Dow Inc. and The Dow Chemical Company (together, "Dow")

Reconciliation of non-GAAP financial measures

Some Dow communications or presentations to investors contain certain financial measures that are not defined under accounting principles generally accepted in the United States of America ("GAAP"). Non-GAAP financial measures are clearly identified as such in all presentations in which they are included.

These non-GAAP financial measures exclude the impact of changes in accounting principles, certain gains and losses on the sale of assets, restructuring charges and certain other items. Dow believes that the non-GAAP financial measures presented with these adjustments best reflect the ongoing performance of the Company during the periods presented and are more useful to investors for comparative analyses. These measures should not be viewed as an alternative to GAAP financial measures. Furthermore, these non-GAAP financial measures may not be consistent with similar measures provided or used by other companies.

For a reconciliation between the bases for these non-GAAP financial measures and the most directly comparable GAAP financial measures, please see the following tables.

Dow
Non-GAAP Adjustments to Net Income

In millions	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
	Pro Forma	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**As Reported**	**As Reported**	**As Reported**	**Pro Forma**
Net Income (Loss) Available for Dow Inc. Common Stockholders (GAAP)	**$ 888**	**$ 1,322**	**$ 779**	**$ (2,524)**	**$ 465**	**$ 1,404**	**$ 1,333**	**$ 1,013**	**$ 891**	**$ 4,641**	**$ 556**	**$ 75**	**$ 333**	**$ (2,323)**	**$ (1,359)**
Less: Gain (loss) from discontinued operations, net of tax [1]	286	540	297	731	1,854	500	548	331	424	1,803	432	-	-	-	432
Plus: Pro forma adjustments	71	48	(37)	635	717	36	27	41	40	144	52	-	-	-	52
Pro forma net income (loss) from continuing operations available for Dow Inc. common stockholders	**$ 673**	**$ 830**	**$ 445**	**$ (2,620)**	**$ (672)**	**$ 940**	**$ 812**	**$ 723**	**$ 507**	**$ 2,982**	**$ 176**	**$ 75**	**$ 333**	**$ (2,323)**	**$ (1,739)**
Adjustments for significant items, after tax															
Litigation related charges, awards and adjustments	-	90	-	-	90	-	-	-	-	-	-	-	178	-	178
Integration and separation costs	(82)	(100)	(148)	(165)	(495)	(161)	(201)	(251)	(333)	(946)	(326)	(277)	(132)	(89)	(824)
Transaction costs and productivity actions	(16)	(15)	(6)	-	(37)	-	-	-	-	-	-	-	-	-	-
Restructuring, goodwill impairment and asset-related charges, net	-	8	(83)	(2,491)	(2,566)	(60)	(28)	(37)	(37)	(162)	(150)	(53)	(115)	(2,842)	(3,160)
Gains (losses) on divestitures	-	5	-	-	5	15	-	-	-	15	-	(47)	4	(4)	(47)
Impact of Dow Silicones ownership restructure	-	-	-	-	-	-	(18)	-	-	(18)	-	-	-	-	-
Loss on early extinguishment of debt	-	-	-	-	-	-	-	(5)	(37)	(42)	-	(34)	-	(49)	(83)
Warranty accrual adjustment of exited business	-	-	-	-	-	-	-	-	-	-	-	-	30	-	30
Environmental charges	-	-	-	-	-	-	-	-	-	-	-	-	(311)	-	(311)
Indemnification and other transaction related costs	-	-	-	-	-	-	-	-	-	-	(77)	(163)	-	(17)	(257)
Income tax items	-	-	(267)	(915)	(1,182)	(7)	-	17	115	125	-	-	-	101	101
Operating net income from continuing operations available for Dow Inc. common stockholders (non-GAAP)	**$ 771**	**$ 842**	**$ 949**	**$ 951**	**$ 3,513**	**$ 1,153**	**$ 1,059**	**$ 999**	**$ 799**	**$ 4,010**	**$ 729**	**$ 649**	**$ 679**	**$ 577**	**$ 2,634**

1. Calculated as "Income from discontinued operations, net of tax" less "Net income attributable to noncontrolling interests" related to discontinued operations.

