

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

Annual Report on Form 10-K for the year ended December 31, 1992.
Filed pursuant to Section 13 of the Securities Exchange Act of 1934.
Commission file number 1-10297

Union Carbide Corporation

1992 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: 06-1255728

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

Class of security:	Registered on:
Common Stock ($1 par value)	New York Stock Exchange Midwest Stock Exchange Pacific Stock Exchange
Share Purchase Rights Plan	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

At February 1, 1993, 133,535,772 shares of common stock were outstanding. Non-affiliates held 133,022,550 of those shares, of which the aggregate market value was $2.295 billion.

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, 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. ☑

Documents incorporated by reference:

Annual report to stockholders for the year ended December 31, 1992 (Parts I and II)
Proxy statement for the annual meeting of stockholders to be held on April 28, 1993 (Parts I and III)

DEFINITION OF TERMS

See the inside cover page of the 1992 annual report to stockholders. Terms defined there are used herein.



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Part I

Item 1. Business

General—See pages 6 through 10 of the 1992 annual report to stockholders for information about Union Carbide's business.

Union Carbide Corporation is a holding company with one principal subsidiary, Union Carbide Chemicals and Plastics Company Inc. (formerly named "Union Carbide Corporation.")

On June 30, 1992, the Corporation in a special distribution to stockholders spun off its industrial gases subsidiary, Praxair, Inc.

Union Carbide is now engaged almost exclusively in the chemicals and plastics business. The chemicals and plastics industry, especially the commodity sector, is highly cyclical. Union Carbide is a major producer of certain commodity chemicals, principally ethylene glycol and polyethylene. Consequently, Union Carbide's results are subject to the swings of the cycle in those basic chemicals. In periods of excess industry capacity, such as the present, prices for those basic chemicals are low and margins are narrow. See pages 8 through 10 of the 1992 annual report to stockholders for a further discussion.

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. Significant inventories of finished products, work in process and raw materials are maintained to meet delivery requirements of customers and Union Carbide's production schedules.

Union Carbide Corporation was incorporated in 1989 under the laws of the State of New York.

Raw Materials, Products and Markets—See information herein and in the 1992 annual report to stockholders on pages 6 through 10. Unless otherwise indicated, the products of Union Carbide are sold principally by its own sales force, directly to customers.

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. Chemicals & Plastics is dependent in its operations 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.

Union Carbide is not dependent to a significant extent upon a single customer or a few customers.

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. Such patents and patent applications in the aggregate are material to Union Carbide's competitive position. No one patent is considered to be material; however, the patent portfolio relating to the UNIPOL polyethylene process technology is, in the aggregate, considered to be material. Union Carbide also has a large number of trademarks. The *UNION CARBIDE, UCAR and UNIPOL* trademarks are material; no other single trademark is material.

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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 Form 10-K report. In addition to the facilities specifically indicated there, product development and process technology laboratories are maintained at some plants. Union Carbide spent $155 million in 1992, $157 million in 1991 and 1990 on company-sponsored research activities for continuing operations to develop new products, processes, or services, or to improve existing ones.

Environment—See Costs Relating to Protection of the Environment on pages 15 and 16 of the 1992 annual report to stockholders and Note 19 on page 39 thereof.

Insurance—Union Carbide's policy is to obtain public liability insurance coverage at terms and conditions and a price that management considers fair and reasonable. Union Carbide's management believes Union Carbide has public liability insurance in an amount sufficient to meet its current needs in light of pending, threatened, and future litigation and claims. 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 deductibles.

Competition—Each of the major business 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 which 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.

There are a number of competitors in each of the businesses in which Union Carbide is active. In some of the individual businesses in which Union Carbide participates there are many competitors; in others there are few. Competition is primarily on price, on product performance and on service to customers.

- Many producers have important industry positions in polyethylene, and Union Carbide is one of the world's largest producers. Other significant producers are Dow Chemical Company, Chevron Corporation, Exxon Corporation, Mobil Corporation, Quantum Chemicals Corporation, Occidental Petroleum Corporation, Phillips Petroleum Company, Saudi Basic Industry Corporation and The British Petroleum Company p.l.c.

- Union Carbide is the world's largest producer of ethylene oxide/glycol and derivatives. Other significant producers include Shell Oil Company, Dow Chemical Company, BASF Aktiengesellschaft, The British Petroleum Company p.l.c., Texaco Inc., Occidental Petroleum Corporation, Hoechst Celanese Corporation, and Saudi Basic Industry Corporation.

- In solvents and coatings materials, Union Carbide has a significant position in many product areas. Other significant producers include Air Products, Hoechst Celanese Corporation, Rohm & Haas Company, Eastman Chemical, a division of Eastman Kodak Company, Shell Oil Company, Exxon Corporation, BASF Aktiengesellschaft and Quantum Chemicals Corporation.

- 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 competitive products are produced throughout the world.

- Union Carbide participates in a wide range of specialty chemical product/market segments. The competitive position varies widely from one product/market segment to another. Competitors include a number of domestic and foreign companies, both diversified and specialized.

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

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Item 2. Properties

The Corporation's headquarters are located in Danbury, Connecticut.

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 pages 17 and 21 of the 1992 annual report to stockholders.

Listed below are the principal manufacturing facilities operated by Union Carbide worldwide. Research and engineering facilities are noted. Most of the United States and Puerto Rican properties are owned in fee. Union Carbide maintains numerous domestic sales offices and warehouses, substantially all of which are leased premises under relatively short-term leases. All principal international operations' manufacturing properties are owned or held under long-term leases. International operations administrative offices, technical service laboratories, sales offices and warehouses are owned in some instances and held under relatively short-term leases in other instances.

At year-end 1992, 15,075 people were employed worldwide in approximately 50 plants, factories and laboratories around the world.

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

Location	City	Principal Product(s)
California	Menlo Park	Biomedical devices
California	Torrance	Latexes
Georgia	Tucker	Latexes
Illinois	Alsip	Latexes
Illinois	Bensenville	Printed circuit chemicals
Indiana	Indianapolis	Coating and bonding systems
Kentucky	Henderson	Dielectric fluid
Louisiana	Greensburg	Hydroxyethyl cellulose derivatives
Louisiana	Taft	Acrolein and derivatives, acrylic monomers, U.V. curing, cycloaliphatic epoxides, ethylene oxide and glycol, glycol ethers, olefins
Louisiana	Taft (Star Plant)	Polyethylene
Massachusetts	Acushnet	Precision coating equipment
New Jersey	Bound Brook	Coatings resins, polyethylene compounding, recycled plastics
New Jersey	Edison	Lanolin derivatives
New Jersey	Somerset	Latexes
New York	Mamaroneck	Lanolin derivatives
Puerto Rico	Bayamon	Latexes
Texas	Garland	Latexes
Texas	Seadrift	Alkanolamines, ethylene oxide and glycol, glycol ethers, olefins, polyethylene, polypropylene, *TERGITOL* surfactants

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Chemicals & Plastics (Cont'd)

Location	City	Principal Product(s)
Texas	Texas City	Olefins, organic acids and esters, alcohols, *TERGITOL* surfactants, vinyl acetate, coatings resins
Washington	Washougal	Crystal products
West Virginia	Institute	*CARBOWAX* polyethylene glycol, hydroxyethyl cellulose, *POLYOX* polyethylene oxide, ketones, *TERGITOL* surfactants, ethylidene norbornene
West Virginia	Sistersville	Antifoams and emulsions, organofunctional silanes and silicone surfactants, silicone fluids
West Virginia	South Charleston	Alkylalkanolamines, brake fluids, miscellaneous specialty products, *UCON* fluids
Wisconsin	Clear Lake	Conformal coating services

Research and development are carried on at technical centers in Bound Brook, Edison and Somerset, New Jersey; Tarrytown, New York; Cary, North Carolina; Washougal, Washington; Sistersville and South Charleston, West Virginia. Process and design engineering is conducted at the technical center in South Charleston, West Virginia in support of domestic and foreign projects.

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

Country	City	Principal Product(s)
Argentina	Buenos Aires	Silicones
Belgium	Antwerp	Hydroxyethyl cellulose, silicone surfactants
Belgium	Vilvoorde	Lanolin derivatives
Brazil	Aratu	Hydroxyethyl cellulose
Brazil	Cubatao	Polyethylene
Brazil	Itatiba	Silicones
Canada	Boucherville	Molded polyethylene products
Canada	Cowansville	Polyethylene film
Canada	Montreal East	Ethylene glycol
Canada	Orangeville	Polyethylene film
Canada	Orillia	Polyethylene film
Canada	Prentiss	Ethylene glycol
Colombia	Barranquilla	Silicones
Dubai, UAE	Jebel Ali Free Trade Zone	Latex
Ecuador	Guayaquil	Latex, coatings resins
Hong Kong	Kowloon	Latex, silicones, fluxes
Indonesia	Jakarta	Latex, silicones
Italy	Termoli	Organofunctional silanes
Malaysia	Seremban	Latex, silicones
People's Republic of China	Guangdong Province	Latex
Philippines	Batangas	Latex
Singapore	Jurong	Latex, conformal coating services
South Korea	Cho'nan	Silicones

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Chemicals & Plastics (Cont'd)

Country	City	Principal Product(s)
Sri Lanka	Ekala	Latex
Thailand	Nonthaburi	Latex, silicones
United Kingdom	Northampton	Conformal coatings services

Research and development are carried on at international operations facilities in Antwerp, Belgium; Montreal East, Canada; Cubatao and Itatiba, Brazil; Versoix, Switzerland and Jurong, Singapore.

Item 3. Legal Proceedings

See Note 19 of Notes to Financial Statements on page 39 of the 1992 annual report to stockholders.

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

The Corporation did not submit any matters to a stockholder vote during the last quarter of 1992.

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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 20 and 21 of the 1992 annual report to stockholders. The stock exchanges where the stock is traded are listed on page 43 of the 1992 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 1992 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 (At Year-end)", and dividend information is included under the caption "Other Data" in the Selected Financial Data on page 21 of the 1992 annual report to stockholders.

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

See the information covered in the 1992 annual report to stockholders on pages 12 through 18.

Item 8. Financial Statements and Supplementary Data

The consolidated balance sheet of Union Carbide Corporation and subsidiaries at December 31, 1992 and 1991, and the consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1992, together with the report thereon of KPMG Peat Marwick dated February 10, 1993, are contained on pages 22 through 42 of the 1992 annual report to stockholders.

Quarterly income statement data is contained on page 20 of the 1992 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 Peat Marwick, its independent auditors.

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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 10 through 13 of the proxy statement for the annual meeting of stockholders to be held on April 28, 1993.

The principal executive officers of the Corporation are as follows. Data is as of March 15, 1993.

Name	Age	Position	Year First Elected
Robert D. Kennedy	60	Chairman of the Board and Chief Executive Officer	1986
William H. Joyce	57	President and Chief Operating Officer	1993
Joseph S. Byck	51	Vice-President	1991
Joseph E. Geoghan	55	Vice-President, General Counsel and Secretary	1987
Malcolm A. Kessinger	49	Vice-President	1991
Gilbert E. Playford	45	Vice-President, Treasurer and Principal Financial Officer	1991
O. Jules Romary	62	Vice-President	1986
Ronald Van Mynen	55	Vice-President	1992
John K. Wulff	44	Vice-President, Controller and Principal Accounting Officer	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 whose position or positions with the Corporation or its subsidiaries during the past five years have not been accounted for by the above table. Each of the officers has been employed by the Corporation or a subsidiary of the Corporation for the past five years.

