

DOW CHEMICAL CO /DE/
Form DEF 14A
March 28, 2014
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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
TO BE HELD ON THURSDAY, MAY 15, 2014 AT 10:00 A.M. EDT**

March 28, 2014

Dear Stockholder of The Dow Chemical Company:

We are pleased to invite you to the Annual Meeting of Stockholders of The Dow Chemical Company (the Meeting) to be held on Thursday, May 15, 2014, at 10:00 a.m. Eastern Daylight Time, at the Midland Center for the Arts, 1801 West St. Andrews, Midland, Michigan. A map is printed on the back page of this Proxy Statement and is also included on your admittance ticket. At the Meeting, stockholders will vote on the following matters either by proxy or in person:

Election of the ten Directors named in the attached Proxy Statement.

Ratification of the appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2014.

Advisory resolution to approve executive compensation.

Approval of the Amended and Restated 2012 Stock Incentive Plan.

Two proposals submitted by stockholders, if properly presented.

Transaction of any other business as may properly come before the Meeting.

Your vote is important. Whether or not you plan on attending the 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.

Your Board of Directors has set the close of business on March 17, 2014, as the record date for determining stockholders who are entitled to receive notice of the Meeting and any adjournment, or postponement, and who are entitled to vote. A list of stockholders entitled to vote shall be open to any stockholder for any purpose relevant to the Meeting for ten days before the 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 Meeting, as described in this Proxy Statement under Voting and Attendance Procedures. If you are unable to attend the Meeting,

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please listen to the live audio webcast at the time of the Meeting, or the audio replay after the event, at www.DowGovernance.com.

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

Charles J. Kalil

Executive Vice President,

General Counsel and Corporate Secretary

Trademark of The Dow Chemical Company

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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

Time and Date: 10:00 a.m. Eastern Daylight Time on May 15, 2014
 Place: Midland Center for the Arts, 1801 West St. Andrews, Midland, Michigan
 Record Date: March 17, 2014

Meeting Agenda and Voting Recommendations

Agenda Item	Board Recommendation	Page
(1) Election of ten Directors	FOR EACH NOMINEE	3
(2) Ratify the appointment of Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm	FOR	44
(3) Advisory Resolution to Approve Executive Compensation	FOR	46
(4) Approval of the Amended and Restated 2012 Stock Incentive Plan	FOR	47
(5) Stockholder Proposal on Stockholder Action by Written Consent	AGAINST	56
(6) Stockholder Proposal on Executive Stock Retention	AGAINST	58

Response to Say-On-Pay Vote & Stockholder Outreach

Following the Company's 2013 Annual Meeting of Stockholders, we reviewed the results of the stockholder advisory vote on our executive compensation programs. Approximately 75% of the votes cast supported our compensation programs. The Compensation and Leadership Development Committee (Committee) carefully evaluated the results of the 2013 advisory vote at subsequent meetings.

Throughout 2013, we engaged in discussions with a broad cross-section of stockholders to solicit feedback on our compensation programs. We view this as an important opportunity to develop broader relationships with key investors over the long term and to engage in open dialogue on compensation and governance related issues.

Executive**Compensation Program Item****What We Heard From Stockholders****Actions We Took to Address Feedback**

Long Term Incentive (LTI) Mix	Strong preference for performance based equity Support for Relative Total Shareholder Return (TSR) as a metric in our Performance Share Program	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%). Relative TSR and Return on Capital* are 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 2014 Performance Award design has 85% of the award linked to two critical measures for Dow: Net Income* and Management Operating Cash Flow*. Net Income will be weighted at 50%, Management Operating Cash Flow will be weighted at 35% and 15% will be linked to personal goals and achievements.
Share Usage		

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	Concern about share usage in our LTI program	We modified our LTI mix at all levels which will significantly reduce our 2014 annual share usage compared to 2013 levels.
	Desire for greater clarity on our incentive plan metrics	We added additional disclosure on our metrics and the mechanics of our incentive programs.
Disclosure	Desire for additional clarity on how we use our Survey Peer Group and TSR Peer Group	We added more detail on our two peer groups and how they are used.

* *These measures are non-GAAP financial measures. For additional information on the use of these financial performance measures, please see the Performance Award and Return on Capital sections of Section Two: The 2013 Executive Compensation Program in Detail beginning on page 19.*

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PROXY STATEMENT SUMMARY (continued)

In addition to these most recent changes, over the past few years, the Committee and Board of Directors have made other changes to our compensation programs that further align executives' compensation with stockholder interests.

Executive Compensation Program Item	Governance Best Practices and Other Feedback	Actions We Have Taken
Incentive Plan Design	Incentive program maximum payout levels	In light of governance trends, we reduced the maximum payout level of our annual and long term incentive programs from 250% to 200%. In 2013, the Board approved an increase to the stock ownership guidelines for Non-Employee Directors to five times their annual meeting retainer fee.
Stock Ownership Requirements	Rigorous stock ownership guidelines in place for both Directors and Management	Stock Ownership guideline levels for executive management were increased in 2012.
Director Compensation	Appropriate mix of equity and cash	In 2013, the Governance Committee and the Board increased the weighting of equity in the total compensation structure for Non-Employee Directors. Equity now represents 54% of the total compensation structure, up from 48%.
Perquisites	Limited perquisites for named executive officers	Eliminated the car perquisite for NEOs (other than the CEO) in 2012.