Dow
Non-GAAP Adjustments to Earnings Per Share

Amounts in dollars per share	1Q17	2Q17	3Q17	4Q17	2017 [1]	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019 [1]
	Pro Forma	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**As Reported**	**As Reported**	**As Reported**	**Pro Forma**
Earnings per common share - diluted (GAAP)	**$ 1.18**	**$ 1.74**	**$ 1.03**	**$ (3.38)**	**$ 0.60**	**$ 1.88**	**$ 1.78**	**$ 1.36**	**$ 1.19**	**$ 6.21**	**$ 0.74**	**$ 0.10**	**$ 0.45**	**$ (3.14)**	**$ (1.84)**
Less: Earnings from discontinued operations per common share - diluted	0.38	0.71	0.39	0.98	2.48	0.67	0.73	0.45	0.56	2.41	0.58	-	-	-	0.58
Plus: Earnings per share impact of pro forma adjustments	0.09	0.06	(0.05)	0.85	0.97	0.05	0.03	0.06	0.05	0.19	0.08	-	-	-	0.07
Earnings from continuing operations per common share - diluted	**$ 0.89**	**$ 1.09**	**$ 0.59**	**$ (3.51)**	**$ (0.91)**	**$ 1.26**	**$ 1.08**	**$ 0.97**	**$ 0.68**	**$ 3.99**	**$ 0.24**	**$ 0.10**	**$ 0.45**	**$ (3.14)**	**$ (2.35)**
Adjustments for significant items															
Litigation related charges, awards and adjustments	-	0.12	-	-	0.12	-	-	-	-	-	-	-	0.24	-	0.24
Integration and separation costs	(0.11)	(0.13)	(0.20)	(0.22)	(0.66)	(0.22)	(0.27)	(0.33)	(0.44)	(1.26)	(0.44)	(0.37)	(0.18)	(0.12)	(1.11)
Transaction costs and productivity actions	(0.02)	(0.02)	(0.01)	-	(0.05)	-	-	-	-	-	-	-	-	-	-
Restructuring, goodwill impairment and asset-related charges, net	-	0.01	(0.11)	(3.34)	(3.44)	(0.08)	(0.04)	(0.05)	(0.05)	(0.22)	(0.20)	(0.07)	(0.15)	(3.84)	(4.26)
Gains (losses) on divestitures	-	-	-	-	-	0.02	-	-	-	0.02	-	(0.06)	0.01	(0.01)	(0.06)
Impact of Dow Silicones ownership restructure	-	-	-	-	-	-	(0.02)	-	-	(0.02)	-	-	-	-	-
Loss on early extinguishment of debt	-	-	-	-	-	-	-	(0.01)	(0.05)	(0.06)	-	(0.04)	-	(0.07)	(0.11)
Warranty accrual adjustment of exited business	-	-	-	-	-	-	-	-	-	-	-	-	0.04	-	0.04
Environmental charges	-	-	-	-	-	-	-	-	-	-	-	-	(0.42)	-	(0.42)
Indemnification and other transaction related costs	-	-	-	-	-	-	-	-	-	-	(0.10)	(0.22)	-	(0.02)	(0.34)
Income tax items	-	-	(0.35)	(1.22)	(1.57)	(0.01)	-	0.02	0.15	0.16	-	-	-	0.14	0.14
Operating earnings from continuing operations per common share - diluted (non-GAAP) [2]	**$ 1.02**	**$ 1.11**	**$ 1.26**	**$ 1.27**	**$ 4.69**	**$ 1.55**	**$ 1.41**	**$ 1.34**	**$ 1.07**	**$ 5.37**	**$ 0.98**	**$ 0.86**	**$ 0.91**	**$ 0.78**	**$ 3.53**

