

DOW CHEMICAL CO /DE/  
Form DEF 14A  
April 01, 2016

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

**The Dow Chemical Company**

(Name of Registrant as Specified In Its Charter)

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The Dow Chemical Company

Midland, Michigan 48674

## NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder of The Dow Chemical Company:

At the 2016 Meeting, stockholders will vote on the following matters either by proxy or in person:

1. Election of the 13 Directors named in the attached Proxy Statement.
2. Ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2016.
3. Advisory resolution to approve executive compensation.
4. One proposal submitted by a stockholder, if properly presented.
5. Transaction of any other business as may properly come before the 2016 Meeting.

Your Board of Directors has set the close of business on March 14, 2016, as the record date for determining stockholders who are entitled to receive notice of the 2016 Meeting and any adjournment, or postponement, and who are entitled to vote. A list of stockholders of record entitled to vote shall be open to any stockholder for any purpose relevant to the 2016 Meeting for ten days before the 2016 Meeting, during normal business hours, at the Office of the Corporate Secretary, 2030 Dow Center, Midland, Michigan.

Since seating is limited, the Board has established the rule that only stockholders or one person holding a proxy for any stockholder or account (in addition to those named as Board proxies on the proxy forms) may attend. A ticket of admission or proof of stock ownership is necessary to attend the 2016 Meeting, as described in this Proxy Statement under "Voting and Attendance Procedures."

If you are unable to attend the 2016 Meeting, please listen to the live webcast at the time of the 2016 Meeting, or the replay after the event, at [www.DowGovernance.com](http://www.DowGovernance.com).

Thank you for your continued support and your interest in The Dow Chemical Company.

Amy E. Wilson

Corporate Secretary and Assistant General Counsel

April 1, 2016

**MEETING INFORMATION**

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DATE: Thursday, May 12, 2016

TIME: 10:00 a.m. (EDT)

PLACE: Midland Center for the Arts  
1801 West St. Andrews

Midland, Michigan 48640

A map is printed on the back page of this Proxy Statement and is also included on your ticket of admission.

**HOW TO VOTE**

Your vote is important. Whether or not you plan on attending the 2016 Meeting, please vote your shares as soon as possible on the Internet, by telephone or by mail. Questions may be directed to 877-227-3294 (a toll-free telephone number in the United States and Canada) or 989-636-1792, or faxed to 989-638-1740.

**BY PHONE**

**BY INTERNET USING YOUR COMPUTER**

**BY MAIL**

## PROXY STATEMENT SUMMARY

*This summary highlights information contained elsewhere in this Proxy Statement. It does not contain all information that you should consider, and you should read the entire Proxy Statement carefully before voting.*

### Annual Meeting of Stockholders

Date and Time	Place	Record Date
May 12, 2016, 10:00 a.m. EDT	Midland Center for the Arts, 1801 West St. Andrews, Midland, MI 48640	March 14, 2016

### Meeting Agenda and Voting Recommendations

Item	Agenda Item	Board Recommendation	Page
1	Election of 13 Directors	FOR EACH NOMINEE	3
2	Ratification of the Appointment of Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm	FOR	53
3	Advisory Resolution to Approve Executive Compensation	FOR	55
4	Stockholder Proposal on Proxy Access	AGAINST	56

### 2015 Company Performance Highlights

Dow's focus on executing against its priorities has delivered significant milestones and performance records in 2015:

- i The Company delivered to stockholders \$4.6 billion through declared dividends and share repurchases<sup>1</sup> including raising the annualized dividend to a new record of \$1.84 per share.
- i The Company announced a series of significant portfolio management milestones including: the signing of a definitive agreement with DuPont to combine the companies in a merger of equals transaction that is intended to subsequently create three leading, independent science-based companies; the signing of a definitive agreement to restructure ownership of Dow Corning Corporation's Silicones business; the sale of the Company's direct ownership interest in MEGlobal; and the successful closing of the split-off of Dow Chlorine Products to Olin Corporation.
- i In addition to the significant transactions listed above, Dow's ongoing portfolio management actions in the year included the consolidation of its Univation Technologies LLC joint venture through a step acquisition in the second quarter, and the sale of ANGUS Chemical Company and AgroFresh, Dow's post-harvest specialty chemical business. Divestitures, since 2013, have delivered more than \$13.5 billion in pre-tax value.<sup>2</sup>
- i Dow achieved significant milestones with the startup of the first units of operations with polyethylene production in Saudi Arabia at its Sadara Chemical Company joint venture and the Company's PDH unit in the U.S. Gulf Coast. These investments further enhance the Company's industry-leading, low-cost feedstock position.
- i Dow delivered year-over-year growth for three consecutive years against its key financial measures, which are aligned to executive compensation, and set an all time record for Cash Flow from Operations when excluding the K-Dow arbitration award received in 2013.

<sup>1</sup> Includes \$1.5 billion in non-cash share repurchases related to the Dow Chlorine Products transaction.

<sup>2</sup> Assumes a 37% tax rate.

<sup>3</sup> Operating Net Income is defined as Net Income Available for Common Shareholders excluding the impact of Certain Items. See Appendix A on pages A-1 A-2 for a reconciliation to the most directly comparable U.S. GAAP measures.



<sup>4</sup> Operating ROC is defined as Adjusted Net Operating Profit After Tax divided by Average Total Capital. Adjusted Net Operating Profit After Tax is defined as Adjusted Net Income plus Preferred Stock Dividends plus Net Income Attributable to Noncontrolling Interests plus gross interest expense less tax on gross interest expense. Adjusted Net Income is defined as Net Income excluding the impact of Certain Items. Total Capital is defined as Total Debt plus The Dow Chemical Company's Stockholders' Equity plus Redeemable Noncontrolling Interest plus Non-redeemable Noncontrolling Interests. See Appendix A on pages A-1 – A-2 for a reconciliation to the most directly comparable U.S. GAAP measures.

<sup>5</sup> Cash Flow from Operations value excludes the K-Dow arbitration award of \$1,647 million received in 2013.

<sup>6</sup> Total shareholder return illustrated in this chart utilizes the 30 trading day averaging method for both beginning and ending period. Source = Capital IQ

## Stockholder Outreach and Engagement in 2015

Following the Company's 2015 Annual Meeting of Stockholders, we continued our extensive outreach to stockholders, engaging with large investors who collectively held approximately 35% of our outstanding shares. In these meetings, we updated investors on our business strategy, corporate governance practices and compensation program, and learned about the various concerns of each investor. Stockholders reaffirmed that our current program structure and the changes we made in recent years to our compensation program continue to be well received. The Board and management team carefully consider the feedback from these meetings when reviewing our business, corporate governance and executive compensation profiles.

## Changes Based on Stockholder Outreach

As a result of our ongoing engagement and communication with our stockholders, we have taken a number of actions in recent years.

Executive		
Compensation Program Item	What We Heard From Stockholders	Actions We Took to Address Feedback
Long-Term		
Incentive (LTI)	Strong preference for performance based equity	Effective January 1, 2014, we increased the Performance Share weighting in our LTI mix from 35% to 45% (continuing the trend that was started in 2012 when the Performance Share weighting was moved from 25% to 35%).
Mix		
	Support for Relative Total Shareholder Return (TSR) and Return on Capital (ROC) as metrics in our Performance Share Program	Relative TSR and Return on Capital* continue to be equally weighted measures in the Performance Share Program. Relative TSR was first used in 2011 and continued each year thereafter.
Annual Performance Award	Preference for greater weighting toward Net Income and Management Operating Cash Flow in the annual incentive program	The 2015 Performance Award design has 100% of the award linked to two critical measures for Dow – Net Income* (60%) and Management Operating Cash Flow* (40%). Individual factor linked to financial metrics and personal achievements.
Share Usage	Concern about share usage in our LTI program	In addition to the Performance Share weighting noted above, starting in 2014 we also modified our LTI mix at all levels which has significantly reduced our annual share usage. We have continued with this mix in 2015.

Share usage for 2015 totaled 7.5 million shares versus 7.9 million shares in 2014 and 21.8 million shares in 2013.

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Our annual burn rate for shares decreased to 0.24% in 2015 compared to 0.43% in 2014 and 1.65% in 2013 using a 1:1 counting method (resulting in a three-year average of 0.75%).

\* *These measures are non-GAAP financial measures. For additional information on the use of these financial performance measures, please see the Annual Performance Award and Return on Capital sections of Section II The 2015 Executive Compensation Program in Detail beginning on Page 24 and Appendix A.*

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PROXY STATEMENT SUMMARY (continued)

### **Executive Compensation Structures and Outcomes are Aligned with Performance**

The objectives of Dow's compensation program, set by the Compensation and Leadership Development Committee of the Board of Directors, are to align executives' compensation with Dow's short-term and long-term financial and operational performance and to provide the compensation framework to attract, retain and motivate key executives who are critical to achieving Dow's vision, strategy and our longer-term success. The following table describes the primary objectives of Dow's executive compensation program and how each is achieved.

## Board Nominees

Each director nominee is elected annually by a majority of votes cast. The following table provides summary information about each director nominee.