2013 Business Highlights

In 2013, Dow implemented a number of key actions to improve return on capital, drive earnings growth momentum and maximize value for our stockholders. We rigorously continued and sustained our cost control efforts. We undertook significant actions to reshape our company to succeed in the midst of ongoing economic volatility—shedding commodity portions of our portfolio, prioritizing growth programs and narrowing the markets we serve. All of this enabled us to focus our resources more deeply in targeted, high-margin investments that serve attractive end-markets.

As a result of this focus and discipline, the Company achieved a number of significant milestones in 2013:

Full-year 2013 earnings per share were \$3.68, compared with prior-year earnings of \$0.70 per share. Adjusted earnings per share¹ were \$2.48 versus \$1.90 per share in 2012, up 31 percent

EBITDA² totaled \$10.5 billion, or \$8.4 billion on an adjusted basis³—a \$900 million increase versus 2012

Achieved \$7.8 billion in cash flow from operations; excluding the K-Dow arbitration award, cash from operating activities was a record \$6 billion

Dow accelerated its cost savings and portfolio management actions throughout the year, exceeding its goal to deliver \$500 million in cost reductions and delivered \$850 million in cash proceeds from divesting non-strategic assets and businesses

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Dow continued to strengthen its balance sheet, reducing gross debt by \$3 billion, and bringing Dow's net debt to total capital to 30 percent well below the Company's historic average.

The Company rewarded stockholders with \$1.8 billion through dividends declared and share repurchases—a nearly 30 percent increase versus 2012.

With Total Shareholder Return of 42%, Dow outperformed the S&P 500 by nearly 10 percent—demonstrating Dow's focus on ongoing value creation.

- ¹ *Adjusted earnings per share* is defined as earnings per share excluding the impact of *Certain items*. See Appendix B on pages B-1–B-2 for a reconciliation of *Adjusted earnings per share* to *Earnings per common share—diluted*.
- ² *EBITDA* is defined as earnings (i.e. *Net Income*) before interest, income taxes, depreciation and amortization. See Appendix B on pages B-1–B-2 for a reconciliation of *EBITDA* to *Net Income Available for The Dow Chemical Company Common Stockholders*.
- ³ *Adjusted EBITDA* is defined as *EBITDA* excluding the impact of *Certain Items*. See Appendix B on pages B-1–B-2 for a reconciliation to the most directly comparable U.S. GAAP measure.
- ⁴ *Net debt* equals total debt (*Notes Payable* plus *Long-Term Debt due within one year* plus *Long-Term Debt* minus *Cash and Cash Equivalents*).

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PROXY STATEMENT SUMMARY (continued)

Achieved significant milestones with key, enterprise growth projects U.S. Gulf Coast investments; and The Sadara Chemical Company joint venture investments that will further enhance our industry-leading, low-cost feedstock position

How Executive Compensation is Aligned with Company Performance

The objectives of Dow’s compensation program, set by the Compensation and Leadership Development Committee (the 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 long-term success. To achieve these objectives:

We target all elements of our compensation programs to provide a competitive compensation opportunity at the **median of our peer group** (the Survey Peer Group) of companies whose compensation is surveyed by the Committee. Actual payouts under these programs can be above or below the median based on Company and personal performance.

At least 70% of the total compensation opportunity for each of our Named Executive Officers (NEOs) is **variable performance-based compensation** tied to critical financial measures that drive shareholder value and consist of metrics used to report financial results in our quarterly earnings releases.

Compensation Element	Financial Metrics
Short-Term Incentive: Annual Performance Award Program	Net Income
	Management Operating Cash Flow
Long Term Incentives: Performance Share Program	Cost Control (2013) Relative Total Shareholder Return (TSR)
	Return on Capital

We **emphasize stock ownership**. LTI awards are delivered as equity-based awards to senior executives. Dow executives are required to maintain, until retirement, between four and six times their annual base salary in Dow stock. This encourages managing from an owner’s perspective and better aligns their financial interests with those of Dow stockholders.

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Our **executives participate in the same group benefit programs, including pension and retirement plans**, on substantially the same terms as other salaried employees.

Our executives are provided **limited perquisites** which are granted to facilitate strong, focused performance on their jobs.

The Committee exercises discretion in determining compensation actions when necessary due to extraordinary changes in the economy, unusual events or overall Company performance.

