Dow Corning Integration: Frequently Asked Questions

Q1. What was announced today?
• The Dow Chemical Company announced the successful completion of the transaction to restructure ownership of Dow Corning Corporation, previously a 50:50 joint venture of Dow and Corning.
• Dow is now 100 percent owner of Dow Corning’s silicones business, which is expected to bring $1 billion of EBITDA into Dow at full run rate synergies.
• Dow and Corning Inc. will each maintain their current proportional indirect equity stake in Hemlock Semiconductor Group, a polysilicon producer in which Dow Corning was the majority shareholder.
• Dow Corning is a recognized pioneer and leader in the silicones industry. Bringing together Dow and Dow Corning will accelerate growth and continue to build upon Dow Corning’s more than 70-year legacy of success.
• Dow previously announced its intent to restructure the ownership of Dow Corning’s silicones business on December 11, 2015.

Q2. What is the impact on the local community and local employees?
Both Dow and Dow Corning will be operating business as usual on Day 1. To help make the transition as smooth, Dow Corning will continue to serve customers in the near term through the Dow Corning brand, which will transition over time to the Dow brand. Site signs and product labels will be the same. Customers and suppliers will continue to work with their assigned representative. As the integration process moves forward, we are working together to define the organization that will support growth for these businesses.

Q3. How many people will lose jobs, and how will this impact our community?
• The number of jobs impacted is not known at this time.
• As we have said, the process of identifying impacted roles must take place in a careful, and thoughtful manner. While we are committed to making decisions quickly, we also owe it to all of our people, and to the community, to do so thoughtfully, and to comply with local laws and regulations. These are difficult decisions.
• With the exception of certain key leadership positions (which we have already announced), the vast majority of people decisions will be taking place in the coming weeks and only after Dow Corning joins the Dow family.
• It is our intention to provide specific details about the number of impacted roles we expect toward the end of the month of June, in compliance with all local laws and regulations.
• The integration team is working with leaders in both companies to determine what job roles will be realigned or consolidated to maximize the effectiveness of the organizations.
• In order to accelerate growth and strengthen Dow’s global reach in the future, the integration will also require some office consolidations. None of this will occur, however, at the sacrifice of safety, business continuity or customer success.
• The combination of Dow and Dow Corning will draw from the strengths of each
organization, and we will work to blend the best practices and the best people in both companies. This means there could be job impacts in both organizations.

- Dow remains committed to our values of integrity and respect for people, and to keeping people informed as the integration moves forward.

Q4. How long will the process take? When will job notifications be over?
Most Dow Corning employees will know their job situation by the end of Q3 2016, and only after talent selection is completed and country legal requirements will allow. Any Dow employee in a role that is impacted will also be made aware of his or her job situation by the end of Q3 2016. Timelines may vary by country depending on local legal requirements.

Q5. Will Dow and Dow Corning’s charitable donations be impacted by this transaction?
Both Dow and Dow Corning are strong community partners and have a vested interest in the region. We will continue to lend our time, talents and people to community organizations that make the region a great place to live and work. All 2016 philanthropic commitments made previously by either organization will be honored, and we will carefully consider how future philanthropy and community involvement will progress. How the Dow Corning Foundation and The Dow Chemical Company Foundation will operate will be determined at a future date.

Q6. How will Dow reconcile two different contributions policies? Will there be more money available for donations to non-profits and academic institutions or less?
Dow Corning will become part of Dow’s contribution process and will share its experience and past history as we integrate our contributions programs.

Q7. Will Dow take on Dow Corning Foundation’s funding strategy?
Both Companies have similar giving strategies, in addition to a shared commitment to the communities in which they operate. The details regarding how the Dow Corning Foundation and The Dow Chemical Company Foundation will operate going forward will be determined at a future date.

Q8. Can you tell us more about The Dow Chemical Company?
- Founded in 1897, Dow is the largest chemical company in the United States. The Company is driving innovations that extract value from material, polymer, chemical and biological science to help address many of the world’s most challenging problems such as the need for clean water, clean energy generation and conservation, and increasing agricultural productivity.
- Dow’s integrated, market-driven, industry-leading portfolio of specialty chemical, advanced materials, agrosciences and plastics businesses delivers a broad range of technology-based products and solutions to customers in approximately 180 countries and in high-growth sectors such as packaging, electronics, water, coatings and agriculture.
- In 2015, Dow had annual sales of nearly $49 billion and employed approximately 49,500 people worldwide. The Company’s more than 6,000 product families are manufactured at 179 sites in 35 countries across the globe.
Q9. What will be the impact of this transaction on Dow Corning’s sites?
On Day 1, it will be business as usual at our sites, and our priorities on safety remain the same. As the integration moves forward, we are working together to define the organization that will support our growth going forward. Both companies are working together to retain the best practices and best people from each organization, and we are committed to sharing more information when it is available.