Nominee	Age	Director Since	Principal Occupation	Independent	Committees
Ajay Banga	56	2013	President and Chief Executive Officer, MasterCard Incorporated	ü	Compensation
Jacqueline K. Barton	63	1993	Arthur and Marian Hanisch Memorial Professor of Chemistry; Chair, Division of Chemistry & Chemical Engineering, California Institute of Technology	ü	EHS&T (Chair)
James A. Bell	67	2005	Former Executive Vice President, Corporate President and CFO, The Boeing Company	ü	Audit (Chair)
Richard K. Davis	57	2015	Chairman and Chief Executive Officer, U.S. Bancorp	ü	Governance Audit
Jeff M. Fettig	58	2003	Chairman and Chief Executive Officer, Whirlpool Corporation	ü	Compensation
(Lead Director)					Governance (Chair)
Andrew N. Liveris	61	2004	Chief Executive Officer and Chairman, The Dow Chemical Company		
Mark Loughridge	62	2015	Former Chief Financial Officer, International Business Machines Corporation	ü	Audit
Raymond J. Milchovich	66	2015	Lead Director, Nucor Corporation and Former Chairman and Chief Executive Officer, Foster Wheeler AG	ü	Compensation
Robert S. (Steve) Miller	74	2015	President and Chief Executive Officer, International Automotive (AIG) Components Group	ü	EHS&T
Paul Polman	59	2010	Chief Executive Officer, Unilever PLC and Unilever N.V.	ü	Governance EHS&T
Dennis H. Reilley	62	2007	Non-Executive Chairman, Marathon Oil Corporation	ü	Compensation (Chair)
James M. Ringler	70	2001	Chairman, Teradata Corporation	ü	Governance Audit
Ruth G. Shaw	67	2005	Former Group Executive, Public Policy and President, Duke Nuclear	ü	EHS&T

## Corporate Governance Highlights

As part of Dow's commitment to high ethical standards, the Board follows sound governance practices. These practices are described in more detail beginning on page 10 and our website: [www.DowGovernance.com](http://www.DowGovernance.com).

### Board Independence

- ü 12 of 13 Director nominees are independent
- ü Independent Lead Director with clearly identified roles and responsibilities (Jeff Fettig)
- ü Annual Board elections

### Director Elections

- ü Directors are elected by a majority of votes cast

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### **Board Practices**

- ü Directors not elected by a majority of votes cast are subject to the Company's resignation policy
- ü Non-management Board members meet in executive session without management at each regularly scheduled Board meeting

- ü Annual Board and Committee evaluations

- ü Board member orientation and education program

### **Stock Ownership Requirements**

- ü Our non-employee Directors are expected to own Company common stock equal in value to at least five times the annual Board retainer fee within five years after joining the Board

- ü Board members must hold all restricted shares until retirement

- ü We prohibit executives and directors from hedging or pledging Company stock

### **Stockholder Rights**

- ü Stockholder right to call special meetings (with a 25% ownership threshold)

- ü No super-majority stockholder voting requirements

# 2016 ANNUAL MEETING OF STOCKHOLDERS

## THE DOW CHEMICAL COMPANY

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF  
PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON  
THURSDAY, MAY 12, 2016 AT 10:00 A.M. EDT**

**The 2016 Proxy Statement and 2015 Annual Report (with Form 10-K)**

**are available at <https://materials.proxyvote.com/260543>**

**VOTING AND ATTENDANCE PROCEDURES**

In the following pages of this Proxy Statement, you will find information on your Board of Directors, the candidates for election to the Board, and three other agenda items to be voted upon at the 2016 Annual Meeting of Stockholders (the 2016 Meeting ) and any adjournment or postponement of the 2016 Meeting. The background information in this Proxy Statement has been supplied to you at the request of the Board of Directors to help you decide how to vote and to provide information on the Company's corporate governance and compensation practices. References in this document to the Company and Dow mean The Dow Chemical Company. This Proxy Statement is first being distributed to stockholders on or about April 1, 2016.

**Vote Your Shares in Advance**

You may vote your shares through the Internet, by telephone or by signing and returning the enclosed proxy or other voting form. **Your shares will be voted if the proxy or voting form is properly executed and received by the independent Inspector of Election prior to the 2016 Meeting. Except as provided below with respect to shares held in employee savings plans, if no specific instructions are given by you when you execute your voting form, as explained on the form, your shares will be voted as recommended by your Board of Directors.**

You may revoke your proxy or voting instructions at any time before their use at the 2016 Meeting by sending a written revocation, by submitting another proxy or voting form on a later date, or by attending the 2016 Meeting and voting in person. No matter which voting method you choose, however, you should not vote any single account more than once unless you wish to change your vote. Be sure to submit votes for each separate account in which you hold Dow shares.

**Confidential Voting**

The Company has a long-standing policy of vote confidentiality. Proxies and ballots of all stockholders are kept confidential from the Company's management and Board unless disclosure is required by law and in other limited circumstances. The policy further provides that employees may confidentially vote their shares of Company stock held by the Company's employee savings plans, and requires the appointment of an independent tabulator and Inspector of Election for the 2016 Meeting.

**Dividend Reinvestment Plan Shares and Employee Savings Plans Shares**

If you are enrolled in the dividend reinvestment plan ( DRP ), the shares of common stock owned on the record date by you directly, plus all shares of common stock held for you in the DRP, will appear together on a single voting form. The DRP administrator, Computershare Trust Company, N.A., will vote all shares of stock held in your DRP account as directed by you only if you return your proxy form. If no specific instruction is given on an executed proxy form, the DRP administrator will vote as recommended by your Board of Directors.

Participants in various employee savings plans, including The Dow Chemical Company Employees' Savings Plan (each a Plan or the Plans ), will receive, as appropriate, a confidential voting instruction form. Your executed form will provide voting instructions to the respective Plan Trustee. If no instructions are provided, the Trustees will vote the respective Plan shares according to the provisions of each Plan.

To allow sufficient time for voting by the Trustees and/or administrators of the Plans, your voting instructions must be received by 11:59 p.m. EDT on May 9, 2016.





VOTING AND ATTENDANCE PROCEDURES (continued)

### **Dow Shares Outstanding and Quorum**

At the close of business on the record date, March 14, 2016, there were 1,121,830,068 shares of Dow common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote. There were 4,000,000 shares of Series A Cumulative Convertible Perpetual Preferred Stock outstanding; however, no such shares of preferred stock outstanding as of the record date are entitled to vote. The holders of at least 50% of the issued and outstanding shares of common stock entitled to vote that are present in person or represented by proxy constitute a quorum for the transaction of business at the 2016 Meeting. Abstentions and broker non-votes will be included in determining the presence of a quorum at the 2016 Meeting. Broker non-votes occur when a person holding shares in street name, meaning that their shares are held in a nominee name or beneficially through a bank or brokerage firm, does not provide instructions as to how to vote their shares and the broker is not permitted to exercise voting discretion. Under New York Stock Exchange rules, your broker may vote shares held in street name on the Ratification of the Appointment of the Independent Registered Public Accounting Firm without instruction from you, but may not vote on any other matter to be voted on at the 2016 Meeting without instruction from you.

### **Proxy Solicitation on Behalf of the Dow Board**

Your Board of Directors is soliciting proxies to provide an opportunity to all stockholders to vote on agenda items, whether or not the stockholders are able to attend the 2016 Meeting or an adjournment or postponement thereof. Proxies may be solicited on behalf of the Board in person, by mail, by telephone or by electronic communication by Dow officers and employees. The proxy representatives of the Board of Directors will not be specially compensated for their services in this regard.

Dow has retained D. F. King & Co., Inc. to aid in the solicitation of stockholders (primarily brokers, banks and other institutional investors) for an estimated fee of \$50,000, plus out-of-pocket expenses. Arrangements have been made with brokerage houses, nominees and other custodians and fiduciaries to send materials to their principals, and their reasonable expenses will be reimbursed by Dow on request. The cost of solicitation will be borne by the Company.

### **Attending the 2016 Meeting**

A ticket of admission or proof of stock ownership is necessary to attend the 2016 Meeting. A ticket of admission is included with your proxy materials. Stockholders with registered accounts (meaning that your shares are represented by certificates or book entries in your name so that you appear as a stockholder on the records of our stock transfer agent) or who are participants in the Dividend Reinvestment Program or employee savings plans should check the box on the voting form if attending in person. Other stockholders holding stock in street name should bring their ticket of admission. Street name holders without tickets of admission will need proof of record date ownership for admission to the 2016 Meeting, such as a letter from the bank or broker. In addition, street name holders who wish to vote in person at the 2016 Meeting must obtain a legal proxy from the bank, broker or other holder of record that holds their shares in order to be entitled to vote at the 2016 Meeting. All stockholders wishing to attend the meeting should also bring and present a government issued photo identification for admittance to the 2016 Meeting.

Since seating is limited, the Board has established the rule that only stockholders or one person holding a proxy for any stockholder or account (in addition to those named as Board proxies on the proxy forms) may attend. Proxy holders are asked to present their credentials in the lobby before the 2016 Meeting begins. If you are unable to attend the 2016 Meeting, please listen to the live webcast at the time of the 2016 Meeting, or the replay after the event, at [www.DowGovernance.com](http://www.DowGovernance.com).

## AGENDA ITEM 1

### ELECTION OF DIRECTORS

In accordance with the recommendation of the Governance Committee, the Board of Directors has nominated Ajay Banga, Jacqueline K. Barton, James A. Bell, Richard K. Davis, Jeff M. Fettig, Andrew N. Liveris, Mark Loughridge, Raymond J. Milchovich, Robert S. Miller, Paul Polman, Dennis H. Reilley, James M. Ringler and Ruth G. Shaw for election as Directors, to serve for a one-year term that expires at the Annual Meeting in 2017, and until their successors are elected and qualified.

Each nominee is currently serving as a Director and each has consented to serve if elected for the new term. All nominees have previously been elected as Directors by the Company's stockholders. Information in the biographies below is current as of February 15, 2016.