1. Due to different share counts in each period, the sum of the quarters does not equal year-to-date.

2. This measure of income excludes significant items that Dow does not consider part of ongoing operations.

Dow

Selected Non-GAAP Calculation of Operating EBIT and Operating EBITDA

In millions	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
	Pro Forma	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**As Reported**	**As Reported**	**As Reported**	**Pro Forma**
Net Income Attributable to Dow Inc. (GAAP)	$ 888	$ 1,322	$ 779	$ (2,524)	$ 465	$ 1,404	$ 1,333	$ 1,013	$ 891	$ 4,641	$ 556	$ 75	$ 333	$ (2,323)	$ (1,359)
Net income attributable to noncontrolling interests	27	38	22	43	130	35	31	36	32	134	45	15	14	13	87
Income from discontinued operations, net of income taxes	301	548	296	737	1,882	514	554	335	432	1,835	445	-	-	-	445
Provision for income taxes on continuing operations	180	248	486	610	1,524	226	249	280	54	809	141	125	90	114	470
Income from Continuing Operations Before Income Taxes	$ 794	$ 1,060	$ 991	$ (2,608)	$ 237	$ 1,151	$ 1,059	$ 994	$ 545	$ 3,749	$ 297	$ 215	$ 437	$ (2,196)	$ (1,247)
- Interest income	15	12	18	21	66	20	18	22	22	82	18	21	19	23	81
+ Interest expense and Amortization of debt discount	213	217	235	249	914	262	261	258	282	1,063	241	237	233	222	933
+ Pro forma adjustments	109	76	(62)	997	1,120	45	51	38	46	180	65	-	-	-	65
Earnings before interest and income taxes (EBIT)	$ 1,101	$ 1,341	$ 1,146	$ (1,383)	$ 2,205	$ 1,438	$ 1,353	$ 1,268	$ 851	$ 4,910	$ 585	$ 431	$ 651	$ (1,997)	$ (330)
Adjustments for significant items, before tax															
Litigation related charges, awards and adjustments	-	137	-	-	137	-	-	-	-	-	-	-	205	-	205
Integration and separation costs	(114)	(145)	(212)	(245)	(716)	(207)	(234)	(289)	(344)	(1,074)	(402)	(348)	(164)	(99)	(1,013)
Transaction costs and productivity actions	(26)	(22)	(10)	-	(58)	-	-	-	-	-	-	-	-	-	-
Restructuring, goodwill impairment and asset-related charges, net	-	12	(118)	(2,636)	(2,742)	(72)	(32)	(48)	(46)	(198)	(156)	(65)	(147)	(2,851)	(3,219)
Gains (losses) on divestitures	-	7	-	-	7	20	-	-	-	20	-	(44)	-	(5)	(49)
Impact of Dow Silicones ownership restructure	-	-	-	-	-	-	(20)	-	-	(20)	-	-	-	-	-
Warranty accrual adjustment of exited business	-	-	-	-	-	-	-	-	-	-	-	-	39	-	39
Environmental charges	-	-	-	-	-	-	-	-	-	-	-	-	(399)	-	(399)
Indemnification and other transaction related costs	-	-	-	-	-	-	-	-	-	-	-	(127)	-	(17)	(144)
Loss on early extinguishment of debt	-	-	-	-	-	-	-	(6)	(48)	(54)	-	(44)	-	(58)	(102)
Operating EBIT (non-GAAP) [1]	$ 1,241	$ 1,352	$ 1,486	$ 1,498	$ 5,577	$ 1,697	$ 1,639	$ 1,611	$ 1,289	$ 6,236	$ 1,143	$ 1,059	$ 1,117	$ 1,033	$ 4,352
+ Depreciation and amortization	661	617	685	721	2,684	728	723	732	726	2,909	743	743	739	713	2,938
Operating EBITDA (non-GAAP) [2]	$ 1,902	$ 1,969	$ 2,171	$ 2,219	$ 8,261	$ 2,425	$ 2,362	$ 2,343	$ 2,015	$ 9,145	$ 1,886	$ 1,802	$ 1,856	$ 1,746	$ 7,290
Operating EBITDA (non-GAAP) - Trailing Twelve Months	[redacted]												$ 7,559	$ 7,290	[redacted]
Net sales	$ 10,521	$ 10,936	$ 11,254	$ 12,061	$ 44,772	$ 12,296	$ 12,851	$ 12,697	$ 12,008	$ 49,852	$ 11,016	$ 11,014	$ 10,764	$ 10,204	$ 42,998
Operating EBIT margin (non-GAAP) [3]	11.8%	12.4%	13.2%	12.4%	12.5%	13.8%	12.8%	12.7%	10.7%	12.5%	10.4%	9.6%	10.4%	10.1%	10.1%

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

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

3. Operating EBIT margin is defined as Operating EBIT as a percentage of net sales.

Dow
Selected Non-GAAP Segment Measures
Packaging & Specialty Plastics Segment

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
In millions	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**As Reported**	**As Reported**	**As Reported**	**Pro Forma**
Earnings before interest (EBIT)	$ 904	$ 1,105	$ 880	$ 244	$ 3,133	$ 965	$ 923	$ 850	$ 809	$ 3,547	$ 677	$ 762	$ 932	$ 259	$ 2,630
Adjustments for significant items, before tax															
Litigation related charges, awards and adjustments	-	137	-	-	137	-	-	-	-	-	-	-	170	-	170
Environmental charges	-	-	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)
Restructuring, goodwill impairment and asset-related charges, net	-	-	-	(716)	(716)	(6)	(3)	(7)	(30)	(46)	(13)	(6)	(31)	(389)	(439)
Operating EBIT (GAAP) [1]	**$ 904**	**$ 968**	**$ 880**	**$ 960**	**$ 3,712**	**$ 971**	**$ 926**	**$ 857**	**$ 839**	**$ 3,593**	**$ 690**	**$ 768**	**$ 798**	**$ 648**	**$ 2,904**
Equity in earnings of nonconsolidated affiliates	$ 32	$ 37	$ 66	$ 59	$ 194	$ 59	$ 108	$ 83	$ 37	$ 287	$ 38	$ 74	$ 23	$ 27	$ 162
Operating EBIT excluding equity in earnings of nonconsolidated affiliates (non-GAAP) [2]	**$ 872**	**$ 931**	**$ 814**	**$ 901**	**$ 3,518**	**$ 912**	**$ 818**	**$ 774**	**$ 802**	**$ 3,306**	**$ 652**	**$ 694**	**$ 775**	**$ 621**	**$ 2,742**
Net sales	$ 5,424	$ 5,463	$ 5,532	$ 6,127	$ 22,546	$ 6,048	$ 6,134	$ 6,157	$ 5,898	$ 24,237	$ 5,138	$ 5,205	$ 5,062	$ 4,840	$ 20,245
Operating EBIT Margin (GAAP) [3]	**16.7%**	**17.7%**	**15.9%**	**15.7%**	**16.5%**	**16.1%**	**15.1%**	**13.9%**	**14.2%**	**14.8%**	**13.4%**	**14.8%**	**15.8%**	**13.4%**	**14.3%**
Operating EBIT Margin excluding equity in earnings of nonconsolidated affiliates (non-GAAP) [4]	**16.1%**	**17.0%**	**14.7%**	**14.7%**	**15.6%**	**15.1%**	**13.3%**	**12.6%**	**13.6%**	**13.6%**	**12.7%**	**13.3%**	**15.3%**	**12.8%**	**13.5%**
Operating EBIT (GAAP) [1]	**$ 904**	**$ 968**	**$ 880**	**$ 960**	**$ 3,712**	**$ 971**	**$ 926**	**$ 857**	**$ 839**	**$ 3,593**	**$ 690**	**$ 768**	**$ 798**	**$ 648**	**$ 2,904**
Depreciation and amortization	280	268	309	335	1,192	352	344	352	337	1,385	367	370	366	332	1,435
Operating EBITDA (non-GAAP) [5]	**1,184**	**1,236**	**1,189**	**1,295**	**4,904**	**1,323**	**1,270**	**1,209**	**1,176**	**4,978**	**1,057**	**1,138**	**1,164**	**980**	**4,339**
Operating EBITDA Margin (non-GAAP) [6]	**21.8%**	**22.6%**	**21.5%**	**21.1%**	**21.8%**	**21.9%**	**20.7%**	**19.6%**	**19.9%**	**20.5%**	**20.6%**	**21.9%**	**23.0%**	**20.2%**	**21.4%**