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PROXY STATEMENT SUMMARY (continued)

Board Nominees

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

Director				
Nominee	Age	Since	Principal Occupation	Committees
Arnold A. Allemang	71	1996	Former Senior Advisor, The Dow Chemical Company	EHS&T
Ajay Banga	54	2013	President and Chief Executive Officer, MasterCard Incorporated	Compensation
Jacqueline K. Barton	61	1993	Professor of Chemistry & Chair, Division of Chemistry & Chemical Engineering, California Institute of Technology	EHS&T (Chair)
James A. Bell	65	2005	Former Executive Vice President, Corporate President & CFO, The Boeing Company	Audit (Chair)
Jeff M. Fettig	56	2003	Chief Executive Officer and Chairman, Whirlpool Corporation	Governance Compensation
(Lead Director)				Governance (Chair)
Andrew N. Liveris	59	2004	President, Chief Executive Officer and Chairman, The Dow Chemical Company	
Paul Polman	57	2010	Chief Executive Officer, Unilever PLC/NV	EHS&T
Dennis H. Reilley	60	2007	Non-Executive Chairman, Marathon Oil Corporation	Compensation (Chair)
James M. Ringler	68	2001	Chairman, Teradata Corporation	Governance Audit
Ruth G. Shaw	65	2005	Former Executive Advisor, Duke Energy Corporation	Audit

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 7 and our website: www.DowGovernance.com.

Board Independence	8 of 10 Directors standing for re-election are independent. 9 of 10 are non-management. Independent Lead Director with clearly identified roles and responsibilities (Jeff Fettig) Retirement Age (72) Annual Board elections
Director Elections	Directors are elected by a majority of votes cast Directors not elected by a majority of votes are subject to the Board's resignation policy Non-management Board members meet in executive session without management
Board Practices	Annual Board & Committee Evaluations Board member orientation & education
Stock Ownership Requirements	Our non-management Directors are expected to hold five times the annual retainer fee within five years after joining the Board Board members must hold all restricted shares until retirement We prohibit executives and directors from hedging or pledging company stock
Stockholder Rights	Stockholder right to call special meetings (25%) No super-majority voting requirements

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**2014 ANNUAL MEETING OF STOCKHOLDERS
THE DOW CHEMICAL COMPANY**

Notice of the Annual Meeting and Proxy Statement

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This Proxy Statement is issued in connection with the 2014 Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 15, 2014.

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON
THURSDAY, MAY 15, 2014 AT 10:00 A.M. EDT**

The 2014 Proxy Statement and 2013 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 five other agenda items to be voted upon at the Annual Meeting of Stockholders (the Meeting) and any adjournment or postponement of that 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 March 28, 2014.

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 voting form is properly executed and received by the independent Inspector of Election prior to the Meeting. Except as provided below with respect to shares held in employees' savings plans, if no specific choices are made 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 voting instructions at any time before their use at the Meeting by sending a written revocation, by submitting another proxy or voting form on a later date, or by attending the 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 employees' savings plans, and requires the appointment of an independent tabulator and Inspector of Election for the Meeting.

Dividend Reinvestment Plan Shares and Employees' 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 employees' 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.

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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. Eastern Daylight Time on May 12, 2014.

Dow Shares Outstanding and Quorum

At the close of business on the record date, March 17, 2014, there were 1,209,484,954 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

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VOTING AND ATTENDANCE PROCEDURES (continued)

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 Meeting. Abstentions and broker non-votes will be included in determining the presence of a quorum at the 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 Annual Meeting without instruction from you.

Proxies 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 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 on request. The cost of solicitation will be borne by the Company.

Attending the Annual Meeting

A ticket of admission or proof of stock ownership is necessary to attend the Meeting. A ticket 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 in the Dividend Reinvestment Program or employees' 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 will need proof of record date ownership for admission to the Meeting, such as a letter from the bank or broker. All stockholders wishing to attend the meeting should also bring and present a government issued photo identification for admittance to the 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 ticket and credentials in the lobby before the Meeting begins. In addition, street name holders who wish to vote in person at the 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 Meeting. If you are unable to attend the Meeting, please listen to the live audio webcast at the time of the Meeting, or the audio replay after the event, at www.DowGovernance.com.

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AGENDA ITEM 1

CANDIDATES FOR ELECTION AS DIRECTOR

In accordance with the recommendation of the Governance Committee, the Board of Directors has nominated Arnold A. Allemang, Ajay Banga, Jacqueline K. Barton, James A. Bell, Jeff M. Fettig, Andrew N. Liveris, 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 2015, and until their successors are elected and qualified.

Each nominee is currently serving as a Director and each has consented to serve 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 17, 2014. Please see pages 11 to 12 for additional information on Director Qualifications and Diversity.

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 Annual 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.

Arnold A. Allemang, 71. Director since 1996.

The Dow Chemical Company Employee of Dow 1965-2008. Manufacturing General Manager, Dow Benelux B.V.* 1992-1993. Regional Vice President, Manufacturing and Administration, Dow Benelux B.V.* 1993. Vice President, Manufacturing Operations, Dow Europe GmbH* 1993-1995. Dow Vice President and Director of Manufacturing and Engineering 1996-1997. Dow Vice President, Operations 1997-2000. Executive Vice President 2000-2004. Senior Advisor 2004-2008. Member of the Advisory Board for RPM Ventures, the President's Circle of Sam Houston State University, and the American Chemical Society.