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Name	Position	Years Held
Robert D. Kennedy	Chairman of the Board and Chief Executive Officer	1990 to present
	Chairman of the Board, President and Chief Executive Officer	1986 to 1990
	President	1985 to 1986
William H. Joyce	President and Chief Operating Officer	1993 to present
	Executive Vice-President	1991 to 1993
	Executive Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1990 to present
	Vice-President	1990 to 1991
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1989 to 1990
	President, Polyolefins Division	1985 to 1990
Joseph S. Byck	Vice-President	1991 to present
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1991 to present
	Vice-President, Business Development and Planning, Union Carbide Chemicals and Plastics Company Inc.	1989 to 1991
	Vice-President, Polyolefins Division	1986 to 1989
Joseph E. Geoghan	Vice-President, General Counsel and Secretary	1990 to present
	Vice-President and General Counsel	1987 to 1990
	Deputy General Counsel	1985 to 1987
Malcolm A. Kessinger	Vice-President	1991 to present
	Vice-President – Human Resources, Union Carbide Chemicals and Plastics Company Inc.	1990 to present
	Corporate Director of Human Resources	1986 to 1990
Gilbert E. Playford	Vice President, Treasurer and Principal Financial Officer	1992 to present
	Vice-President	1991 to 1992
	Vice-President, Corporate Holdings	1991
	Vice-President	1989 to 1991
	Vice-President, Treasurer and Chief Financial Officer, Union Carbide Canada Ltd.	1988 to 1989
	Vice-President and Treasurer, Union Carbide Canada Ltd.	1984 to 1988
O. Jules Romary	Vice-President	1990 to present
	Vice-President and Secretary	1986 to 1990
	Director of Investor Relations	1984 to 1986

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Ronald Van Mynen	Vice-President	1992 to present
	Vice-President, Health, Safety and Environmental Affairs Union Carbide Chemicals and Plastics Company Inc.	1985 to present
	Corporate Director, Occupational Health and Personnel Safety	1984 to 1985
John K. Wulff	Vice-President, Controller and Principal Accounting Officer	1989 to present
	Vice-President and Controller	1988 to 1989
	Deputy Controller	1987 to 1988
	Partner of Peat Marwick Main & Co. (now KPMG Peat Marwick)	Prior to 1987

Item 11. Executive Compensation

See pages 16 through 22 of the proxy statement for the annual meeting of stockholders to be held on April 28, 1993.

Item 12. Security Ownership of Certain Beneficial Owners and Management

See pages 23 and 24 of the proxy statement for the annual meeting of stockholders to be held on April 28, 1993.

Item 13. Certain Relationships and Related Transactions

No reportable transactions in 1992.

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Part IV

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

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

1. The consolidated financial statements set forth on pages 22 through 41 and the Independent Auditors' Report set forth on page 42 of the 1992 annual report to stockholders are incorporated by reference in this Form 10-K Annual Report.

2. The following schedules should be read in conjunction with the consolidated financial statements incorporated by reference in Item 8 of this Form 10-K Annual Report. Schedules other than those listed have been omitted because they are not applicable.

	Page in this Form 10-K Report
Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other than Related Parties (Schedule II), three years ended December 31, 1992	11
Indebtedness of Related Parties – Not Current (Schedule IV), three years ended December 31, 1992	11
Property, Plant, and Equipment (Schedule V), three years ended December 31, 1992	12
Accumulated Depreciation and Amortization of Property, Plant and Equipment (Schedule VI), three years ended December 31, 1992	13
Guarantees of Securities of Other Issuers (Schedule VII), at December 31, 1992	14
Valuation and Qualifying Accounts (Schedule VIII), three years ended December 31, 1992	14
Short-term Borrowings (Schedule IX), three years ended December 31, 1992	15
Supplementary Income Statement Information (Schedule X), three years ended December 31, 1992	15

3. The Consent and Report of Independent Auditors appears on page 16 of this Annual Report on Form 10-K.

4. Exhibits—See Exhibit Index on pages 18 through 21 for exhibits filed with this Annual Report on Form 10-K.

(b) No reports on Form 8-K were filed for the three months ended December 31, 1992.

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Schedule II—Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other Than Related Parties[a]

Union Carbide Corporation and Consolidated Subsidiaries	Thousands of dollars			
	Balance at beginning of period	Additions	Deductions[b]	Balance at end of period
Year Ended December 31, 1992				
R. Natarajan[c]	—	$300	—	$300
Year Ended December 31, 1991				
Y. Takeuchi[d]	$187	$ —	$187	$ —
Year Ended December 31, 1990				
Y. Takeuchi[d]	$205	$ —	$ 18	$187

(a) Amounts for 1990 have been restated to reflect the spin-off of Praxair. See Note 2 on page 28 of the 1992 annual report to stockholders.

(b) Represents repayments and translation adjustments.

(c) R. Natarajan is President of Union Carbide Asia Pacific Inc. Mr. Natarajan was granted a non-interest bearing, twenty year loan with monthly repayment to commence January 1994.

(d) Y. Takeuchi is a director of Union Carbide Japan K.K., a subsidiary of the Corporation. Mr. Takeuchi was granted a loan by Union Carbide Japan K.K. with varying interest rates and repayment dates.

Schedule IV—Indebtedness of Related Parties – Not Current

Union Carbide Corporation and Consolidated Subsidiaries	Millions of dollars			
	Balance at beginning of period	Additions	Deductions	Balance at end of period
Year Ended December 31, 1992				
Praxair	$ —	$ —	$ —	$ —
Year Ended December 31, 1991				
Praxair	$ 989	$ 49	$1,038[a]	$ —
Year Ended December 31, 1990				
Praxair	$1,224	$ —	$ 235	$989

(a) The above represents Praxair debt owed to the Corporation. Prior to its spin-off from the Corporation (see Note 2 on page 28 of the 1992 annual report to stockholders), Praxair obtained third party financing to repay substantially all amounts due to the Corporation. Accordingly, the Corporation classified the amount due from Praxair as a current asset in the Consolidated Balance Sheet.

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Schedule V—Property, Plant and Equipment[a]

Union Carbide Corporation and Consolidated Subsidiaries

Classification	Balance at beginning of period	Additions at cost[b]	Retirements or sales	Other changes[c] Add (deduct)	Translation adjustments	Balance at end of period
			Millions of dollars, year ended December 31, 1992			
Land and improvements	$ 295	$ 13	$ (3)	$ (4)	$ (2)	$ 299
Buildings	370	15	(1)	1	(3)	382
Machinery and equipment	4,432	368	(79)	—	(28)	4,693
Construction in progress and other	445	(37)	—	(49)	(3)	356
	$5,542	$ 359	$ (83)	$ (52)	$ (36)	$5,730
			Millions of dollars, year ended December 31, 1991			
Land and improvements	$ 274	$ 15	$ (2)	$ 8	$ —	$ 295
Buildings	348	17	(6)	11	—	370
Machinery and equipment	4,228	261	(62)	(2)	7	4,432
Construction in progress and other	368	107	(3)	(23)	(4)	445
	$5,218	$ 400	$ (73)	$ (6)	$ 3	$5,542
			Millions of dollars, year ended December 31, 1990			
Land and improvements	$ 269	$ 11	$ (1)	$ (5)	$ —	$ 274
Buildings	341	24	(5)	(14)	2	348
Machinery and equipment	4,093	362	(50)	(190)	13	4,228
Construction in progress and other	388	(16)	—	(4)	—	368
	$5,091	$ 381	$ (56)	$(213)	$ 15	$5,218

(a) Amounts for 1990 have been restated to reflect the spin-off of the Praxair business. See Note 2 on page 28 of the 1992 annual report to stockholders.

(b) Union Carbide's capital expenditures for the years 1988 through 1992 are included in Selected Financial Data on page 21 of the 1992 annual report to stockholders.

(c) All years include additions for acquired companies, certain reclassifications of property and write-downs, and deductions for stock divestitures.

Following is a summary of lives used for calculating depreciation.

Class of Property	Lives Used
Land improvements	20 years
Buildings	20 to 40 years
Machinery and equipment	10 to 15 years
Leasehold improvements	Lease period

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Schedule VI—Accumulated Depreciation and Amortization of Property, Plant and Equipment[a]

Union Carbide Corporation and Consolidated Subsidiaries

Classification	Balance at beginning of period	Additions Charged to profit and loss	Deductions Retirements or sales	Other changes[b] Add (deduct)	Translation adjustments	Balance at end of period
			Millions of dollars, year ended December 31, 1992			
Land and improvements	$ 134	$ 9	$ (1)	$ (1)	$ (1)	$ 140
Buildings	199	10	(1)	(1)	(1)	206
Machinery and equipment	2,698	251	(76)	(25)	(15)	2,833
Construction in progress and other[c]	12	3	(1)	(2)	—	12
	$3,043	$273[d]	$ (79)	$ (29)	$ (17)	$3,191
			Millions of dollars, year ended December 31, 1991			
Land and improvements	$ 128	$ 8	$ (1)	$ (1)	$ —	$ 134
Buildings	188	10	(4)	5	—	199
Machinery and equipment	2,505	244	(47)	(5)	1	2,698
Construction in progress and other[c]	11	4	(2)	(1)	—	12
	$2,832	$266[d]	$ (54)	$ (2)	$ 1	$3,043
Millions of dollars, year ended December 31, 1990						
Land and improvements	$ 122	$ 8	$ —	$ (2)	$ —	$ 128
Buildings	190	10	(4)	(9)	1	188
Machinery and equipment	2,438	246	(47)	(135)	3	2,505
Construction in progress and other[c]	9	3	(1)	—	—	11
	$2,759	$267[d]	$ (52)	$(146)	$ 4	$2,832

(a) Amounts for 1990 have been restated to reflect the spin-off of Praxair. See Note 2 on page 28 of the 1992 annual report to stockholders.

(b) All years include additions for acquired companies, certain reclassifications of units of property and write-downs, and deductions for stock divestitures.

(c) Consists primarily of the amortization of leaseholds.

(d) Excludes amortization of intangibles of $20 million in 1992, $21 million in 1991 and $11 million in 1990. Beginning in 1990, such amortization has been included in *Depreciation and amortization* in the Consolidated Statement of Income.

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Schedule VII—Guarantees of Securities of Other Issuers

Union Carbide Corporation and Consolidated Subsidiaries

Name of Issuer of Securities Guaranteed by Person for Which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding(a)
		Millions of dollars at December 31, 1992
DCS Capital Corporation	Commercial loans	$41(b)

(a) See Note 19 of Notes to Financial Statements on page 39 of the 1992 annual report to stockholders. Union Carbide's contingent obligations disclosed in Note 19 include the amounts presented in this schedule.

(b) Represents the portion of the debt of DCS Capital Corporation for which the Corporation is responsible. Such portion is not directly guaranteed by the Corporation but is secured by a cash deficiency agreement that is guaranteed by the Corporation. The annual aggregate amount of interest for which the Corporation is responsible is approximately $4 million.

At December 31, 1992, the Corporation had a contingent obligation with respect to $33 million of pollution abatement facility obligations assumed by purchasers of Union Carbide facilities. This amount has been included in Union Carbide's contingent obligations disclosed in Note 19 of Notes to Financial Statements referred to above.

Schedule VIII—Valuation and Qualifying Accounts*

Union Carbide Corporation and Consolidated Subsidiaries

	Balance at beginning of period	Additions Charged to costs and expenses	Deductions Items determined to be uncollectible, less recovery of amounts previously written off	Balance at end of period
				Millions of dollars, year ended December 31, 1992
Allowance for doubtful accounts	$10	$2	$3	$ 9
				Millions of dollars, year ended December 31, 1991
Allowance for doubtful accounts	$10	$2	$2	$10
				Millions of dollars, year ended December 31, 1990
Allowance for doubtful accounts	$11	$1	$2	$10

*Amounts for 1990 have been restated to reflect the spin-off of Praxair. See Note 2 on page 28 of the 1992 annual report to stockholders.