Q10. What is Dow’s commitment to safety?
- Safety is our top priority. Our goals are for every employee to return home from work safely every day and to operate our facilities safely, while protecting the environment as responsible neighbors within our communities.
- Our values of integrity and respect for people extend beyond our gates to our local communities and the world at large.
- We are committed to operational excellence and recognize the link between economic/business success – and community success.

Q11. Will Dow Corning be a separate legal entity or a separate business unit inside of Dow?
Dow Corning Corporation will retain its separate legal existence as a wholly owned subsidiary of The Dow Chemical Company. Dow Corning Corporation, together with its subsidiaries, will continue to conduct the day-to-day operations of the silicones business, other than certain non-managerial operational activities, which may be performed by other members of the larger Dow affiliated group.

Q12. Will signage change at this site to reflect a new company name ownership?
We do not expect signage will change within the first several months following transaction close.

Q13. Is this a good deal for the site and the community?
With the long shared history between the two companies, Dow and Dow Corning already have a solid platform on which to build strong working relationships. Each company is an industry leader that shares a dedication to putting science and technology to work in order to develop solutions for the challenges of tomorrow.

A global leader in silicones, silicon-based technology and innovation, Dow Corning provides performance-enhancing solutions to serve the diverse needs of more than 25,000 customers worldwide. A leader in specialty chemicals, Dow delivers products and solutions to diverse end-markets such as electronics, water, packaging, energy, infrastructure and agriculture and to customers in 180 countries. For Dow Corning, the added power of Dow’s operational excellence, global scale, and powerful innovation and R&D engine will help accelerate growth by enhancing the Company’s ability to serve customers. Bringing Dow and Dow Corning together will accelerate growth for both companies, which may lead to new roles and new employment opportunities over the longer term.

Q14. Where will the synergies be realized? Will it involve job cuts?
- The restructuring is expected to result in the reduction of some jobs in the near
term. However, no specifics have yet been determined. We remain committed to our values of integrity and respect for people and to keeping people informed as the process moves forward.

- The announced synergies of $400 million will come from both growth and cost savings initiatives.
  - In the area of growth, the announced synergies will be driven by growing in key business areas, cross-selling opportunities, and expanded R&D power to bring innovations to customers faster.
  - While cost synergies have the potential for near-term job impacts, savings will also come from synergy captures such as consolidating energy contracts at large sites, optimizing the warehouse and logistics footprint, implementing materials and maintenance best practices, harmonizing IT service structure and leveraging existing R&D knowledge management systems.

Q15. What will happen to Dow Corning headquarters in Midland?
Dow Corning silicones business will continue to be based at its current location.

Q16. How will this restructure impact the Great Lakes Bay Region?
- We are excited to usher in a new era with new possibilities. Dow Corning will bring a new element of growth to Dow and will be a cornerstone in building the New Dow — the world’s leading material science company.
- Dow Corning’s silicone position brings an entirely new chemistry to Dow and is fully aligned to Dow’s technology portfolio. Together, Dow Corning and Dow bring complementary leadership in high-growth and attractive end-use applications such as building and construction, consumer care, transportation, packaging, coatings, electronics and energy.
- Both Dow and Dow Corning share a strong and lasting commitment to the State of Michigan and the Great Lakes Bay Region, having operated here for nearly 120 years and more than 70 years, respectively.
- As the new owner, Dow will accelerate growth, bring new global reach, scale and strength to the company, while ensuring that the social and economic interests of Michigan and the Great Lakes Bay Region are carefully considered and taken into account moving forward.

Q17. Will the Dow Corning Midland plant combine with Dow Michigan Operations?
The Dow Corning Midland plant, together with HIMS and the Auburn sites, will become part of the Great Lakes group of sites along with Michigan Operations.

Q18. What will the new combined name of the plant be?
Collectively, this group of sites will be called Michigan Operations.

Q19. Is the rumor true that Saginaw Road will close to allow the two manufacturing plants in Midland to combine?
That possibility is being studied. Before any decision is made, we have to be sure that a viable alternative is available for non-Dow and non-Dow Corning traffic that relies on Saginaw Road.
Q20. How will local suppliers and the schools be impacted in the Great Lakes Bay Region? What is the economic impact to the area?
The restructuring is expected to result in the reduction of some jobs in the near term; however, no specifics have yet been determined. It is, therefore, too early to speculate on this type of impact.

Q21. How does this action make room for future growth for Dow in this region?
Bringing together Dow and Dow Corning is an opportunity to combine the complementary strengths of two leading companies. As the new owner, Dow will accelerate growth and bring new global reach, scale and strength to Dow Corning, while ensuring that the social and economic interests of the communities where they operate are carefully considered and taken into account moving forward.