



ANALYST QUICK NOTES

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Dow Chemical Co. (NYSE: DOW: BUY)

Target Price: \$69

William Selesky

3/13/2017

Dow Chemical and DuPont Merger Update

- The expected closing of the merger is on track for the end of 1H17 (June).
- Our analysis suggests owning the DOW shares is a preferable way to own “new” company.
- We expect some divestments (crop protection and polymers) to complete the deal.
- We expect the EU to approve the deal on 4/4/17 with pending divestments, and for the U.S. Department of Justice to follow with approval thereafter.
- Merger synergies of \$3 billion have been announced, but we expect a higher figure (near \$4 billion).

Recommendations:

- DOW is BUY-rated with a target price of \$69.
 - We would look to upgrade DuPont from HOLD on any non-fundamental pre-merger price weakness.
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