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Schedule IX—Short-Term Borrowings[a]

Union Carbide Corporation and Consolidated Subsidiaries

Category of aggregate short-term borrowings	Balance at end of period	Weighted average interest rate	Maximum month-end amount outstanding during the period	Average amount outstanding during the period[b]	Weighted average interest rate during the period[b]
			Dollar amounts in millions, year ended December 31, 1992		
Bank loans and commercial paper	$324	6%	$ 786	$467	5%
			Dollar amounts in millions, year ended December 31, 1991		
Bank loans and commercial paper	$606	7%	$1,179	$955	7%
			Dollar amounts in millions, year ended December 31, 1990		
Bank loans	$446	10%	$ 685	$505	10%

(a) Amounts for 1990 have been restated to reflect the spin-off of Praxair. See Note 2 on page 28 of the 1992 annual report to stockholders.

(b) Based on balances outstanding at the end of each month.

Schedule X—Supplementary Income Statement Information*

Union Carbide Corporation and Consolidated Subsidiaries

	Millions of dollars, year ended December 31,		
	1992	1991	1990
Maintenance and repairs	$305	$323	$326
Taxes other than income taxes			
Real and personal property	$ 44	$ 40	$ 38
Social security	60	59	63
Other taxes	27	28	27
	$131	$127	$128

* Amounts for 1990 have been restated to reflect the spin-off of Praxair. See Note 2 on page 28 of the 1992 annual report to stockholders.

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Consent and Report of Independent Auditors

The Board of Directors
Union Carbide Corporation

Under date of February 10, 1993, we reported on the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 1992 and 1991, 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, 1992, as contained on pages 22 through 41 in the 1992 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 1992. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedules as listed in Item 14(a)2. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

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

As discussed in Note 1 to the consolidated financial statements, in 1992 the company adopted the provisions of Statement of Financial Accounting Standards (FAS) 106, "Employers' Accounting for Postretirement Benefits Other than Pensions," and FAS 109, "Accounting for Income Taxes."

KPMG PEAT MARWICK

Stamford, Connecticut
February 10, 1993

The Board of Directors
Union Carbide Corporation

We consent to the incorporation by reference in each of the Registration Statements of Union Carbide Corporation on Form S-3 (Nos. 33-26185, 33-30521 and 33-55560), and on Form S-8 (Nos. 2-90419, 33-22125, 33-48788 and 33-38714) of our reports dated February 10, 1993, relating to the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 1992 and 1991, and the related consolidated statements of income, stockholders' equity and cash flows and related schedules for each of the years in the three-year period ended December 31, 1992, appearing and incorporated by reference, in the annual report on Form 10-K of Union Carbide Corporation for the year ended December 31, 1992. Our reports refer to changes in accounting principles as described in Note 1 to the consolidated financial statements.

KPMG PEAT MARWICK

Stamford, Connecticut
March 16, 1993

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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 16, 1993

John K. Wulff
Vice-President, Controller and Principal Accounting Officer

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 16, 1993.

Robert D. Kennedy
Director, Chairman of the Board and Chief Executive Officer

John J. Creedon
Director

C. Peter McColough
Director

William H. Joyce
Director, President and Chief Operating Officer

C. Fred Fetterolf
Director

Rozanne L. Ridgway
Director

Joseph E. Geoghan
Director, Vice-President, General Counsel and Secretary

James M. Hester
Director

William S. Sneath
Director

Gilbert E. Playford
Vice-President, Treasurer and Principal Financial Officer

Vernon E. Jordan, Jr.
Director

Russell E. Train
Director

John K. Wulff
Vice-President, Controller and Principal Accounting Officer

Ronald L. Kuehn, Jr.
Director

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Exhibit Index

Exhibit No.

3.1	Restated Certificate of Incorporation as filed November 16, 1990.
3.2	By-Laws of the Corporation as amended June 26, 1989 (See Exhibit 3.2 of the Corporation's 1989 Form 10-K).
4.1	Indenture dated as of August 1, 1992 among the Company, the Corporation and Chemical Bank, Trustee, for debt securities issued and that may be issued (See Exhibit 4.1.1 of the Corporation's Form S-3 filed on December 9, 1992, File No. 33-55560).
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.
4.3	Rights Agreement, dated as of July 26, 1989, as amended and restated as of May 27, 1992, between the Corporation and Chemical Bank (successor to Manufacturers Hanover Trust Company), as Rights Agent (See Exhibit 4(a) of the Corporation's Form 8-A dated July 27, 1989, as amended by Form 8 dated June 1, 1992).
7	Opinion of Kelley Drye & Warren regarding liquidation preference, dated February 11, 1993.
10.1	Credit Agreement dated as of April 15, 1992 among the Corporation, the Company, the banks listed therein, Morgan Guaranty Trust Company of New York, Chemical Bank and Credit Suisse, as co-agents, and Chemical Bank, as administrative agent and auction agent (See Exhibit 8 of the Corporation's Form 8-K dated June 12, 1992).
10.2	Indemnity Agreement dated as of July 25, 1986, between the Corporation and Robert D. Kennedy. 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 officer of the Corporation.
10.3	Agreement, dated as of October 2, 1986, among the Company, GAF Corporation, GAF Chemicals Corporation, Jay & Company, Inc., Mayfair Investments, Inc. and Samuel J. Heyman.
10.4	Transfer Agreement dated as of January 1, 1989 between the Company and Praxair, Inc. ("Praxair") (formerly named "Union Carbide Industrial Gases Inc."), as amended (See Exhibits 10.06, 10.07, 10.08 and 10.09 of Praxair's Form 10 dated March 10, 1992, as amended by Form 8s dated May 22, 1992, June 9, 1992 and June 12, 1992 ("Praxair Form 10")).
10.5	Transfer Agreement dated as of January 1, 1989 between the Company and Union Carbide Coatings Service Corporation ("UCCS"), as amended (See Exhibits 10.14, 10.15 and 10.16 of Praxair Form 10).
10.6	Amended and Restated Realignment Indemnification Agreement dated as of June 4, 1992 among the Corporation, the Company, Praxair, UCAR Carbon Company Inc. ("UCAR") and UCCS (See Exhibit 10.23 of Praxair Form 10).
10.7	Environmental Management, Services and Liabilities Allocation Agreement dated as of January 1, 1990 among the Corporation, the Company, UCAR, Praxair, and UCCS, as amended (See Exhibits 10.13 and 10.22 of Praxair Form 10).
10.8	Danbury Lease Agreements dated as of January 1, 1989 between the Company and Praxair, as amended (See Exhibit 10.26 of Praxair Form 10).
10.9	Tax Disaffiliation Agreement dated as of June 4, 1992 between the Corporation and Praxair (See Exhibit 10.20 of Praxair Form 10).

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Exhibit Index

Exhibit No.	
10.10	Employee Benefits Agreement dated as of June 4, 1992 between the Corporation and Praxair (See Exhibit 10.25 of Praxair Form 10).
10.11	Danbury Lease-Related Services Agreement dated as of June 4, 1992 among the Corporation, the Company and Praxair (See Exhibit 10.24 of Praxair Form 10).
10.12	Additional Provisions Agreement dated as of June 4, 1992 between the Corporation, the Company, Praxair and UCCS (See Exhibit 10.21 of Praxair Form 10).
10.13.1*	1984 Union Carbide Stock Option Plan (See Exhibit 10.7.1 of the Corporation's 1991 Form 10-K).
10.13.2*	Resolutions adopted by the Board of Directors of the Corporation on January 22, 1986, with respect to the 1984 Union Carbide Stock Option Plan (See Exhibit 10.7.2 of the Corporation's 1991 Form 10-K).
10.13.3*	Resolutions adopted by the Board of Directors of the Corporation on April 17, 1986, with respect to the 1984 Union Carbide Stock Option Plan (See Exhibit 10.7.3 of the Corporation's 1991 Form 10-K).
10.13.4*	Amendment to the 1984 Union Carbide Stock Option Plan effective June 1, 1989 (See Exhibit 10.9.7 of the Corporation's 1989 Form 10-K).
10.14.1	1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.18 of the Corporation's 1988 Form 10-K).
10.14.2*	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective June 1, 1989 (See Exhibit 10.16.2 of the Corporation's 1989 Form 10-K).
10.14.3	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective August 1, 1989 (See Exhibit 10.16.3 of the Corporation's 1989 Form 10-K).
10.14.4	Resolutions adopted by the Board of Directors of the Corporation on February 26, 1992 with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan.
10.14.5	Resolutions adopted by the Compensation and Management Development Committee of the Board of Directors of the Corporation on June 30, 1992, with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan.
10.15.1	1983 Union Carbide Bonus Deferral Program (See Exhibit 10.8.1 of the Corporation's 1991 Form 10-K).
10.15.2	Amendment to the 1983 Union Carbide Bonus Deferral Program effective January 1, 1992.
10.16.1	1984 Union Carbide Cash Bonus Deferral Program (See Exhibit 10.9.1 of the Corporation's 1991 Form 10-K).
10.16.2	Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1986 (See Exhibit 10.9.2 of the Corporation's 1991 Form 10-K).
10.16.3	Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1992.

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Exhibit No.

10.17.1* Grantor Trust Agreement for 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 (See Exhibit 10.10.1 of the Corporation's 1991 Form 10-K).

10.17.2* Amendment to Grantor Trust Agreement for 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 (See Exhibit 10.14.2 of the Corporation's 1988 Form 10-K).

10.18* Equalization Benefit Plan for Participants of the Retirement Program Plan for Employees of Union Carbide Corporation and its Participating Subsidiary Companies (See Exhibit 10.11 of the Corporation's 1991 Form 10-K).

10.19.1* Supplemental Retirement Income Plan (See Exhibit 10.12.1 of the Corporation's 1991 Form 10-K).

10.19.2* Amendment to Supplemental Retirement Income Plan effective January 1, 1989 (See Exhibit 10.16.2 of the Corporation's 1988 Form 10-K).

10.20.1 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation (See Appendix A of the proxy statement for the annual meeting of the stockholders held on April 22, 1992).

10.20.2 Resolution adopted by the Board of Directors of the Corporation on June 30, 1992 with respect to the 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation.

10.21 Severance Compensation Agreement, dated September 26, 1989, between the Corporation and Gilbert E. Playford. 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 the officers and certain other employees of the Corporation (See Exhibit 10.18 of the Corporation's 1989 Form 10-K).

10.22* 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 10.27 of the Corporation's 1988 Form 10-K).

10.23* 1989 Union Carbide Variable Compensation Plan (See Exhibit 10.17 of the Corporation's 1991 Form 10-K).

10.24.1 Union Carbide Corporation Benefits Protection Trust (See Exhibit 10.25 of the Corporation's 1989 Form 10-K).

10.24.2 Amendment to the Union Carbide Corporation Benefits Protection Trust effective October 23, 1991 (See Exhibit 10.18.2 of the Corporation's 1991 Form 10-K).

10.25* 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 (See Exhibit 10.26 of the Corporation's 1989 Form 10-K).

10.26* 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 (See Exhibit 10.27 of the Corporation's 1989 Form 10-K).

10.27 Union Carbide Corporation Non-Employee Directors' Retirement Plan (See Exhibit 10.24 of the Corporation's 1990 Form 10-K).

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Exhibit No.	
10.28	Stock Purchase Agreement for Buyback Transaction under the Union Carbide Corporation Employee Stock Ownership Plan.
11	Computation of Earnings per Share For The Five Years Ended December 31, 1992.
13	The Corporation's 1992 annual report to stockholders (such report, except for those portions which are expressly referred to in this Form 10-K, is furnished for the information of the Commission and is not deemed "filed" as part of the Form 10-K).
22	Subsidiaries of the Corporation.
24	Consent of KPMG Peat Marwick on Page 16.

* The obligations of the Company hereunder were assumed by the Corporation as of July 1, 1989.

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, Section E-4, 39 Old Ridgebury Road, Danbury, CT 06817-0001. The charge for furnishing any exhibit is 25 cents per page plus mailing costs.

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EXHIBIT B

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

Annual Report on Form 10-K for the year ended December 31, 1993.
Filed pursuant to Section 13 of the Securities Exchange Act of 1934.
Commission file number 1-10297

Union Carbide Corporation

1993 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: 06-1255728

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

Class of security:	Registered on:
Common Stock ($1 par value)	New York Stock Exchange Chicago Stock Exchange, Incorporated The Pacific Stock Exchange Incorporated
Share Purchase Rights Plan	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

At February 1, 1994, 151,020,802 shares of common stock were outstanding. Non-affiliates held 150,417,407 of those shares, of which the aggregate market value was $3.751 billion.

