For the first nine months of 2023, SG&A expenses were \$1,216 million, compared with \$1,289 million in the first nine months of 2022. SG&A expenses in the first nine months of 2023 decreased primarily due to lower bad debt reserve write-offs, lower performance-based compensation costs and lower costs resulting from actions taken as part of the 2023 Restructuring Program, which more than offset increases in fringe benefit expenses tied to stock market changes and labor costs.

Amortization of Intangibles

Amortization of intangibles was \$81 million in the third quarter of 2023, compared with \$83 million in the third quarter of 2022. In the first nine months of 2023, amortization of intangibles was \$243 million, compared with \$256 million in the first nine months of 2022.

Restructuring and Asset Related Charges - Net***2023 Restructuring Program***

On January 25, 2023, the Dow Inc. Board approved restructuring actions to achieve the Company's structural cost improvement initiatives in response to the continued economic impact from the global recessionary environment and to enhance its agility and long-term competitiveness across the economic cycle. As a result of these actions, in the first quarter of 2023 the Company recorded pretax restructuring charges of \$541 million, consisting of severance and related benefit costs of \$344 million and asset write-downs and write-offs of \$197 million. Restructuring charges by segment were as follows: \$1 million in Packaging & Specialty Plastics, \$40 million in Industrial Intermediates & Infrastructure, \$49 million in Performance Materials & Coatings and \$451 million in Corporate. In the second quarter of 2023, the Company recorded additional pretax restructuring charges related to asset write-downs and write-offs of \$8 million (related to Industrial Intermediates & Infrastructure). These actions are expected to be substantially complete by the end of 2024.

Asset Related Charges

In the first quarter of 2022, the Company recorded pretax asset related charges of \$186 million due to the Russia and Ukraine conflict and the expectation that certain assets will not be recoverable. These charges included the write-down of inventory, the recording of bad debt reserves and the impairment of other assets. Asset related

charges by segment were as follows: \$31 million in Packaging & Specialty Plastics, \$109 million in Industrial Intermediates & Infrastructure, \$16 million in Performance Materials & Coatings and \$30 million in Corporate.

Equity in Earnings (Losses) of Nonconsolidated Affiliates

The Company's share of equity in losses of nonconsolidated affiliates was \$7 million in the third quarter of 2023, compared with equity in losses of nonconsolidated affiliates of \$58 million in the third quarter of 2022, an increase of \$51 million primarily due to higher volumes and lower feedstock costs at Sadara and improved performance at the Kuwait and Thai joint ventures. The Company's share of equity in losses of nonconsolidated affiliates was \$112 million for the first nine months of 2023, compared with equity in earnings of nonconsolidated affiliates of \$311 million for the first nine months of 2022, a decrease of \$423 million primarily due to lower integrated polyethylene margins and equity losses at Sadara and the Kuwait joint ventures as a result of lower local prices and demand and planned maintenance turnaround activity. Cash dividends from nonconsolidated affiliates were \$188 million in the first nine months of 2023, compared with \$828 million in the first nine months of 2022.

Sundry Income (Expense) – Net

For the three months ended September 30, 2023, Sundry income (expense) - net was income of \$92 million and \$71 million for Dow Inc. and TDCC, respectively, compared with income of \$69 million and \$73 million, respectively, for the three months ended September 30, 2022. The third quarter of 2023 and 2022 included non-operating pension and postretirement benefit plan credits, which were partially offset by foreign currency exchange losses. The third quarter of 2022 also included gains on the sales of assets and investments.

For the nine months ended September 30, 2023, Sundry income (expense) - net was income of \$202 million and \$169 million for Dow Inc. and TDCC, respectively, compared with income of \$292 million and \$287 million, respectively, for the nine months ended September 30, 2022. The first nine months of 2023 and 2022 included non-operating pension and postretirement benefit plan credits and gains on the sales of assets and investments. These were partially offset by foreign currency exchange losses.

Interest Expense and Amortization of Debt Discount

Interest expense and amortization of debt discount was \$192 million in the third quarter of 2023, compared with \$155 million in the third quarter of 2022. Interest expense and amortization of debt discount was \$549 million in the first nine months of 2023, compared with \$487 million in the first nine months of 2022. The increase in interest expense is primarily due to \$1.5 billion of senior unsecured notes issued in the fourth quarter of 2022 and local country borrowings outside the United States.

Provision for Income Taxes

The Company's effective tax rate fluctuates based on, among other factors, where income is earned, the level of income relative to tax attributes and the level of equity earnings, since most earnings from the Company's equity method investments are taxed at the joint venture level. In the third quarter of 2023, the Company reported a provision for income taxes of \$90 million, resulting in an effective tax rate of 21.6 percent and 22.5 percent for Dow Inc. and TDCC, respectively. In the third quarter of 2022, Dow Inc. and TDCC reported a provision for income taxes of \$241 million and \$242 million, respectively, resulting in an effective tax rate of 24.1 percent and 24.0 percent, respectively. The third quarter of 2023 was favorably impacted by a change in reinvestment assertion on a foreign jurisdiction and an increase in tax credits available to the Company.

For the first nine months of 2023, Dow Inc. and TDCC reported a provision for income taxes of \$253 million, resulting in an effective tax rate of 25.1 percent and 25.7 percent, respectively. For the first nine months of 2022, Dow Inc. and TDCC reported a provision for income taxes of \$1,232 million and \$1,233 million, respectively, resulting in an effective tax rate of 23.6 percent. The increase in the effective tax rate for the first nine months of 2023 compared with 2022 is primarily due to changes in the geographic mix of earnings.

