

Securities and Exchange Commission, Washington, D.C. 20549

Annual Report on Form 10-K for the year ended December 31, 1999.
Filed pursuant to Section 13 of the Securities Exchange Act of 1934.
Commission file number 1-1463

Union Carbide Corporation

1999 10-K

Union Carbide Corporation
39 Old Ridgebury Road
Danbury, Connecticut 06817-0001

Tel. (203) 794-2000
State of incorporation: New York
IRS identification number: 13-1421730

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (\$1 par value)	New York Stock Exchange Chicago Stock Exchange, Incorporated The Pacific Stock Exchange Incorporated

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

At February 29, 2000, 134,442,379 shares of common stock were outstanding. Non-affiliates held 133,763,120 of those shares. The aggregate market value of the non-affiliate shares was \$7.052 billion.

Documents incorporated by reference:

Annual report to stockholders for the year ended December 31, 1999 (Parts I and II)

Proxy statement for the annual meeting of stockholders to be held on April 26, 2000 (Part III)

Table of Contents

Part I

Item 1:	Business	1
Item 2:	Properties	3
Item 3:	Legal Proceedings	6
Item 4:	Submission of Matters to a Vote of Security Holders	7

Part II

Item 5:	Market for Registrant's Common Equity and Related Stockholder Matters	8
Item 6:	Selected Financial Data	8
Item 7:	Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Item 7a:	Quantitative and Qualitative Disclosures About Market Risk	8
Item 8:	Financial Statements and Supplementary Data	8
Item 9:	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	8

Part III

Item 10:	Directors and Executive Officers of the Registrant	9
Item 11:	Executive Compensation	10
Item 12:	Security Ownership of Certain Beneficial Owners and Management	10
Item 13:	Certain Relationships and Related Transactions	10

Part IV

Item 14:	Exhibits, Financial Statement Schedules and Reports on Form 8-K	11
Signatures	14
Exhibit Index	15

Cautionary statement: All statements in this Annual Report on Form 10-K that do not reflect historical information are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 (as amended). Forward-looking statements include statements concerning the pending merger with The Dow Chemical Company (and, with regard to the merger, the "Dow Merger"); plans; objectives; strategies; anticipated future events or performance; sales; cost, expense and earnings expectations; the Year 2000 issue; interest rate and currency risk management; the chemical markets in 2000 and beyond; development, production and acceptance of new products and process technologies; ongoing and planned capacity additions and expansions; joint ventures; Management's Discussion & Analysis; and any other statements that do not reflect historical information, including statements incorporated herein by reference to the 1999 annual report to stockholders. Such forward-looking statements are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include the supply/demand balance for the corporation's products; customer inventory levels; competitive pricing pressures; raw material availability and costs; changes in industry production capacities and operating rates; currency exchange rates; interest rates; global economic conditions; competitive technology positions; failure by the corporation to achieve technology objectives, achieve cost reduction targets or complete projects on schedule and on budget; inability to obtain new customers or retain existing ones; and, with respect to the Dow Merger, failure to obtain necessary regulatory and other governmental approvals and failure to satisfy conditions of the merger agreement. Some of these factors are discussed further in Part I, Item 1: Business.

Definition of Terms: See page 48 of the 1999 annual report to stockholders. Terms defined there are used herein.



Printed on Recycled, Recyclable Paper

Part I

Item 1. Business

General—Union Carbide operates in two business segments of the chemicals and plastics industry, Specialties & Intermediates and Basic Chemicals & Polymers. Specialties & Intermediates converts basic and intermediate chemicals into a diverse portfolio of chemicals and polymers serving industrial customers in many markets. This segment also provides technology services, including licensing, to the oil and petrochemicals industries. The Basic Chemicals & Polymers segment converts hydrocarbon feedstocks, principally liquefied petroleum gas and naphtha, into ethylene or propylene used to manufacture polyethylene, polypropylene, ethylene oxide and ethylene glycol for sale to third-party customers, as well as ethylene, propylene, ethylene oxide and ethylene glycol for consumption by the Specialties & Intermediates segment. The profitability of the Basic Chemicals & Polymers segment of the chemicals and plastics industry is highly cyclical, whereas that of the Specialties & Intermediates segment is less cyclical. Consequently, Union Carbide's results are subject to the swings of the business cycle in both the highly volatile Basic Chemicals & Polymers segment and the less volatile Specialties & Intermediates segment. In addition to its business segments, the corporation's Other segment includes its noncore operations and financial transactions other than derivatives designated as hedges, which are included in the same segment as the item being hedged. See pages 1, 4, 5, and "Results of Operations" on pages 7 through 14 of the 1999 annual report to stockholders for further information about Union Carbide's businesses, and Note 6 on pages 30 and 31 of the 1999 annual report to stockholders for financial information about Union Carbide's business segments.