* A number of Company entities are referenced in the biographies and are defined as follows. (Some of these entities have had various names over the years. The names and relationships to the Company, unless otherwise indicated, are stated in this footnote as they existed as of February 17, 2014.) Dow Benelux B.V., Dow Chemical Pacific Limited and Dow Europe GmbH all ultimately wholly owned subsidiaries of Dow. Ownership by Dow described above may be either direct or indirect.

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AGENDA ITEM 1 (continued)

Ajay Banga, 54. President and Chief Executive Officer, MasterCard Incorporated. Director since 2013.
 MasterCard Incorporated (a technology company in the global payments industry) President and Chief Executive Officer, July 2010 to date; Board Member, April 2010 to date; President and Chief Operating Officer of MasterCard Incorporated and MasterCard International Incorporated, August 2009-July 2010. Citigroup (a provider of financial services) Chief Executive Officer of Citigroup Asia Pacific region, March 2008-August 2009. Previous positions from 1996 to 2009 included Chairman and Chief Executive Officer of Citigroup's International Global Consumer Group, Executive Vice President of Citigroup's Global Consumer Group, President of Citigroup's Retail Banking North America, business head for CitiFinancial and the U.S. Consumer Assets Division and division executive for the consumer bank in Central/Eastern Europe, Middle East, Africa, and India. PepsiCo (a worldwide food and beverage company) 1994-1996. Nestlé (a worldwide food company) 1981-1994. Chairman of the U.S.-India Business Council. Member of the Executive Committee of the Business Roundtable and chair of its Information and Technology Initiative. Member of the International Business Committee of the World Economic Forum, the Council on Foreign Relations, Weill Cornell Medical College Board of Overseers, The Economic Club of New York, The Financial Services Roundtable and the boards of The American Red Cross and the New York City Ballet. Fellow of the Foreign Policy Association and was awarded the Foreign Policy Association Medal in 2012.

Director of MasterCard Incorporated. Former director of Kraft Foods Group, Inc. (2007-May 2012).

Jacqueline K. Barton, 61. Arthur and Marian Hanisch Memorial Professor of Chemistry, Chair, Division of Chemistry and Chemical Engineering, California Institute of Technology. Director since 1993.
 California Institute of Technology: Professor of Chemistry 1989 to date, Arthur and Marian Hanisch Memorial Professor of Chemistry 1997 to date. Chair, Division of Chemistry and Chemical Engineering, 2009 to date. Assistant Professor of Chemistry and Biochemistry, Hunter College, City University of New York 1980-1982. Columbia University: Assistant Professor 1983-1985, Associate Professor 1985-1986, Professor of Chemistry and Biological Sciences 1986-1989. Recipient of the 2010 National Medal of Science, the highest honor bestowed by the United States government on scientists. Named a MacArthur Foundation Fellow 1991, the American Academy of Arts and Sciences Fellow 1991, the American Philosophical Society Fellow 2000, National Academy of Sciences member 2002 and Institute of Medicine member 2012. Named Outstanding Director 2006 by the Outstanding Director Exchange (ODX); 2013 Director of the Year Award, Forum for Corporate Directors.

James A. Bell, 65. Former Executive Vice President, Corporate President and Chief Financial Officer, The Boeing Company. Director since 2005.
 The Boeing Company (an aerospace company and manufacturer of commercial jetliners and military aircraft) Executive Vice President, Corporate President and Chief Financial Officer, 2008 to February 2012; Executive Vice President, Finance and Chief Financial Officer 2003-2008; Senior Vice President of Finance and Corporate Controller 2000-2003. Previous positions include Vice President of Contracts and Pricing for Boeing Space and Communications 1996-2000; Director of Business Management of the Space Station Electric Power System at Boeing Rocketdyne unit 1992-1996. Member of the Board of Directors of the Chicago Infrastructure Trust.

Director of J.P. Morgan Chase & Co.

Jeff M. Fettig, 56. Chairman and Chief Executive Officer of Whirlpool Corporation. Director since 2003. Lead Director since 2011.
 Whirlpool Corporation (a manufacturer of home appliances) Chairman and Chief Executive Officer 2004 to date; President and Chief Operating Officer 1999-2004; Executive Vice President 1994-1999; President, Whirlpool Europe and Asia 1994-1999; Vice President, Group Marketing and Sales, North American Appliance Group 1992-1994; Vice

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President, Marketing, Philips Whirlpool Appliance Group of Whirlpool Europe B.V. 1990-1992; Vice President, Marketing, KitchenAid Appliance Group 1989-1990; Director, Product Development 1988-1989.

Director of Whirlpool Corporation.

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AGENDA ITEM 1 (continued)

Andrew N. Liveris, 59. Dow President, Chief Executive Officer and Chairman. Director since 2004.