Net Income Available for Common Stockholder(s)

Dow Inc.

Net income available for Dow Inc. common stockholders was \$302 million, or \$0.42 per share, in the third quarter of 2023, compared with \$739 million, or \$1.02 per share, in the third quarter of 2022. Net income available for Dow Inc. common stockholders was \$694 million, or \$0.97 per share, in the first nine months of 2023, compared with \$3,969 million, or \$5.41 per share, in the first nine months of 2022. See Note 6 to the Consolidated Financial Statements for details on Dow Inc.'s earnings per share calculations.

TDCC

Net income available for the TDCC common stockholder was \$285 million in the third quarter of 2023, compared with \$747 million in the third quarter of 2022. Net income available for the TDCC common stockholder was \$672 million in the first nine months of 2023, compared with \$3,975 million in the first nine months of 2022. TDCC's common shares are owned solely by Dow Inc.

SEGMENT RESULTS

For further discussion of the Company's segments, see Part I, Item 1. Business of the combined Dow Inc. and TDCC Annual Report on Form 10-K for the fiscal year ended December 31, 2022 ("2022 10-K"), filed with the SEC on February 1, 2023.

Dow's measure of profit/loss for segment reporting purposes is Operating EBIT as this is the manner in which the Company's chief operating decision maker assesses performance and allocates resources. The Company defines Operating EBIT as earnings (i.e., "Income before income taxes") before interest, excluding the impact of significant items. Operating EBIT by segment includes all operating items relating to the businesses; items that principally apply to Dow as a whole are assigned to Corporate.

PACKAGING & SPECIALTY PLASTICS

Packaging & Specialty Plastics In millions	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Net sales	\$ 5,454	\$ 7,327	\$ 17,508	\$ 23,187
Operating EBIT	\$ 476	\$ 785	\$ 2,036	\$ 3,455
Equity earnings	\$ 50	\$ 55	\$ 90	\$ 303

Packaging & Specialty Plastics Percentage change from prior year	Three Months Ended	Nine Months Ended
	Sep 30, 2023	Sep 30, 2023
<i>Change in Net Sales from Prior Period due to:</i>		
Local price & product mix	(20)%	(18)%
Currency	1	—
Volume	(7)	(6)
Total	(26)%	(24)%

Packaging & Specialty Plastics net sales were \$5,454 million in the third quarter of 2023, down 26 percent from net sales of \$7,327 million in the third quarter of 2022, with local price down 20 percent, volume down 7 percent and a favorable currency impact of 1 percent. Local price decreased in both businesses and across all geographic regions. Local price decreased in Hydrocarbons & Energy, primarily in EMEAI and the U.S. & Canada, as prices for co-products are generally correlated to Brent crude oil prices, which, on average, decreased 12 percent compared with the third quarter of 2022. Local price decreased in Packaging and Specialty Plastics in all geographic regions, driven by lower polyethylene and olefin prices, primarily due to lower global energy costs. Volume decreased in Hydrocarbons & Energy, primarily in EMEAI and the U.S. & Canada, driven by lower sales of olefins and aromatics. Volume increased in Packaging and Specialty Plastics primarily due to higher polyethylene demand across all regions.

Operating EBIT was \$476 million in the third quarter of 2023, down \$309 million from Operating EBIT of \$785 million in the third quarter of 2022. Operating EBIT decreased primarily due to lower selling prices, reduced demand and increased planned maintenance activity, which were partially offset by lower raw material, energy and feedstock costs.

Packaging & Specialty Plastics net sales were \$17,508 million in the first nine months of 2023, down 24 percent from net sales of \$23,187 million in the first nine months of 2022, with local price down 18 percent, volume down 6 percent and currency flat. Local price decreased in both businesses and across all geographic regions. Local price decreased in Hydrocarbons & Energy, primarily in EMEAI and the U.S. & Canada, as prices for co-products are generally correlated to Brent crude oil prices, which, on average, decreased 20 percent compared with the first nine months of 2022. Local price decreased in Packaging and Specialty Plastics in all geographic regions primarily

driven by lower polyethylene prices. Volume decreased in Hydrocarbons & Energy, driven by lower sales primarily in EMEAI and the U.S. & Canada. Volume decreased in Packaging and Specialty Plastics across all geographic regions, except Latin America.

Operating EBIT was \$2,036 million in the first nine months of 2023, down \$1,419 million from Operating EBIT of \$3,455 million in the first nine months of 2022. Operating EBIT decreased primarily due to lower selling prices and reduced demand, which were partially offset by lower raw material, energy and feedstock costs.