On August 3, 1999, the corporation and The Dow Chemical Company (Dow) entered into an Agreement and Plan of Merger providing for the merger of a subsidiary of Dow with and into the corporation. As a result of the merger, the corporation will become a wholly-owned subsidiary of Dow, and the corporation's shareholders will receive 0.537 of a share of Dow common stock for each share of UCC common stock they own as of the date of the merger. On March 6, 2000, Dow announced plans for a three-for-one split of its common stock, subject to the approval of Dow shareholders. If the record date for the stock split occurs prior to the merger, the number of shares of Dow common stock to be received for each share of UCC common stock will be proportionately adjusted. On December 1, 1999, UCC shareholders approved the merger agreement. The merger is subject to certain conditions including review by antitrust regulatory authorities in the United States, Europe and Canada. The transaction is intended to qualify as a tax-free reorganization for United States Federal income tax purposes and is expected to be accounted for under the pooling-of-interests method of accounting.

Union Carbide does not produce against a backlog of firm orders; production is geared primarily to the level of incoming orders and to projections of future demand. Inventories of finished products, work in process and raw materials are maintained to meet delivery requirements of customers and Union Carbide's production schedules.

At year-end 1999, 11,569 people were employed in the manufacturing facilities, laboratories and offices of the corporation and its consolidated subsidiaries around the world.

Raw Materials, Products and Markets—See information herein and in the 1999 annual report to stockholders on pages 4 and 5. All products and services are marketed throughout the world by the corporation's direct sales force, and where appropriate, augmented by a network of Union Carbide authorized distributors.

Union Carbide believes it has contracts or commitments for, or readily available sources of, hydrocarbon feedstocks and fuel supplies to meet its anticipated needs in all major product areas. The corporation's operations are dependent upon the availability of hydrocarbon feedstocks and fuels, which are purchased from diverse domestic and international sources, including independent oil and gas producers as well as integrated oil companies.

The availability and price of hydrocarbon feedstocks, energy and finished products are subject to plant interruptions and outages and to market and political conditions in the U.S. and elsewhere. Operations and products at times may be adversely affected by legislation, government regulations, shortages, or international or domestic events.

The business segments of Union Carbide are not dependent to a significant extent upon a single customer or a few customers.

Part I (Cont.)

Patents; Trademarks; Research and Development—Union Carbide owns a large number of United States and foreign patents that relate to a wide variety of products and processes, has pending a substantial number of patent applications throughout the world and is licensed under a number of patents. These patents expire at various times over the next 20 years. In the aggregate, such patents and patent applications are material to Union Carbide's competitive position. No one patent is considered to be material. Union Carbide also has a large number of trademarks. The UNION CARBIDE and UNIPOL trademarks are material; no other single trademark is material.

Essentially all of Union Carbide's research and development activities are company-sponsored. The principal research and development facilities of Union Carbide are indicated in the discussion of Properties (Item 2) of this Annual Report on Form 10-K. In addition to the facilities specifically indicated there, product development and process technology laboratories are maintained at some plants. Union Carbide expensed \$154 million in 1999, \$143 million in 1998, and \$157 million in 1997 on company-sponsored research activities to develop new products, processes, or services, or to improve existing ones. Certain of Union Carbide's joint ventures conduct research and development within their business fields.

Environment—See Costs Relating to Protection of the Environment on page 14 of the 1999 annual report to stockholders and Note 17 on pages 42 and 43 thereof.

Insurance—Union Carbide's policy is to obtain public liability and other insurance coverage on terms and conditions and at a cost that management considers fair and reasonable. Union Carbide's management believes it has a prudent risk management policy in effect and it periodically reviews its insurance coverage as to scope and amount and makes adjustments as deemed necessary. There is no assurance, however, that Union Carbide will not incur losses beyond the limits, or outside the coverage, of its insurance. Such insurance is subject to substantial corporate retentions.

Competition—Each of the major product and service areas in which Union Carbide participates is highly competitive. In some instances competition comes from manufacturers of the same products as those produced by Union Carbide and in other cases from manufacturers of different products that may serve the same markets as those served by Union Carbide's products. Some of Union Carbide's competitors, such as companies principally engaged in petroleum operations, have more direct access to hydrocarbon feedstocks and some have greater financial resources than Union Carbide.