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 ("the Act") during the preceding 12 months, 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. ☑

Documents incorporated by reference:

Annual report to stockholders for the year ended December 31, 1993 (Parts I and II)
Proxy statement for the annual meeting of stockholders to be held on April 27, 1994 (Part III)

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DEFINITION OF TERMS

See the inside back cover page of the 1993 annual report to stockholders. Terms defined there are used herein.



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Part I

Item 1. Business

General—See pages 8 and 9 of the 1993 annual report to stockholders for information about Union Carbide's business.

Union Carbide Corporation is a holding company with one principal subsidiary, Union Carbide Chemicals and Plastics Company Inc. ("UCC&P," formerly named "Union Carbide Corporation.")

On June 30, 1992, the corporation in a special distribution to stockholders spun off its industrial gases subsidiary, Praxair, Inc.

Union Carbide is now engaged almost exclusively in the chemicals and plastics business. The chemicals and plastics industry, especially the commodity sector, is highly cyclical. Union Carbide is a major producer of certain commodity chemicals, principally ethylene glycol and polyethylene. Consequently, Union Carbide's results are subject to the swings of the cycle in those basic chemicals. In periods of excess industry capacity, such as the present, prices for those basic chemicals are low and margins are narrow. See pages 4 through 7 of the 1993 annual report to stockholders for a further discussion.

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. Significant inventories of finished products, work in process and raw materials are maintained to meet delivery requirements of customers and Union Carbide's production schedules.

Union Carbide Corporation was incorporated in 1989 under the laws of the State of New York.

Raw Materials, Products and Markets—See information herein and in the 1993 annual report to stockholders on pages 8 and 9. Unless otherwise indicated, the products of Union Carbide are sold principally by its own sales force, directly to customers.

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. UCC&P is dependent in its operations 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.

Union Carbide is not dependent to a significant extent upon a single customer or a few customers.

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. Such patents and patent applications in the aggregate are material to Union Carbide's competitive position. No one patent is considered to be material; however, the patent portfolio relating to the UNIPOL polyethylene process technology is, in the aggregate, considered to be material. Union Carbide also has a large number of trademarks. The *UNION CARBIDE, UCAR and UNIPOL* trademarks are material; no other single trademark is material.

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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 Form 10-K report. In addition to the facilities specifically indicated there, product development and process technology laboratories are maintained at some plants. Union Carbide spent $139 million in 1993, $155 million in 1992 and $157 million in 1991 on company-sponsored research activities for continuing operations to develop new products, processes, or services, or to improve existing ones.

Environment—See Costs Relating to Protection of the Environment on pages 15 and 16 of the 1993 annual report to stockholders and Note 17 on page 36 and 37 thereof.

Insurance—Union Carbide's policy is to obtain public liability insurance coverage at terms and conditions and a price that management considers fair and reasonable. Union Carbide's management believes Union Carbide has public liability insurance in an amount sufficient to meet its current needs in light of pending, threatened, and future litigation and claims. 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 deductibles.

Competition—Each of the major business 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 which 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.

There are a number of competitors in each of the businesses in which Union Carbide is active. In some of the individual businesses in which Union Carbide participates there are many competitors; in others there are few. Competition is primarily on price, on product performance and on service to customers.

- Many producers have important industry positions in polyethylene, and Union Carbide is one of the world's largest producers. Other significant producers are Dow Chemical Company, Chevron Corporation, Exxon Corporation, Mobil Corporation, Novacor Chemicals Ltd, Quantum Chemicals Corporation, Occidental Petroleum Corporation, Phillips Petroleum Company, Saudi Basic Industries Corporation and The British Petroleum Company p.l.c.

- Union Carbide is the world's largest producer of ethylene oxide/glycol and derivatives. Other significant producers include Shell Oil Company, Dow Chemical Company, BASF Aktiengesellschaft, The British Petroleum Company p.l.c., Texaco Inc., Occidental Petroleum Corporation, Hoechst Celanese Corporation, and Saudi Basic Industries Corporation.

- In solvents and intermediates, Union Carbide has a significant position in many product areas. Other significant producers include Air Products, Hoechst Celanese Corporation, Rohm & Haas Company, Eastman Chemical Company, Shell Oil Company, Exxon Corporation, BASF Aktiengesellschaft and Quantum Chemicals Corporation.

- Union Carbide participates in a wide range of specialty chemical product/market segments. The competitive position varies widely from one product/market segment to another. Competitors include a number of domestic and foreign companies, both diversified and specialized.

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 competitive products are produced throughout the world.

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

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Item 2. Properties

The corporation's headquarters are located in Danbury, Connecticut.

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 pages 17 and 20 of the 1993 annual report to stockholders.

Listed below are the principal manufacturing facilities operated by Union Carbide worldwide. Research and engineering facilities are noted. Most of the United States and Puerto Rican properties are owned in fee. Union Carbide maintains numerous domestic sales offices and warehouses, substantially all of which are leased premises under relatively short-term leases. All principal international operations' manufacturing properties are owned or held under long-term leases. International operations administrative offices, technical service laboratories, sales offices and warehouses are owned in some instances and held under relatively short-term leases in other instances.

At year-end 1993, 13,051 people were employed worldwide in approximately 50 plants, factories and laboratories around the world.

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

Location	City	Principal Product(s)
California	Ontario	Paralene coating
California	Torrance	Latexes
Georgia	Tucker	Latexes
Illinois	Alsip	Latexes
Illinois	Bensenville	Printed circuit chemicals
Indiana	Castleton	Paralene coating
Indiana	Indianapolis	Coating and bonding systems
Kentucky	Henderson	Dielectric fluid
Louisiana	Greensburg	Hydroxyethyl cellulose derivatives
Louisiana	Taft	Acrolein and derivatives, acrylic monomers, caprolacetone, uv-curing, cycloaliphatic epoxides, ethylene oxide and glycol, glycol ethers, olefins
Louisiana	Taft (Star Plant)	Polyethylene
New Hampshire	Amherst	Paralene coating
New Jersey	Bound Brook	Coatings resins, polyethylene compounding, recycled plastics
New Jersey	Edison	Lanolin derivatives
New Jersey	Somerset	Latexes
New York	Mamaroneck	Lanolin derivatives
Puerto Rico	Bayamon	Latexes
Tennessee	Chattanooga	Paralene coating
Texas	Garland	Latexes
Texas	Seadrift	Alkanolamines, ethylene oxide and glycol, glycol ethers, olefins, polyethylene, polypropylene, *TERGITOL* surfactants

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Location	City	Principal Product(s)
Texas	Texas City	Olefins, organic acids and esters, alcohols, *TERGITOL* surfactants, vinyl acetate, coatings resins
Washington	Washougal	Crystal products
West Virginia	Institute	Caprolacetone derivatives, *CARBOWAX* polyethylene glycol, hydroxyethyl cellulose, *POLYOX* polyethylene oxide, ketones, *TRITON* and *TERGITOL* surfactants, ethylidene norbornene
West Virginia	South Charleston	Alkyl alkanolamines, brake fluids, miscellaneous specialty products, *UCON* fluids
Wisconsin	Clear Lake	Conformal coating services

Research and development are carried on at technical centers in Bound Brook, Edison and Somerset, New Jersey; Tarrytown, New York; Cary, North Carolina; Washougal, Washington; Sistersville and South Charleston, West Virginia. Process and design engineering is conducted at the technical center in South Charleston, West Virginia in support of domestic and foreign projects.

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

Country	City	Principal Product(s)
Belgium	Antwerp	Hydroxyethyl cellulose
Belgium	Vilvoorde	Lanolin derivatives
Brazil	Aratu	Hydroxyethyl cellulose
Brazil	Cubatao	Polyethylene
Canada	Boucherville	Molded polyethylene products
Canada	Cowansville	Polyethylene film
Canada	Orangeville	Polyethylene film
Canada	Orillia	Polyethylene film
Canada	Prentiss	Ethylene glycol
Dubai, UAE	Jebel Ali Free Trade Zone	Latex
Ecuador	Guayaquil	Latex, coatings resins
Hong Kong	Kowloon	Latex, fluxes
Indonesia	Jakarta	Latex
Malaysia	Seremban	Latex
People's Republic of China	Guangdong Province	Latex
Philippines	Batangas	Latex
Singapore	Jurong	Latex, conformal coating services

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Country	City	Principal Product(s)
Sri Lanka	Ekala	Latex
Thailand	Nonthaburi	Latex
United Kingdom	Northampton	Conformal coatings services

Research and development are carried on at international operations facilities in Antwerp, Belgium; Montreal East, Canada; Cubatao, Brazil; Versoix, Switzerland and Jurong, Singapore.

Item 3. Legal Proceedings

See Note 17 of Notes to Financial Statements on page 36 and 37 of the 1993 annual report to stockholders.

On November 19, 1993, the U.S. Environmental Protection Agency ("EPA") issued a complaint to UCC&P alleging violations of the federal Clean Air Act at the Texas City, Texas plant. The complaint seeks a civil penalty of $194,550.

As reported in the corporation's 1991 Form 10-K, on January 2, 1992, the EPA served a complaint on UCC&P alleging violations of the hazardous waste laws in connection with disposal of wastes from UCC&P's Texas City, Texas, plant at a Gulf Coast Waste Disposal Authority ("Gulf Coast") landfill and seeking a civil penalty of $170,150. In December 1993, UCC&P and EPA reached a settlement of this matter pursuant to which UCC&P paid a penalty of $95,000. Also as previously reported, on January 3, 1992, Gulf Coast received a complaint from the EPA arising out of the same incident. The complaint sought a penalty of $129,000. Gulf Coast settled this action in April 1993, by payment of $60,000. UCC&P indemnified Gulf Coast for $45,600 of this penalty.

On February 23, 1994, the EPA issued a complaint and compliance order to UCC&P alleging violations of federal Hazardous Waste Regulations at the South Charleston, West Virginia plant. The complaint seeks a civil penalty of $320,300.

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

The corporation did not submit any matters to a stockholder vote during the last quarter of 1993.

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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 19 and 20 of the 1993 annual report to stockholders. The stock exchanges where the stock is traded are listed on page 39 of the 1993 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 1993 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 (At Year-end)", and dividend information is included under the caption "Other Data" in the Selected Financial Data on page 20 of the 1993 annual report to stockholders.

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

See the information covered in the 1993 annual report to stockholders on pages 12 through 18.

Item 8. Financial Statements and Supplementary Data

The consolidated balance sheet of Union Carbide Corporation and subsidiaries at December 31, 1993 and 1992, and the consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1993, together with the report thereon of KPMG Peat Marwick dated January 26, 1994, are contained on pages 21 through 38 of the 1993 annual report to stockholders.

Quarterly income statement data is contained on page 19 of the 1993 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 Peat Marwick, its independent auditors.

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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 16 through 20 of the proxy statement for the annual meeting of stockholders to be held on April 27, 1994.

The principal executive officers of the corporation are as follows. Data is as of March 15, 1994.

Name	Age	Position	Year First Elected
Robert D. Kennedy	61	Chairman of the Board and Chief Executive Officer	1986
William H. Joyce	58	President and Chief Operating Officer	1993
Joseph S. Byck	52	Vice-President	1991
James F. Flynn	51	Vice-President	1993
Joseph E. Geoghan	56	Vice-President, General Counsel and Secretary	1987
Thomas D. Jones	59	Vice-President and Treasurer	1993
Malcolm A. Kessinger	50	Vice-President	1991
Lee P. McMaster	51	Vice-President	1993
Gilbert E. Playford	46	Vice-President and Principal Financial Officer	1991
Joseph C. Soviero	55	Vice-President	1993
Roger B. Staub	59	Vice-President	1993
Ronald Van Mynen	56	Vice-President	1992
John K. Wulff	45	Vice-President, Controller and Principal Accounting Officer	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 whose position or positions with the corporation or its subsidiaries during the past five years have not been accounted for by the above table. Each of the officers has been employed by the corporation or a subsidiary of the corporation for the past five years.