**The Board of Directors unanimously recommends a vote FOR the election of ALL of these nominees as Directors.**

The Company's Bylaws prescribe the voting standard for election of Directors as a majority of the votes cast in an uncontested election, such as this one, where the number of nominees does not exceed the number of Directors to be elected. Under this standard, a nominee must receive more for than against votes to be elected. Abstentions and broker non-votes are not counted in determining whether a nominee is elected. Under the Company's Corporate Governance Guidelines, if a nominee who already serves as a Director is not elected, that nominee shall offer to tender his or her resignation to the Board. The Governance Committee will then recommend to the Board whether to accept or reject the resignation, or whether other action should be taken. Within 90 days of the certification of election results, the Board will publicly disclose its decision regarding whether to accept or reject the resignation. As explained on the accompanying proxy, it is the intention of the persons named as proxies to vote executed proxies for the candidates nominated by the Board unless contrary voting instructions are provided. If something unanticipated should occur prior to the 2016 Meeting making it impossible for one or more of the candidates to serve as a Director, votes will be cast in the best judgment of the persons authorized as proxies.

The New York Stock Exchange rules do not permit brokers discretionary authority to vote in the election of directors. Therefore, if you hold your shares of Company common stock in street name and do not provide voting instructions to your broker, your shares will not be voted in the election of directors. We urge you to promptly provide voting instructions to your broker to ensure that your shares are voted on this matter. Please follow the instructions set forth in the voting information provided by your bank or broker.

#### **President and Chief Executive Officer, MasterCard Incorporated**

**Ajay Banga**

**Biographical Data:** MasterCard Incorporated (a technology company in the global payments industry). Mr. Banga joined MasterCard Incorporated in 2009 and subsequently held various executive positions including President and Chief Executive Officer, July 2010 to date; Board Member, April 2010 to date; and President and Chief Operating Officer, MasterCard Incorporated and MasterCard International Incorporated, August 2009 to July 2010.

**Age:** 56

**Director since** 2013

**Other Directorships:** MasterCard Incorporated. Former director of Kraft Foods Group, Inc. (2007-2012).

**Committees:**

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Compensation and

### *Skills and Expertise*

Leadership Development

global business and leadership experience as Chief Executive Officer of MasterCard Incorporated

extensive experience and knowledge of international business operations and financial services which is particularly important given the global presence and financial aspects of the Company

active involvement with major business and public policy organizations including the U.S.-India Business Council, the Business Roundtable, the International Business Committee of the World Economic Forum, the Council on Foreign Relations, and the Foreign Policy Association which contributes to understanding and addressing issues at the Company

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AGENDA ITEM 1 (continued)

**Arthur and Marian Hanisch Memorial Professor of Chemistry; Chair, Division of Chemistry and Chemical Engineering, California Institute of Technology**

**Jacqueline K. Barton**

**Biographical Data:** California Institute of Technology Professor of Chemistry 1989 to date; Arthur and Marian Hanisch Memorial Professor of Chemistry 1997 to date; and Chair, Division of Chemistry and Chemical Engineering 2009 to date.

**Age: 63**

**Director since 1993**

**Other Directorships:** None

**Committees:**

Environment, Health,  
Safety and  
Technology (Chair)

**Skills and Expertise**

leadership experience as Chair of the Division of Chemistry and Chemical Engineering of California Institute of Technology

leadership, research and teaching experience through positions at leading research universities including California Institute of Technology, Columbia University, and Hunter College-City University of New York which is particularly important given the Company's research and innovation focus

active involvement with major science and technology organizations including the National Academy of Sciences and the American Chemical Society which contributes to understanding and addressing issues at the Company

**Former Executive Vice President, Corporate President and Chief Financial Officer, The Boeing Company**

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### James A. Bell

**Biographical Data:** The Boeing Company (an aerospace company and manufacturer of commercial jetliners and military aircraft). Mr. Bell joined Rockwell International, a predecessor of The Boeing Company in 1972 and subsequently held various executive positions including Executive Vice President, Corporate President and Chief Financial Officer 2008 to 2012.

**Age:** 67

**Director since** 2005

**Other Directorships:** Apple Inc., CDW Corporation and J.P. Morgan Chase & Co.

### Committees:

Audit (Chair)

Governance

### *Skills and Expertise*

global business and leadership experience as Chief Financial Officer of The Boeing Company

finance and accounting expertise including experience with and direct involvement and supervision in the preparation of financial statements and risk management

additional public company board experience as a director of Apple Inc., CDW Corporation and J.P. Morgan Chase & Co. which provides additional corporate governance and financial expertise

**Chairman and Chief Executive Officer, U.S. Bancorp**

**Richard K. Davis**

**Biographical Data:** U.S. Bancorp (a financial services holding company). Mr. Davis joined Star Banc, a predecessor of U.S. Bancorp, in 1993 and subsequently held various executive positions including Chairman 2007 to date; Chief Executive Officer 2006 to date; President 2004 to date.

**Age: 57**

**Other Directorships:** U.S. Bancorp and Xcel Energy

**Director since 2015**

***Skills and Expertise***

**Committees:**

global business and leadership experience as Chairman and Chief Executive Officer of U.S. Bancorp

Audit

extensive experience and knowledge of international business operations, financial services and capital allocation which is particularly important given the global presence and financial aspects of the Company

additional public company board experience including current service as Lead Director of Xcel Energy, which provides additional corporate governance and compensation experience, financial expertise and board leadership experience

**Chairman and Chief Executive Officer, Whirlpool Corporation**

**Jeff M. Fettig**

**Biographical Data:** Whirlpool Corporation (a manufacturer of home appliances). Mr. Fettig joined Whirlpool in 1981 and subsequently held various executive positions including Chairman and Chief Executive Officer 2004 to date.

**Age: 58**

***Other Directorships:*** Whirlpool Corporation

**Director since 2003**

**Lead Director since 2011**

***Skills and Expertise***

global business and leadership experience as Chairman and Chief Executive Officer of Whirlpool Corporation

**Committees:**

Compensation and

extensive experience and knowledge of international business operations, manufacturing, marketing, sales and distribution which is particularly important given the global presence and nature of the operations of the Company

Leadership Development

Governance (Chair)

extensive experience and knowledge of consumer dynamics, branded consumer products, and end-user markets and servicing relevant to the business operations and focus of the Company

AGENDA ITEM 1 (continued)

**Chief Executive Officer and Chairman, The Dow Chemical Company**

**Andrew N. Liveris**

**Biographical Data:** Mr. Liveris joined The Dow Chemical Company in 1976 and subsequently held various executive positions including President 2004 to February 2016, and Chief Executive Officer 2004 to date and Chairman 2006 to date.

**Age: 61**

**Other Directorships:** International Business Machines Corporation. Former director of Citigroup, Inc. (2005-2011).

**Director since 2004**

***Skills and Expertise***

global business and leadership experience as Chairman and Chief Executive Officer of The Dow Chemical Company

involvement with major business, public policy, and international organizations including the Business Roundtable, U.S. Business Council, the President's Advanced Manufacturing Partnership, and the President's Export Council which contributes to understanding and addressing issues at the Company

additional public company board experience as a director of International Business Machines Corporation and academic institution governance experience as a trustee of the California Institute of Technology which provides additional corporate governance and compensation experience and financial expertise

**Former Chief Financial Officer, International Business Machines Corporation**



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### Mark Loughridge

**Biographical Data:** International Business Machines Corporation (a manufacturer of computer hardware and software and IT consulting services). Mr. Loughridge joined International Business Machines Corporation in 1977 and subsequently held various executive positions including Chief Financial Officer May 2004 to December 2013.

**Age:** 62

**Director since** 2015

**Other Directorships:** The Vanguard Group (non-public company)

**Committees:**

#### *Skills and Expertise*

Audit

global business and leadership experience as Chief Financial Officer of International Business Machines Corporation

finance and accounting expertise including experience with and direct involvement in and supervision of the preparation of financial statements, risk management and capital allocation

experience as lead director of The Vanguard Group which provides additional corporate governance and financial expertise

**Lead Director, Nucor Corporation and Former Chairman and Chief Executive Officer, Foster Wheeler AG**

**Raymond J. Milchovich**

**Biographical Data:** Nucor Corporation (a producer of steel and iron) Director 2002 to 2007 and 2012 to date; Lead director September 2013 to date. Foster Wheeler AG (a company that engineers and constructs facilities for oil and gas, liquid natural gas, refining, chemical, pharmaceutical and power industries) Chief Executive Officer 2001 to 2010; Non-Executive Chairman of the Board and Consultant 2010 to November 2011.

**Age: 66**

**Director since 2015**

**Other Directorships:** Nucor Corporation. Former director of Foster Wheeler AG (2001-2011).

**Committees:**

Compensation and  
Leadership Development

**Skills and Expertise**

global business and leadership experience as lead director of Nucor Corporation and former Chief Executive Officer of Foster Wheeler AG

finance and accounting expertise including experience with and direct involvement in and supervision of the preparation of financial statements and risk management

additional public company board experience as director of Nucor Corporation and former director of Foster Wheeler AG which provides additional corporate governance and compensation experience and financial expertise

**President and Chief Executive Officer, International Automotive Components (IAC) Group**

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### Robert S. Miller

**Biographical Data:** President and Chief Executive Officer, International Automotive Components (IAC) Group (a provider of automotive interiors technology) August 2015 to date. American International Group Inc. (a provider of insurance and financial services) Non-Executive Chairman of the Board May 2009 to July 2015. Hawker Beechcraft, Inc. (a manufacturer of aircraft) Chief Executive Officer February 2012 to February 2013.

**Age:** 74

**Director since** 2015

**Other Directorships:** International Automotive Components (IAC) Group (non-public company), American International Group, Inc. and Symantec Corporation. Former director of Hawker Beechcraft, Inc. 2012 to 2013.

### Committees:

Environment, Health,

Mr. Miller was Chief Executive Officer of Hawker Beechcraft, Inc. when it filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code in May 2012.