The Specialties & Intermediates segment is characterized by differentiated products and is less subject to external changes in supply/demand relationships than the Basic Chemicals & Polymers segment. In the Specialties & Intermediates segment, competition is based primarily on product functionality and quality, with the more unique products commanding more significant price premiums.

Products manufactured by the Specialties & Intermediates segment may compete with a few competitors in many products to many competitors in selected products. In all, approximately 24 other major specialty chemical companies manufacture products competitive with those of the Specialties & Intermediates segment.

The Basic Chemicals & Polymers segment is characterized by large volume commodity products and is subject to external changes in supply/demand relationships, including changes in the strength of the overall economy, customer inventory levels, industry manufacturing capacity and operating rates and raw material feedstock costs. Participants in this segment compete for business primarily on the basis of price and efficient delivery systems.

The Basic Chemicals & Polymers segment competes with at least 12 other major producers of basic chemicals.

See pages 4 and 5 of the 1999 annual report to stockholders for information about each segment's principal products.

Part I (Cont.)

Union Carbide is a major marketer of petrochemical products throughout the world. Products that the corporation markets are largely produced in the United States, while products marketed by the corporation's joint ventures are principally produced outside the United States. Competitive products are produced throughout the world.

Union Carbide's international operations face competition from local producers and global competitors and a number of risks inherent in carrying on business outside the United States, including regional and global economic conditions, risks of nationalization, expropriation, restrictive action by local governments and changes in currency exchange rates.

See Note 6 on pages 30 and 31 of the 1999 annual report to stockholders for a summary of business and geographic segment information.

Item 2. Properties

In management's opinion, current facilities, together with planned expansions, will provide adequate production capacity to meet Union Carbide's planned business activities. Capital expenditures are discussed on page 16 of the 1999 annual report to stockholders.

Listed on the following pages are the principal manufacturing facilities operated by Union Carbide worldwide. Research and engineering facilities are noted within each of the domestic and international descriptions below. Most of the domestic properties are held in fee. Union Carbide maintains numerous domestic sales offices and warehouses, the majority of which are leased premises, whose lease terms are scheduled to expire in five years or less. All principal international manufacturing properties are either owned or held under long-term leases. International administrative offices, technical service laboratories, sales offices and warehouses are owned in some instances and held under relatively short-term leases in other instances. The corporation's headquarters is located in Danbury, Connecticut and is leased.

Part I (Cont.)

Principal domestic manufacturing facilities and the principal products manufactured there are as follows:

Location	City	Principal Product(s)
Specialties & Intermediates Segment		
California	Torrance	Latexes
Georgia	Tucker	Latexes
Illinois	Alsip	Latexes
Louisiana	Greensburg	Hydroxyethyl cellulose derivatives
Louisiana	Norco (Cypress Plant)	Polypropylene catalysts, polypropylene catalyst pre-cursor
Louisiana	Taft	Acrolein and derivatives, acrylic monomers, caprolactone, UV-curing resins, cycloaliphatic epoxides, glycol ethers, polyethylene glycols, ethyleneamines, surfactants, ethanolamines, oxo alcohols, epoxidized soybean oil
Louisiana	Taft (Star Plant)	Polyethylene catalysts
New Jersey	Bound Brook	Polyethylene compounds
New Jersey	Edison	Lanolin and glucose derivatives
New Jersey	Somerset	Latexes
Puerto Rico	Bayamon	Latexes
Texas	Garland	Latexes
Texas	Seadrift	Ethanolamines, glycol ethers, ethylene-propylene rubber, polyethylene compounds for wire & cable, polyethylene catalysts, polypropylene catalyst pre-cursor
Texas	Texas City	Organic acids and esters, alcohols, aldehydes, ketones, vinyl acetate, solution vinyl resins, heat transfer fluids
West Virginia	Institute	Caprolactone derivatives, polyethylene glycol, hydroxyethyl cellulose, polyethylene oxide, surfactants, ethylidene norbornene, glutaraldehyde, ethylene oxide catalysts, acetone and derivatives
West Virginia	South Charleston	Alkyl alkanolamines, miscellaneous specialty products, polyalkylene glycols, surfactants, specialty ketones, polyvinyl acetate resins, heat transfer fluids, aircraft deicing fluids, vinyl methyl ether
Basic Chemicals & Polymers Segment		
Louisiana	Norco (Cypress Plant)	Polypropylene
Louisiana	Taft	Ethylene oxide and glycol, olefins
Louisiana	Taft (Star Plant)	Polyethylene
Texas	Seadrift	Ethylene oxide and glycol, olefins, polyethylene, polypropylene
Texas	Texas City	Olefins

Research and development for the Specialties & Intermediates segment is carried on at technical centers in Bound Brook and Somerset, New Jersey; Tarrytown, New York; Cary, North Carolina; Houston and Texas City, Texas; and South Charleston, West Virginia. Research and development for the Basic Chemicals & Polymers segment is carried on at technical centers in Bound Brook and Somerset, New Jersey; Houston, Texas; and South Charleston, West Virginia. Process and design engineering for both segments is conducted at technical centers in South Charleston, West Virginia and in Houston, Texas, in support of domestic and foreign projects.