1. Operating EBIT is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, excluding the impact of significant items.
2. Defined as Operating EBIT, excluding equity in earnings of nonconsolidated affiliates.
3. Operating EBIT margin is defined as Operating EBIT as a percentage of net sales.
4. Defined as Operating EBIT, excluding equity in earnings of nonconsolidated affiliates, as a percentage of net sales.
5. Operating EBITDA is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, depreciation and amortization, excluding the impact of significant items.
6. Operating EBITDA margin is defined as Operating EBITDA as a percentage of net sales.

Dow
Selected Non-GAAP Segment Measures
Industrial Intermediates & Infrastructure Segment

In millions	1Q17 Pro Forma	2Q17 Pro Forma	3Q17 Pro Forma	4Q17 Pro Forma	2017 Pro Forma	1Q18 Pro Forma	2Q18 Pro Forma	3Q18 Pro Forma	4Q18 Pro Forma	2018 Pro Forma	1Q19 Pro Forma	2Q19 As Reported	3Q19 As Reported	4Q19 As Reported	2019 Pro Forma
Earnings before interest (EBIT)	$ 284	$ 211	$ 496	$ 462	$ 1,453	$ 469	$ 502	$ 466	$ 339	$ 1,776	$ 277	$ 154	$ 180	$ (954)	$ (343)
Adjustments for significant items, before tax															
Restructuring, goodwill impairment and asset-related charges, net	-	-	-	(17)	(17)	(11)	-	-	-	(11)	-	-	(5)	(1,170)	(1,175)
Environmental charges	-	-	-	-	-	-	-	-	-	-	-	-	(8)	-	(8)
Gains (losses) on divestitures	-	-	-	-	-	20	-	-	-	20	-	-	-	(5)	(5)
Operating EBIT (GAAP) [1]	**$ 284**	**$ 211**	**$ 496**	**$ 479**	**$ 1,470**	**$ 460**	**$ 502**	**$ 466**	**$ 339**	**$ 1,767**	**$ 277**	**$ 154**	**$ 193**	**$ 221**	**$ 845**
Equity in earnings (losses) of nonconsolidated affiliates	$ 73	$ (13)	$ 41	$ 71	$ 172	$ 149	$ 96	$ 54	$ (15)	$ 284	$ (48)	$ (78)	$ (70)	$ (45)	$ (241)
Operating EBIT excluding equity in earnings (losses) of nonconsolidated affiliates (non-GAAP) [2]	**$ 211**	**$ 224**	**$ 455**	**$ 408**	**$ 1,298**	**$ 311**	**$ 406**	**$ 412**	**$ 354**	**$ 1,483**	**$ 325**	**$ 232**	**$ 263**	**$ 266**	**$ 1,086**
Net sales	$ 2,924	$ 3,084	$ 3,309	$ 3,634	$ 12,951	$ 3,803	$ 3,972	$ 3,913	$ 3,777	$ 15,465	$ 3,489	$ 3,342	$ 3,365	$ 3,253	$ 13,449
Operating EBIT Margin (GAAP) [3]	**9.7%**	**6.8%**	**15.0%**	**13.2%**	**11.4%**	**12.1%**	**12.6%**	**11.9%**	**9.0%**	**11.4%**	**7.9%**	**4.6%**	**5.7%**	**6.8%**	**6.3%**
Operating EBIT Margin excluding equity in earnings (losses) of nonconsolidated affiliates (non-GAAP) [4]	**7.2%**	**7.3%**	**13.8%**	**11.2%**	**10.0%**	**8.2%**	**10.2%**	**10.5%**	**9.4%**	**9.6%**	**9.3%**	**6.9%**	**7.8%**	**8.2%**	**8.1%**
Operating EBIT (GAAP) [1]	**$ 284**	**$ 211**	**$ 496**	**$ 479**	**$ 1,470**	**$ 460**	**$ 502**	**$ 466**	**$ 339**	**$ 1,767**	**$ 277**	**$ 154**	**$ 193**	**$ 221**	**$ 845**
Depreciation and amortization	151	130	142	149	572	147	152	149	159	607	145	147	149	153	594
Operating EBITDA (non-GAAP) [5]	**435**	**341**	**638**	**628**	**2,042**	**607**	**654**	**615**	**498**	**2,374**	**422**	**301**	**342**	**374**	**1,439**
Operating EBITDA Margin (non-GAAP) [6]	**14.9%**	**11.1%**	**19.3%**	**17.3%**	**15.8%**	**16.0%**	**16.5%**	**15.7%**	**13.2%**	**15.4%**	**12.1%**	**9.0%**	**10.2%**	**11.5%**	**10.7%**