Safety and Technology

Governance

### *Skills and Expertise*

global business and leadership experience in various executive capacities and industries

finance and accounting expertise including experience with and direct involvement and supervision in the preparation of financial statements and risk management as former CFO of Chrysler Corporation

additional public company board experience as a director of American International Group and Symantec and former director of Delphi Corporation and Hawker Beechcraft which provides additional corporate governance and compensation experience and financial expertise

AGENDA ITEM 1 (continued)

**Chief Executive Officer, Unilever PLC and Unilever N.V.**

**Paul Polman**

**Biographical Data:** Unilever PLC and Unilever N.V. (a provider of nutrition, hygiene and personal care products). Mr. Polman joined Unilever PLC and Unilever N.V. in October 2008 and became Chief Executive Officer January 2009 to date.

**Age: 59**

**Other Directorships:** Unilever PLC and Unilever N.V.

**Director since 2010**

**Skills and Expertise:**

**Committees:**

global business and leadership experience as Chief Executive Officer of Unilever PLC and Unilever N.V.

Environment, Health,  
Safety and Technology

extensive experience and knowledge of international business operations and global consumer product industries and end uses which is particularly important given the global presence and nature of the operations of the Company

active involvement with major trade, public policy and international organizations including the International Business Council of the World Economic Forum, UN Global Compact, and World Business Council for Sustainable Development, all which contributes to understanding and addressing issues at the Company

**Non-Executive Chairman, Marathon Oil Corporation**

**Dennis H. Reilley**

**Biographical Data:** Marathon Oil Corporation (an oil and natural gas exploration and production company) Non-Executive Chairman January 2014 to date. Triad Advisory Partners Member 2015 to date.

**Age: 62**

**Other Directorships:** Marathon Oil Corporation. Former director of Covidien public limited company 2007 to 2015 and H.J. Heinz Company 2005 to 2013.

**Director since 2007**

***Skills and Expertise:***

**Committees:**

Compensation and

Leadership Development  
(Chair)

Governance

global business and leadership experience in multiple major corporations including Marathon Oil Corporation (Non-Executive Chairman), Covidien public limited company (former Non-Executive Chairman), Praxair, Inc. (former Chairman, President and Chief Executive Officer), E.I. du Pont de Nemours & Co. (former Chief Operating Officer), and Conoco, Inc., (various managerial and executive positions)

extensive experience and knowledge of the global oil, petrochemical and chemical industries which is particularly important given the global presence and nature of the operations of the Company

additional public company board experience as a director of Marathon Oil Corporation and former director of Covidien public limited company and H.J. Heinz which provides additional corporate governance and compensation experience and financial expertise

**Chairman, Teradata Corporation**

**James M. Ringler**

**Biographical Data:** Teradata Corporation (a provider of database software, data warehousing and analytics) Chairman October 2007 to date.

**Age: 70**

**Other Directorships:** Teradata Corporation, Autoliv Inc., John Bean Technologies Corporation and FMC Technologies, Inc. (John Bean Technologies Corporation was spun-off from FMC Technologies, Inc. in 2008.) Former director of Ingredion Incorporated 2001 to 2014.

**Director since 2001**

**Committees:**

**Skills and Expertise:**

Audit

global business and leadership experience as Chairman of Teradata Corporation

extensive knowledge and experience in a variety of manufacturing industries which is particularly important given the global presence and nature of the operations of the Company

additional public company board experience as a director of Autoliv, Inc., John Bean Technologies Corporation, and FMC Technologies, Inc. which provides additional corporate governance and compensation experience and financial expertise

**Former Group Executive, Public Policy and President, Duke Nuclear**

**Ruth G. Shaw**

**Biographical Data:** Duke Energy Corporation (a provider of electricity and natural gas) Executive Advisor October 2006 to May 2008; Group Executive, Public Policy and President, Duke Nuclear April 2006 to

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October 2006.

**Age: 67**

**Director since 2005**

**Other Directorships:** DTE Energy Company and SPX Corporation

**Committees:**

**Skills and Expertise:**

Environment, Health,  
Safety and Technology

global business and leadership experience with Duke Energy Corporation (former Group Executive and Executive Advisor) and Duke Power Company (former President and Chief Executive Officer) and leadership experience at academic institutions including Central Piedmont Community College (former President) and El Centro College (former President)

extensive knowledge of and experience with energy and power industries and markets including nuclear, coal, and natural gas which is particularly important given the global presence and nature of the operations of the Company

additional public company board experience including current service as a director of DTE Energy Company and SPX Corporation which provides additional corporate governance and compensation experience and financial expertise

## CORPORATE GOVERNANCE

### Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines that are available at [www.DowGovernance.com](http://www.DowGovernance.com). Stockholders may receive a printed copy of the Corporate Governance Guidelines without charge by contacting the Office of the Corporate Secretary.\* These Guidelines were adopted by the Board of Directors in order to set forth key areas of importance in Dow corporate governance.

### The Board of Directors

The ultimate authority to oversee the business of the Company rests with the Board of Directors. The role of the Board is to effectively govern the affairs of the Company for the benefit of its stockholders and, to the extent appropriate under Delaware corporation law, other constituencies including employees, customers, suppliers and communities in which it does business. Among other duties, the Board appoints the Company's officers, assigns to them responsibility for management of the Company's operations, and reviews their performance.

### Director Independence

The Board has assessed the independence of each non-employee Director based upon the Company's Director independence standards listed on the Company's corporate governance website ([www.DowGovernance.com](http://www.DowGovernance.com)). These standards incorporate the criteria in the listing standards of the New York Stock Exchange, as currently in effect, as well as additional, more stringent criteria established by the Board. Based upon these standards, the Board has determined that the following members of the Board are independent: Directors Banga, Barton, Bell, Davis, Fettig, Loughridge, Milchovich, Miller, Polman, Reilley, Ringler and Shaw. These independent Directors constitute a substantial majority of the Board, consistent with Board policy.

When assessing independence, the Governance Committee and the Board consider all relationships between the Directors and the Company, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. The Company screens for such relationships using an annual Directors and Officers Questionnaire that requires disclosure, among other things, of any transactions with the Company in which the Director or executive officer, or any member of his or her immediate family, has a direct or indirect material interest. Given the large size of our Company and its diverse commercial and geographic markets, there are times when Dow sells products to, or purchases products or services from, other companies for which Dow Directors serve as executive officers or directors. The Governance Committee and the Board took into account the fact that Messrs. Davis, Fettig, Loughridge, Miller and Polman served as executive officers during all or a portion of the past three years of entities with which Dow made purchases or sales. All such purchases and sales were made at arms-length, on commercial terms, and the Directors did not personally benefit from such transactions. In all instances, the extent of business represented significantly less than 2% of Dow's and the other entity's consolidated gross revenues in each of the last three fiscal years. In fact, in all cases the amounts were below 0.45%. With respect to U.S. Bancorp there were no sales or purchases in 2015, with respect to International Automotive Components Group there were purchases from Dow in 2015, while with respect to Whirlpool, International Business Machines and Unilever there were sales to and purchases from each entity which in all cases were below the 0.45% amount referenced above.

### Board Leadership Structure

Since 2006, Andrew N. Liveris has served as the Chairman and Chief Executive Officer of the Company. Jeff M. Fettig has served as the Lead Director since May 2011.

The Board recognizes that the leadership structure and combination or separation of the CEO and Chairman roles is driven by the needs of the Company at any point in time. The leadership structure at the Company has varied over time and has included combined roles, election of a presiding or lead director, separation of roles, and other transition arrangements for succession planning. As a result, no policy exists requiring combination or separation of leadership roles and the Company's governing documents do not mandate a particular structure. This has allowed the Board the flexibility to establish the most appropriate structure for the Company at any given time.

\* Office of the Corporate Secretary, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674, 989-636-1792 (telephone), 989-638-1740 (fax).





The Board has determined that the Company and its stockholders are currently best served by having one person serve as Chairman and CEO as it allows for a bridge between the Board and management and provides critical leadership for carrying out the Company's strategic initiatives and confronting its challenges. Mr. Liveris's service as Chairman facilitates the Board decision-making process because Mr. Liveris has first-hand knowledge of the Company's operations and the major issues facing the Company, and he chairs the Board meetings where the Board discusses strategic and business issues. Mr. Liveris is the only member of executive management who is also a Director and the only Director who is not independent.

As part of the decision to elect Mr. Liveris as Chairman, the independent Directors on the Board elected a Lead Director with clearly defined leadership authority and responsibilities. The independent Directors annually elect one independent Director (who has served at least one full year on the Board) to serve as Lead Director. Mr. Fetting currently serves as Lead Director. Among other responsibilities, the Lead Director works with the Chairman to call Board meetings and set the Board schedule and agenda, and determines the appropriate materials to be provided to the Directors. He leads executive sessions of the Board and other meetings at which the Chairman is not present, has the authority to call meetings of the independent Directors, serves as a liaison between the Chairman and the independent Directors, facilitates communication between the Board and management, and serves as focal point for stockholder communications and requests for consultation addressed to independent Directors. The Lead Director may retain outside professionals on behalf of the Board as the Board may determine is necessary and appropriate. These responsibilities are detailed in the Corporate Governance Guidelines that are available at [www.DowGovernance.com](http://www.DowGovernance.com). Contact information for the Lead Director is shown below under "Communication with Directors."

The election of Mr. Liveris as both Chairman and CEO promotes unified leadership and direction for the Board and executive management. The appointment of the Lead Director and the use of executive sessions of the Board, along with the Board's strong independent committee system and substantial majority of independent Directors, allows the Board to maintain effective risk oversight and provides that independent Directors oversee such critical items as the Company's financial statements, executive compensation, the selection and evaluation of Directors, compliance program and the development and implementation of our corporate governance programs.