Part I (Cont.)

Principal international manufacturing facilities and the principal products manufactured there are as follows:

Country	City	Principal Product(s)
Specialties & Intermediates Segment		
Argentina	San Lorenzo	Latex
Belgium	Vilvoorde	Lanolin derivatives
Belgium	Zwijndrecht	Hydroxyethyl cellulose
Brazil	Aratu	Hydroxyethyl cellulose
Brazil	Cabo	Vinyl acetate
Brazil	Cubatao	Polyethylene
Canada	Sarnia	Latex
Indonesia	Jakarta	Latex
Malaysia	Seremban	Latex
People's Republic of China	Guangdong	Latex, hydroxyethyl cellulose derivatives
People's Republic of China	Shanghai	Latex
Philippines	Batangas	Latex
Thailand	Rayong	Latex
United Arab Emirates	Dubai	Latex
United Kingdom	Wilton	Glycol ethers, ethanolamines
Basic Chemicals & Polymers Segment		
Canada	Prentiss	Ethylene glycol
United Kingdom	Wilton	Ethylene oxide and glycol

Research and development for the Specialties & Intermediates segment is carried on at international facilities in Zwijndrecht, Belgium; Cubatao, Brazil; Montreal East, Canada; Jurong, Singapore; and Meyrin (Geneva), Switzerland.

Principal locations of the corporation's partnerships and corporate investments carried at equity and the principal products manufactured by those entities are as follows:

Specialties & Intermediates:

UOP LLC — a joint venture with Honeywell International, Inc., accounted for as a partnership, which is a leading worldwide supplier of process technology, catalysts, molecular sieves and adsorbents to the petrochemical and gas-processing industries. UOP LLC has manufacturing facilities in Mobile, Alabama; Des Plaines and McCook, Illinois; Shreveport, Louisiana; Tonawanda, New York; Leverkusen, Germany; Reggio di Calabria, Italy; and Brimsdown, United Kingdom. UOP has several joint ventures with manufacturing sites in Hiratsuka and Yokkaichi, Japan and Shanghai, China. Research and development is performed at locations in Des Plaines, Illinois and Mobile, Alabama.

Nippon Unicar Company Limited — a Japan-based producer of polyethylene and specialty polyethylene compounds and specialty silicone products. This joint venture with Tonen Chemical Corporation has manufacturing facilities in Kawasaki and Komatsu, Japan.

Aspell Polymeres SNC — a France-based producer of polyethylene and specialty polyethylene compounds. This partnership with Elf Atochem S.A., a subsidiary of Elf Aquitaine, has a manufacturing facility in Gonfreville, France.

World Ethanol Company — a U.S.-based partnership with Archer Daniels Midland Company that supplies ethanol worldwide. This partnership has manufacturing facilities in Texas City, Texas and Peoria, Illinois.

Part I (Cont.)

Univation Technologies, LLC — a U.S.-based joint venture, accounted for as a partnership, with ExxonMobil Chemical Company, a division of Exxon Mobil Corporation, for the licensing of polyethylene technology. Univation conducts research, development and commercialization activities on process technology and single site and other advanced catalysts for the production of polyethylene. The venture is also the sales agent for licensing of Union Carbide's UNIPOL technology. The company's headquarters is located in Houston, Texas. Research and development and engineering are performed at locations in Bound Brook, New Jersey; Baytown, Texas; Houston, Texas; and South Charleston, West Virginia. A catalyst manufacturing facility is located in Mont Belvieu, Texas.

Asian Acetyls, Co., Ltd. — a South Korea-based producer of vinyl acetate monomer used in the production of emulsion resins by customers in the coatings and adhesives industries. This corporate joint venture with BP Chemicals and Samsung Fine Chemicals Company has a manufacturing facility in Ulsan, South Korea.