Employee of Dow since 1976. General manager of Dow's Thailand operations 1989-1992. Group business director for Emulsion Polymers and New Ventures 1992-1993. General manager of Dow's start-up businesses in Environmental Services 1993-1994. Vice President of Dow's start-up businesses in Environmental Services 1994-1995. President of Dow Chemical Pacific Limited* 1995-1998. Vice President of Specialty Chemicals 1998-2000. Business Group President for Performance Chemicals 2000-2003. President and Chief Operating Officer 2003-2004. President and Chief Executive Officer 2004 to date and Chairman 2006 to date.

Chairman of the U.S. Business Council and Vice Chairman of the Business Roundtable; Past Chairman of the U.S.-China Business Council, American Chemistry Council and The International Council of Chemical Associations. Co-Chair of the President's Advanced Manufacturing Partnership. Member of the President's Export Council, the American Australian Association, the U.S.-India CEO Forum and the Peterson Institute for International Economics. Member of the Board of Trustees of The Herbert H. and Grace A. Dow Foundation, the California Institute of Technology and the United States Council for International Business.

Director of International Business Machines Corporation. Former director of Citigroup, Inc. (2005 - April 2011).

Paul Polman, 57. Chief Executive Officer of Unilever PLC and Unilever N.V. Director since 2010.

Unilever PLC and Unilever N.V. (a provider of nutrition, hygiene and personal care products) Chief Executive Officer January 2009 to date. Nestlé S.A. (a worldwide food company) Executive Vice President of Americas, January 2008-September 2008; Chief Financial Officer 2006-2008. The Procter & Gamble Company (a provider of consumer, pharmaceutical, cleaning, personal care and pet products) Group President Europe 2001-2006. CFO of the Year 2007, Investor Magazine; Carl Lindner Award 2006, University of Cincinnati; WSJ/CNBC European Business Leader of the Year 2003. Member of United Nations high level task force on post 2015 development goals. President of the Kilimanjaro Blindtrust/Chair of Perkins International Advisory Board. Board member of Global Consumer Goods Forum. Member: International Business Council of WEF, Swiss American Chamber of Commerce and vice chair of the World Business Council for Sustainable Development. Member of the B-Team (a global initiative to help transform the future of business). Honorary degrees from Universities of Northumbria, UK in 2000 and University of Cincinnati in 2009.

Director of Unilever PLC and Unilever N.V.

Dennis H. Reilley, 60. Non-Executive Chairman of Marathon Oil Corporation. Director since 2007.

Marathon Oil Corporation (oil and natural gas exploration and production company) Non-Executive Chairman, January 2014 to date; Board member 2002 to date. Covidien, Ltd. (a provider of healthcare products) Non-Executive Chairman, 2007 to 2008; Board member, 2007 to date. Praxair, Inc. (a provider of gases and coatings) Chairman 2000-2007; President and Chief Executive Officer 2000-2006. E.I. du Pont de Nemours & Co. Executive Vice President and Chief Operating Officer 1999-2000; Executive Vice President 1997-1999; Vice President and general manager, Lycra business 1996-1997; Vice President and general manager, specialty chemicals business 1994-1995; Vice President and general manager, titanium dioxide business 1990-1994. Prior to 1989, held various senior executive positions with Conoco. Former Director of the Conservation Fund. Former Chairman of the American Chemistry Council.

Director of Covidien, Ltd. and Marathon Oil Corporation. Former director of H.J. Heinz Company (2005 to June 2013).

* *A number of Company entities are referenced in the biographies and are defined as follows. (Some of these entities have had various names over the years. The names and relationships to the Company, unless otherwise indicated, are stated in this footnote as they existed as of February 17, 2014.) Dow Benelux B.V., Dow Chemical Pacific Limited and Dow Europe GmbH all ultimately wholly owned subsidiaries of Dow. Ownership by Dow described above may be either direct or indirect.*

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AGENDA ITEM 1 (continued)

James M. Ringler, 68. Chairman of Teradata Corporation. Director since 2001.

Teradata Corporation (a provider of database software, data warehousing and analytics) Chairman, October 2007 to date. NCR Corporation (a producer of automated teller machines and point of sale devices) Director and Chairman 2005-2007. Illinois Tool Works, Inc. (following its merger with Premark International, Inc.), Vice Chairman 1999-2004. Premark International, Inc. Chairman 1997-1999; Director 1990-1999; Chief Executive Officer 1996-1999; President and Chief Operating Officer 1992-1996; Executive Vice-President 1990-1992. Tappan Company President and Chief Operating Officer 1982-1986; White Consolidated Industries Major Appliance Group President 1986-1990 (both subsidiaries of Electrolux AB).

Director of 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.) Mr. Ringler is also currently a director of Ingredion, Incorporated, however he is not standing for re-election at Ingredion's May 21, 2014 annual stockholders meeting and as such will retire as a director of Ingredion effective May 21, 2014.

Ruth G. Shaw, 65. Former Executive Advisor of Duke Energy Corporation. Director since 2005.