INDUSTRIAL INTERMEDIATES & INFRASTRUCTURE

Industrial Intermediates & Infrastructure	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions				
Net sales	\$ 3,035	\$ 4,059	\$ 9,590	\$ 12,953
Operating EBIT	\$ 21	\$ 167	\$ 109	\$ 1,254
Equity earnings (losses)	\$ (63)	\$ (114)	\$ (219)	\$ 5

Industrial Intermediates & Infrastructure	Three Months Ended	Nine Months Ended
	Sep 30, 2023	Sep 30, 2023
Percentage change from prior year		
<i>Change in Net Sales from Prior Period due to:</i>		
Local price & product mix	(17)%	(13)%
Currency	(1)	(1)
Volume	(7)	(12)
Total	(25)%	(26)%

Industrial Intermediates & Infrastructure net sales were \$3,035 million in the third quarter of 2023, down 25 percent from \$4,059 million in the third quarter of 2022, with local price down 17 percent, volume down 7 percent and an unfavorable currency impact of 1 percent. Local price decreased in both businesses and across all geographic regions. Volume decreased in Polyurethanes & Construction Chemicals in all geographic regions, driven primarily by lower demand for consumer durables and building and construction. Volume decreased in Industrial Solutions in all geographic regions, driven by lower demand for industrial applications, coatings and agricultural applications. The unfavorable currency impact was driven by EMEAI and Asia Pacific.

Operating EBIT was \$21 million in the third quarter of 2023, down \$146 million from Operating EBIT of \$167 million in the third quarter of 2022. Operating EBIT decreased primarily due to lower selling prices and demand.

Industrial Intermediates & Infrastructure net sales were \$9,590 million in the first nine months of 2023, down 26 percent from net sales of \$12,953 million in the first nine months of 2022, with local price down 13 percent, volume down 12 percent and an unfavorable currency impact of 1 percent. Local price decreased in both businesses and across all geographic regions. Volume in Polyurethanes & Construction Chemicals decreased in all geographic regions, primarily due to lower demand, particularly for consumer durables, building and construction and industrial applications. Volume in Industrial Solutions decreased in all geographic regions, driven by lower demand for industrial applications, coatings and agricultural applications. Currency had an unfavorable impact on sales, driven by EMEAI and Asia Pacific.

Operating EBIT was \$109 million in the first nine months of 2023, down \$1,145 million from Operating EBIT of \$1,254 million in the first nine months of 2022. Operating EBIT decreased primarily due to lower selling prices and demand, and lower equity earnings at the EQUATE and Sadara joint ventures.

PERFORMANCE MATERIALS & COATINGS

Performance Materials & Coatings	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
In millions				
Net sales	\$ 2,130	\$ 2,654	\$ 6,603	\$ 8,706
Operating EBIT	\$ 179	\$ 302	\$ 280	\$ 1,458
Equity earnings	\$ 5	\$ 1	\$ 14	\$ 6

Performance Materials & Coatings	Three Months Ended		Nine Months Ended	
	Sep 30, 2023		Sep 30, 2023	
Percentage change from prior year				
<i>Change in Net Sales from Prior Period due to:</i>				
Local price & product mix		(17)%		(16)%
Currency		—		(1)
Volume		(3)		(7)
Total		(20)%		(24)%

Performance Materials & Coatings net sales were \$2,130 million in the third quarter of 2023, down 20 percent from net sales of \$2,654 million in the third quarter of 2022, with local price down 17 percent, volume down 3 percent and currency flat. Local price decreased in both businesses and across all geographic regions. Consumer Solutions local price decreased primarily due to unfavorable supply and demand dynamics in upstream siloxanes. Local price decreased in Coatings & Performance Monomers primarily in acrylic monomers and architectural coatings and was driven by lower raw material prices and unfavorable supply and demand dynamics. Volume decreased in Consumer Solutions in Latin America, EMEAI and Asia Pacific, partially offset by an increase in the U.S. & Canada, driven by lower demand for personal and home care and partially offset by higher demand for building and construction. Volume decreased in Coatings & Performance Monomers in Latin America and the U.S. & Canada, partially offset by an increase in EMEAI and Asia Pacific, driven by lower demand for coatings applications. Currency was flat as a favorable currency impact in EMEAI was offset by an unfavorable currency impact in Asia Pacific.

Operating EBIT was \$179 million in the third quarter of 2023, down \$123 million from Operating EBIT of \$302 million in the third quarter of 2022. Operating EBIT decreased primarily due to lower selling prices, which were partially offset by lower raw material costs.

Performance Materials & Coatings net sales were \$6,603 million in the first nine months of 2023, down 24 percent from net sales of \$8,706 million in the first nine months of 2022, with local price down 16 percent, volume down 7 percent and an unfavorable currency impact of 1 percent. Local price decreased in both businesses and across all geographic regions. Consumer Solutions local price decreased primarily due to unfavorable supply and demand dynamics in upstream siloxanes. Local price decreased in Coatings & Performance Monomers primarily due to lower raw material prices in acrylic monomers and architectural coatings. Volume decreased in Consumer Solutions in EMEAI, the U.S. & Canada, and Latin America, and was flat in Asia Pacific, driven by lower demand for personal care and upstream siloxanes. Volume decreased in Coatings & Performance Monomers in all geographic regions driven by lower demand for coatings applications and building and construction. The unfavorable currency impact was driven by Asia Pacific.

Operating EBIT was \$280 million in the first nine months of 2023, down \$1,178 million from Operating EBIT of \$1,458 million in the first nine months of 2022. Operating EBIT decreased primarily due to lower selling prices and lower demand in both businesses, which were partially offset by lower raw material costs.

CORPORATE

Corporate In millions	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Net sales	\$ 111	\$ 75	\$ 300	\$ 197
Operating EBIT	\$ (50)	\$ (59)	\$ (206)	\$ (178)
Equity earnings (losses)	\$ 1	\$ —	\$ 3	\$ (3)

Net sales for Corporate, which primarily relate to the Company's insurance operations, were \$111 million in the third quarter of 2023, an increase from net sales of \$75 million in the third quarter of 2022. Net sales were \$300 million in the first nine months of 2023, an increase from net sales of \$197 million in the first nine months of 2022.