OPTIMAL Chemicals (Malaysia) Sdn Bhd — a Malaysian corporate joint venture with Petroliam Nasional Berhad (PETRONAS) that is building a facility for the production of ethylene and propylene derivatives within a world-scale, integrated chemical complex in Kerteh, Terengganu, Malaysia. This corporate joint venture, along with two joint ventures in the corporation's Basic Chemicals & Polymers segment, OPTIMAL Olefins (Malaysia) Sdn Bhd and OPTIMAL Glycols (Malaysia) Sdn Bhd, form the OPTIMAL Group.

Basic Chemicals & Polymers:

Polimeri Europa S.r.l. — a Europe-based producer of olefins and polyethylene resins. This corporate joint venture with EniChem S.p.A. of Italy operates facilities at Brindisi, Ferrara, Gela, Priolo and Ragusa, Italy; Dunkirk, France; and Oberhausen, Germany. The venture is headquartered in Milan, Italy.

EQUATE Petrochemical Company K.S.C. — a corporate joint venture with Petrochemical Industries Company and Boubyan Petrochemical Company, which manufactures ethylene, polyethylene and ethylene glycol at its world-scale petrochemicals complex in Shuaiba, Kuwait.

Petromont and Company, Limited Partnership — a Canada-based olefins and polyethylene resins producer owned jointly with Ethylec Inc. This partnership has manufacturing facilities at Montreal and Varennes, Quebec, Canada.

Alberta & Orient Glycol Company Limited — a corporate joint venture with Mitsui & Co., Ltd., Japan, and Far Eastern Textile Ltd., Taiwan. This Canada-based producer of ethylene glycol has a manufacturing facility in Prentiss, Alberta, Canada.

OPTIMAL Olefins (Malaysia) Sdn Bhd and OPTIMAL Glycols (Malaysia) Sdn Bhd — Malaysian corporate joint ventures (part of the OPTIMAL Group) with PETRONAS that are building an ethane/propane cracker and an ethylene glycol facility, within a world-scale, integrated chemical complex in Kerteh, Terengganu, Malaysia.

Item 3. Legal Proceedings

See Note 17 of Notes to Financial Statements on pages 42 and 43 of the 1999 annual report to stockholders.

Part I (Cont.)

Item 4. Submission of Matters to a Vote of Security Holders

- (a) Special Meeting of Shareholders held on December 1, 1999.
- (c) Shareholders voted to adopt an agreement and plan of merger relating to a merger of a subsidiary of The Dow Chemical Company with and into the corporation.

The vote was:

FOR	99,929,931 shares or 97.66 percent of the shares voted
AGAINST	2,398,978 shares or 2.34 percent of shares voted
ABSTAIN	1,302,554 shares

Part II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market and dividend information for the corporation's common stock is contained on pages 18, 19 and 45 of the 1999 annual report to stockholders. Information about the stock exchanges where the stock is traded in the United States is listed on page 46 of the 1999 annual report to stockholders. The declaration of dividends is a business decision made from time to time by the Board of Directors based on the corporation's earnings and financial condition and other factors the Board considers relevant.

The number of stockholders of record of the corporation's common stock is contained on page 1 of the 1999 annual report to stockholders.

Item 6. Selected Financial Data

Information pertaining to consolidated operations is included under the captions "From the Income Statement" and "From the Balance Sheet" and dividend information is included under the caption "Other Data" in the Selected Financial Data on pages 18 and 19 of the 1999 annual report to stockholders.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

See the information in the 1999 annual report to stockholders, pages 7 through 17.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

Information pertaining to Quantitative and Qualitative Disclosures About Market Risk is included under the caption "Interest Rate and Currency Risk Management" and "Foreign Operations" in Management's Discussion and Analysis on page 9 of the 1999 annual report to stockholders.

Item 8. Financial Statements and Supplementary Data

The consolidated balance sheet of Union Carbide Corporation and subsidiaries at December 31, 1999 and 1998 and the consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1999, together with the report thereon of KPMG LLP dated January 26, 2000, are contained on pages 20 through 44 of the 1999 annual report to stockholders.

Quarterly income statement data are contained on page 45 of the 1999 annual report to stockholders.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Union Carbide has not had any disagreements covered by this item with KPMG LLP, its independent auditors.

Part III

Item 10. Directors and Executive Officers of the Registrant

For background information on the Directors of Union Carbide Corporation whose terms are expected to continue after the annual meeting of stockholders and persons nominated to become Directors, see pages 7 through 10 of the proxy statement for the annual meeting of stockholders to be held on April 26, 2000.

The principal executive officers of the corporation are as follows. Data is as of March 17, 2000.