Duke Energy Corporation (a provider of electricity and natural gas) Executive Advisor, October 2006-May 2008, Group Executive, Public Policy and President, Duke Nuclear, April 2006-October 2006; President and Chief Executive Officer, Duke Power Company 2003-2006; Executive Vice President and Chief Administrative Officer 1997-2003; President of The Duke Energy Foundation 1994-2003; Senior Vice President, Corporate Resources 1994-1997; Vice President, Corporate Communications 1992-1994. President, Central Piedmont Community College, Charlotte, NC 1986-1992. President, El Centro College, Dallas, TX 1984-1986. Chair, Foundation Board of Trustees for the University of North Carolina at Charlotte; Carolina Thread Trail Governing Board. Director, Foundation for the Carolinas.

Director of DTE Energy.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines that are available at 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). 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, Fettig, Polman, Reilley, Ringler and Shaw. These independent Directors constitute a substantial majority of the Board, consistent with Board policy. In addition, the Board determined that the following member of the Board serving during 2013 was independent at the time he served as Director: John B. Hess, who retired from the Board in May 2013.

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 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. Bell, Fettig, Hess 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, 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 revenues. In fact, in all cases the amounts were below 0.32%. With respect to Boeing there were no purchases in 2012 or 2013, and with respect to Hess there were no sales in 2012, while with respect to Whirlpool and Unilever there were sales to and purchases from each entity which in all cases were below the 0.32% amount referenced above.

Board Leadership Structure

Since 2006, Andrew N. Liveris has served as the Chairman, Chief Executive Officer, and President 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.

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

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CORPORATE GOVERNANCE (continued)

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.

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. Fettig currently serves as Lead Director. Among other responsibilities, the Lead Director works with the Chairman to call Board meetings and set the Board 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, 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. 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 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, 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 60, 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 32 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 Us feature of Dow's corporate governance website at www.DowGovernance.com. The Lead Director and other non-management Directors may also be contacted by email addressed to 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 six Board meetings in 2013 and 27 formal Board Committee meetings. 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, and all but one had 100% attendance at the six regularly scheduled Board meetings and Board Committee meetings. The Directors are encouraged to attend all Annual Meetings of Stockholders, and in 2013 ten of the eleven Directors then serving attended, with the exception of Mr. Hess who retired at the conclusion of the Meeting.

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 2013, there were six 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. 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 17, 2014, the record date for the 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.

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

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CORPORATE GOVERNANCE (continued)

Standing Committee and Function	Chair and Members¹	Meetings in 2013
<p>Audit Committee 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. A more complete description of the duties of the Committee is contained in the Audit Committee charter available at www.DowGovernance.com.</p>	<p>J. A. Bell, Chair J. M. Ringler R. G. Shaw</p>	9
<p>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. A more complete description of the duties of the Committee is contained in the Compensation and Leadership Development Committee charter available at www.DowGovernance.com.</p>	<p>D. H. Reilley, Chair A. Banga J. M. Fetting</p>	7
<p>Environment, Health, Safety and Technology Committee Assists the Board in fulfilling its oversight responsibilities by assessing the effectiveness of environment, health, safety and technology 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. A more complete description of the duties of the Committee is contained in the Environment, Health, Safety and Technology Committee charter available at www.DowGovernance.com.</p>	<p>J. K. Barton, Chair A. A. Allemang P. Polman</p>	5
<p>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 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. A more complete description of the duties of the Committee is contained in the Governance Committee charter available at www.DowGovernance.com.</p>	<p>J. M. Fetting, Chair J. A. Bell D. H. Reilley</p>	6

¹ Mr. Hess served on the Compensation and Leadership Development Committee until his retirement from the Board in May 2013.

Board of Directors Terms

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

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

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CORPORATE GOVERNANCE (continued)

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.

The guidelines for Director qualifications provide that a commitment to diversity is a consideration in the identification and nomination of Director candidates. 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 and attributes set forth generally above for all Directors and more specifically below for each of the Directors, 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 below, 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 in this section. Listed below are 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. Please see pages 3 to 6 for the complete biographies for each of the nominees.

A.A. Allemang

diverse global business leadership experience in various executive management and advisory positions with The Dow Chemical Company providing first-hand knowledge of the Company

extensive experience and knowledge in chemical industry manufacturing and engineering

active involvement with major business and industry organizations including the American Chemical Society which contributes to understanding and addressing issues at the Company

A. Banga

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

A.N. Liveris

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

active involvement with major business, public policy, and international organizations including the President's Advanced Manufacturing Partnership (Co-Chair), U.S.-India CEO Forum, the Business Roundtable (Vice-Chairman), U.S. Business Council (Chairman), 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
P. Polman

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

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

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 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

active involvement with major trade and public policy and international organizations including the International Business Council of the World Economic Forum, Swiss American Chamber of Commerce, and the World Business Council for Sustainable Development which contributes to understanding and addressing issues at the Company

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CORPORATE GOVERNANCE (continued)

J.K. Barton

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

J.A. Bell

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 J.P. Morgan Chase & Co. which provides additional corporate governance and financial expertise