Operating EBIT was a loss of \$50 million in the third quarter of 2023, compared with a loss of \$59 million in the third quarter of 2022. Operating EBIT was a loss of \$206 million in the first nine months of 2023, compared with a loss of \$178 million in the first nine months of 2022. Operating EBIT declined in the first nine months of 2023 primarily due to increased environmental costs.

CHANGES IN FINANCIAL CONDITION

The Company had cash and cash equivalents of \$3,080 million at September 30, 2023 and \$3,886 million at December 31, 2022, of which \$1,949 million at September 30, 2023 and \$1,789 million at December 31, 2022 was held by subsidiaries in foreign countries, including U.S. territories. For each of its foreign subsidiaries, Dow makes an assertion regarding the amount of earnings intended for permanent reinvestment, with the balance available to be repatriated to the United States.

Cash held by foreign subsidiaries for permanent reinvestment is generally used to finance the subsidiaries' operational activities and future foreign investments. Dow has the ability to repatriate additional funds to the United States, which could result in an adjustment to the tax liability for foreign withholding taxes, foreign and/or U.S. state income taxes and the impact of foreign currency movements. At September 30, 2023, management believed that sufficient liquidity was available in the United States. The Company has and expects to continue repatriating certain funds from its non-U.S. subsidiaries that are not needed to finance local operations; however, these particular repatriation activities have not and are not expected to result in a significant incremental tax liability to the Company.

The Company's cash flows from operating, investing and financing activities, as reflected in the consolidated statements of cash flows, are summarized in the following table:

Cash Flow Summary In millions	Dow Inc.		TDCC	
	Nine Months Ended		Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Cash provided by (used for):				
Operating activities - continuing operations	\$ 3,536	\$ 5,408	\$ 3,567	\$ 5,441
Operating activities - discontinued operations	4	(11)	—	—
Operating activities	3,540	5,397	3,567	5,441
Investing activities	(1,846)	(1,339)	(1,846)	(1,339)
Financing activities	(2,404)	(4,513)	(2,431)	(4,557)

Cash Flows from Operating Activities

Cash provided by operating activities from continuing operations in the first nine months of 2023 was primarily driven by the Company's cash earnings, cash provided by working capital and dividends from equity method investments, which were partially offset by performance-based compensation payments. Cash provided by operating activities from continuing operations in the first nine months of 2022 was primarily driven by the Company's cash earnings and dividends from equity method investments, which were partially offset by cash used for working capital requirements and performance-based compensation payments.

Net Working Capital	Dow Inc.		TDCC	
	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022
In millions				
Current assets	\$ 18,298	\$ 20,477	\$ 18,262	\$ 20,511
Current liabilities	10,248	11,331	10,118	11,247
Net working capital	\$ 8,050	\$ 9,146	\$ 8,144	\$ 9,264
Current ratio	1.79:1	1.81:1	1.80:1	1.82:1

Working Capital Metrics	Three Months Ended		
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022
Days sales outstanding in trade receivables	47	45	45
Days sales in inventory	61	61	59
Days payables outstanding	62	61	63

Cash provided by (used for) operating activities from discontinued operations in the first nine months of 2023 and 2022 was related to cash payments and receipts Dow Inc. had with DuPont and Corteva that related to certain agreements and matters related to the separation from DowDuPont Inc. ("DowDuPont").

Cash Flows from Investing Activities

Cash used for investing activities in the first nine months of 2023 and 2022 were primarily for capital expenditures and purchases of investments, which were partially offset by proceeds from sales and maturities of investments.

The Company's capital expenditures were \$1,598 million in the first nine months of 2023, compared with \$1,224 million in the first nine months of 2022. The Company expects full year capital spending in 2023 to be approximately \$2.2 billion. The Company will adjust its spending as economic conditions evolve.

Cash Flows from Financing Activities

Cash used for financing activities in the first nine months of 2023 was primarily for debt related activities. In addition, Dow Inc. included cash outflows for dividends paid to stockholders and purchases of treasury stock. TDCC included cash outflows for dividends paid to Dow Inc. Cash used for financing activities in the first nine months of 2022 was primarily for payments on long-term debt. In addition, Dow Inc. included cash outflows for dividends paid to stockholders and purchases of treasury stock. TDCC included cash outflows for dividends paid to Dow Inc.

Dow Inc. Non-GAAP Cash Flow Measures

Free Cash Flow

Dow defines Free Cash Flow as "Cash provided by operating activities - continuing operations," less capital expenditures. Under this definition, Free Cash Flow represents the cash generated by Dow from operations after investing in its asset base. Free Cash Flow, combined with cash balances and other sources of liquidity, represents 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.

Operating EBITDA

Dow defines Operating EBITDA as earnings (i.e., "Income before income taxes") before interest, depreciation and amortization, excluding the impact of significant items.

Cash Flow Conversion (Operating EBITDA to Cash Flow from Operations)

Dow defines Cash Flow Conversion (Operating EBITDA to Cash Flow from Operations) as "Cash provided by operating activities - continuing operations," divided by 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 into cash flow.