Name	Age	Position	Year First Elected
William H. Joyce	64	Chairman of the Board, President and Chief Executive Officer	1993
Joseph S. Byck	58	Vice-President	1991
Bruce D. Fitzgerald	60	Vice-President, General Counsel and Secretary	1999
James F. Flynn	57	Vice-President	1993
Malcolm A. Kessinger	56	Vice-President	1991
Lee P. McMaster	57	Vice-President	1993
Joseph C. Soviero	61	Vice-President	1993
Roger B. Staub	65	Vice-President	1993
John K. Wulff	51	Vice-President, Chief Financial Officer and Controller	1988

There are no family relationships between any officers or directors of the corporation. There is no arrangement or understanding between any officer and any other person pursuant to which the officer was elected an officer. An officer is elected by the Board of Directors to serve until the next annual meeting of stockholders and until his successor is elected and qualified.

The table on the next page gives a summary of the positions held during at least the past five years by each officer. Each of the officers has been employed by the corporation for the past five years.

Part III (Cont.)

Name	Position	Years Held
William H. Joyce	Chairman of the Board, President and Chief Executive Officer	1996 to present
	President and Chief Executive Officer	1995 to 1995
	President and Chief Operating Officer	1993 to 1995
Joseph S. Byck	Vice-President	1991 to present
Bruce D. Fitzgerald	Vice-President, General Counsel and Secretary	1999 to present
	Deputy General Counsel	1987 to 1998
James F. Flynn	Vice-President	1993 to present
Malcolm A. Kessinger	Vice-President	1991 to present
Lee P. McMaster	Vice-President	1993 to present
Joseph C. Soviero	Vice-President	1993 to present
Roger B. Staub	Vice-President	1993 to present
John K. Wulff	Vice-President, Chief Financial Officer and Controller	1996 to present
	Vice-President, Controller and Principal Accounting Officer	1989 to 1996

For additional information see "Section 16(a) Beneficial Ownership Reporting Compliance" on page 21 of the proxy statement for the annual meeting of stockholders to be held on April 26, 2000.

Item 11. Executive Compensation

See pages 17 through 19 of the proxy statement for the annual meeting of stockholders to be held on April 26, 2000.

Item 12. Security Ownership of Certain Beneficial Owners and Management

See pages 20 and 21 of the proxy statement for the annual meeting of stockholders to be held on April 26, 2000.

Item 13. Certain Relationships and Related Transactions

See page 10 of the proxy statement for the annual meeting of stockholders to be held on April 26, 2000.

Part IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

UNION CARBIDE CORPORATION

(a) The following documents are filed as part of this report:

1. The consolidated financial statements set forth on pages 20 through 43 and the Independent Auditors' Report set forth on page 44 of the 1999 annual report to stockholders are incorporated by reference in this Annual Report on Form 10-K.
2. The Report on Financial Statement Schedule of KPMG LLP appears on page 12 of this Annual Report on Form 10-K.
3. The following schedule should be read in conjunction with the consolidated financial statements incorporated by reference in Item 8 of this Annual Report on Form 10-K. Schedules other than those listed have been omitted because they are not applicable.

Page in this
Annual Report
on Form 10-K

Valuation and Qualifying Accounts (Schedule II),
three years ended December 31, 1999

13

(b) The corporation filed the following Current Reports on Form 8-K for the three months ended December 31, 1999.

1. Current Report on Form 8-K dated October 25, 1999, contained the corporation's press release dated October 25, 1999.
2. Current Report on Form 8-K dated November 15, 1999, contained the corporation's press release dated November 15, 1999.
3. Current Report on Form 8-K dated December 1, 1999, contained the corporation's press release dated December 1, 1999.

(c) Exhibits – See Exhibit Index on pages 15 through 17 for exhibits filed with this Annual Report on Form 10-K.

Part IV (Cont.)

Report of Independent Auditors

The Board of Directors
Union Carbide Corporation

Under date of January 26, 2000, we reported on the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1999, as contained on pages 20 through 43 in the 1999 annual report to stockholders. These consolidated financial statements and our report thereon are incorporated by reference in the Annual Report on Form 10-K for the year 1999. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedule as listed in Item 14(a)3. This financial statement schedule is the responsibility of the corporation's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP
KPMG LLP

Stamford, Conn.
January 26, 2000

Part IV (Cont.)