1. Operating EBIT is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, excluding the impact of significant items.
2. Defined as Operating EBIT, excluding equity in earnings (losses) of nonconsolidated affiliates.
3. Operating EBIT margin is defined as Operating EBIT as a percentage of net sales.
4. Defined as Operating EBIT, excluding equity in earnings (losses) of nonconsolidated affiliates, as a percentage of net sales.
5. Operating EBITDA is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, depreciation and amortization, excluding the impact of significant items.
6. Operating EBITDA margin is defined as Operating EBITDA as a percentage of net sales.

Dow

Selected Non-GAAP Segment Measures

Performance Materials & Coatings Segment

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
In millions	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**Pro Forma**	**As Reported**	**As Reported**	**As Reported**	**Pro Forma**
Earnings before interest (EBIT)	$ 154	$ 279	$ 228	$ (1,422)	$ (761)	$ 356	$ 257	$ 398	$ 194	$ 1,205	$ 271	$ 192	$ 140	$ (811)	$ (208)
Adjustments for significant items, before tax															
Restructuring, goodwill impairment and asset-related charges, net	-	3	-	(1,581)	(1,578)	1	(15)	-	(7)	(21)	-	(22)	(10)	(1,044)	(1,076)
Environmental charges	-	-	-	-	-	-	-	-	-	-	-	-	(50)	-	(50)
Impact of Dow Silicones ownership restructure	-	-	-	-	-	-	(20)	-	-	(20)	-	-	-	-	-
Operating EBIT (GAAP) [1]	**$ 154**	**$ 276**	**$ 228**	**$ 159**	**$ 817**	**$ 355**	**$ 292**	**$ 398**	**$ 201**	**$ 1,246**	**$ 271**	**$ 214**	**$ 200**	**$ 233**	**$ 918**
Equity in earnings of nonconsolidated affiliates	$ 12	$ 10	$ 9	$ 9	$ 40	$ -	$ 1	$ 3	$ -	$ 4	$ -	$ 1	$ 2	$ 2	$ 5
Operating EBIT excluding equity in earnings of nonconsolidated affiliates (non-GAAP) [2]	**$ 142**	**$ 266**	**$ 219**	**$ 150**	**$ 777**	**$ 355**	**$ 291**	**$ 395**	**$ 201**	**$ 1,242**	**$ 271**	**$ 213**	**$ 198**	**$ 231**	**$ 913**
Net sales	$ 2,102	$ 2,294	$ 2,256	$ 2,240	$ 8,892	$ 2,371	$ 2,673	$ 2,552	$ 2,269	$ 9,865	$ 2,320	$ 2,356	$ 2,250	$ 2,035	$ 8,961
Operating EBIT Margin (GAAP) [3]	**7.3%**	**12.0%**	**10.1%**	**7.1%**	**9.2%**	**15.0%**	**10.9%**	**15.6%**	**8.9%**	**12.6%**	**11.7%**	**9.1%**	**8.9%**	**11.4%**	**10.2%**
Operating EBIT Margin excluding equity in earnings of nonconsolidated affiliates (non-GAAP) [4]	**6.8%**	**11.6%**	**9.7%**	**6.7%**	**8.7%**	**15.0%**	**10.9%**	**15.5%**	**8.9%**	**12.6%**	**11.7%**	**9.0%**	**8.8%**	**11.4%**	**10.2%**
Operating EBIT (GAAP) [1]	**$ 154**	**$ 276**	**$ 228**	**$ 159**	**$ 817**	**$ 355**	**$ 292**	**$ 398**	**$ 201**	**$ 1,246**	**$ 271**	**$ 214**	**$ 200**	**$ 233**	**$ 918**
Depreciation and amortization	221	211	226	228	886	222	220	222	224	888	219	219	217	222	877
Operating EBITDA (non-GAAP) [5]	**375**	**487**	**454**	**387**	**1,703**	**577**	**512**	**620**	**425**	**2,134**	**490**	**433**	**417**	**455**	**1,795**
Operating EBITDA Margin (non-GAAP) [6]	**17.8%**	**21.2%**	**20.1%**	**17.3%**	**19.2%**	**24.3%**	**19.2%**	**24.3%**	**18.7%**	**21.6%**	**21.1%**	**18.4%**	**18.5%**	**22.4%**	**20.0%**