These financial measures are not recognized in accordance with accounting principles generally accepted in the United States of America ("GAAP") and should not be viewed as alternatives to GAAP financial measures of performance. All companies do not calculate non-GAAP financial measures in the same manner and, accordingly, Dow's definitions may not be consistent with the methodologies used by other companies.

Reconciliation of Free Cash Flow	Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022
In millions		
Cash provided by operating activities - continuing operations (GAAP)	\$ 3,536	\$ 5,408
Capital expenditures	(1,598)	(1,224)
Free Cash Flow (non-GAAP)	\$ 1,938	\$ 4,184

Reconciliation of Cash Flow Conversion (Operating EBITDA to Cash Flow from Operations)	Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022
In millions		
Net income (GAAP)	\$ 755	\$ 3,993
+ Provision for income taxes	253	1,232
Income before income taxes	\$ 1,008	\$ 5,225
- Interest income	186	105
+ Interest expense and amortization of debt discount	549	487
- Significant items ¹	(848)	(382)
Operating EBIT (non-GAAP)	\$ 2,219	\$ 5,989
+ Depreciation and amortization	1,954	2,014
Operating EBITDA (non-GAAP)	\$ 4,173	\$ 8,093
Cash provided by operating activities - continuing operations (GAAP)	\$ 3,536	\$ 5,408
Cash Flow Conversion (Operating EBITDA to cash flow from operations) (non-GAAP)	84.7 %	66.8 %

1. The nine months ended September 30, 2023 includes restructuring charges and implementation and efficiency costs associated with the Company's 2023 Restructuring Program, certain gains and losses associated with previously impaired equity investments, a loss associated with legacy agricultural products groundwater contamination matters and activity related to the separation from DowDuPont. The nine months ended September 30, 2022 includes costs associated with implementing the Company's Digital Acceleration program and 2020 Restructuring Program, asset related charges due to the Russia and Ukraine conflict, a loss on early extinguishment of debt and activity related to the separation from DowDuPont. See Note 16 to the Consolidated Financial Statements for additional information.

Liquidity & Financial Flexibility

The Company's primary source of incremental liquidity is cash flows from operating activities. The generation of cash from operations and the Company's ability to access capital markets is expected to meet the Company's cash requirements for working capital, capital expenditures, debt maturities, contributions to pension plans, dividend distributions to stockholders, share repurchases and other needs. In addition to cash from operating activities, the Company's current liquidity sources also include TDCC's U.S. and Euromarket commercial paper programs, committed and uncommitted credit facilities, committed accounts receivable facilities, a medium-term notes program, a U.S. retail note program ("InterNotes®") and other debt markets.

The Company continues to maintain a strong financial position with all of its committed credit facilities undrawn and fully available at September 30, 2023. Cash and committed and available forms of liquidity were \$12.9 billion at September 30, 2023. The Company also has no substantive long-term debt maturities due until 2027. As a well-known seasoned issuer the Company may issue debt at any time as an additional source of liquidity. Additional details on sources of liquidity are as follows:

Commercial Paper

TDCC issues promissory notes under its U.S. and Euromarket commercial paper programs. TDCC had no commercial paper outstanding at September 30, 2023. TDCC maintains access to the commercial paper market at competitive rates. Amounts outstanding under TDCC's commercial paper programs during the period may be greater, or less than, the amount reported at the end of the period. TDCC did not issue commercial paper subsequent to September 30, 2023.

Committed Credit Facilities

The Company also has the ability to access liquidity through TDCC's committed and available credit facilities. At September 30, 2023, TDCC had total committed and available credit facilities of \$8.4 billion.

Uncommitted Credit Facilities

The Company has entered into various uncommitted bilateral credit arrangements as a potential source of excess liquidity. These lines can be used to support short-term liquidity needs and for general purposes. At September 30, 2023, TDCC had total uncommitted credit facilities of \$960 million available.

Committed Accounts Receivable Facilities

In addition to the above committed credit facilities, the Company maintains a committed accounts receivable facility in the U.S. where eligible trade accounts receivable, up to \$900 million, may be sold at any point in time. The Company also maintains a committed accounts receivable facility in Europe where eligible trade accounts receivable, up to €500 million, may be sold at any point in time. In the third quarter of 2023, there were no material sales of receivables under the U.S. and Europe committed accounts receivable facilities (no material sales of receivables in the first nine months of 2023).

Company-Owned Life Insurance

The Company has investments in company-owned life insurance ("COLI") policies, which are recorded at their cash surrender value as of each balance sheet date. The Company has the ability to monetize its investment in its COLI policies as an additional source of liquidity. The Company had no outstanding monetization of its existing COLI policies' surrender value at September 30, 2023.

Debt

As the Company continues to maintain its strong balance sheet and financial flexibility, management is focused on net debt (a non-GAAP financial measure), as the Company believes this is the best representation of its financial leverage at this point in time. As shown in the following table, net debt is equal to total gross debt minus "Cash and cash equivalents" and "Marketable securities."

