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DuPont and Dow Chemical agreed to merge in an all-stock deal valued at $130 billion

DuPont and The Dow Chemical Company announce that their boards of directors unanimously approved a definitive agreement under which the companies will combine in an all-stock merger of equals. The combined company will be named DowDuPont.

The parties intend to subsequently pursue a separation of DowDuPont into three independent, publicly traded companies through tax-free spin-offs. This would occur as soon as feasible, which is expected to be 18-24 months following the closing of the merger, subject to regulatory and board approval.

The companies will include a global pure-play agriculture company; a global pure-play Material Science company; and a technology and innovation-driven Specialty Products company. Each of the businesses will have clear focus, an appropriate capital structure, a distinct and compelling investment thesis, scale advantages, and focused investments in innovation to better deliver superior solutions and choices for customers.

Upon closing of the transaction, the combined company would be named DowDuPont and have a combined market capitalization of approximately $130 billion at announcement. Under the terms of the transaction, Dow shareholders will receive a fixed exchange ratio of 1.00 share of DowDuPont for each Dow share, and DuPont shareholders will receive a fixed exchange ratio of 1.282 shares in DowDuPont for each DuPont share. Dow and DuPont shareholders will each own approximately 50 percent of the combined company, on a fully diluted basis, excluding preferred shares.

The transaction is expected to deliver approximately $3 billion in cost synergies, with 100 percent of the run-rate cost synergies achieved within the first 24 months following the closing of the transaction. Additional upside of approximately $1 billion is expected from growth synergies.

Intended separation into three independent, publicly traded companies
It is the intention of both companies' boards of directors that, following the merger, DowDuPont would pursue a tax-free separation into three independent, publicly traded companies with each targeting an investment grade credit rating. The three businesses that the boards intend to separate are:

- **Agriculture Company**: A global pure-play agriculture company that unites DuPont's and Dow's seed and crop protection businesses. The combined entity will have the most comprehensive and diverse portfolio and a robust pipeline with exceptional growth opportunities in the near-, mid- and long-term. The complementary offerings of the two companies will provide growers across geographies with a broad portfolio of solutions and greater choice. Combined pro forma 2014 revenue for Agriculture is approximately $19 billion.
- **Material Science Company**: A pure-play industrial company, consisting of DuPont's Performance Materials segment, as well as Dow's Performance Plastics, Performance Materials and Chemicals, Infrastructure Solutions, and Consumer Solutions (excluding the Dow Electronic Materials business) operating segments. The combination of complementary capabilities will create a low-cost, innovation-driven leader that can provide customers in high-growth, high-value industry segments in packaging, transportation, and infrastructure solutions, among others with a broad and deep portfolio of cost-effective offerings. Combined pro forma 2014 revenue for Material Science is approximately $51 billion.

- **Specialty Products Company**: A technology driven innovative company, focused on unique businesses that share similar investment characteristics and specialty market focus. The businesses will include DuPont's Nutrition & Health, Industrial Biosciences, Safety & Protection and Electronics & Communications, as well as the Dow Electronic Materials business. Together, their complementary offerings create a new global leader in Electronics Products, and each business will benefit from more targeted investment in their productive technology development and innovation capabilities. Combined pro forma 2014 revenue for Specialty Products is approximately $13 billion.

Management, governance and corporate headquarters
Upon completion of the transaction, Liveris, President, Chairman and CEO of Dow, will become Executive Chairman of the newly formed DowDuPont Board of Directors and Breen, Chair and CEO of DuPont, will become Chief Executive Officer of DowDuPont. In these roles, both Liveris and Breen will report to the Board of Directors. In addition, when named, the chief financial officer will report to Breen.

DowDuPont's board is expected to have 16 directors, consisting of eight current DuPont directors and eight current Dow directors. The full list of directors will be announced prior to or in conjunction with the closing of the merger. The Committees of each company will appoint the leaders of the three new standalone companies prior to a contemplated spin-off.

Following the closing of the transaction, DowDuPont will be dual headquartered in Midland, Michigan and Wilmington, Delaware.

Approvals and time to close
The merger transaction is expected to close in the second half of 2016, subject to customary closing conditions, including regulatory approvals, and approval by both Dow and DuPont shareholders. The subsequent separation of DowDuPont, which the companies intend to pursue, would be expected to occur 18-24 months following the closing of the merger.

More information: www.dowdupontunlockingvalue.com