## Risk Oversight

The Board of Directors is responsible for overseeing the overall risk management process for the Company. Risk management is considered a strategic activity within the Company and responsibility for managing risk rests with executive management while the Committees of the Board and the Board as a whole participate in the oversight of the process. Specifically, the Board has responsibility for overseeing the strategic planning process and reviewing and monitoring management's execution of the corporate and business plan, and each Board Committee is responsible for oversight of specific risk areas relevant to the Committee charters.

The oversight responsibility of the Board and Committees is enabled by an enterprise risk management model and process implemented by management that is designed to identify, assess, manage and mitigate risks. The Audit Committee is responsible for overseeing that management implements and follows this risk management process and for coordinating the outcome of reviews by the other Committees in their respective risk areas. In addition, the enterprise risk management model and process are reviewed with the Board of Directors annually and the Board recognizes that risk management and oversight comprise a dynamic and continuous process.

The strategic plan and critical issues and opportunities are presented to the Board each year by the CEO and senior management. Throughout the year, management reviews any critical issues and actual results compared to plan with the Board and relevant Committees. Members of executive management are also available to discuss the Company's strategy, plans, results and issues with the Committees and the Board, and regularly attend such meetings to provide periodic briefings and access. In addition, as noted in the Audit Committee Report on page 58, the Audit Committee regularly meets in executive sessions and holds separate executive sessions with the lead client service partner of the independent registered public accounting firm, internal auditor, general counsel and other management as appropriate.

The Committees undertake numerous risk oversight activities related to their charter responsibilities. For example, the Compensation and Leadership Development Committee regularly reviews any potential risks associated with the Company's compensation policies and practices (see "Compensation Program Risk Analysis" on page 39 of this Proxy Statement). As another example, the Environment, Health, Safety and Technology Committee regularly reviews the Company's operational risks including those risks associated with process and product safety, public policy, and reputation risks.



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CORPORATE GOVERNANCE (continued)

## Communication with Directors

Stockholders and other interested parties may communicate directly with the full Board, the Lead Director, the non-management Directors as a group, or with specified individual Directors by any of several methods. These methods of communication include mail addressed to The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674, and the [Contact the Board of Directors](#) feature of Dow's corporate governance website at [www.DowGovernance.com](http://www.DowGovernance.com). The Lead Director and other non-management Directors may also be contacted by email addressed to [LeadDirector@Dow.com](mailto:LeadDirector@Dow.com). Please specify the intended recipient(s) of your letter or electronic message.

Communications will be distributed to any or all Directors as appropriate depending upon the individual communication. However, the Directors have requested that communications that do not directly relate to their duties and responsibilities as Directors of the Company be excluded from distribution and deleted from email that they access directly. Such excluded items include spam; advertisements; mass mailings; form letters and email campaigns that involve unduly large numbers of similar communications; solicitations for goods, services, employment or contributions; surveys; and individual product inquiries or complaints. Additionally, communications that appear to be unduly hostile, intimidating, threatening, illegal or similarly inappropriate will also be screened for omission by the Office of the Corporate Secretary. Any omitted or deleted communication will be made available to any Director upon request.

## Board and Committee Meetings; Annual Meeting Attendance

There were 16 Board meetings and 23 Board Committee meetings in 2015. All of the Directors attended more than 75% of the sum of the total number of Board meetings and the total number of meetings of the Board Committees on which the Director served during the past year. The Directors are encouraged to attend all Annual Meetings of Stockholders, and in 2015 twelve of the thirteen Directors then serving attended, with the exception of Mr. Milchovich who was unable to attend due to a conflict with the annual meeting of Nucor Corporation (the entity for which he serves as Lead Director).

## Executive Sessions of Directors

The non-management Directors meet in executive session, chaired by the Lead Director (currently Mr. Fettig), in connection with each regularly scheduled meeting of the Board, and at other times as they may determine appropriate. In 2015, there were 15 executive sessions of the Board of Directors. The Audit, Compensation and Leadership Development, and Governance Committees of the Board typically meet in executive session in connection with every Committee meeting.

## Board Committees

Board Committees perform many important functions. The responsibilities of each Committee are stated in the Bylaws and in their respective Committee charters, which are available at [www.DowGovernance.com](http://www.DowGovernance.com). Stockholders may receive a printed copy of the Committee charters without charge by contacting the Office of the Corporate Secretary.\* The Board, upon the recommendation of the Governance Committee, elects members to each Committee and has the authority to change Committee chairs, memberships and the responsibilities of any Committee. A brief description of the current standing Board Committees follows, with memberships listed as of March 14, 2016, the record date for the 2016 Meeting. The Audit Committee, Compensation and Leadership Development Committee, and Governance Committee are comprised entirely of independent Directors who meet the applicable independence requirements of the New York Stock Exchange, the U.S. Securities and Exchange Commission (as applicable) and the Company, including the heightened standards applicable to members of the Audit Committee and the Compensation and Leadership Development Committee. Further, the Board has determined, in accordance with applicable requirements of the New York Stock Exchange, that the simultaneous service of Mr. Bell on the audit committees of more than three public companies does not impair his ability to effectively serve on the Audit Committee.

\* Office of the Corporate Secretary, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674, 989-636-1792 (telephone), 989-638-1740 (fax).



**Committee Assignments**

The following table sets forth the current members of each of the Committees and the number of meetings held during 2015:

Director	Audit	Compensation and Leadership Development	Environment, Health, Safety & Technology <sup>1</sup>	Governance
Ajay Banga				
Jacqueline K. Barton			Chair	
James M. Bell	Chair			
Richard K. Davis				
Jeff M. Fettig				Chair
Andrew N. Liveris				
Mark Loughridge				
Raymond J. Milchovich				
Robert S. Miller				
Paul Polman				
Dennis H. Reilley		Chair		
James M. Ringler				
Ruth G. Shaw				
2015 MEETINGS	9	5	5	4

<sup>1</sup> Mr. Allemang served on the Environment, Health, Safety and Technology Committee until his retirement from the Board in May 2015.

**Standing Committee and Function**

**Audit:** Oversees the quality and integrity of the financial statements of the Company; the qualifications, independence and performance of the independent auditors; and the Company's system of disclosure controls and procedures and system of internal control over financial reporting. Has oversight responsibility for the performance of the Company's internal audit function and compliance with legal and regulatory requirements.

**Compensation and Leadership Development Committee:** Assists the Board in meeting its responsibilities relating to the compensation of the Company's Chief Executive Officer and other senior executives in a manner consistent with and in support of the business objectives of the Company, competitive practice and applicable standards.

**Environment, Health, Safety and Technology Committee:** Assists the Board in fulfilling its oversight responsibilities by assessing the effectiveness of programs and initiatives that support the environment, health, safety, sustainability, innovation and technology policies and programs of the Company, and by advising the Board on matters impacting corporate citizenship and Dow's public reputation.

**Governance Committee:** Assists the Board on all matters relating to the selection, qualification, and compensation of members of the Board, as well as any other matters relating to the duties of Board members. Acts as a nominating committee with respect to recommending to the Board candidates for Directors and makes recommendations to the Board concerning the size of the Board and structure of committees of the Board. Assists the Board with oversight of governance matters, including the Company's Corporate Governance Guidelines and self-evaluations.

**Board of Directors Terms**

Dow's Restated Certificate of Incorporation provides that all Directors stand for election at each Annual Meeting of Stockholders.

The Company's Corporate Governance Guidelines provide that non-employee Directors should not be nominated for election to the Board following their 72<sup>nd</sup> birthday. Mr. Miller is a current Director who is being nominated for election to the Board at the 2016 Meeting, although he

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has already reached age 72. Mr. Miller was appointed to the Board and nominated for election for the 2015 Annual Meeting of Stockholders pursuant to an agreement dated November 20, 2014, between the Company and

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CORPORATE GOVERNANCE (continued)

certain investment funds (Third Point LLC, Third Point Partners Qualified L.P., Third Point Partners L.P., Third Point Offshore Master Fund L.P., Third Point Ultra Master Fund L.P. and Third Point Reinsurance Co. Ltd. (collectively Third Point )). Following his first full year of service and based on its own evaluation as to the ongoing needs of the Board, the Governance Committee and the Board has determined that the current needs of the Board warrant the nomination of Mr. Miller to stand for re-election as a Director for the 2016 Meeting.

## Director Qualifications and Diversity

There are certain minimum qualifications for Board membership that Director candidates should possess, including strong values and discipline, high ethical standards, a commitment to full participation on the Board and its Committees, relevant career experience, and a commitment to ethnic, racial and gender diversity. The Governance Committee has adopted guidelines to be used in evaluating candidates for Board membership in order to ensure a diverse and highly qualified Board of Directors. In addition to the characteristics mentioned above, the guidelines provide that candidates should possess individual skills, experience and demonstrated abilities that help meet the current needs of the Board and provide for diversity of membership, such as experience or expertise in some of the following areas: the chemical industry, global business, science and technology, finance and/or economics, corporate governance, public affairs, government affairs, and experience as chief executive officer, chief operating officer or chief financial officer of a major company. Other factors that are considered include independence of thought, willingness to comply with Director stock ownership guidelines, meeting applicable Director independence standards (where independence is desired) and absence of conflicts of interest. The Governance Committee may modify the minimum qualifications and evaluation guidelines from time to time as it deems appropriate. These guidelines for Director qualifications are included in Dow's Corporate Governance Guidelines, available at [www.DowGovernance.com](http://www.DowGovernance.com).

