

Dow Inc. and Subsidiaries
Consolidated Statements of Income

(In millions, except per share amounts) For the years ended Dec 31,	2019	2018	2017
Net sales	\$ 42,951	\$ 49,604	\$ 43,730
Cost of sales	36,657	41,074	36,350
Research and development expenses	765	800	803
Selling, general and administrative expenses	1,590	1,782	1,795
Amortization of intangibles	419	469	400
Restructuring, goodwill impairment and asset related charges - net	3,219	221	2,739
Integration and separation costs	1,063	1,179	798
Equity in earnings (losses) of nonconsolidated affiliates	(94)	555	394
Sundry income (expense) - net	461	96	(154)
Interest income	81	82	66
Interest expense and amortization of debt discount	933	1,063	914
Income (loss) from continuing operations before income taxes	(1,247)	3,749	237
Provision for income taxes on continuing operations	470	809	1,524
Income (loss) from continuing operations, net of tax	(1,717)	2,940	(1,287)
Income from discontinued operations, net of tax	445	1,835	1,882
Net income (loss)	(1,272)	4,775	595
Net income attributable to noncontrolling interests	87	134	130
Net income (loss) available for Dow Inc. common stockholders	\$ (1,359)	\$ 4,641	\$ 465

Per common share data:			
Earnings (loss) per common share from continuing operations - basic	\$ (2.42)	\$ 3.80	\$ (1.88)
Earnings per common share from discontinued operations - basic	0.58	2.41	2.48
Earnings (loss) per common share - basic	\$ (1.84)	\$ 6.21	\$ 0.60
Earnings (loss) per common share from continuing operations - diluted	\$ (2.42)	\$ 3.80	\$ (1.88)
Earnings per common share from discontinued operations - diluted	0.58	2.41	2.48
Earnings (loss) per common share - diluted	\$ (1.84)	\$ 6.21	\$ 0.60

Weighted-average common shares outstanding - basic	742.5	747.2	744.8
Weighted-average common shares outstanding - diluted	742.5	747.2	744.8

See Notes to the Consolidated Financial Statements.

Dow Inc. and Subsidiaries
Consolidated Balance Sheets

(In millions, except share amounts) At Dec 31,	2019	2018
Assets		
Current Assets		
Cash and cash equivalents (variable interest entities restricted - 2019: \$37; 2018: \$71)	\$ 2,367	\$ 2,724
Marketable securities	21	100
Accounts and notes receivable:		
Trade (net of allowance for doubtful receivables - 2019: \$45; 2018: \$42)	4,844	5,646
Other	2,711	3,389
Inventories	6,214	6,899
Other current assets	658	712
Assets of discontinued operations - current	—	19,900
Total current assets	16,815	39,370
Investments		
Investment in nonconsolidated affiliates	1,404	3,320
Other investments (investments carried at fair value - 2019: \$1,584; 2018: \$1,699)	2,588	2,646
Noncurrent receivables	1,063	360
Total investments	5,055	6,326
Property		
Property	54,910	53,984
Less accumulated depreciation	33,914	32,566
Net property (variable interest entities restricted - 2019: \$330; 2018: \$683)	20,996	21,418
Other Assets		
Goodwill	8,796	9,846
Other intangible assets (net of accumulated amortization - 2019: \$3,886; 2018: \$3,379)	3,759	4,225
Operating lease right-of-use assets	2,072	—
Deferred income tax assets	2,213	1,779
Deferred charges and other assets	818	735
Total other assets	17,658	16,585
Total Assets	\$ 60,524	\$ 83,699
Liabilities and Equity		
Current Liabilities		
Notes payable	\$ 586	\$ 298
Long-term debt due within one year	435	338
Accounts payable:		
Trade	3,889	4,456
Other	2,064	2,479
Operating lease liabilities - current	421	—
Income taxes payable	522	557
Accrued and other current liabilities	2,762	2,931
Liabilities of discontinued operations - current	—	4,488
Total current liabilities	10,679	15,547
Long-Term Debt (variable interest entities nonrecourse - 2019: \$34; 2018: \$75)	15,975	19,253
Other Noncurrent Liabilities		
Deferred income tax liabilities	347	501
Pension and other postretirement benefits - noncurrent	10,083	8,926
Asbestos-related liabilities - noncurrent	1,060	1,142
Operating lease liabilities - noncurrent	1,739	—
Other noncurrent obligations	6,547	4,709
Total other noncurrent liabilities	19,776	15,278
Stockholders' Equity		
Common stock (2019: authorized 5,000,000,000 shares and issued 751,228,644 shares of \$0.01 par value each; 2018: authorized and issued 100 shares of \$0.01 par value each)	8	—
Additional paid-in capital	7,325	7,042
Retained earnings	17,045	35,460
Accumulated other comprehensive loss	(10,246)	(9,885)
Unearned ESOP shares	(91)	(134)
Treasury stock at cost (2019: 9,729,834 shares; 2018: zero shares)	(500)	—
Dow Inc.'s stockholders' equity	13,541	32,483
Noncontrolling interests	553	1,138
Total equity	14,094	33,621
Total Liabilities and Equity	\$ 60,524	\$ 83,699

See Notes to the Consolidated Financial Statements.