1. Operating EBIT is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, excluding the impact of significant items.
2. Defined as Operating EBIT, excluding equity in earnings of nonconsolidated affiliates.
3. Operating EBIT margin is defined as Operating EBIT as a percentage of net sales.
4. Defined as Operating EBIT, excluding equity in earnings of nonconsolidated affiliates, as a percentage of net sales.
5. Operating EBITDA is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, depreciation and amortization, excluding the impact of significant items.
6. Operating EBITDA margin is defined as Operating EBITDA as a percentage of net sales.

Dow

Selected Non-GAAP Segment Measures

Corporate Segment

In millions	1Q17 Pro Forma	2Q17 Pro Forma	3Q17 Pro Forma	4Q17 Pro Forma	2017 Pro Forma	1Q18 Pro Forma	2Q18 Pro Forma	3Q18 Pro Forma	4Q18 Pro Forma	2018 Pro Forma	1Q19 Pro Forma	2Q19 As Reported	3Q19 As Reported	4Q19 As Reported	2019 Pro Forma
Earnings before interest (EBIT)	$ (215)	$ (232)	$ (448)	$ (667)	$ (1,562)	$ (352)	$ (329)	$ (446)	$ (491)	$ (1,618)	$ (640)	$ (677)	$ (601)	$ (491)	$ (2,409)
Adjustments for significant items, before tax															
Integration and separation costs	(114)	(145)	(212)	(245)	(716)	(207)	(234)	(289)	(344)	(1,074)	(402)	(348)	(164)	(99)	(1,013)
Restructuring, goodwill impairment and asset-related charges, net	-	9	(118)	(322)	(431)	(56)	(14)	(41)	(9)	(120)	(143)	(37)	(101)	(248)	(529)
Gains (losses) on divestitures	-	7	-	-	7	-	-	-	-	-	-	(44)	-	-	(44)
Environmental charges	-	-	-	-	-	-	-	-	-	-	-	-	(336)	-	(336)
Warranty accrual adjustment of exited business	-	-	-	-	-	-	-	-	-	-	-	-	39	-	39
Litigation related charges, awards and adjustments	-	-	-	-	-	-	-	-	-	-	-	-	35	-	35
Indemnification and other transaction related costs	-	-	-	-	-	-	-	-	-	-	-	(127)	-	(17)	(144)
Loss on early extinguishment of debt	-	-	-	-	-	-	-	(6)	(48)	(54)	-	(44)	-	(58)	(102)
Operating EBIT (GAAP) [1]	**$ (101)**	**$ (103)**	**$ (118)**	**$ (100)**	**$ (422)**	**$ (89)**	**$ (81)**	**$ (110)**	**$ (90)**	**$ (370)**	**$ (95)**	**$ (77)**	**$ (74)**	**$ (69)**	**$ (315)**
Equity in earnings (losses) of nonconsolidated affiliates	$ (7)	$ (12)	$ 12	$ (1)	$ (8)	$ (7)	$ (12)	$ (5)	$ 4	$ (20)	$ (4)	$ (12)	$ 1	$ (5)	$ (20)
Operating EBIT excluding equity in earnings (losses) of nonconsolidated affiliates (non-GAAP) [2]	**$ (94)**	**$ (91)**	**$ (130)**	**$ (99)**	**$ (414)**	**$ (82)**	**$ (69)**	**$ (105)**	**$ (94)**	**$ (350)**	**$ (91)**	**$ (65)**	**$ (75)**	**$ (64)**	**$ (295)**
Operating EBIT (GAAP) [1]	**$ (101)**	**$ (103)**	**$ (118)**	**$ (100)**	**$ (422)**	**$ (89)**	**$ (81)**	**$ (110)**	**$ (90)**	**$ (370)**	**$ (95)**	**$ (77)**	**$ (74)**	**$ (69)**	**$ (315)**
Depreciation and amortization	9	8	8	9	34	7	7	9	6	29	12	7	7	6	32
Operating EBITDA (non-GAAP) [3]	**(92)**	**(95)**	**(110)**	**(91)**	**(388)**	**(82)**	**(74)**	**(101)**	**(84)**	**(341)**	**(83)**	**(70)**	**(67)**	**(63)**	**(283)**

1. Operating EBIT is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, excluding the impact of significant items.
2. Defined as Operating EBIT, excluding equity in earnings (losses) of nonconsolidated affiliates.
3. Operating EBITDA is defined as earnings (i.e., "Income (loss) from continuing operations before income taxes") before interest, depreciation and amortization, excluding the impact of significant items.