The guidelines for Director qualifications provide that a commitment to diversity is a consideration in the identification and nomination of Director candidates, and that candidates are evaluated to provide for a diverse and highly qualified Board. The Governance Committee and the full Board implement and assess the effectiveness of these guidelines and the commitment to diversity by referring to these guidelines in the review and discussion of Board candidates when assessing the composition of the Board and by including questions regarding the diversity of the Board membership in the Board's annual self-evaluations.

The Governance Committee and the Board believe that the qualifications, skills, experience and attributes set forth above for all Directors and for each of the Directors in their biographies, support the conclusion that these individuals are qualified to serve as Directors of the Company and collectively possess a variety of skills, professional experience, and diversity of backgrounds allowing them to effectively oversee the Company's business. As noted above, the Directors have a diverse combination of the following background and qualifications: leadership experience (including current and former chief executive officer, chief financial officer and other senior executive management positions) at major domestic and foreign companies with global operations in a variety of relevant fields and industries; experience on other public company boards (including chair positions); board or other significant experience with academic, research and philanthropic institutions and trade and industry organizations; and prior government or public policy experience. The Governance Committee and Board have determined that all of the Directors nominated for election meet the personal and professional qualifications identified above. Please see the nominees' biographies on pages 3 to 9 which include several of these key attributes as they apply to the individual Directors to support the conclusion that these individuals are highly qualified to serve on the Company's Board of Directors.

## Recommendations and Nominations for Director

Among the Governance Committee's most important functions is the selection of Directors who are recommended to the Board as candidates for election. The Committee has a long-standing practice of accepting stockholders' suggestions of candidates to consider as potential Board members, as part of the Committee's periodic review of the size and composition of the Board and its Committees. Such recommendations should be sent to the Governance Committee through the Corporate Secretary.\*

The Governance Committee has adopted a process for identifying new Director candidates. Recommendations may be received by the Committee from various sources, including current or former Directors, a search firm retained by the Committee to assist in identifying and evaluating potential candidates, stockholders, Company executives, and by self-nomination. The Governance Committee uses the same process to evaluate Director nominees recommended by stockholders as it does to evaluate nominees identified by other sources.



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The evaluation of new Director candidates involves several steps, not necessarily taken in any particular order. A preliminary analysis of a nominee involves securing a resume and other background data and comparing this data to the Director attributes outlined above, as well as to the current needs of the Board for new members including considerations to ensure diversity of membership in accordance with the guidelines identified above. References are checked and analyses are performed to identify potential conflicts of interest and appropriate independence from the Company. Candidate information is provided to all Governance Committee members for purposes of discussion and evaluation. If the Committee decides to further evaluate a candidate, interviews are conducted. Other steps may include requesting additional data from the candidate, providing Company background information to the candidate, and determining the candidate's schedule compatibility with the Company's Board and Committee meeting dates.

### Code of Business Conduct

All Directors, officers and employees of Dow are expected to be familiar with the Company's Code of Business Conduct, and to apply it in the daily performance of their Dow responsibilities. The Code of Business Conduct is intended to focus employees, officers and Directors on our corporate values of integrity and respect for people, help them recognize and make informed decisions on ethical issues, help create a culture of the highest ethical and business standards, and provide mechanisms to report unethical conduct. The full text of Dow's Code of Business Conduct is available at [www.DowGovernance.com](http://www.DowGovernance.com). Stockholders may receive a printed copy of the Code of Business Conduct without charge by contacting the Office of the Corporate Secretary.\* In addition, we will disclose on our website any waiver of or amendment to our Code of Business Conduct requiring disclosure under applicable rules.

### Certain Transactions and Relationships

Federal securities laws require public companies to describe any transaction, since the beginning of the last fiscal year, or any currently proposed transaction, in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest. Related persons are directors and executive officers, nominees for director and any immediate family members of directors, executive officers or nominees for director and greater than 5% holders of Dow common stock. Companies are also required to describe their policies and procedures for the review, approval or ratification of any related person transaction.

Pursuant to Dow's Code of Business Conduct, and annual review of Director independence, the Company has long maintained procedures to monitor related person transactions. Upon the recommendation of the Governance Committee, the Board of Directors adopted a formal written policy on related person transactions on February 15, 2007 (the "Policy").

The Governance Committee is responsible for reviewing the material facts of all transactions that could potentially be transactions with related persons. The Policy covers any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

- (1) the aggregate amount involved will or may be expected to exceed \$100,000 in any calendar year,
- (2) the Company is a participant, and
- (3) any related person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity).

The Governance Committee is responsible to either approve or disapprove of the entry into the transaction, subject to the exceptions referenced below. If advance Committee approval of the transaction is not feasible, then the transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee's next regularly scheduled meeting.

The Governance Committee has determined that certain types of transactions in which related persons are not deemed to have a material interest under SEC rules shall be deemed to be preapproved by the Committee even if the amount involved will exceed \$100,000.

As discussed above, the Governance Committee has responsibility for reviewing issues involving Director independence and related person transactions using information obtained from Directors' responses to a questionnaire asking about their

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CORPORATE GOVERNANCE (continued)

relationships with the Company, and those of their immediate family members and primary business or charitable affiliations and other potential conflicts of interest, as well as certain data collected by the Company related to transactions, relationships or arrangements between the Company on the one hand and a Director, officer or immediate family member on the other.

From time to time, the Company may have employees who are related to our executive officers and directors. An adult child of Charles J. Kalil (General Counsel and Executive Vice President) is employed by the Company in a non-executive position. In 2015 she received compensation in the approximate amount of \$125,000, which amount and other terms of her employment is commensurate with that of her peers and determined on a basis consistent with the Company's human resources policies.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires the Company's Directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities (the Reporting Persons) to file with the U.S. Securities and Exchange Commission (SEC) reports on Forms 3, 4 and 5 concerning their ownership of and transactions in the common stock and other equity securities of the Company, generally within two business days of a reportable transaction. As a practical matter, the Company seeks to assist its Directors and executives by monitoring transactions and completing and filing reports on their behalf.

Based solely upon a review of SEC filings furnished to the Company and written representations that no other reports were required, we believe that all Reporting Persons complied with these reporting requirements during fiscal year 2015.

## **COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE REPORT**

The Compensation and Leadership Development Committee (the Committee) of the Board of Directors reviewed and discussed the Compensation Discussion and Analysis (CD&A) with Company management. Based on this review and discussion, the Committee recommended to the Board of Directors that the CD&A be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (2015 Annual Report), as incorporated by reference from this Proxy Statement.

The charter of the Committee can be found at [www.DowGovernance.com](http://www.DowGovernance.com).

D. H. Reilley, Chair

A. Banga

J. M. Fetting

R. J. Milchovich

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## COMPENSATION INFORMATION (continued)

# COMPENSATION DISCUSSION AND ANALYSIS

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## COMPENSATION DISCUSSION AND ANALYSIS

### Section I Executive Summary

#### Business Overview

Dow is strengthening its competitive advantage by accelerating its market-driven strategy, narrowing and deepening focus on select, high-growth end-markets, and the strategic integration of our manufacturing operations with new sources of cost-advantaged feedstocks. We remain focused on execution, controlling the levers within the Company's control, driving productivity measures and positioning Dow for growth and delivery against our clear financial priorities—ultimately enabling higher value and return for our stockholders.

#### 2015 Company Performance Highlights

2015 was a defining year for Dow. The Company continued to demonstrate the discipline and agility needed to deliver consistent earnings and margin growth as well as strong cash flow. Investments in innovative products and technologies continued to drive margin expansion amidst ongoing macroeconomic uncertainty. Dow further advanced its targeted portfolio management actions, reducing exposure to non-strategic assets and businesses, as well as the ongoing progress in key growth investments on the U.S. Gulf Coast and in Saudi Arabia. Self-help productivity actions continued to enhance financial results and underpin the Company's ability to return increasing value to stockholders.

Dow's focus on executing against its priorities has delivered significant milestones and performance records in 2015:

- The Company delivered to stockholders \$4.6 billion through declared dividends and share repurchases<sup>1</sup>—including raising the annualized dividend to a new record of \$1.84 per share.
- The Company announced a series of significant portfolio management milestones including: the signing of a definitive agreement with DuPont to combine the companies in a merger of equals transaction that is intended to subsequently create three leading, independent science-based companies; the signing of a definitive agreement to restructure ownership of Dow Corning Corporation's Silicones business; the sale of the Company's direct ownership interest in MEGlobal; and the successful closing of the split-off of Dow Chlorine Products to Olin Corporation.
- In addition to the significant transactions listed above, Dow's ongoing portfolio management actions in the year included the consolidation of its Univation Technologies LLC joint venture through a step acquisition in the second quarter, and the sale of ANGUS Chemical Company and AgroFresh, Dow's post-harvest specialty chemical business. Divestitures, since 2013, have delivered more than \$13.5 billion in pre-tax value<sup>2</sup>.
- Dow achieved significant milestones with the startup of the first units of operations with polyethylene production in Saudi Arabia at its Sadara Chemical Company joint venture and the Company's PDH unit in the U.S. Gulf Coast. These investments further enhance the Company's industry-leading, low-cost feedstock position.
- Dow delivered year-over-year growth for three consecutive years against its key financial measures, which are aligned to executive compensation, and set an all-time record for Cash Flow from Operations when excluding the K-Dow arbitration award received in 2013.

<sup>1</sup> Includes \$1.5 billion in non-cash share repurchases related to the Dow Chlorine Products transaction.

<sup>2</sup> Assumes a 37% tax rate.

2016 Proxy Statement

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COMPENSATION INFORMATION (continued)

<sup>3</sup> *Operating Net Income* is defined as *Net Income Available for Common Stockholders* excluding the impact of *Certain Items*. See Appendix A on pages A-1 A-2 for a reconciliation to the most directly comparable U.S. GAAP measures.