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Name	Position	Years Held
Robert D. Kennedy	Chairman of the Board and Chief Executive Officer	1990 to present
	Chairman of the Board, President and Chief Executive Officer	1986 to 1990
	President	1985 to 1986
William H. Joyce	President and Chief Operating Officer	1993 to present
	Executive Vice-President	1991 to 1993
	President, Union Carbide Chemicals and Plastics Company Inc.	1993 to present
	Executive Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1993
	Vice-President	1990 to 1991
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1989 to 1990
	President, Polyolefins Division	1985 to 1990
Joseph S. Byck	Vice-President	1991 to present
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1991 to present
	Vice-President, Business Development and Planning, Union Carbide Chemicals and Plastics Company Inc.	1989 to 1991
	Vice-President, Polyolefins Division	1986 to 1989
James F. Flynn	Vice-President	1993 to present
	Vice-President, General Manager Solvents & Coatings Materials Division	1989 to 1993
	Vice-President, General Manager Specialty Chemicals Division	1983 to 1989
Joseph E. Geoghan	Vice-President, General Counsel and Secretary	1990 to present
	Vice-President and General Counsel	1987 to 1990
	Deputy General Counsel	1985 to 1987
Thomas D. Jones	Vice-President and Treasurer	1993 to present
	Vice-President, Treasurer and Principal Financial Officer, Union Carbide Chemicals and Plastics Company Inc.	1992 to present
	Associate Treasurer	1992 to 1993
	Assistant Treasurer	1987 to 1992
Malcolm A. Kessinger	Vice-President	1991 to present
	Vice-President, Human Resources, Union Carbide Chemicals and Plastics Company Inc.	1990 to present
	Corporate Director of Human Resources	1986 to 1990
Lee P. McMaster	Vice-President	1993 to present
	President, Industrial Chemicals Division	1992 to 1993
	Vice-President, General Manager, Polyolefins Division	1989 to 1992

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Gilbert E. Playford	Vice-President and Principal Financial Officer	1993 to present
	Vice-President, Treasurer and Principal Financial Officer	1992 to 1993
	Vice-President	1991 to 1992
	Vice-President, Corporate Holdings	1991
	Vice-President	1989 to 1991
	Vice-President, Treasurer and Chief Financial Officer, Union Carbide Canada Ltd.	1988 to 1989
	Vice-President and Treasurer, Union Carbide Canada Ltd.	1984 to 1988
Joseph C. Soviero	Vice-President	1993 to present
	President, Specialty Chemicals Division	1983 to 1993
Roger B. Staub	Vice-President	1993 to present
	President, Polyolefins Division	1990 to 1993
	Vice-President, General Manager, Polyolefins Division	1988 to 1990
Ronald Van Mynen	Vice-President, Health, Safety and Environment	1992 to present
	Vice-President, Health, Safety and Environmental Affairs Union Carbide Chemicals and Plastics Company Inc.	1985 to present
	Corporate Director, Occupational Health and Personnel Safety	1984 to 1985
John K. Wulff	Vice-President, Controller and Principal Accounting Officer	1989 to present
	Vice-President and Controller	1988 to 1989
	Deputy Controller	1987 to 1988
	Partner of Peat Marwick Main & Co. (now KPMG Peat Marwick)	Prior to 1987

Item 11. Executive Compensation

See pages 29 through 31 of the proxy statement for the annual meeting of stockholders to be held on April 27, 1994.

Item 12. Security Ownership of Certain Beneficial Owners and Management

See pages 32 and 33 of the proxy statement for the annual meeting of stockholders to be held on April 27, 1994.

Item 13. Certain Relationships and Related Transactions

No reportable transactions in 1993.

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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 21 through 37 and the Independent Auditors' Report set forth on page 38 of the 1993 annual report to stockholders are incorporated by reference in this Form 10-K Annual Report.

2. The Report on Schedules of KPMG Peat Marwick appears on page 11 of this Form 10-K Annual Report.

3. The following schedules should be read in conjunction with the consolidated financial statements incorporated by reference in Item 8 of this Form 10-K Annual Report. Schedules other than those listed have been omitted because they are not applicable.

	Page in this Form 10-K Report
Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other than Related Parties (Schedule II), three years ended December 31, 1993	12
Indebtedness of Related Parties – Not Current (Schedule IV), three years ended December 31, 1993	12
Property, Plant, and Equipment (Schedule V), three years ended December 31, 1993	13
Accumulated Depreciation and Amortization of Property, Plant and Equipment (Schedule VI), three years ended December 31, 1993	14
Guarantees of Securities of Other Issuers (Schedule VII), at December 31, 1993	15
Valuation and Qualifying Accounts (Schedule VIII), three years ended December 31, 1993	15
Short-term Borrowings (Schedule IX), three years ended December 31, 1993	16
Supplementary Income Statement Information (Schedule X), three years ended December 31, 1993	16

(b) No reports on Form 8-K were filed for the three months ended December 31, 1993.

(c) Exhibits—See Exhibit Index on pages 41 through 44 for exhibits filed with this Annual Report on Form 10-K.

UOP

(d) Audited financial statements, with Independent Auditors Report thereon, appearing on pages 17 through 39, of UOP, are filed pursuant to Regulation S-X, Rule 3.09. UOP is a general partnership between EM Sector Holdings Inc. and Catalysts, Adsorbents and Process Systgems, Inc., wholly owned subsidiaries of AlliedSignal Inc. and the corporation, respectively.

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Report of Independent Auditors

The Board of Directors
Union Carbide Corporation

Under date of January 26, 1994, we reported on the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 1993 and 1992, 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, 1993, as contained on pages 21 through 37 in the 1993 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 1993. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedules as listed in Item 14(a)3. These financial statement schedules are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

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

As discussed in Note 1 to the consolidated financial statements, in 1993 the company changed its method of accounting for postemployment benefits and in 1992 its methods of accounting for postretirement benefits other than pensions and income taxes.

KPMG PEAT MARWICK

Stamford, Conn.
January 26, 1994

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Schedule II—Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other Than Related Parties

Union Carbide Corporation and Consolidated Subsidiaries	Thousands of dollars			
	Balance at beginning of period	Additions	Deductions[a]	Balance at end of period
Year Ended December 31, 1993				
R. Natarajan[b]	$300	—	—	$300
Year Ended December 31, 1992				
R. Natarajan[b]	—	$300	—	$300
Year Ended December 31, 1991				
Y. Takeuchi[c]	$187	—	$187	—

(a) Represents repayments and translation adjustments.

(b) R. Natarajan is President of Union Carbide Asia Pacific Inc. Mr. Natarajan was granted a non-interest bearing, twenty year loan with monthly repayment to commence January 1994.

(c) Y. Takeuchi is a director of Union Carbide Japan K.K., a subsidiary of the corporation. Mr. Takeuchi was granted a loan by Union Carbide Japan K.K. with varying interest rates and repayment dates.

Schedule IV—Indebtedness of Related Parties – Not Current

Union Carbide Corporation and Consolidated Subsidiaries	Millions of dollars			
	Balance at beginning of period	Additions	Deductions	Balance at end of period
Year Ended December 31, 1993	$ —	—	—	$ —
Year Ended December 31, 1992	$ —	—	—	$ —
Year Ended December 31, 1991				
Praxair	$ 989	$ 49	$1,038[a]	$ —

(a) The above represents Praxair debt owed to the corporation. Prior to its spin-off from the corporation (see Note 5 on page 28 of the 1993 annual report to stockholders), Praxair obtained third party financing to repay substantially all amounts due to the corporation.

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Schedule V—Property, Plant and Equipment

Union Carbide Corporation and Consolidated Subsidiaries

Classification	Balance at beginning of period	Additions at cost[a]	Retirements or sales	Other changes[b] Add (deduct)	Translation adjustments	Balance at end of period
			Millions of dollars, year ended December 31, 1993			
Land and improvements	$ 299	$ 16	$ (28)	$ —	$ —	$ 287
Buildings	382	6	(40)	(7)	(3)	338
Machinery and equipment	4,693	310	(350)	23	(20)	4,656
Construction in progress and other	356	63	(7)	(66)	(1)	345
	$5,730	$ 395	$(425)	$ (50)	$ (24)	$5,626
			Millions of dollars, year ended December 31, 1992			
Land and improvements	$ 295	$ 13	$ (3)	$ (4)	$ (2)	$ 299
Buildings	370	15	(1)	1	(3)	382
Machinery and equipment	4,432	368	(79)	—	(28)	4,693
Construction in progress and other	445	(37)	—	(49)	(3)	356
	$5,542	$ 359	$ (83)	$ (52)	$ (36)	$5,730
			Millions of dollars, year ended December 31, 1991			
Land and improvements	$ 274	$ 15	$ (2)	$ 8	$ —	$ 295
Buildings	348	17	(6)	11	—	370
Machinery and equipment	4,228	261	(62)	(2)	7	4,432
Construction in progress and other	368	107	(3)	(23)	(4)	445
	$5,218	$ 400	$ (73)	$ (6)	$ 3	$5,542

(a) Union Carbide's capital expenditures for the years 1988 through 1993 are included in Selected Financial Data on page 20 of the 1993 annual report to stockholders.

(b) All years include additions for acquired companies, certain reclassifications of property and write-downs, and deductions for stock divestitures.

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Schedule VI—Accumulated Depreciation and Amortization of Property, Plant and Equipment

Union Carbide Corporation and Consolidated Subsidiaries

Classification	Balance at beginning of period	Additions Charged to profit and loss	Deductions Retirements or sales	Other changes[a] Add (deduct)	Translation adjustments	Balance at end of period
			Millions of dollars, year ended December 31, 1993			
Land and improvements	$ 140	$ 8	$ (15)	$ (1)	$ —	$ 132
Buildings	206	10	(14)	(2)	(1)	199
Machinery and equipment	2,833	233	(228)	31	(9)	2,860
Construction in progress and other[b]	12	2	—	1	—	15
	$3,191	$253[c]	$(257)	$ 29	$(10)	$3,206
			Millions of dollars, year ended December 31, 1992			
Land and improvements	$ 134	$ 9	$ (1)	$ (1)	$ (1)	$ 140
Buildings	199	10	(1)	(1)	(1)	206
Machinery and equipment	2,698	251	(76)	(25)	(15)	2,833
Construction in progress and other[b]	12	3	(1)	(2)	—	12
	$3,043	$273[c]	$ (79)	$ (29)	$ (17)	$3,191
			Millions of dollars, year ended December 31, 1991			
Land and improvements	$ 128	$ 8	$ (1)	$ (1)	$ —	$ 134
Buildings	188	10	(4)	5	—	199
Machinery and equipment	2,505	244	(47)	(5)	1	2,698
Construction in progress and other[b]	11	4	(2)	(1)	—	12
	$2,832	$266[c]	$ (54)	$ (2)	$ 1	$3,043

(a) All years include additions for acquired companies, certain reclassifications of property and write-downs, and deductions for stock divestitures.

(b) Consists primarily of the amortization of leaseholds.

(c) Excludes amortization of intangibles of $23 million in 1993, $20 million in 1992 and $21 million in 1991. Such amortization has been included in *Depreciation and amortization* in the Consolidated Statement of Income.

Following is a summary of lives used for calculating depreciation.

Class of Property	Lives Used
Land improvements	20 years
Buildings	20 to 40 years
Machinery and equipment	10 to 15 years
Leasehold improvements	Lease period

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Schedule VII—Guarantees of Securities of Other Issuers

Union Carbide Corporation and Consolidated Subsidiaries

Name of Issuer of Securities Guaranteed by Person for Which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding(a)
		Millions of dollars at December 31, 1993
DCS Capital Corporation	Commercial loans	$38(b)

(a) See Note 17 of Notes to Financial Statements on page 36 and 37 of the 1993 annual report to stockholders. Union Carbide's contingent obligations disclosed in Note 17 include the amounts presented in this schedule.

