

DOW CHEMICAL CO /DE/
Form 425
March 27, 2015

Filed by The Dow Chemical Company
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Subject Company: The Dow Chemical Company
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Combination of The Dow Chemical Company's "Dow
Chlorine Products" with Olin

March 27, 2015

Andrew N. Liveris Chairman and Chief Executive Officer

Joseph D. Rupp Chairman and Chief Executive Officer

SEC Disclosure Rules

Some of our comments today include statements about our expectations for the future. Those expectations involve risks and uncertainties. The parties cannot guarantee the accuracy of any forecasts or estimates, and we do not plan to update any forward-looking statements if our expectations change. If you would like more information on the risks involved in forward-looking statements, please see each companies' annual report and SEC filings.

In addition, some of our comments reference non-GAAP financial measures. Where available, presentation of and reconciliation to the most directly comparable GAAP financial measures and other associated disclosures are provided on the Internet at each companies' website. tm Trademark of The Dow Chemical Company or an affiliated company of Dow. "EBITDA" is defined as earnings (i.e., "Net Income") before interest, income taxes, depreciation and amortization.

SEC Disclosure Rules

Important Notices and Additional Information

In connection with the proposed transaction, Blue Cube Spinco Inc. ("Spinco") will file a registration statement on Form S-4/S-1 containing a prospectus and Olin Corporation will file a proxy statement on Schedule 14A and a registration statement on Form S-4 containing a prospectus with the Securities and Exchange Commission (the "SEC"). INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE REGISTRATION STATEMENTS/PROSPECTUSES AND PROXY STATEMENT WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PARTIES AND THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the prospectuses and proxy statement (when available) and other documents filed by The Dow Chemical Company ("TDCC"), Spinco and Olin with the SEC at the SEC's web site at <http://www.sec.gov>. Free copies of these documents, once available, and each of the companies' other filings with the SEC may also be obtained from the respective companies by directing a written request to Olin at 190 Carondelet Plaza, Clayton, MO 63105 Attention: Investor Relations or TDCC or Spinco at The Dow Chemical Company, 2030 Dow Center, Midland, Michigan 48674, Attention: Investor Relations.

This communication is not a solicitation of a proxy from any investor or security holder. However, Olin, TDCC, and certain of their respective directors, executive officers and other members of management and employees, may be deemed to be participants in the solicitation of proxies from shareholders of Olin in respect of the proposed transaction under the rules of the SEC. Information regarding Olin directors and executive officers is available in Olin 2014 Annual Report on Form 10-K filed with the SEC on February 25, 2015, and in its definitive proxy statement for its annual meeting of shareholders filed March 4, 2015. Information regarding TDCC's directors and executive officers is available in TDCC's Annual Report on Form 10-K filed with the SEC on February 13, 2015, and in its definitive proxy statement for its annual meeting of shareholders, which is expected to be filed on March 27, 2015. These documents can be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the registration statements, prospectuses and proxy statement and other relevant materials to be filed with the SEC when they become available.

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Agenda

Transaction Overview

Strategic Alignment

Details of "New Olin"

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Strategic Benefits of Transaction

Creates ~\$7B revenue industry leader in Chlor-Alkali and derivatives

Highly complementary to strategic objectives of both companies, which significantly enhances shareholder and customer value

Another step in Dow's transformation to a more focused and targeted portfolio while maintaining integration benefits

"New Olin" will have substantial operational cost synergies, as well as significant growth potential

"New Olin" will have strong financial flexibility to support growth, better serve customers and reward shareholders

Transaction Uniquely Unleashes Value to Deliver Win-Win-Win For "New Olin", for Dow and for Both Companies' Shareholders