Dow

Non-GAAP Cash Flow Metrics

In millions	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Cash provided by (used for) operating activities - continuing operations (GAAP)	$ (1,204)	$ (2,550)	$ 99	$ (2,788)	$ (6,443)	$ 744	$ 760	$ 203	$ 1,389	$ 3,096	$ 1,043	$ 960	$ 1,790	$ 1,920	$ 5,713
Impact of ASU 2016-15 and additional interpretive guidance	1,997	2,835	2,157	2,473	9,462	445	211	1	-	657	-	-	-	-	-
Cash flows from operating activities - continuing operations - excluding impact of ASU 2016-15 (non-GAAP) [1]	$ 793	$ 285	$ 2,256	$ (315)	$ 3,019	$ 1,189	$ 971	$ 204	$ 1,389	$ 3,753	$ 1,043	$ 960	$ 1,790	$ 1,920	$ 5,713
Capital Expenditures	(704)	(724)	(575)	(804)	(2,807)	(379)	(489)	(577)	(646)	(2,091)	(442)	(470)	(472)	(577)	(1,961)
Free cash flow (non-GAAP) [2]	**$ 89**	**$ (439)**	**$ 1,681**	**$ (1,119)**	**$ 212**	**$ 810**	**$ 482**	**$ (373)**	**$ 743**	**$ 1,662**	**$ 601**	**$ 490**	**$ 1,318**	**$ 1,343**	**$ 3,752**
Free cash flow (non-GAAP) - Trailing Twelve Months	[redacted]												**$ 3,152**	**$ 3,752**	[redacted]
Cash flows from operating activities - continuing operations - excluding impact of ASU 2016-15 (non-GAAP)	**$ 793**	**$ 285**	**$ 2,256**	**$ (315)**	**$ 3,019**	**$ 1,189**	**$ 971**	**$ 204**	**$ 1,389**	**$ 3,753**	**$ 1,043**	**$ 960**	**$ 1,790**	**$ 1,920**	**$ 5,713**
Operating EBITDA [3]	1,902	1,969	2,171	2,219	8,261	2,425	2,362	2,343	2,015	9,145	1,886	1,802	1,856	1,746	7,290
Operating EBITDA to cash flow from operations conversion (non-GAAP) [4]	**41.7%**	**14.5%**	**103.9%**	**-14.2%**	**36.5%**	**49.0%**	**41.1%**	**8.7%**	**68.9%**	**41.0%**	**55.3%**	**53.3%**	**96.4%**	**110.0%**	**78.4%**

1. Dow calculates cash flows from operating activities - excluding the impact of ASU 2016-15 as cash provided by (used for) operating activities - continuing operations, excluding the impact of Accounting Standards Update ("ASU") 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" and related interpretive guidance. Management believes this non-GAAP financial measure is relevant and meaningful as it presents cash flows from operating activities inclusive of all trade accounts receivable collection activity, which Dow utilizes in support of its operating activities.

2. Dow defines free cash flow as cash flows from operating activities - continuing operations - excluding impact of ASU 2016-15 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, represent the cash available to fund obligations and provide returns to shareholders. Free cash flow is an integral financial measure used in Dow's financial planning process.

3. Operating EBITDA for the first quarter of 2019 and periods prior is presented on a pro forma basis. Operating EBITDA for the second quarter of 2019 and subsequent periods is presented on an as reported basis.

4. Dow defines Operating EBITDA to cash flow from operations conversion as cash flows from operating activities - continuing operations - excluding the impact of ASU 2016-15 divided by Operating EBITDA.

Dividend Payout Ratio

	2Q19	3Q19	4Q19
Dividends Declared Per Common Share	$ 0.70	$ 0.70	$ 0.70
Operating Earnings Per Share (non-GAAP) [1]	$ 0.86	$ 0.91	$ 0.78
Dividend Payout Ratio	81.4%	76.9%	89.7%