(b) Represents the portion of the debt of DCS Capital Corporation for which the corporation is responsible. Such portion is not directly guaranteed by the corporation but is secured by a cash deficiency agreement that is guaranteed by the corporation. The annual aggregate amount of interest for which the corporation is responsible is approximately $3 million.

At December 31, 1993, the corporation had a contingent obligation with respect to $31 million of pollution abatement facility obligations assumed by purchasers of Union Carbide facilities. This amount has been included in Union Carbide's contingent obligations disclosed in Note 17 of Notes to Financial Statements referred to above.

Schedule VIII—Valuation and Qualifying Accounts

Union Carbide Corporation and Consolidated Subsidiaries

	Balance at beginning of period	Additions Charged to costs and expenses	Deductions Items determined to be uncollectible, less recovery of amounts previously written off	Balance at end of period
				Millions of dollars, year ended December 31, 1993
Allowance for doubtful accounts	$ 9	$5	$2	$12
				Millions of dollars, year ended December 31, 1992
Allowance for doubtful accounts	$10	$2	$3	$ 9
				Millions of dollars, year ended December 31, 1991
Allowance for doubtful accounts	$10	$2	$2	$10

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Schedule IX—Short-Term Borrowings

Union Carbide Corporation and Consolidated Subsidiaries

Category of aggregate short-term borrowings	Balance at end of period	Weighted average interest rate	Maximum month-end amount outstanding during the period	Average amount outstanding during the period*	Weighted average interest rate during the period*
			Dollar amounts in millions, year ended December 31, 1993		
Bank loans and commercial paper	$ 24	10%	$ 381	$135	6%
			Dollar amounts in millions, year ended December 31, 1992		
Bank loans and commercial paper	$324	6%	$ 786	$467	5%
			Dollar amounts in millions, year ended December 31, 1991		
Bank loans and commercial paper	$606	7%	$1,179	$955	7%

*Based on balances outstanding at the end of each month.

Schedule X—Supplementary Income Statement Information

Union Carbide Corporation and Consolidated Subsidiaries	Millions of dollars, year ended December 31,		
	1993	1992	1991
Maintenance and repairs	$274	$305	$323
Taxes other than income taxes			
Real and personal property	$ 42	$ 44	$ 40
Social security	58	60	59
Other taxes	27	27	28
	$127	$131	$127

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Report of Independent Accountants

To the Management Committee and Partners of UOP

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of partners' common equity and of cash flows present fairly, in all material respects, the financial position of UOP and its subsidiaries (a general partnership between EM Sector Holdings Inc. and Catalysts, Adsorbents and Process Systems, Inc.) at December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Notes 14 and 15 to the consolidated financial statements, in 1993 the Partnership changed its methods of accounting for income taxes and postemployment benefits. As discussed in Note 15 to the consolidated financial statements, in 1992 the Partnership changed its method of accounting for postretirement benefits other than pensions.

Price Waterhouse

Chicago, Illinois
January 26, 1994

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UOP
CONSOLIDATED BALANCE SHEETS
(amounts in thousands)

	December 31, 1993	1992
Current assets:		
Cash and cash equivalents	$ 23,421	$ 23,557
Accounts receivable, net (Note 4)	156,088	163,619
Amounts due from affiliates (Note 3)	15,164	17,759
Unbilled revenue under customer contracts (Note 6)	39,264	21,247
Inventories (Note 7)	91,225	99,982
Other current assets (Note 12)	20,449	38,485
Total current assets	345,611	364,649
Property, plant and equipment, net (Note 8)	303,150	293,840
Note receivable from Allied (Note 5)	—	234,000
Intangible assets, net	144,978	155,883
Investments in affiliates	30,676	25,404
Other noncurrent assets (Note 12)	4,410	3,083
Total assets	$828,825	$1,076,859
Current liabilities:		
Short-term notes payable to banks (Note 10)	$ 1,049	$ 7,815
Current portion of long-term debt	34,168	1,043
Accounts payable	69,727	72,479
Accrued liabilities (Note 9)	90,431	89,261
Amounts due to affiliates (Note 3)	1,751	2,721
Income taxes payable	10,014	9,138
Billings in excess of revenue earned or costs incurred (Note 6)	17,374	23,219
Deferred revenue	7,715	11,950
Total current liabilities	232,229	217,626
Long-term debt (Note 10)	230,326	240,062
Deferred income taxes	1,209	2,894
Long-term deferred revenue	538	591
Other noncurrent liabilities (Note 15)	82,802	61,535
Commitments and contingencies (Notes 13 and 16)		
Total liabilities	547,104	522,708
Minority interest	1,834	1,634
Preferred capital (Note 3)	—	239,603
Partners' common equity	279,887	312,914
Total liabilities, minority interest, preferred capital and partners' common equity	$828,825	$1,076,859

The accompanying notes are an integral part of these financial statements.

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UOP
CONSOLIDATED STATEMENTS OF INCOME
(amounts in thousands)

	Year ended December 31,		
	1993	1992	1991
Revenues (Note 2):			
Products and equipment	$566,109	$585,852	$566,385
Services	129,488	115,212	105,420
Royalties	122,774	132,583	114,271
	818,371	833,647	786,076
Costs and expenses:			
Cost of products and equipment revenues	338,571	362,381	351,627
Cost of service revenues	88,253	85,266	71,602
Research and development (Note 2)	82,350	82,898	78,264
Marketing	72,758	71,446	64,719
General and administrative	50,498	62,647	61,732
Amortization of intangible assets	11,515	11,188	10,581
	643,945	675,826	638,525
Income from operations	174,426	157,821	147,551
Interest expense	(15,344)	(15,140)	(16,187)
Interest income from Allied (Note 5)	17,053	22,291	22,230
Other interest income	1,161	1,967	2,593
Equity in earnings of affiliates	3,897	4,199	6,485
Other income (expense), net	3,117	(1,155)	(1,101)
Income from continuing operations before income taxes and minority interest	184,310	169,983	161,571
Provision for income taxes (Note 14)	25,887	23,308	15,967
Minority interest	322	321	388
Income from continuing operations	158,101	146,354	145,216
Discontinued operations (Note 12):			
Loss from discontinued operations	—	—	17,863
Loss on disposal	—	—	120,000
Income before cumulative effect of changes in accounting principles	158,101	146,354	7,353
Cumulative effect of change in accounting for:			
Postemployment benefits	(22,000)	—	—
Deferred income taxes	2,995	—	—
Postretirement benefits other than pensions	—	(37,448)	
Net income	$139,096	$108,906	$ 7,353

The accompanying notes are an integral part of these financial statements.

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UOP
CONSOLIDATED STATEMENTS OF PARTNERS' COMMON EQUITY
YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(amounts in thousands)

	EM Sector Holdings Inc.		Catalysts, Adsorbents and Process Systems, Inc.		Total
Partners' common equity at December 31, 1990		$225,265		$225,265	$450,530
Allocation of net income	$14,791.5		$(7,438.5)		7,353
Transfer to preferred capital (Note 3)	(22,230)				(22,230)
		(7,438.5)		(7,438.5)	(14,877)
Allocation of change in cumulative translation adjustment		(2,422.5)		(2,422.5)	(4,845)
Distributions		(40,000)		(40,000)	(80,000)
Partners' common equity at December 31, 1991		175,404		175,404	350,808
Allocation of net income	65,598.5		43,307.5		108,906
Transfer to preferred capital (Note 3)	(22,291)				(22,291)
		43,307.5		43,307.5	86,615
Allocation of change in cumulative translation adjustment		(2,254.5)		(2,254.5)	(4,509)
Distributions		(60,000)		(60,000)	(120,000)
Partners' common equity at December 31, 1992		156,457		156,457	312,914
Allocation of net income	78,074.5		61,021.5		139,096
Transfer to preferred capital (Note 3)	(17,053)				(17,053)
		61,021.5		61,021.5	122,043
Allocation of change in cumulative translation adjustment		(35)		(35)	(70)
Distributions		(77,500)		(77,500)	(155,000)
Partners' common equity at December 31, 1993		$139,943.5		$139,943.5	$279,887

The accompanying notes are an integral part of these financial statements.

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UOP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Year ended December 31,		
	1993	1992	1991
Cash flows from operating activities:			
Net income	$139,096	$108,906	$ 7,353
Less: Interest income from Allied	(17,053)	(22,291)	(22,230)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	32,195	27,981	31,596
Amortization of intangible assets	11,515	11,188	10,581
Cumulative effect for postemployment benefits	22,000	—	—
Cumulative effect for deferred taxes	(2,995)	—	—
Cumulative effect for postretirement benefits	—	37,448	—
Loss on disposal of discontinued operations	—	—	120,000
Equity in earnings of affiliates	(3,897)	(4,199)	(6,485)
Changes in current assets and current liabilities:			
Accounts receivable	7,531	23,534	(26,518)
Unbilled revenue under customer contracts	(18,017)	9,124	(9,305)
Inventories	8,757	7,167	(4,858)
Other current assets	(2,264)	(10,666)	(537)
Amounts due from (to) affiliates	(3,978)	5,369	2,025
Accounts payable	(2,752)	519	18,036
Accrued liabilities and income taxes payable	(9,993)	(25,909)	13,139
Billings in excess and deferred revenue	(10,080)	(1,368)	6,561
(Increase) decrease in other noncurrent assets	(1,937)	12,772	1,862
Increase (decrease) in deferred income taxes	1,310	(1,319)	556
Increase (decrease) in other noncurrent liabilities	9,453	9,061	(557)
Other, net	(2,726)	(6,966)	2,577
Net cash provided by operating activities	156,165	180,351	143,796
Cash flows from investing activities:			
Capital expenditures	(43,290)	(80,011)	(96,231)
Proceeds from sale of discontinued operations	22,300	—	—
Net carrying value of asset disposals	222	452	71
Dividends received from affiliates	2,199	3,942	4,120
Net cash used in investing activities	(18,569)	(75,617)	(92,040)
Cash flows from financing activities:			
Borrowings under bank loan agreements	38,808	525,957	1,633,526
Principal payments under bank loan agreements	(24,650)	(685,958)	(1,555,492)
Net change in short-term borrowings	(6,766)	(14,776)	22,190
Net change in commercial paper	9,876	176,388	(56,388)
Preferred capital payment	(251,053)	(22,291)	(22,230)
Interest income from Allied	17,053	22,291	22,230
Proceeds from note receivable from Allied	234,000	—	—
Common equity distributions to Partners	(155,000)	(120,000)	(80,000)
Net cash used by financing activities	(137,732)	(118,389)	(36,164)
Net increase (decrease) in cash and cash equivalents	(136)	(13,655)	15,592
Cash and cash equivalents:			
Beginning of period	23,557	37,212	21,620
End of period	$ 23,421	$ 23,557	$ 37,212

The accompanying notes are an integral part of these financial statements.

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UOP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands)

NOTE 1 - BASIS OF PRESENTATION

On August 22, 1988, UOP Inc., subsequently renamed EM Sector Holdings Inc. (EMSH), a wholly owned subsidiary of Allied-Signal Inc. (Allied), and Katalistiks International, Inc., subsequently renamed Catalysts, Adsorbents and Process Systems, Inc. (CAPS), a wholly owned subsidiary of Union Carbide Chemicals and Plastics Company Inc., which is a wholly owned subsidiary of Union Carbide Corporation (UCC), entered into an agreement to form a general partnership, UOP. Pursuant to the agreement, the Partnership was formed effective May 1, 1988 for financial reporting purposes by combining certain operations of UOP Inc. with the catalysts, adsorbents and process systems business of UCC. Noncash assets contributed by the Partners were recorded by UOP at predecessor basis.