Total Debt	<i>Dow Inc.</i>		<i>TDCC</i>	
	<i>Sep 30, 2023</i>	<i>Dec 31, 2022</i>	<i>Sep 30, 2023</i>	<i>Dec 31, 2022</i>
In millions				
Notes payable	\$ 223	\$ 362	\$ 223	\$ 362
Long-term debt due within one year	110	362	110	362
Long-term debt	14,592	14,698	14,592	14,698
Gross debt	\$ 14,925	\$ 15,422	\$ 14,925	\$ 15,422
- Cash and cash equivalents	3,080	3,886	3,080	3,886
- Marketable securities ¹	914	939	914	939
Net debt	\$ 10,931	\$ 10,597	\$ 10,931	\$ 10,597
Total equity	\$ 20,080	\$ 21,247	\$ 20,278	\$ 21,489
Gross debt as a percent of total capitalization	42.6 %	42.1 %	42.4 %	41.8 %
Net debt as a percent of total capitalization	35.2 %	33.3 %	35.0 %	33.0 %

1. Included in "Other current assets" in the consolidated balance sheets.

The Company may at any time repurchase certain debt securities in the open market or in privately negotiated transactions subject to: the applicable terms under which any such debt securities were issued, certain internal approvals of the Company, and applicable laws and regulations of the relevant jurisdiction in which any such potential transactions might take place. This in no way obligates the Company to make any such repurchases nor should it be considered an offer to do so.

TDCC's public debt instruments and primary, private credit agreements contain, among other provisions, certain customary restrictive covenant and default provisions. TDCC's most significant debt covenant with regard to its financial position is the obligation to maintain the ratio of its consolidated indebtedness to consolidated capitalization at no greater than 0.70 to 1.00 at any time the aggregate outstanding amount of loans under the Five Year Competitive Advance and Revolving Credit Facility Agreement ("Revolving Credit Agreement") equals or exceeds \$500 million. The ratio of TDCC's consolidated indebtedness to consolidated capitalization as defined in the Revolving Credit Agreement was 0.40 to 1.00 at September 30, 2023. Management believes TDCC was in compliance with all of its covenants and default provisions at September 30, 2023. For information on TDCC's debt covenants and default provisions, see Note 14 to the Consolidated Financial Statements included in the 2022 10-K. There were no material changes to the debt covenants and default provisions related to TDCC's outstanding long-term debt and primary, private credit agreements in the first nine months of 2023.

While taking into consideration the current economic environment, management expects that the Company will continue to have sufficient liquidity and financial flexibility to meet all of its business obligations.

Credit Ratings

At September 30, 2023, TDCC's credit ratings were as follows:

Credit Ratings	Long-Term Rating	Short-Term Rating	Outlook
Fitch Ratings	BBB+	F1	Stable
Moody's Investors Service	Baa1	P-2	Stable
Standard & Poor's	BBB	A-2	Stable

On June 15, 2023, Fitch Ratings affirmed TDCC's BBB+ long-term credit rating and announced a short-term credit rating upgrade to F1 from F2, and also revised its long-term outlook from positive to stable. On August 22, 2023, Standard and Poor's affirmed TDCC's BBB and A-2 rating, and revised its outlook from positive to stable. These credit agencies' decisions were made as part of their annual review process and reflect the Company's supportive financial policies and strong operating performance.

Dividends

Dow Inc.

Dow Inc. has paid dividends on a quarterly basis since the separation from DowDuPont and expects to continue to do so, subject to approval by the Dow Inc. Board. Dividends declared by the Board align to the Company's strategy announced in 2018 of returning approximately 45 percent of Operating Net Income to shareholders through dividends and total shareholder remuneration of approximately 65 percent, when including share repurchases, over the economic cycle. The Company defines Operating Net Income, a non-GAAP measure, as "Net income available for Dow Inc. common stockholders," excluding the impact of significant items. The following table summarizes dividends declared and paid to common stockholders of record in 2023:

Dow Inc. Dividends Declared and Paid			
Declaration Date	Record Date	Payment Date	Amount (per share)
February 9, 2023	February 28, 2023	March 10, 2023	\$ 0.70
April 13, 2023	May 31, 2023	June 9, 2023	\$ 0.70
August 9, 2023	August 31, 2023	September 8, 2023	\$ 0.70
October 12, 2023	November 30, 2023	December 8, 2023	\$ 0.70

TDCC

TDCC has committed to fund Dow Inc.'s dividends paid to common stockholders and share repurchases, as approved by the Dow Inc. Board, as well as certain governance expenses. Funding is accomplished through intercompany loans. TDCC's Board reviews and determines a dividend distribution to Dow Inc. to settle the intercompany loans. For the three months ended September 30, 2023, TDCC declared and paid a dividend to Dow Inc. of \$630 million (\$2,008 million for the nine months ended September 30, 2023). At September 30, 2023, TDCC's intercompany loan balance with Dow Inc. was insignificant.

Share Repurchase Program

On April 13, 2022, the Dow Inc. Board approved a share repurchase program authorizing up to \$3 billion for the repurchase of the Company's common stock, with no expiration date. The Company repurchased \$125 million of its common stock in the third quarter of 2023 (\$500 million in the first nine months of 2023). At September 30, 2023, approximately \$1,550 million of the share repurchase program authorization remained available for repurchases. As previously announced, the Company intends to repurchase shares to cover dilution over the cycle. The Company may from time to time expand its share repurchases beyond dilution, based on a number of factors including macroeconomic conditions, free cash flow generation, and the Dow share price. Any share repurchases, when coupled with the Company's dividends, are intended to implement the long-term strategy of targeting shareholder remuneration of approximately 65 percent over the economic cycle.