<sup>4</sup> *Operating ROC* is defined as *Adjusted Net Operating Profit After Tax* divided by *Average Total Capital*. *Adjusted Net Operating Profit After Tax* is defined as *Adjusted Net Income* plus *Preferred Stock Dividends* plus *Net Income Attributable to Noncontrolling Interests* plus *gross interest expense* less *tax on gross interest expense*. *Adjusted Net Income* is defined as *Net Income* excluding the impact of *Certain Items*. *Total Capital* is defined as *Total Debt* plus *The Dow Chemical Company's Stockholders' Equity* plus *Redeemable Noncontrolling Interest* plus *Non-redeemable Noncontrolling Interests*. See Appendix A on pages A-1 A-2 for a reconciliation to the most directly comparable U.S. GAAP measures.

<sup>5</sup> *Cash Flow from Operations* value excludes the K-Dow arbitration award of \$1,647 million received in 2013.

<sup>6</sup> *Total shareholder return* illustrated in this chart utilizes the 30 trading day averaging method for both beginning and ending period. Source = *Capital IQ*

## Objectives of Dow's Executive Compensation Program

The objectives of Dow's compensation program, set by the Compensation and Leadership Development Committee of the Board of Directors, are to align executives' compensation with Dow's short-term and long-term financial and operational performance and to provide the compensation framework to attract, retain and motivate key executives who are critical to achieving Dow's vision, strategy and our longer-term success. The following table describes the primary objectives of Dow's executive compensation program and how each is achieved.

## Principal Elements of Pay

The elements of the Company's executive compensation program are presented below in summary format.

Component	Form	Purpose
<b>Base Salary</b>	Cash	Provide a competitive fixed rate of pay recognizing different levels of responsibility and performance within the Company.
<b>Annual Incentive</b>	Performance Cash Award	Reward employees for achieving critical financial and operational Company goals.
<b>Long-Term Incentive</b>	Performance Shares (45%) Stock Options (30%) Deferred Stock (25%)	Motivate employees and reward the achievement of specified financial goals and superior TSR performance over a three-year period. Provide incentive for long-term creation of stockholder value. Help the Company retain its NEOs and other key employees.
<b>Other</b>	Health, Welfare and Retirement Programs Perquisites	Executives participate in the same benefit programs that are offered to other salaried employees. Dow benefits are designed to provide market competitive benefits to protect employees and their covered dependents' health and welfare and provide retirement benefits. Limited perquisites are provided to executives to facilitate strong performance on the job and enhance their personal security and productivity.

## Pay at Risk

The mix of the total direct compensation elements for the CEO and other NEOs are shown below. The charts outline the size, in percentage terms, of each element of targeted direct compensation at the date of grant. The red section of the charts reflects the incentive or at-risk performance-based components of compensation (e.g., 71% of the CEO's compensation is at-risk performance based).

COMPENSATION INFORMATION (continued)

## Performance Metrics Aligned to Company's Strategy

The Company's strategy defines clear financial priorities to underpin increasing returns and value for our stockholders. These financial and operational performance metrics are utilized in our annual Performance Award incentive plan and Performance Share program. The following graphics show for each program the performance metrics, their weighting and the target metrics. For additional details associated with each program and their respective performance, reference Annual Performance Award on page 24 and Performance Share Program Results and Design on page 30.

## NEO Pay at a Glance

Consistent with our pay-for-performance philosophy, a significant portion of our NEO's 2015 compensation consisted of variable performance-based annual and long-term incentives. The Committee assessed each NEO's performance in the context of our stated 2015 operational and financial goals.

For 2015, the major Committee actions regarding our NEOs' compensation were as follows:

- Salaries generally were increased based on peer group alignment.
- Annual incentives under our Performance Award Program paid out at between 163% and 179% of target.
- Grant date fair values of long-term equity awards granted in 2015 increased over prior year awards based on peer group alignment.
- 2012-2014 Performance Share awards vested in February 2015 at 63.7% of target, as reported in the Option Exercises and Stock Vested for 2015 table on page 44 reflecting Return on Capital and Relative TSR results below the target level.
- 2013-2015 Performance Share awards vested in February 2016 at 173% of target, which will be reported in the 2017 proxy statement reflecting Return on Capital and Relative TSR results above the target level

## 2015 SOP Vote Results and Stockholder Outreach Overview

At the Company's 2015 Annual Meeting of Stockholders, more than 88% of the votes cast by our stockholders approved our Say-on-Pay proposal, a significant increase over the 79% approval at our 2014 Annual Meeting. We believe this improvement reflects the implementation of feedback from our stockholders in regards to the changes to our LTI mix, share usage, and additional disclosures on our plan metrics and peer groups.

Following the Company's 2015 Annual Meeting of Stockholders, we continued our extensive outreach to stockholders, engaging with large investors who collectively held approximately 35% of our outstanding shares. In these meetings, we updated investors on our business strategy, corporate governance practices and compensation program, and learned about the perspectives and any concerns of each investor. Stockholders reaffirmed our current program structure and the changes we made in recent years to our compensation program continue to be well received. The Board and management team carefully considers the feedback from these meetings, as well as stockholder support for our most recent Say-on-Pay proposal, when reviewing the business, corporate governance and executive compensation profiles. Based on our most recent Say-on-Pay vote and our subsequent engagement with our stockholders, we did not make any changes to our executive compensation programs other than the change addressed below.

## Changes Based on Stockholder Outreach

In 2015, to address the preference for greater weighting toward Net Income and Management Operating Cash Flow in the annual cash incentive program, the Performance Award design had 100% of the award linked to these two critical measures. Net Income was weighted at 60% and Management Operating Cash Flow was weighted at 40%. An individual factor acted as a modifier and is linked to other financial metrics (ie: EBITDA vs. plan and cost management) as well as personal achievements.

In recent years, other key feedback included concern about share usage in our LTI program. Starting in 2014, we modified our LTI mix at all levels which significantly reduced annual share usage compared to 2013 levels. A contributing component to this reduction was the increased Performance Share weighting in our LTI mix from 35% to 45%. We have continued with these changes with our 2015 LTI programs, which translated to a burn rate in 2015 of 0.24% and a three year average of 0.75%, using the 1:1 counting method.

Reference the tables in Program Changes in Recent Years on page 36 for additional information on recent changes to the Company's compensation program.

## COMPENSATION INFORMATION (continued)

## Section II The 2015 Executive Compensation Program in Detail

## Base Salary

Base salary is a fixed portion of compensation based on an individual's skills, responsibilities, experience and sustained performance. Base salaries for executives are benchmarked against similar jobs at other companies and are targeted at the median (50<sup>th</sup> percentile) of the Survey Peer Group after adjusting for Dow's revenue size. Actual salaries reflect an individual's responsibilities, as well as more subjective factors, such as the Committee's (and the CEO's in the case of other NEOs) assessment of the individual NEO's performance.

**2015 Base Salary Decisions:** Salary levels for the NEOs are reflective of their respective market measurement and any adjustments were made effective as of March 1, 2015. Salary adjustments of 3% were consistent with the salary adjustments provided to Dow's salaried employee population. There were no material differences between base salaries of the Survey Peer Group and the base salary for any of the NEOs.

Name	2014 Base Salary (\$)	2015 Base Salary (\$)	Percent Increase
Andrew Liveris	1,930,800	1,930,800	0%
Howard Ungerleider	976,968	1,006,277	3%
James Fitterling	976,968	1,006,277	3%
Joe Harlan	976,968	1,006,277	3%
Charles Kalil	1,029,659	1,029,659	0%

## Annual Performance Award

The Performance Award is an annual cash incentive program. Dow uses this component of compensation to reward employees for achieving critical annual Company goals. Meeting or exceeding our annual business and financial goals is important to executing our long-term business strategy and delivering long-term value to stockholders. No Performance Award is payable to NEOs or any officer of the Company unless pre-established minimum net income goals are achieved. The 1994 Executive Performance Plan establishes a minimum performance goal of \$700 million of net income in order for NEOs to be eligible to receive a payout of the Company component of the Performance Award. This requirement is part of Dow's strategy for complying with Internal Revenue Code Section 162(m).

Actual award payouts are determined each February following completion of the plan year by measuring the performance against each award component for the Company Component of the plan. The Committee reviews individual performance and contributions of the NEOs to determine the individual performance factor which can range from 0-125%.

**2015 Performance Award Metrics and Design:** The 2015 Performance Award Program focused participants on critical financial and operational goals. At the beginning of 2015, the Committee and the Board approved the financial and operational goals for the Company. In setting the goals for each measure listed below, the Committee considered the following:

- i 2014 actual business results, the 2015 business plan and expected global macroeconomic conditions. The target goal is typically set at a level consistent with our expected business plan with thresholds and maximums representing a reasonable risk/reward profile around that target based upon global macroeconomic business conditions and stretch embedded in the business plan, and with adjustments for significant M&A activities closed during the calendar year.
- j The Performance Award program covers nearly all ~49,500 Dow employees globally including the NEOs

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j The Committee may use discretion to adjust the earned award for all employees or executive management when all year-end results are known. If discretion is used to adjust awards, it will be clearly explained.

The Committee also reviewed and approved the target award opportunity for each NEO which is expressed as a percentage of base pay. Individual award opportunities vary by job level and are targeted at the median level for comparable positions within the Survey Peer Group. There were no material differences between Dow's Survey Peer Group median range of annual bonus targets and the target Performance Award for any of the NEOs.

The amount earned is equal to a participant's target award times the Company performance results, and modified by the individual performance factor assessment. The actual results for each financial performance measure can range from 0-200%

## COMPENSATION INFORMATION (continued)

of target, and are weighted as indicated in the graphic below. Even when including the impact of the individual performance factor the Performance Award is capped at a maximum payout of 200%.