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Dow's Portfolio Evolution

Steady Drumbeat of Actions

Announced Plans to Restructure Costs and Shut Down Assets

Divestiture Actions Begin

Sale of PPL&C

Announced
Chlorine Carve-Out

Exceeded \$500MM Cost Savings

\$450MM Rail Car Sale

Expanded Divestiture Target to \$7B - \$8.5B

Sold Angus, SBH

Dow Chlorine Products Merger

Portfolio Management and Productivity Actions

2012

Board Commences Detailed Strategic Reviews

2013

Restart St. Charles Cracker

Sadara financial close

Break ground on PDH facility

2014

Break ground on USGC Ethylene facility

Enlist obtains USDA and EPA Approval

2015

Sadara to start up 2H15

PDH to start up mid-2015

DAS 2015-2019 New Product Launches

Proactive, Self-Help Actions Driving
Record Adjusted EBITDA, Cash From Operations and Shareholder Rewards

Excludes the impact of the K-Dow award in 2013

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Significant Value Creation for All Shareholders

Transaction Overview

Formation of ~\$7B revenue Chlor-Alkali and derivatives leader Transaction based on \$5B RMT structure for Dow Chlorine Products (DCP) at 8x multiple "New Olin" to benefit from a minimum of \$200MM of operational synergies Strong, long-term operator at Dow's integrated sites All contracts structured to deliver value Highly complementary assets offer ability for strategic growth, product expansion and improved customer offerings and service

Dow Exceeds Divestiture Target

Pre-Tax Proceeds (\$B)

Completed

In Progress

Kuwait and Other JV Optimization
Dow Chlorine Products

Sodium Borohydride (~\$200MM)
Angus (\$1.2B)

~\$450MM Asset Sales
(Railcars, Land, etc.)

~\$850MM in 2013
PPL&C, others)

~\$3B

~\$3B Tax Eq.

\$5B Pre-Tax

Taxable Equivalent Value

\$8 B

>\$7B? \$8.5B

Completed

Dow Chlorine Products

Expanded Target

*Assumes 37% tax rate

Complementary Profiles

Chlor-Alkali History

Dow

Olin

118 yrs

123 yrs

Recent Chlorine Strategy

Rationalizing

Growing

Global Chlor-Alkali Capacity*

Top 10

Top 10

Asset Locations

Global

Regional US & Canada

Downstream Applications

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Cultural Fit

Envelope Expertise

Experience at Shared Sites

Strong Operational and EH&S Stewardship

*Source: IHS

Creates premier company with the scope and expertise to grow in the marketplace and generate significant shareholder value

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Transaction Overview

Structure and Considerations

Reverse Morris Trust structure - split-off intention
Total value of \$5B at 8x multiple, consisting of ~\$2.2B
in common stock, ~\$2.0B in cash and cash equivalents,
~\$0.8B in assumed debt and pension liabilities Separate
agreement on ethylene is additive and highly
value-creating for Dow

Ownership

Approximately 50.5% Dow shareholders
Approximately 49.5% existing Olin shareholders
80.6 million shares outstanding of "New Olin"

Governance

Olin's existing Board of Directors plus three
additional directors designated by Dow Olin's CEO and
combined executive team to lead "New Olin"

Conditions of Expected Closing

Simple majority from Olin shareholder vote Customary
closing conditions, relevant tax rulings and regulatory
authority approvals Expected closing year-end 2015

Merger of Dow Chlorine Products Business
with Olin Corporation

March 26, 2015

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Diversifies Olin's Business Mix

2014 pro forma EBITDA by business (\$bn)

Dow Chlorine Products

Olin

Pro forma NewCo

Epoxy

12%

Global Chlorinated Organics

18%

0%

Chlor Alkali & Vinyl

70%

+

~\$0.64bn

Olin

Winchester

37%

Chemical Distribution

4%

=

Chlor Alkali

59%

\$0.34bn

Winchester

14%

Global Chlorinated Organics

12%

Epoxy

7%

Chemical Distribution

1%

Chlor-Alkali & Vinyl

66%

~\$1.0bn

Source: Olin and Dow management

Creates a Leader in Chlorine-Based Products

Top chlorine producers worldwide (kMT)

Chlorine global capacity: ~90,000 kMT

5,647

3,730

3,430

2,363

2,249

2,249

1,917

1,886

1,719

+

DCP1

DCP1

Source: CMAI 2014 average capacities in kMT

1 Includes 50% of Dow Mitsui Chlor Alkali joint venture chlorine capacity

2 Capacity in Brazil, Germany and Australia not in scope of transaction

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Significant Cost Synergies with Strategic Opportunities Upside