1. This measure of income excludes significant items that Dow does not consider part of ongoing operations.

Dow
Calculation of Net Debt to Capital

Dollar amounts in millions	1Q17 As Reported	2Q17 As Reported	3Q17 As Reported	4Q17 As Reported	1Q18 As Reported	2Q18 As Reported	3Q18 As Reported	4Q18 As Reported	1Q19 As Reported	2Q19 As Reported	3Q19 As Reported	4Q19 As Reported
Notes payable	$ 353	$ 477	$ 560	$ 481	$ 783	$ 849	$ 900	$ 298	$ 295	$ 544	$ 517	$ 586
Long-term debt due within one year	613	951	573	748	915	2,833	2,601	338	2,367	297	378	435
Long-Term Debt	20,459	20,061	19,991	19,757	19,590	17,114	17,078	19,253	17,158	17,155	17,213	15,975
Total Debt	$ 21,425	$ 21,489	$ 21,124	$ 20,986	$ 21,288	$ 20,796	$ 20,579	$ 19,889	$ 19,820	$ 17,996	$ 18,108	$ 16,996
Total debt	$ 21,425	$ 21,489	$ 21,124	$ 20,986	$ 21,288	$ 20,796	$ 20,579	$ 19,889	$ 19,820	$ 17,996	$ 18,108	$ 16,996
Less: Cash and cash equivalents	5,848	6,218	8,395	6,189	5,187	4,824	3,411	2,724	3,001	2,446	2,823	2,367
Less: Marketable securities and interest bearing deposits	-	-	-	4	11	133	107	100	101	20	11	21
Net Debt	$ 15,577	$ 15,271	$ 12,729	$ 14,793	$ 16,090	$ 15,839	$ 17,061	$ 17,065	$ 16,718	$ 15,530	$ 15,274	$ 14,608
Total debt	$ 21,425	$ 21,489	$ 21,124	$ 20,986	$ 21,288	$ 20,796	$ 20,579	$ 19,889	$ 19,820	$ 17,996	$ 18,108	$ 16,996
Noncontrolling interests	1,275	1,167	1,189	1,186	1,191	1,152	1,181	1,138	1,180	589	587	553
Dow Inc.'s stockholders' equity	27,059	28,421	34,988	31,515	32,418	32,521	32,774	32,483	32,668	17,911	17,399	13,541
Total Capital	$ 49,759	$ 51,077	$ 57,301	$ 53,687	$ 54,897	$ 54,469	$ 54,534	$ 53,510	$ 53,668	$ 36,496	$ 36,094	$ 31,090
Net debt	$ 15,577	$ 15,271	$ 12,729	$ 14,793	$ 16,090	$ 15,839	$ 17,061	$ 17,065	$ 16,718	$ 15,530	$ 15,274	$ 14,608
Noncontrolling interests	1,275	1,167	1,189	1,186	1,191	1,152	1,181	1,138	1,180	589	587	553
Dow Inc.'s stockholders' equity	27,059	28,421	34,988	31,515	32,418	32,521	32,774	32,483	32,668	17,911	17,399	13,541
Net Capital	$ 43,911	$ 44,859	$ 48,906	$ 47,494	$ 49,699	$ 49,512	$ 51,016	$ 50,686	$ 50,566	$ 34,030	$ 33,260	$ 28,702
Debt to Capital Ratio	43.1%	42.1%	36.9%	39.1%	38.8%	38.2%	37.7%	37.2%	36.9%	49.3%	50.2%	54.7%
Net Debt to Net Capital Ratio	35.5%	34.0%	26.0%	31.1%	32.4%	32.0%	33.4%	33.7%	33.1%	45.6%	45.9%	50.9%

Dow

Non-GAAP Return on Capital Calculation

	4Q18	1Q19	2Q19	3Q19	4Q19
Dollar amounts in millions	Pro Forma	Pro Forma	As Reported	As Reported	As Reported
Operating net income from continuing operations available for Dow Inc. common stockholders (non-GAAP)	$ 799	$ 729	$ 649	$ 679	$ 577
Net income attributable to noncontrolling interests	24	32	15	14	13
Gross interest expense	297	265	257	254	237
Imputed interest expense - operating leases	-	23	23	23	22
Tax on gross interest expense	(65)	(62)	(61)	(57)	(59)
Operating net operating profit from continuing operations after tax (non-GAAP)	$ 1,055	$ 987	$ 883	$ 913	$ 790
Total debt	$ 19,889	$ 19,820	$ 17,996	$ 18,108	$ 16,996
Operating lease liabilities	-	2,223	2,200	2,153	2,160
Noncontrolling interests	1,138	1,180	589	587	553
Dow Inc. stockholders' equity (non-GAAP) [1]	34,570	34,755	17,911	17,399	13,541
Assets/liabilities of discontinued operations	(15,412)	(15,574)	-	-	-
Total capital from continuing operations (non-GAAP)	$ 40,185	$ 42,404	$ 38,696	$ 38,247	$ 33,250
Average total capital from continuing operations (non-GAAP)	$ 39,855	$ 40,384	$ 40,736	$ 40,278	$ 39,016
Trailing Twelve Months Operating Return on Capital (non-GAAP) [2]	12.6%	11.4%	10.2%	9.5%	9.2%

1. The fourth quarter of 2018 includes pro forma adjustments related to a cash contribution from DowDuPont Inc. and a cash payment from Corteva Inc. as part of the separation from DowDuPont Inc.

2. This measure of return excluded from income significant items which Dow did not consider part of ongoing operations.