J.M. Fettig

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

extensive experience and knowledge of international business operations, manufacturing, marketing, sales and distribution

D.H. Reilley

global business and leadership experience in multiple major corporations including Marathon Oil Corporation (non-executive Chairman), Covidien Ltd. (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 Covidien Ltd. and Marathon Oil Corporation and former director of H.J. Heinz which provides additional corporate governance and compensation experience and financial expertise

J.M. Ringler

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., Ingredion Incorporated, John Bean Technologies Corporation, and FMC Technologies, Inc. which provides additional corporate governance and compensation experience and financial expertise

R.G. Shaw

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)

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which is particularly important given the global presence and nature of the operations of the Company

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

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

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

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CORPORATE GOVERNANCE (continued)

Recommendations and Nominations for Director

Among the Governance Committee's most important functions is the selection of Directors. 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.*

Under the Company's Bylaws, stockholders wishing to formally nominate a person for election as a Director at the next Annual Meeting must notify the Corporate Secretary* between the close of business on November 28, 2014, and the close of business on January 27, 2015. However, different deadlines apply if the annual meeting is called for a date that is not within 30 days before or after the anniversary of the prior year's annual meeting. Such notices must comply with the provisions set forth in the Bylaws. A copy of the Bylaws may be found on the Company's website at www.DowGovernance.com. Alternatively, a copy of the Bylaws will be provided without charge to any stockholder who requests it in writing. Such requests should be addressed to 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.

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. 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.

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

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CORPORATE GOVERNANCE (continued)

Certain Transactions and Relationships

The 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 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.

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 2013, with the exception of one report filed by Ronald C. Edmonds regarding a purchase of 100 shares of stock that was not filed on a timely basis due to an administrative error. The report was subsequently filed as soon as the error was discovered.

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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, 2013 (2013 Annual Report), as incorporated by reference from this Proxy Statement.

The charter of the Committee can be found at www.DowGovernance.com.

D. H. Reilley, Chair

A. Banga

J. M. Fetting

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Table of Contents**COMPENSATION DISCUSSION AND ANALYSIS****Section One Executive Summary*****Response to Say-On-Pay Vote & Stockholder Outreach***

Following the Company's 2013 Annual Meeting of Stockholders, we reviewed the results of the stockholder advisory vote on our executive compensation programs. Approximately 75% of the votes cast supported our compensation programs. The Committee carefully evaluated the results of the 2013 say on pay vote at subsequent meetings.

Throughout 2013 both during the proxy solicitation period and following our 2013 Annual Meeting, we engaged in discussions with a broad cross-section of stockholders to solicit feedback on our compensation programs. We view this as an important opportunity to develop broader relationships with key investors over the long-term and to engage in open dialogue on compensation and governance related issues. We also held discussions with stockholders before year-end in advance of preparing for the 2014 proxy statement allowing for additional input and discussions around recent Board and Committee actions.

A substantial majority of our investors indicated that they viewed our executive compensation program as sound and our engagement did not indicate a broad-based negative referendum on our compensation policies and practices. However, even when supportive, our investors shared a number of observations or concerns which we took into account in evaluating ways to further enhance our executive compensation programs and related disclosures. The table below summarizes actions we took as a result of the 2013 say on pay vote and our related engagement with our shareholders.

Executive Compensation Program Item	What We Heard From Stockholders	Actions We Took to Address Feedback
Long Term Incentive (LTI) Mix	Strong preference for performance based equity Support for Relative Total Shareholder Return (TSR) as a metric in our Performance Share Program	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%). Relative TSR and Return on Capital* are 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 2014 Performance Award design has 85% of the award linked to two critical measures for Dow Net Income* and Management Operating Cash Flow*. Net Income will be weighted at 50%, Management Operating Cash Flow will be weighted at 35% and 15% will be linked to personal goals and achievements.
Share Usage	Concern about share usage in our LTI program	We modified our LTI mix at all levels which will significantly reduce our 2014 annual share usage compared to 2013 levels.
Disclosure	Desire for greater clarity on our incentive plan metrics Desire for additional clarity on how we use our Survey Peer Group and TSR Peer Group	We added additional disclosure on our metrics and the mechanics of our incentive programs. We added more detail on our two peer groups and how they are used.

* These measures are non-GAAP financial measures. For additional information on the use of these financial performance measures, please see the Performance Award and Return on Capital section of Section Two: The 2013 Executive Compensation Program in Detail beginning on page 19.

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COMPENSATION INFORMATION (continued)

In addition to these most recent changes, over the past few years, the Committee and Board have made other changes to our compensation programs that further align our executives' compensation with stockholder interests.