Pension Plans

The Company has both funded and unfunded defined benefit pension plans that cover employees in the United States and a number of other countries. The Company's funding policy is to contribute to funded plans when pension laws and/or economics either require or encourage funding. In the second quarter of 2023, the Company received a pension asset reversion of approximately \$90 million for a portion of the excess funding of one of its plans in Europe. This plan asset reversion is included in "Other assets and liabilities, net" in the consolidated statements of cash flows. The Company expects to pursue certain de-risking opportunities for its pension plans, including annuitization and risk transfer of certain pension liabilities. If executed, the transactions will result in a non-operating and non-cash settlement charge in the range of \$500 million to \$1 billion in the fourth quarter of 2023. See Note 12 to the Consolidated Financial Statements and Note 19 to the Consolidated Financial Statements included in the 2022 10-K for additional information related to the Company's pension plans.

Restructuring

The actions related to the 2023 Restructuring Program are expected to result in additional cash expenditures of \$163 million, primarily through 2024, and consist of severance and related benefit costs. Restructuring implementation costs, primarily decommissioning and demolition activities related to asset actions, and costs associated with the Company's productivity and efficiency actions, are expected to result in additional cash expenditures of approximately \$280 million, primarily through 2024. Restructuring implementation and efficiency costs totaled \$82 million in the third quarter of 2023.

The Company expects to incur additional costs in the future related to its restructuring activities, which will be recognized as incurred. The Company also expects to incur additional employee-related costs, including involuntary termination benefits related to its other optimization activities. These costs cannot be reasonably estimated at this time. See Note 4 to the Consolidated Financial Statements for additional information on the Company's restructuring activities.

Contractual Obligations

Information related to the Company's contractual obligations, commercial commitments and expected cash requirements for interest can be found in Notes 14, 15, 16 and 19 to the Consolidated Financial Statements included in the 2022 10-K. With the exception of the items noted below, there have been no material changes in the Company's contractual obligations since December 31, 2022.

Contractual Obligations at Sep 30, 2023	Payments Due In				Total
	2023	2024-2025	2026-2027	2028 and beyond	
In millions					
Dow Inc.					
Long-term debt obligations ¹	\$ 35	\$ 533	\$ 1,312	\$ 13,083	\$ 14,963
Expected cash requirements for interest ²	\$ 346	\$ 1,492	\$ 1,302	\$ 8,684	\$ 11,824
Purchase obligations ³	\$ 826	\$ 4,049	\$ 2,332	\$ 3,907	\$ 11,114

1. Excludes unamortized debt discount and issuance costs of \$261 million. Includes finance lease obligations of \$749 million.

2. Cash requirements for interest on long-term debt was calculated using current interest rates at September 30, 2023, and includes \$145 million of various floating rate notes.

3. Includes outstanding purchase orders and other commitments greater than \$1 million obtained through a survey conducted within the Company.

Fair Value Measurements

See Note 15 to the Consolidated Financial Statements for information concerning fair value measurements.

OTHER MATTERS

Critical Accounting Estimates

The preparation of financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America requires management to make judgments, assumptions and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Note 1 to the Consolidated Financial Statements included in the 2022 10-K describes the significant accounting policies and methods used in the preparation of the consolidated financial statements. The Company's critical accounting policies that are impacted by judgments, assumptions and estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2022 10-K. Since December 31, 2022, there have been no material changes in the Company's accounting policies that are impacted by judgments, assumptions and estimates.

Asbestos-Related Matters of Union Carbide Corporation

Union Carbide is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past four decades. These suits principally allege personal injury resulting from exposure to asbestos-containing products and frequently seek both actual and punitive damages. The alleged claims primarily relate to products that Union Carbide sold in the past, alleged exposure to asbestos-containing products located on Union Carbide's premises, and Union Carbide's responsibility for asbestos suits filed against a former Union Carbide subsidiary, Amchem Products, Inc. ("Amchem"). In many cases, plaintiffs are unable to demonstrate that they have suffered any compensable loss as a result of such exposure, or that injuries incurred in fact resulted from exposure to Union Carbide's products.

The table below provides information regarding asbestos-related claims pending against Union Carbide and Amchem based on criteria developed by Union Carbide and its external consultants:

Asbestos-Related Claim Activity	2023	2022
Claims unresolved at Jan 1	6,873	8,747
Claims filed	3,097	3,662
Claims settled, dismissed or otherwise resolved	(3,428)	(5,823)
Claims unresolved at Sep 30	6,542	6,586
Claimants with claims against both Union Carbide and Amchem	(1,452)	(1,502)
Individual claimants at Sep 30	5,090	5,084

Plaintiffs' lawyers often sue numerous defendants in individual lawsuits or on behalf of numerous claimants. As a result, the damages alleged are not expressly identified as to Union Carbide, Amchem or any other particular defendant, even when specific damages are alleged with respect to a specific disease or injury. For these reasons and based upon Union Carbide's litigation and settlement experience, Union Carbide does not consider the damages alleged against Union Carbide and Amchem to be a meaningful factor in its determination of any potential asbestos-related liability.

For additional information, see Asbestos-Related Matters of Union Carbide Corporation in Note 8 to the Consolidated Financial Statements; Part II, Item 1. Legal Proceedings; and Note 15 to the Consolidated Financial Statements included in the 2022 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Note 14 to the Consolidated Financial Statements and Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk in the combined Dow Inc. and TDCC Annual Report on Form 10-K for the year ended December 31, 2022, for information on the Company's utilization of financial instruments and an analysis of the sensitivity of these instruments.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, Dow Inc. and The Dow Chemical Company (the "Companies") carried out an evaluation, under the supervision and with the participation of the Companies' Disclosure Committee and the Companies' management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Companies' disclosure controls and procedures pursuant to paragraph (b) of Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Companies' disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in the Companies' internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 and 15d-15 that was conducted during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Companies' internal control over financial reporting.