Synergies breakdown

Expected value

Logistics & procurement

Increased procurement efficiencies

Elimination of duplicate terminals and optimization of freight to terminals

Reduction of net acquisition cost for purchased caustic

Savings from trucking and rail fleet optimization

COGS reduction opportunities

\$50mm

Operational efficiencies

SG&A

Cost optimization

Energy utilization

\$70mm

Asset optimization

Consolidation of select operations and facilities across the business

Installation of new capacity

Relocation of select manufacturing processes

\$80mm

Total cost synergies to be achieved by end of third year

\$200mm

Accessing new segments and customers

Increased sales to new third-party customers

Access to new product segments

Potential upside to \$300mm

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Significant Cash Flow to Drive De-Leveraging

Total debt / Pro forma LTM EBITDA (\$mm)¹

2.0x

Current Olin
as of 12/31/14

3.0x

Pro forma at signing

2.5x

Pro forma at signing + \$200mm of run-rate synergies

Commentary

Olin has long track-record of prudent capital structure management

Management remains committed to conservative financial policy

Opportunity to de-lever from ~3.0x total debt / pro
forma LTM EBITDA to ~2.5x by the end of year 2

Significant run-rate free cash flow conversion² in
excess of 80% supporting de-levering and growth

Participate in co-producer ethylene economics

Reduced volatility and uncertainty of cash flow from
diversified portfolio and long-term partnership and
supply agreements with The Dow Chemical Company

Source: Olin management estimates

¹ Pro forma LTM EBITDA of ~\$1bn as of 12/31/2014

² Free cash flow conversion defined as EBITDA
less capital expenditures / EBITDA

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Summary of Dow Value Drivers

Dow exceeds its divestment target of \$7B-\$8.5B

Continued execution of ongoing strategic objectives to deliver increasing returns through a narrower, more targeted portfolio of market-aligned businesses

Enables Dow to maintain physical integration for all of our key downstream businesses

Immediately enhances shareholder value through high multiple in a tax efficient structure and ability to share in synergies and growth of newly merged company

Dow can accelerate share buyback, reduce debt, and shed a low-ROC business

Supplements Dow's already strong cash position, providing further financial flexibility for shareholder-accretive cash deployment and dividends

New owner is best owner based on integrated chlorine envelope

Ongoing Portfolio Management Drives
Significant Shareholder Value Creation, Enhanced Financial Flexibility

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Pro Forma Global Operating Footprint

Freeport, TX
CA, VCM, EDC
Epi/Allyl, LER, CER BisA, Phenol/Acetone
CMP, Tric, VDC
Brine, Power

Plaquemine, LA CA, EDC
Perc
Brine, Power

Russellville, AR
Cell assembly and maintenance

Rheinmünster, Germany
CER

Terneuzen,
Netherlands
Cumene

Tacoma, WA

Niagara Falls, NY

Bécancour, QC

Stade, Germany
CMP, Perc, Tric
Epi/Allyl, LER,
CER, BisA

Henderson, NV

Pisticci, Italy
CER

Baltringen, Germany
CER

Gumi, South Korea
CER

Tracy, CA

Augusta, GA

Santa Fe Springs, CA

St Gabriel, LA

Roberta, GA
CER

Zhangjiagang, China
CER

McIntosh, AL

Charleston, TN

Guaruja, Sao Paulo, Brazil
LER, CER

Chlor-Alkali & Vinyl
Epoxy
Global Chlorinated Organics
Supporting assets

Source: Olin and Dow management

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RMT Transaction Value Overview

Units = \$ Billions

RMT Value

Consideration in Debt/Cash

\$2.0

Assumptions of Pension and Debt

\$0.8

Subtotal Cash/Debt/Pensions

\$2.8

Consideration in stock*

\$2.2

Pre-Tax Consideration for DCP

\$5.0

2014 EBITDA Multiple

8x

Separate agreement on ethylene is additive and highly value creating

* Based on a share price as of March 25, 2015 market close

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