The 2015 Performance Award corporate target goals and 2015 results are shown below. Net Income excluding certain items is a non-GAAP measure used by the Company in presentations to investors and is the primary financial metric in our plan. We exclude the impact of certain items from both our presentations to investors and our executive compensation performance calculations because they are not reflective of our underlying operations for the particular period in which they are recorded and, therefore, could mask our underlying operating trends. See Appendix A on pages A-1 A-2 for a reconciliation and explanation of the items we exclude. Management Operating Cash Flow is a non-GAAP measure of cash from operations defined as net income excluding certain items plus depreciation and amortization minus capital spending and plus the change in adjusted trade working capital.

As detailed on page 24 and in the graphic above, the 2015 Performance Award resulted in an earned base award equal to 163% (reflecting the 83% weighted result for net income and the 80% weighted result for management operating cash flow) of the target award opportunity for employees. As allowed by the plan, the Committee determines the individual component payout level for each NEO to reflect their personal contributions (shown in the table below).

Name	Year End Base Salary (a)	PA Target Percent (b)	PA Target Amount (c) (a * b)	Company Component (d)	Individual Factor - Committee	Total PA Payment Percent (f) (d * e)	Total PA Payout Amount (c * f)
					Assessment (e)		
<b>Formulas</b>							
Andrew Liveris	1,930,800	165%	3,185,820	163%	110%	179%	5,712,175
Howard Ungerleider	1,006,277	120%	1,207,532	163%	110%	179%	2,165,106
James Fitterling	1,006,277	120%	1,207,532	163%	110%	179%	2,165,106
Joe Harlan	1,006,277	120%	1,207,532	163%	100%	163%	1,968,278
Charles Kalil	1,029,659	105%	1,081,142	163%	105%	171%	1,850,374

COMPENSATION INFORMATION (continued)

In approving the foregoing amounts, the Committee took into account the following individual performance considerations. Titles, roles and responsibilities are as of December 31, 2015.

2015 NEO Individual Accomplishments

**Responsibilities:** executive oversight for the strategic and operational direction of the Company. Drives the organization and facilitates decision making to maximize stockholder returns.

**Andrew N. Liveris**

Exceeded all key financial targets

President, Chief Executive  
Officer and Chairman

Delivered records in Operating EBITDA and Cash Flow From Operations<sup>2</sup>

Delivered 13 consecutive quarters of year-over-year Operating EPS and Operating EBITDA margin growth

Delivered Operating ROC of 12.1% (increased 130 BPS over prior year)

Delivered on all key growth catalysts and historic portfolio management actions

Completed various transactions including the Dow Chlorine Products carve-out and the first tranche to restructure the Kuwait joint ventures

Signed definitive agreement to restructure ownership of the Dow Corning joint venture

Signed definitive agreement to combine with DuPont in all-stock merger of equals and with the intent to subsequently pursue a separation into three independent, publicly traded companies



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Start-up of first production at Sadara Chemical Company and the PDH unit in the U.S. Gulf Coast

Closed out the 2013 three-year strategic plan one year early hitting most strategic and financial milestones

Increased annual dividend to new historical high of \$1.84/share and delivered \$2.7B in share buybacks

Delivered top quartile TSR performance vs. our peer group on a 1, 2 and 3 year basis

Best ever EH&S performance, successfully closing out the 2015 Sustainability Goals and launching the 2025 Sustainability Goals

Utilized leadership platform to ensure that employees understand Dow's commitment to maintaining the highest ethical standards remains absolute

<sup>1</sup> Operating EBITDA is defined as EBITDA excluding the impact of Certain Items. See Appendix A on pages A-1 A-2 for a reconciliation and explanation of the items we exclude.

<sup>2</sup> Cash Flow from Operations is a record in 2015 when excluding the impact of K-Dow award of \$1,647 million in 2013.

**Responsibilities:** executive oversight for Dow's Corporate Strategy Development, Corporate Planning, Finance, as well as Dow AgroSciences and Information Technology & Business Services. Prior to October 2015, Ungerleider's primary oversight was the Company's financial management and the integrity of its internal controls.

**Howard I. Ungerleider**

Vice Chairman,

Chief Financial Officer

Exceeded all key financial targets

Delivered record Operating EBITDA and Cash Flow From Operations<sup>2</sup>

Delivered 13 consecutive quarters of year-over-year Operating EPS and Operating EBITDA margin growth

Delivered Operating ROC of 12.1% (increased 130 BPS over prior year)

Monetized non-strategic assets delivered approximately \$11B in pre-tax value from divestitures in 2015

Completed multiple key strategic assessments, resulting in signing of two historical agreements the restructure of Dow Corning ownership and the merger of equals with DuPont which are expected to create significant stockholder value

Increased annual dividend to new historical high of \$1.84/share and delivered \$2.7B in share buybacks

Maintained strong internal controls particularly notable given the significant number of transactions that were announced and completed in 2015

Active role in the operations of Dow Corning and Dow AgroSciences

**James R. Fitterling**

**Responsibilities:** executive accountability for all of Dow's businesses, excluding Dow AgroSciences. Fitterling also oversees operations including Environment, Health & Safety and Sustainability, Manufacturing and Engineering, and Supply Chain, as well as Research & Development. Prior to October 2015, his primary business oversight was Performance Plastics and Performance Materials & Chemicals.

Vice Chairman,

Chief Operating Officer

Drove companywide efforts for productivity and working capital management; achieving ~\$1 billion in working capital reductions

Delivered year-over-year growth in Operating EBITDA Margins of 280 BPS in Performance Materials & Chemicals and a new record Operating EBITDA of \$4.8 billion in Performance Plastics

Provided integral executive leadership for key strategic projects within the Company

Dow Chlorine Products completed the most complex deal in the chemical industry and Dow's first Reverse Morris Trust (RMT) structure to capture maximum value for stockholders

MEGlobal received \$1.5B in pre-tax proceeds for Dow's direct ownership interest in MEGlobal

PDH successful start-up in the U.S. Gulf Coast which is the largest on-purpose propylene facility ever built

<sup>1</sup> Operating EBITDA is defined as EBITDA excluding the impact of Certain Items. See Appendix A on pages A-1 A-2 for a reconciliation and explanation of the items we exclude.

<sup>2</sup> Cash Flow from Operations is a record in 2015 when excluding the impact of the K-Dow award of \$1,647 million in 2013.

COMPENSATION INFORMATION (continued)

**Joe E. Harlan**

**Responsibilities:** executive accountability for Dow's global Marketing and Sales strategy and organization. Harlan also has executive oversight of the Company's presence in North America, Latin America, and Asia Pacific. Prior to October 2015, he had oversight for the Company's Infrastructure Solutions, Consumer Solutions and Agricultural Sciences operating segments

Vice Chairman,

Drove full year volume growth in all segments, except Agricultural Sciences, and all geographic areas when excluding the impact of divestitures and acquisitions.

Chief Commercial Officer

Accelerated new go-to-market structure and leveraged the commercial excellence collaboration globally

Drove accountability and established new tools for the geographic leadership

Aggressively managed the portfolio. Ensured resources were allocated to highest near-term return in the portfolio in an effort to offset weakness in certain end markets

**Responsibilities:** executive accountability for the Company's strategic and tactical legal initiatives, provide counsel to Management on the Company's strategic objectives and leading its Legal function.

**Charles J. Kalil**

Integral to the negotiation of the restructuring agreement for Dow Corning

General Counsel and  
Executive Vice President

Played a key role in the creation of the merger of equals agreement with DuPont

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Provided strategic counsel for all other key projects within the Company

Dow Chlorine Products completed most complex deal in the chemical industry and Dow's first Reverse Morris Trust (RMT) structure to capture maximum value for stockholders

MEGlobal received \$1.5B in pre-tax proceeds for Dow's direct ownership interest in MEGlobal

Managed Dow's legal support for the implementation of Sadara and all of the U.S. Gulf Coast growth projects

Managed Dow's successful year in litigation and corporate transactions legal support

Provided counsel to the Board of Directors with respect to onboarding of four new Directors and other matters related to corporate governance and ethics and compliance

## Long-Term Incentive Awards

Each year the Company grants equity-based LTI awards to leaders and other key employees who demonstrate high performance. Dow chooses this component of compensation to motivate and reward employees for long-term stockholder value creation and the attainment of Company performance goals, retain top talent and create an ownership alignment with stockholders. As with Dow's approach for all elements of compensation, LTI grant levels are targeted at the median of the Survey Peer Group for comparable positions. Performance metrics and stock price determine the actual payout of LTI grants.

## 2015 Long-Term Incentive Award Decisions

As part of our response to stockholder feedback, the Committee made two substantive changes to our LTI program that took effect for LTI programs beginning in 2014. The weighting for Performance Shares was increased to 45% making it the largest component of our LTI mix. The Committee made this change in response to stockholder feedback and to align a greater portion of our executives' earned compensation to Dow's relative TSR and ROC performance. In 2014, the Committee also reduced the maximum payout of the Performance Share programs to 200% from 250% reflecting best practices.

LTI Vehicle	2015 Weighting	Vesting Terms and Other Conditions
Performance Shares	45%	Performance Shares can be earned at between 0 and 200% (250% for awards granted prior to 2014) of the target award opportunity after a three-year performance period based on an equal weighting of two goals:
		Dow's TSR versus a pre-established peer group
		Dow's ROC relative to pre-established goals
Stock Options	30%	Accumulated dividend equivalents are paid only on earned shares after the three-year performance period has ended.
		The exercise price equals the closing price on the date of grant. Options vest in three equal annual installments and expire after ten years.
Deferred Stock		