Schedule II—Valuation and Qualifying Accounts

Union Carbide Corporation and Consolidated Subsidiaries

	Balance at beginning of period	<u>Additions</u> Charged to costs and expenses	Reclassified from other accounts	<u>Deductions</u> Items determined to be uncollectible, less recovery of amounts previously written off	Balance at end of period
Millions of dollars, year ended December 31, 1999					
Allowance for doubtful accounts	\$22	\$2	\$—	\$ 5	\$19
Millions of dollars, year ended December 31, 1998					
Allowance for doubtful accounts	\$11	\$3	\$ 8	\$—	\$22
Millions of dollars, year ended December 31, 1997					
Allowance for doubtful accounts	\$10	\$3	\$—	\$ 2	\$11

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Union Carbide Corporation

March 17, 2000

by: John K. Wulff
Vice-President, Chief Financial Officer and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the corporation and in the capacities indicated on March 17, 2000.

William H. Joyce
*Director, Chairman of the Board,
President and Chief Executive Officer*

C. Fred Fetterolf
Director

Rozanne L. Ridgway
Director

John K. Wulff
*Vice-President, Chief Financial Officer
and Controller*

Vernon E. Jordan, Jr.
Director

James M. Ringle
Director

Robert D. Kennedy
Director

Paul J. Wilhelm
Director

Ronald L. Kuehn, Jr.
Director

Exhibit Index

Exhibit No.

- 2.1 Agreement and Plan of Merger dated as of August 3, 1999 among the corporation, The Dow Chemical Company and Transition Sub Inc. (See Exhibit 2 of the corporation's Current Report on Form 8-K dated August 3, 1999).
- 2.2 Stock Option Agreement dated as of August 3, 1999 between the corporation and The Dow Chemical Company (See Exhibit 99.1 to the corporation's Current Report on Form 8-K dated August 3, 1999).
- 3.1 Amended and Restated Certificate of Incorporation as filed June 25, 1998 (See Exhibit 3 of the corporation's June 30, 1998 Form 10-Q).
- 3.2 By-Laws of the corporation, amended as of September 22, 1999 (See Exhibit 3.2 of the corporation's Current Report on Form 8-K, dated September 22, 1999).
- 4.1 Indenture dated as of June 1, 1995, between the corporation and the Chase Manhattan Bank (formerly Chemical Bank), Trustee (See Exhibit 4.1.2 to the corporation's Form S-3 effective October 13, 1995, Reg. No. 33-60705).
- 4.2 The corporation will furnish to the Commission upon request any other debt instrument referred to in item 601(b)(4)(iii) (A) of Regulation S-K.
- 10.1 Indemnity Agreement dated as of December 8, 1997, between the corporation and James F. Flynn. The Indemnity Agreement filed with the Commission is substantially identical in all material respects, except as to the parties thereto and dates thereof, with Indemnity Agreements between the corporation and each other person who is a director or executive officer of the corporation (See Exhibit 10.1 of the corporation's 1997 Form 10-K).
- 10.2.1 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.2.1 of the corporation's 1998 Form 10-K).
- 10.2.2 Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective June 1, 1989.
- 10.2.3 Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective August 1, 1989.
- 10.2.4 Resolutions adopted by the Board of Directors of the corporation on February 26, 1992, with respect to stock options granted under the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.2.4 of the corporation's 1997 Form 10-K).
- 10.2.5 Resolutions adopted by the Compensation and Management Development Committee of the Board of Directors of the corporation on June 30, 1992, with respect to the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.2.5 of the corporation's 1997 Form 10-K).
- 10.2.6 Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective October 1, 1997 (See Exhibit 10.2.6 of the corporation's 1997 Form 10-K).
- 10.3.1 1983 Union Carbide Bonus Deferral Program (See Exhibit 10.4.1 of the corporation's 1996 Form 10-K).
- 10.3.2 Amendment to the 1983 Union Carbide Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.3.2 of the corporation's 1997 Form 10-K).
- 10.4.1 1984 Union Carbide Cash Bonus Deferral Program (See Exhibit 10.5.1 of the corporation's 1996 Form 10-K).

Exhibit Index (Cont.)

Exhibit No.