Dow Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(In millions) For the years ended Dec 31,	2019	2018	2017
Operating Activities			
Net income (loss)	\$ (1,272)	\$ 4,775	\$ 595
Less: Income from discontinued operations, net of tax	445	1,835	1,882
Income (loss) from continuing operations, net of tax	(1,717)	2,940	(1,287)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	2,938	2,909	2,546
Provision (credit) for deferred income tax	(228)	(429)	1,413
Earnings of nonconsolidated affiliates less than dividends received	1,114	108	253
Net periodic pension benefit cost	144	279	1,032
Pension contributions	(261)	(1,651)	(1,672)
Net gain on sales of assets, businesses and investments	(81)	(38)	(419)
Restructuring, goodwill impairment and asset related charges - net	3,219	221	2,739
Other net loss	198	415	451
Changes in assets and liabilities, net of effects of acquired and divested companies:			
Accounts and notes receivable	1,253	(855)	(11,431)
Inventories	668	(859)	(891)
Accounts payable	(948)	787	1,081
Other assets and liabilities, net	(586)	(731)	(258)
Cash provided by (used for) operating activities - continuing operations	5,713	3,096	(6,443)
Cash provided by operating activities - discontinued operations	217	1,158	1,514
Cash provided by (used for) operating activities	5,930	4,254	(4,929)
Investing Activities			
Capital expenditures	(1,961)	(2,091)	(2,807)
Investment in gas field developments	(76)	(114)	(121)
Purchases of previously leased assets	(9)	(26)	(187)
Proceeds from sales of property and businesses, net of cash divested	84	47	522
Acquisitions of property and businesses, net of cash acquired	—	(20)	47
Investments in and loans to nonconsolidated affiliates	(638)	(18)	(749)
Distributions and loan repayments from nonconsolidated affiliates	89	55	69
Purchases of investments	(899)	(1,530)	(642)
Proceeds from sales and maturities of investments	1,252	1,214	1,165
Proceeds from interests in trade accounts receivable conduits	—	657	9,462
Other investing activities, net	—	—	34
Cash provided by (used for) investing activities - continuing operations	(2,158)	(1,826)	6,793
Cash provided by (used for) investing activities - discontinued operations	(34)	(369)	725
Cash provided by (used for) investing activities	(2,192)	(2,195)	7,518
Financing Activities			
Changes in short-term notes payable	307	(178)	268
Proceeds from issuance of long-term debt	2,287	1,999	—
Payments on long-term debt	(5,561)	(3,054)	(617)
Purchases of treasury stock	(500)	—	—
Proceeds from issuance of parent company stock	93	112	66
Proceeds from sales of common stock	—	—	423
Transaction financing, debt issuance and other costs	(119)	(70)	—
Employee taxes paid for share-based payment arrangements	(60)	(77)	(81)
Distributions to noncontrolling interests	(77)	(135)	(101)
Purchases of noncontrolling interests	(297)	—	—
Dividends paid to stockholders	(1,550)	—	(2,179)
Dividends paid to DowDuPont Inc.	(535)	(3,711)	(1,056)
Settlements and transfers related to separation from DowDuPont Inc.	1,935	(240)	6
Other financing activities, net	—	3	(4)
Cash used for financing activities - continuing operations	(4,077)	(5,351)	(3,275)
Cash used for financing activities - discontinued operations	(18)	(53)	(50)
Cash used for financing activities	(4,095)	(5,404)	(3,325)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(27)	(99)	320
Summary			
Decrease in cash, cash equivalents and restricted cash	(384)	(3,444)	(416)
Cash, cash equivalents and restricted cash at beginning of year	2,764	6,208	6,624
Cash, cash equivalents and restricted cash at end of year	\$ 2,380	\$ 2,764	\$ 6,208
Less: Restricted cash and cash equivalents, included in "Other current assets"	13	40	19
Cash and cash equivalents at end of year	\$ 2,367	\$ 2,724	\$ 6,189