Executive Compensation Program Item	Governance Best Practices and Other Feedback	Actions We Have Taken
Incentive Plan Design	Incentive program maximum payout levels	In light of governance trends, we reduced the maximum payout level of our annual and long term incentive programs from 250% to 200%
Stock Ownership Requirements	Rigorous stock ownership guidelines in place for both Directors and Management	In 2013, the Board approved an increase to the stock ownership guidelines for Non-Employee Directors to five times their annual meeting retainer fee.
Director Compensation	Appropriate mix of equity and cash	Stock ownership guideline levels for executive management were increased in 2012 In 2013, the Governance Committee and the Board increased the weighting of equity in the total compensation structure for Non-Employee Directors. Equity now represents 54% of the total compensation structure, up from 48%.
Perquisites	Limited perquisites for NEOs	Eliminated the car perquisite for NEOs (other than the CEO) in 2012

2013 Company Results

In 2013, Dow implemented a number of key actions to improve return on capital, drive earnings growth momentum and maximize value for our stockholders. We rigorously continued and sustained our cost control efforts. We undertook significant actions to reshape our company to succeed in the midst of ongoing economic volatility—shedding commodity portions of our portfolio, prioritizing growth programs and narrowing the markets we serve. All of this enabled us to focus our resources more deeply in targeted, high-margin investments that serve attractive end-markets.

As a result of this focus and discipline, the Company achieved a number of significant milestones in 2013:

Full-year 2013 earnings per share were \$3.68, compared with prior-year earnings of \$0.70 per share. Adjusted earnings per share¹ were \$2.48 versus \$1.90 per share in 2012, up 31 percent

EBITDA² totaled \$10.5 billion, or \$8.4 billion on an adjusted basis³—a \$900 million increase versus 2012.

Achieved \$7.8 billion in cash flow from operations; excluding the K-Dow arbitration award, cash from operating activities was a record \$6 billion

Dow accelerated its cost savings and portfolio management actions throughout the year, exceeding its goal to deliver \$500 million in cost reductions and delivered \$850 million in cash proceeds from divesting non-strategic assets and businesses

Dow continued to strengthen its balance sheet, reducing gross debt by \$3 billion, and bringing Dow's net debt to total capital to 30 percent well below the Company's historic average

The Company rewarded stockholders with \$1.8 billion through dividends declared and share repurchases – a nearly 30 percent increase versus 2012

Achieved significant milestones with key, enterprise growth projects – U.S. Gulf Coast investments, and The Sadara Chemical Company joint venture – investments that will further enhance our industry-leading, low-cost feedstock position

With Total Shareholder Return of 42%, Dow outperformed the S&P 500 by nearly 10 percent – demonstrating Dow's focus on ongoing value creation.

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COMPENSATION INFORMATION (continued)

- ¹ Adjusted earnings per share is defined as earnings per share excluding the impact of Certain items. See Appendix B on pages B-1 B-2 for a reconciliation of Adjusted earnings per share to Earnings Per Common Share Diluted.
- ² EBITDA is defined as earnings (i.e. Net Income) before interest, income taxes, depreciation and amortization. See Appendix B on pages B-1 B-2 for a reconciliation of EBITDA to Net Income Available for The Dow Chemical Company Common Stockholders.
- ³ Adjusted EBITDA is defined as EBITDA excluding the impact of Certain Items. See Appendix B on pages B-1 B-2 for a reconciliation to the most directly comparable U.S. GAAP measure.
- ⁴ Net debt equals total debt (Notes Payable plus Long-Term Debt due within one year plus Long-Term Debt minus Cash and Cash Equivalents).

How Executive Pay is Linked to Company Performance

A number of financial and operational performance metrics directly affect amounts earned under our annual Performance Award incentive plan and our Performance Share programs. The following tables show each of these performance metrics, their weighting, the rationale for each measure, target metrics, the actual result and payout result.

2013 Performance Award Program

Performance Measure	Rationale for Measure	Target (in \$ millions)	Actual Result (in \$ millions)	Performance Award Program Payout
Net Income (60%)	Reflects operating strength, efficiency and profitability. Balances revenue growth with margin expansion. Measures discipline in sustaining efficiency for growth initiatives.	\$2,660	\$2,981	99.6%
Management				
Operating Cash Flow (20%)	Reflects our ability to translate earnings to cash which can be used to return capital to stockholders through increased dividends and share repurchase as well as prioritized organic growth investments in high return attractive markets.	\$3,000	\$3,097	22.0%
Cost Control (20%)	Reflects specific goals related to workforce reduction, site shutdowns, CapEx reduction and reduction in growth/discretionary spending	Various goals to meet 2013 plan	\$286 million better than plan	30.4%
			Total Payout	152%

2010-2012 Performance Share Program (Earned shares delivered in February 2013)

Measure Used	Rationale for Measure	Threshold Goal	Target Goal	Maximum Goal	Result/Payout
ROC (50%)	Reflects operating strength, effectiveness in utilizing capital and profitability	7.0%	8.5%	15.0%	8.874% ROC / 108.3% Payout 24 th Pctl./
Relative TSR (50%)	Reflects Dow's TSR versus a peer group of companies	26 th Pctl.	51 st Pctl.	100 th Pctl.	0% Payout
			Total Payout		54.2%

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COMPENSATION INFORMATION (continued)

2011-2013 Performance Share Program (Earned shares delivered in Febru