UOP is a general partnership organized under the laws of the state of New York. The Partnership operates principally in one business segment, the petroleum related industries, which encompasses supplying on a worldwide basis: technology, products, engineered systems and services to the petroleum refining, petrochemical, gas processing and chemical related businesses. UOP is a world leading producer and supplier of adsorbent molecular sieves for various uses in numerous businesses.

The Partnership agreement provides that consolidated net income or loss after adjustment for preferred capital transfers (Note 3), is shared equally between the Partners. In addition, the Partnership agreement provides that UOP make common equity distributions of available cash, as defined, equally to the Partners on each quarterly distribution date.

The consolidated financial statements include the accounts of UOP and all majority owned subsidiaries. All material intercompany transactions have been eliminated. Investments in less than majority owned companies in which there is a 20% or greater ownership are accounted for by the equity method.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of UOP and subsidiaries, as summarized below, conform with generally accepted accounting principles and reflect practices appropriate to the businesses in which they operate.

Cash equivalents—Cash equivalents are stated at cost which approximates market and consist of short-term investments which have original maturities of ninety days or less.

Inventories—Inventories are stated at the lower of cost or market. Cost is determined using the last-in, first-out (LIFO) method for substantially all domestic product inventories and the first-in, first-out (FIFO) method for supplies, spare parts and foreign inventories.

At December 31, 1993 and 1992, $59,397 and $66,475, respectively, of inventories were valued using the LIFO method. If the FIFO method were used, these inventories would have been valued at $69,527 and $75,745, respectively.

During 1993 and 1992, certain inventory quantities were reduced. This reduction resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the costs of 1993 and 1992 purchases, the effect of which was to increase net income by approximately $2,400 and $2,800, respectively.

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NOTES (Cont.)

Property, plant and equipment—Property, plant and equipment are carried at cost and are depreciated using the straight-line method over estimated service lives which range from 3 to 40 years. Expenditures for maintenance and repairs are charged to expense as incurred.

UOP capitalizes interest costs as a part of the costs of constructing major facilities and equipment. Interest costs of $1,588, $5,310 and $3,057 were capitalized during 1993, 1992 and 1991, respectively.

Intangible assets—Intangible assets, net of accumulated amortization, consist of goodwill and patents in the amounts of $97,215 and $47,763, respectively, at December 31, 1993 and $102,255 and $53,628, respectively, at December 31, 1992.

Goodwill is being amortized over 25 years on a straight-line basis. Accumulated amortization at December 31, 1993 and 1992 was $32,131 and $27,091, respectively.

Patents are amortized over the lives of such rights, ranging from 5 to 15 years, on a straight-line basis. Accumulated amortization at December 31, 1993 and 1992 was $43,932 and $37,457, respectively.

Deferred revenue—Deferred revenue arises primarily from prepayments received for products, process equipment and services.

Minority interest—Minority interest included on the accompanying consolidated balance sheet and statement of income for 1993, 1992 and 1991 represents the minority shareholder's proportionate share of the equity and net income, respectively, of a consolidated subsidiary in which the Partnership has a 70% ownership interest.

Revenue recognition—Revenue is generally recognized when a product is shipped, services are performed and royalties earned except for high credit risk customers (primarily customers located in foreign countries with unstable political or economic conditions) for which there is no reasonable basis for estimating the degree of collectability. Revenues related to high credit risk customers are recognized when payment is received. The amount due from high credit risk customers at December 31, 1993 and 1992 was $33,008 and $12,613, respectively.

During 1992, revenue recognition for certain customers previously considered high credit risks was changed from the cash basis to the accrual basis due to changing circumstances in the countries in which they are located. The effect of this change on the income statement in 1992 was to increase net income by approximately $11,700.

Revenues related to major service, process equipment and instrumentation equipment contracts are accounted for primarily by the percentage of completion method whereby income is recognized based on costs incurred compared with estimated total costs of individual contracts.

Certain instrumentation equipment contracts are accounted for by the completed contract method whereby income is recognized when all costs have been incurred and the product shipped.

Contract costs for service, process equipment and instrumentation contracts include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, repairs and depreciation costs. Selling, general and administrative costs are charged to expense as incurred. Provision for anticipated losses is made in the period in which they first become determinable. Unbilled revenue and billings in excess of revenue earned or costs incurred related to these contracts are classified as a current asset and current liability, respectively (Note 6).

Royalties—Royalty income is earned under "fully paid" and "running" royalty contracts. Fully paid contracts generally provide for fixed installment payments over a several year period based upon a purchased capacity. Fully paid royalty income is recognized on the installment basis as management believes there is no reasonable basis for estimating the degree of collectability of future payments. Unbilled amounts for fully paid contracts at December 31, 1993 and 1992 totalled $30,475 and $40,240, respectively. Running contracts provide for monthly, quarterly or annual payments based on customer production. Running royalty income is recorded as estimated production occurs.

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NOTES (Cont.)

Research and development—Research and development costs are charged to expense as incurred.

Translation of foreign currencies—Assets and liabilities of foreign subsidiaries are translated at the rates of exchange on the balance sheet date. Income and expenses are translated at the average rates of exchange prevailing during the period and the related translation adjustments are accumulated in partners' common equity. At December 31, 1993, 1992 and 1991, cumulative translation adjustments of ($2,046), ($1,976) and $2,533, respectively, are included in partners' common equity. Foreign currency gains and losses resulting from transactions are included in income.

Statements of cash flows supplemental disclosures—During 1993, 1992 and 1991, cash paid for interest, including amounts capitalized, was $17,390, $20,097 and $18,649, respectively. Income taxes paid during 1993, 1992 and 1991 amounted to $25,031, $24,130 and $20,530, respectively. Income tax refunds received during 1993 totaled $813. The effect of foreign exchange rates on cash balances was not material.

NOTE 3 - RELATED PARTY TRANSACTIONS

In accordance with the Partnership agreement, EMSH had a preferred capital account of $234,000 representing the difference in fair values of net assets contributed upon the formation of the Partnership. EMSH was entitled to a priority right in Partnership earnings equal to 9.5% per annum of the balance in the preferred capital account, payable quarterly. This quarterly preferred return was recorded as a transfer from partners' common equity. EMSH was also entitled to a priority right to Partnership cash upon the occurrence of a capital event which is defined as including (1) certain sales or other dispositions of Partnership assets, (2) the receipt of proceeds derived from certain involuntary conversions of Partnership property, (3) the repayment of the principal amount of certain debt owed to the Partnership, including the Allied note (Note 5), (4) certain borrowings upon the security of Partnership property, and (5) any similar events.

The principal balance of the Allied note payable to the Partnership and all accrued interest was paid in full in October of 1993. In accordance with the Partnership agreement, EMSH was entitled to a priority right to the cash. The cash was used to redeem the full balance of the preferred capital account.

The following table summarizes transactions, other than equity transactions, between UOP and the Partners or their affiliates during the years ended December 31, 1993, 1992 and 1991:

	1993		1992		1991	
	Allied	UCC	Allied	UCC	Allied	UCC
Sales to:	$1,882	$5,521	$1,968	$7,495	$2,020	$7,172
Purchases from:	143	648	—	1,743	114	6,589

UOP owns fifty percent interests in Nikki-Universal Co. Ltd. (Nikki) and Union Showa K.K. (Union Showa) both of which are located in Japan. UOP regularly engages in transactions with these entities in the normal course of business. The following table summarizes transactions between UOP and these affiliates during the years ended December 31, 1993, 1992 and 1991:

	1993		1992		1991	
	Nikki	Union Showa	Nikki	Union Showa	Nikki	Union Showa
Sales to:	$ 7,833	$1,727	$ 4,978	$2,731	$6,113	$2,054
Purchases from:	1,316	—	10,213	—	796	—

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NOTES (Cont.)

At December 31, 1993 and 1992, the amounts due from or due to the Partners and affiliates are as follows:

		1993	1992
Amounts due from affiliates:	Allied	$ 878	$ 6,536
	UCC	921	2,219
	Nikki	13,144	8,051
	Union Showa	221	953
		$15,164	$17,759
Amounts due to affiliates:	Allied	$ 290	$ 145
	UCC	1,385	2,555
	Nikki	36	—
	Union Showa	40	21
		$ 1,751	$ 2,721

NOTE 4 - ACCOUNTS RECEIVABLE

	December 31,	
	1993	1992
Trade accounts	$159,625	$163,538
Other	10,379	12,821
	170,004	176,359
Less: allowance for doubtful accounts	(13,916)	(12,740)
	$156,088	$163,619

The following table summarizes the activities within the allowance for doubtful accounts during the years ended December 31, 1993, 1992 and 1991:

		Additions			
Year ended December 31,	Balance at beginning of period	Charged to costs and expenses	Recoveries	Write-offs	Balance at end of period
1993	$12,740	$3,205	—	$2,029	$13,916
1992	8,229	2,513	$2,381	383	12,740
1991	6,318	5,531	—	3,620	8,229

NOTE 5 - NOTE RECEIVABLE FROM ALLIED

In August 1988, UOP loaned $234,000 to Allied. The note, which was payable in full in October 1993, required quarterly interest payments at a rate of 9.5% per annum. Allied could have prepaid the note in whole or in part at any time without penalty. The principal amount of the note and accrued interest was immediately due and payable if (a) Allied failed to pay any interest when due and such failure continued for ten days after UOP had given written notice, (b) Allied became involved in bankruptcy proceedings or defaulted on certain of its other debt; or (c) the Partnership became a corporation.

The note payable to UOP and all accrued interest was paid in full in October of 1993.

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NOTES (Cont.)

NOTE 6 - CONTRACTS IN PROGRESS

The components of the current asset and liability accounts included in the accompanying balance sheet related to major service, process equipment and instrumentation equipment contracts in progress as of December 31, 1993 and 1992 consist of the following:

	1993			1992		
	Percentage Completion	Completed Contract	Total	Percentage Completion	Completed Contract	Total
Costs incurred	$ 93,766	$6,665	$100,431	$149,685	$7,802	$157,487
Estimated earnings	58,000	—	58,000	68,612	—	68,612
	151,766	6,665	158,431	218,297	7,802	226,099
Less: Billings to date	132,215	4,326	136,541	223,613	4,458	228,071
	$ 19,551	$2,339	$ 21,890	($ 5,316)	$3,344	($ 1,972)
Included in the accompanying balance sheet under the following captions:						
Unbilled revenue under customer contracts	$35,417	$3,847	$39,264	$18,641	$2,606	$21,247
Billings in excess of revenue earned or costs incurred	(15,866)	(1,508)	(17,374)	(23,957)	738	(23,219)
	$19,551	$2,339	$21,890	($ 5,316)	$3,344	($ 1,972)

NOTE 7 - INVENTORIES

	December 31,	
	1993	1992
Raw Materials	$39,078	$41,875
Work in process	16,620	18,074
Finished products	36,190	40,699
Supplies and other	9,467	8,604
	101,355	109,252
Adjustment to LIFO cost basis	(10,130)	(9,270)
	$91,225	$99,982

Raw materials includes $30,896 and $33,258 of precious metals inventory of which $22,851 and $10,054 is leased to customers at December 31, 1993 and 1992, respectively.