Dow Inc. and Subsidiaries
The Dow Chemical Company and Subsidiaries
PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Asbestos-Related Matters of Union Carbide Corporation

No material developments regarding this matter occurred in the first nine months of 2023. For a current status of this matter, see Note 8 to the Consolidated Financial Statements.

Environmental Proceedings

In June 2023, INEMA, the Bahia state environmental agency notified Dow Brasil Indústria e Comércio de Produtos Químicos Ltda of its intention to impose penalties relating to Dow's historic brine mining operations on Matarandiba Island, which INEMA alleges have contributed to environmental issues at the location. Discussions between Dow and the relevant government agencies are ongoing.

On September 15, 2023, the U.S. Environmental Protection Agency ("EPA") approved an administrative Consent Agreement and Final Order ("CAFO") between the EPA, The Dow Chemical Company and Rohm and Haas Chemicals, LLC resolving alleged violations of the Clean Air Act at the Rohm and Haas Chemicals facility in Kankakee, Illinois, relating to a storage tank at the site. This issue was self-disclosed by the facility to the Illinois Environmental Protection Agency in 2015. Under the CAFO, Dow will pay a civil penalty of \$300,000 and implement other corrective measures over the next 12 months.

ITEM 1A. RISK FACTORS

Since December 31, 2022, there have been no material changes to the Company's Risk Factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information regarding purchases of Dow Inc. common stock by the Company during the three months ended September 30, 2023:

Issuer Purchases of Equity Securities			Total number of shares purchased as part of the Company's publicly announced share repurchase program	Approximate dollar value of shares that may yet be purchased under the Company's publicly announced share repurchase program ¹ (In millions)
Period	Total number of shares purchased	Average price paid per share		
July 2023	73,090	\$ 54.73	73,090	\$ 1,671
August 2023	1,679,126	\$ 54.79	1,679,126	\$ 1,579
September 2023	531,740	\$ 54.54	531,740	\$ 1,550
Third quarter 2023	2,283,956	\$ 54.73	2,283,956	\$ 1,550

1. On April 13, 2022, the Dow Inc. Board approved a share repurchase program authorizing up to \$3.0 billion for the repurchase of the Company's common stock, with no expiration date.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION
4.3	Dow Inc. agrees to provide the SEC, on request, copies of all other such indentures and instruments that define the rights of holders of long-term debt of Dow Inc. and its consolidated subsidiaries, including The Dow Chemical Company, pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K.
23 *	Ankura Consulting Group, LLC's Consent.
31.1 *	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 *	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File. The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith

TRADEMARK LISTING

The following registered trademark of InspereX Holdings LLC appears in this report: InterNotes®

® ™ Trademark of The Dow Chemical Company ("Dow") or an affiliated company of Dow, except as otherwise specified.

Dow Inc. and Subsidiaries
The Dow Chemical Company and Subsidiaries
Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DOW INC.
THE DOW CHEMICAL COMPANY

Date: October 25, 2023

/s/ RONALD C. EDMONDS

Ronald C. Edmonds
Controller and Vice President
of Controllers and Tax
(Authorized Signatory and
Principal Accounting Officer)

Ankura Consulting Group, LLC ("Ankura") hereby consents to the use of Ankura's name and the reference to Ankura's reports in this Quarterly Report on Form 10-Q of Dow Inc. and The Dow Chemical Company for the period ended September 30, 2023, and the incorporation by reference thereof in the following Registration Statements of Dow Inc. and The Dow Chemical Company:

DOW INC.

Form S-3:

Nos. 333-230668
333-265556

Form S-8:

Nos. 333-220352-01
333-230680
333-230681
333-255472
333-255473

THE DOW CHEMICAL COMPANY

Form S-3:

No. 333-265556-01

Form S-4:

Nos. 333-88443
333-234108

Form S-8:

Nos. 33-61795
333-40271
333-91027
333-103519
333-220352

Date: October 25, 2023

/s/ AMY BROCKMAN

Amy Brockman
Senior Managing Director
Ankura Consulting Group, LLC

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jim Fitterling, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dow Inc. and The Dow Chemical Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of registrants' board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: October 25, 2023

/s/ JIM FITTERLING

Jim Fitterling
Chairman and Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Howard I. Ungerleider, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dow Inc. and The Dow Chemical Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of registrants' board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: October 25, 2023

/s/ HOWARD I. UNGERLEIDER

Howard I. Ungerleider
President and Chief Financial Officer

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jim Fitterling, Chairman and Chief Executive Officer of Dow Inc. and The Dow Chemical Company (the "Companies"), certify that:

1. The Quarterly Report on Form 10-Q of the Companies for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

Date: October 25, 2023

/s/ JIM FITTERLING

Jim Fitterling
Chairman and Chief Executive Officer

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Howard I. Ungerleider, President and Chief Financial Officer of Dow Inc. and The Dow Chemical Company (the “Companies”), certify that:

1. The Quarterly Report on Form 10-Q of the Companies for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

Date: October 25, 2023

/s/ HOWARD I. UNGERLEIDER

Howard I. Ungerleider
President and Chief Financial Officer