- 10.4.2 Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1986 (See Exhibit 10.5.2 of the corporation's 1996 Form 10-K).
- 10.4.3 Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.4.3 of the corporation's 1997 Form 10-K).
- 10.5 Union Carbide Corporation Equalization Benefit Plan, Amended and Restated effective January 1, 1998.
- 10.6 Union Carbide Corporation Supplemental Retirement Income Plan, Amended and Restated January 1, 1998.
- 10.7 Union Carbide Non-Employee Directors' Compensation Deferral Plan effective February 1, 1997 (See Exhibit 10.7 of the corporation's 1997 Form 10-K).
- 10.8 Severance Compensation Agreement, dated February 10, 1998, between the corporation and Ron J. Cottle. The Severance Compensation Agreement filed with the Commission is substantially identical in all material aspects, except as to the parties thereto and dates thereof, with Agreements between the corporation and other officers and employees of the corporation (See Exhibit 10.8 of the corporation's 1997 Form 10-K).
- 10.9 Resolution adopted by the Board of Directors of the corporation on November 30, 1988, with respect to an executive life insurance program for officers and certain other employees (See Exhibit 10.9 of the corporation's 1998 Form 10-K).
- 10.10 1997 Union Carbide Variable Compensation Plan effective July 1, 1997 (See Exhibit 10.10 of the corporation's 1997 Form 10-K).
- 10.11.1 Union Carbide Corporation Benefits Protection Trust, amended and restated effective August 29, 1997 (See Exhibit 10.11.1 of the corporation's 1997 Form 10-K).
- 10.11.2 Amendment to the Union Carbide Corporation Benefits Protection Trust effective November 1, 1997 (See Exhibit 10.11.2 of the corporation's 1997 Form 10-K).
- 10.11.3 Second Amendment to the Union Carbide Corporation Benefits Protection Trust effective August 3, 1999.
- 10.12 Resolutions adopted by the Board of Directors of the corporation on February 24, 1988, with respect to the purchase of annuities to cover liabilities of the corporation under the Equalization Benefit Plan for Participants of the Retirement Program Plan for Employees of Union Carbide Corporation and its Participating Subsidiary Companies and the Supplemental Retirement Income Plan.
- 10.13 Resolutions adopted by the Board of Directors of the corporation on June 28, 1989, with respect to the purchase of annuities to cover liabilities of the corporation under the Supplemental Retirement Income Plan.
- 10.14 Union Carbide Corporation Enhanced Retirement Income Plan, effective January 1, 1998.
- 10.15.1 1994 Union Carbide Long-Term Incentive Plan.
- 10.15.2 Amendment to the 1994 Union Carbide Long-Term Incentive Plan effective October 1, 1997 (See Exhibit 10.15.2 of the corporation's 1997 Form 10-K).

Exhibit Index (Cont.)

Exhibit No.

- 10.16.1 Amendment and Restatement to Union Carbide Compensation Deferral Program effective October 1, 1995 (See Exhibit 10.28 of the corporation's 1995 Form 10-K).
- 10.16.2 Amendment to Union Carbide Compensation Deferral Program effective January 1, 1995 (See Exhibit 10.17.2 of the corporation's 1996 Form 10-K).
- 10.16.3 Amendment to Union Carbide Compensation Deferral Program effective December 31, 1996 (See Exhibit 10.17.3 of the corporation's 1996 Form 10-K).
- 10.17 Excess Long-Term Disability Plan effective January 1, 1994.
- 10.18 1995 Union Carbide Performance Incentive Plan (See Appendix A of the corporation's proxy statement for the annual meeting of stockholders held on April 26, 1995).
- 10.19.1 1997 Union Carbide Long-Term Incentive Plan (See Appendix A of the corporation's proxy statement filed with the Commission March 12, 1997, file number: 001-01463).
- 10.19.2 Amendment to the 1997 Union Carbide Long-Term Incentive Plan effective April 23, 1997 (See Exhibit 10.19.2 of the corporation's 1997 Form 10-K).
- 10.20 1997 Stock Option Plan for Non-Employee Directors of Union Carbide Corporation (See Appendix B of the corporation's proxy statement filed with the Commission March 12, 1997, file number: 001-01463).
- 10.21 1997 Union Carbide Corporation EPS Incentive Plan (See Exhibit 10.21 of the corporation's 1997 Form 10-K).
- 10.22 The Mid-Career Hire Plan for Employees of Union Carbide Corporation and Its Participating Subsidiary Companies, effective December 3, 1996 (See Exhibit 10.22 of the corporation's 1997 Form 10-K).
- 13 The corporation's 1999 annual report to stockholders (such report, except for those portions which are expressly referred to in this annual report on Form 10-K, is furnished for the information of the Commission and is not deemed "filed" as part of the annual report on Form 10-K).
- 21 Subsidiaries of the corporation.
- 23 Consent of KPMG LLP.
- 27 Financial Data Schedule for the year ended December 31, 1999.

Wherever an exhibit listed above refers to another exhibit or document (e.g., "See Exhibit 6 of . . ."), that exhibit or document is incorporated herein by such reference.

A copy of any exhibit listed above may be obtained on written request to the Secretary's Department, Union Carbide Corporation, 39 Old Ridgebury Road, Danbury, CT 06817-0001. The charge for furnishing any exhibit is 25 cents per page plus mailing costs.

