



**CAROL LANDRY**  
International Vice President at  
Large

## MEMORANDUM

**TO:** All USW Dow, Dow Corning and DuPont Locals

**FROM:** Carol Landry

**RE:** Merger of Dow Chemical and DuPont, Reincorporation of Dow Corning into Dow Chemical

**Date:** December 11, 2015

### The Merger

Dow Chemical Co. and E.I. DuPont de Nemours Co. agreed today to merge their operations, which would create a single chemical company just about the size of industry leader BASF. The merger is subject to anti-trust review in the United States, Europe and elsewhere in the world, and is expected to be complete by about the middle of 2016. This could be delayed, depending on the complexity of the negotiations during the anti-trust review.

Also, once the merger is complete, the new company, which will be called DowDuPont plans to split itself into three separate companies. This process is expected to happen about 18-24 months after the initial merger is final, which would mean, if all goes according to schedule, sometime in 2018. The three divisions will focus on agriculture, materials and specialty products.

Finally, Dow Chemical has announced that as part of this process, it will take over full ownership and control of Dow Corning Corp.

Dow CEO Andrew Liveris will be executive chairman of the new company and DuPont CEO Edward Breen will be CEO. Breen was the executive who successfully split Tyco into three companies about 10 years ago. Shares will be split about 50-50 between shareholders of the two companies. It remains to be seen whether or not the spots in the executive suite will be distributed evenly and which company's culture will prevail in the new entity.

### Effect on USW Units

**The merger itself is a straight-up stock swap between the two companies, so our collective agreements at both Dow and DuPont will follow the merger.**

The first thing that will happen is the purchase of Corning Glass's stake in Dow Corning, though it remains to be seen how quickly management of the units, including the USW-represented plant in Midland, MI, will change.

The only locations where the USW contract may not necessarily follow the merger will be those that the various antitrust authorities require either company to spin off prior to concluding the merger. These sales or spinoffs will be conducted whichever way the company making the sale prefers. These sales or spinoffs likely will take place just before conclusion of the merger, which means the second half of 2016. We will monitor closely to make sure any of such transactions that are structured as asset sales are done in a way that protects our jobs and our wages, benefits and working conditions at any site or group of sites where this happens.

The companies in their press release describe the planned split into three companies as a "tax-free separation" similar to the transaction by which DuPont created its Chemours spinoff. This spinoff is not expected to happen before 2018. If it does happen, our collective agreements in all the USW units that are not sold to satisfy anti-trust regulators will follow into each of the spun-off companies. In sites like Midland that might be split among two or more of the three new companies, the companies are under the same obligation, but separate collective agreements will have to be signed for each of the separate segments at the site. During the DuPont/Chemours spinoff, this was an issue at the Deepwater location in New Jersey, and the USW was able to reach an acceptable settlement for the workers on the Chemours side without undue difficulty. We will monitor closely to make sure any site that is split is handled in an acceptable manner.

It looks from the two companies' description of the ultimate spinoff that many but certainly not all USW units will wind up with the material science company where most of the traditional chemical units will go. It is not clear yet where Dow Corning sites will land.

The material science company will be about as big as the original Dow, but will be a good deal more specialized than either the current Dow or the current DuPont. Whether or not this push to specialization really makes sense from an operational perspective, it clearly is a major Wall St. fad right now.

We also, where appropriate, will coordinate with other unions at Dow and DuPont so we can work together to preserve union standards at all the unionized sites at the two companies. It is our intent to maintain standards at our represented sites and to grow our Union as this process unfolds.

Attached is the investor presentation the companies put on the merger web site as well as a fact sheet outlining the merger.

We will continue to keep everyone apprised of new developments as they occur. Specific questions related to this communication should be directed to this office via your staff representative and district director. Standing together and standing strong.

#### Attachments

c: Leo Gerard, International President  
District Directors with Dow, Dow Corning and DuPont Locations  
Staff Representatives Servicing Dow, Dow Corning and DuPont Locations