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NOTES (Cont.)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The following tables summarize the activity within the property, plant and equipment accounts during the years ended December 31, 1993, 1992 and 1991, respectively:

1993 Classification	Balance at beginning of period	Additions at cost	Sales and retirements	Transfers between classifications	Foreign exchange adjustment	Balance at end of period
Gross P.P.&E.						
Land and land improvements	$ 19,262		$ 3	$ 233	($ 126)	$ 19,366
Machinery and equipment	350,596	$ 586	3,018	25,878	(417)	373,625
Buildings	126,920	1,589	90	2,701	(481)	130,639
Construction in progress	20,688	41,115	—	(28,812)	(1,335)	31,656
Total	$517,466	$43,290	$3,111	—	($ 2,359)	$555,286

Accumulated depreciation	Balance at beginning of period	Depreciation expense	Sales and retirements	Transfers between classifications	Foreign exchange adjustment	Balance at end of period
Land and land improvements	$ 3,533	$ 291	$ 2	—	($ 61)	$ 3,761
Machinery and equipment	166,902	25,069	2,797	$ 147	(547)	188,774
Buildings	53,191	6,835	90	(147)	(188)	59,601
Total	$223,626	$32,195	$2,889	—	($ 796)	$252,136
Net property, plant and equipment	$293,840	$11,095	$ 222	—	($ 1,563)	$303,150

1992 Classification	Balance at beginning of period	Additions at cost	Sales and retirements	Transfers between classifications	Foreign exchange adjustment	Balance at end of period
Gross P.P.&E.						
Land and land improvements	$ 17,569	$ 133		$ 1,975	($ 415)	$ 19,262
Machinery and equipment	250,396	793	$3,771	110,762	(7,584)	350,596
Buildings	108,402	6,143	—	13,966	(1,591)	126,920
Construction in progress	75,047	72,942	—	(126,703)	(598)	20,688
Total	$451,414	$80,011	$3,771	—	($10,188)	$517,466

Accumulated depreciation	Balance at beginning of period	Depreciation expense	Sales and retirements	Transfers between classifications	Foreign exchange adjustment	Balance at end of period
Land and land improvements	$ 3,436	$ 232		—	($ 135)	$ 3,533
Machinery and equipment	152,956	21,269	$3,319	—	(4,004)	166,902
Buildings	47,347	6,480	—	—	(636)	53,191
Total	$203,739	$27,981	$3,319	—	($ 4,775)	$223,626
Net property, plant and equipment	$247,675	$52,030	$ 452	—	($ 5,413)	$293,840

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NOTES (Cont.)

1991 Classification	Balance at beginning of period	Additions at cost	Sales and retirements	Transfers between classifications	Write-off discontinued operation	Balance at end of period
Gross P.P.&E.						
Land and land improvements	$ 19,080			$ 1,153	($ 2,664)	$ 17,569
Machinery and equipment	341,150	$ 1,253	$1,435	30,972	(121,544)	250,396
Buildings	125,885	3,116	47	5,666	(26,218)	108,402
Construction in progress	22,175	91,862	—	(37,791)	(1,199)	75,047
Total	$508,290	$96,231	$1,482	—	($151,625)	$451,414

Accumulated depreciation	Balance at beginning of period	Depreciation expense	Sales and retirements	Transfers between classifications	Write-off discontinued operation	Balance at end of period
Land and land improvements	$ 3,761	$ 229	—	—	($ 554)	$ 3,436
Machinery and equipment	181,821	23,494	$1,364	—	(50,995)	152,956
Buildings	48,816	7,873	47	—	(9,295)	47,347
Total	$234,398	$31,596	$1,411	—	($ 60,844)	$203,739
Net property, plant and equipment	$273,892	$64,635	$ 71	—	($ 90,781)	$247,675

NOTE 9 - ACCRUED LIABILITIES

	December 31,	
	1993	1992
Employee compensation and benefits	$ 12,727	$ 15,203
Severance	10,413	5,000
Materials and services received	10,948	10,047
Shared royalties	17,810	17,342
Product and process guarantees	11,448	9,273
Subcontractor costs	9,179	4,465
Taxes other than taxes on income	4,115	6,211
Disposal costs (Note 12)	4,522	12,434
Accrued interest	2,323	2,572
Other	6,946	6,714
	$ 90,431	$ 89,261

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NOTES (Cont.)

NOTE 10 - DEBT

	December 31, 1993	December 31, 1992
Short-term notes payable to banks:		
Domestic bank lines of credit	$ —	$ —
Foreign bank lines of credit	1,049	7,815
	$ 1,049	$ 7,815
Long-term debt:		
Commercial paper	$196,055	$186,179
Senior notes	25,000	25,000
Revolving credit agreement	37,456	—
Term note agreement (15,000 Pounds Sterling)	—	22,718
Term notes payable to banks	5,983	7,208
	264,494	241,105
Less amounts due within one year	34,168	1,043
	$230,326	$240,062

The Partnership maintains domestic bank lines of credit for borrowings of up to $161,900. These facilities, used for general working capital purposes, do not require any compensating balances or fees and may be withdrawn at the option of the lenders at any time. There were no outstanding borrowings under these facilities at December 31, 1993 or at December 31, 1992.

The Partnership also maintains various foreign bank lines of credit for borrowings, in the aggregate, of up to $27,500 of which $1,049 and $7,815 was outstanding at December 31, 1993 and 1992, respectively. The annual interest rate on these borrowings at December 31, 1993 was 10.50%, and at December 31, 1992 was 15.25%. Commitment fees, in the aggregate, are not significant and compensating balances are not required on these credit facilities.

Management intends to renew commercial paper obligations at maturity for the foreseeable future. Accordingly, $162,544 and $186,179 of outstanding commercial paper has been classified as long-term debt at December 31, 1993 and 1992, respectively, based on the unused committed amount from the revolving credit agreement. Interest rates on commercial paper outstanding at December 31, 1993 ranged from 3.457% to 3.629%.

The Partnership maintains revolving credit agreements with a group of banks for $200,000 (which expires in November 1996) and $100,000 (which expires in November 1994). The agreements allow for borrowings in various currencies. Interest rates are based upon various market rates and will vary based on the Partnership's commercial paper ratings. At December 31, 1993, $37,456 (5,000 U.S. Dollars, 15,490 Pounds Sterling and 16,600,000 Lire) was outstanding under the revolving credit agreements at interest rates ranging from 3.56% to 8.75%. There were no outstanding borrowings under either facility at December 31, 1992. The provisions of the $200,000 agreement require a commitment fee ranging from .0625% to .125% on the unused portion of the aggregate credit amount and a facility fee ranging between .125% and .25% on the amount of each banks' commitment under the agreement. The $100,000 agreement requires a commitment fee ranging from .125% to .25% on the unused portion of the aggregate credit amount under the agreement. During 1993, 1992 and 1991, fees related to the revolving credit agreements aggregated $766, $693 and $588, respectively, and were included in interest expense.

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NOTES (Cont.)

The revolving credit agreements contain various warranties and restrictive covenants that must be complied with on a continuing basis. Default on certain warranties or covenants could accelerate the maturity of any borrowings outstanding under the agreements. The most restrictive covenants require a minimum level of consolidated adjusted net worth and that the Partnership maintain certain financial ratios. At December 31, 1993, consolidated adjusted net worth, as defined by the agreements, exceeded the required minimum by $16,381.

In January 1992, the Partnership issued senior notes in the amount of $25,000 which are due in January 1997. The senior notes bear interest at an annual rate of 7.32%, payable semiannually. Under the note agreement, the Partnership is required to maintain certain financial ratios and a minimum level of consolidated adjusted net worth. At December 31, 1993, consolidated adjusted net worth, as defined in the agreement, exceeded the minimum required by $14,335.

The term note agreement for 15,000 Pounds Sterling provided that the Partnership could select among interest rate options based on the United Kingdom base rate plus .50% or Sterling LIBOR plus .50%. The principal balance of the term note payable and all accrued interest were paid in full in December of 1993.

At December 31, 1993, term notes payable to banks consisted of foreign borrowings (12,893 Chinese Renminbi, 1,500 Canadian Dollars, 30,271 Japanese Yen and 4,021,680 Italian Lire) at interest rates ranging from 3.80% to 10.36% which are due at various dates through the year 2003. At December 31, 1992, term notes payable to banks consisted of foreign borrowings (17,421 Chinese Renminbi, 2,000 Canadian Dollars, and 3,920,054 Italian Lire) at interest rates ranging from 3.80% to 10.36% which are due at various dates through the year 2003.

Scheduled maturities of long-term debt at December 31, 1993 are:

Year	
1994	$ 34,168
1995	3,268
1996	200,311
1997	25,597
1998	299
Thereafter	851
	$264,494

The Partnership has interest rate swaps expiring at various dates from 1994 to 1999 under which the variable rate of interest on $90,000 at December 31, 1993 and 1992 of long-term debt is converted to a fixed weighted average interest rate of 7.12% and 7.42%, respectively.

The estimated fair value of the Partnership's total debt approximates its carrying value. The fair value of the Partnership's total debt was estimated based on current interest rates offered to the Partnership for debt of the same remaining maturities. The fair value of the Partnership's interest rate swaps is the estimated amount that the Partnership would pay to terminate the agreements at December 31, 1993 and 1992, taking into account current interest rates. The estimated fair value of the interest rate swaps approximated $7,900 and $8,000 at December 31, 1993 and 1992, respectively.

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NOTES (Cont.)

NOTE 11 - FINANCIAL INFORMATION BY GEOGRAPHIC AREA

The following table summarizes the Partnership's financial information by geographic area for the years ended December 31, 1993, 1992 and 1991, respectively:

1993	United States	Europe	Asia/ Pacific	Other	Eliminations	Consolidated
Revenues:						
Unaffiliated customers	$634,868	$156,214	$21,644	$5,645		$818,371
Inter-geographic	93,510	28,012	1,630	—	($123,152)	—
Total Revenues	$728,378	$184,226	$23,274	$5,645	($123,152)	$818,371
Income from continuing operations*	$120,963	$21,201	$ 1,105	$ 421	$14,411	$158,101
Net identifiable assets (liabilities)	$260,900	$18,081	$ 6,656	$ 606	($ 4,522)	$281,721

	Europe	Asia/ Pacific	Latin America	Africa/ Middle East	Other	Total
United States export revenues (included in United States revenues above)	$39,926	$161,785	$41,432	$52,282	$25,919	$321,344

1992	United States	Europe	Asia/ Pacific	Other	Eliminations	Consolidated
Revenues:						
Unaffiliated customers	$645,353	$167,458	$15,452	$5,384	—	$833,647
Inter-geographic	80,335	37,015	828	—	($118,178)	—
Total Revenues	$725,688	$204,473	$16,280	$5,384	($118,178)	$833,647
Income from continuing operations*	$ 99,010	$ 19,988	$ 890	$ 588	$ 25,878	$146,354
Net identifiable assets (liabilities)*	$277,515	$ 24,279	$ 5,554	$ (666)	$247,469	$554,151

	Europe	Asia/ Pacific	Latin America	Africa/ Middle East	Other	Total
United States export revenues (included in United States revenues above)	$61,395	$168,819	$50,427	$43,358	$27,215	$351,214

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1991	United States	Europe	Asia/ Pacific	Other	Eliminations	Consolidated
Revenues:						
Unaffiliated customers	$602,425	$157,571	$19,136	$6,944	—	$786,076
Inter-geographic	109,394	17,046	1,702	—	($128,142)	—
Total Revenues	$711,819	$174,617	$20,838	$6,944	($128,142)	$786,076
Income from continuing operations	$102,899	$ 20,526	$ 1,067	$ 353	$ 20,371	$145,216
Net identifiable assets (liabilities)*	$338,877	$ 13,433	$ 5,637	($1,195)	$235,317	$592,069

	Europe	Asia/ Pacific	Latin America	Africa/ Middle East	Other	Total
United States export revenues (included in United States revenues above)	$56,886	$120,717	$29,763	$36,423	$33,748	$277,537

*Eliminations relate primarily to the note receivable from Allied at December 31, 1993 and 1992 and interest income earned thereon for each of the three years ended December 31, 1993 (Note 5).

No single customer accounted for 10 percent or more of total revenues in 1993, 1992 or 1991.

Inter-geographic revenues are derived as arms-length transactions and are eliminated to arrive at consolidated revenues.

NOTE 12 - DISCONTINUED OPERATIONS

During 1991, the Partnership established a formal plan to discontinue the operations of Katalistiks. Accordingly, the 1991 consolidated financial statements have been reclassified to report separately the assets and operating results of Katalistiks as a discontinued operation.

The Partnership shut down the Katalistiks operations in April 1992 and during 1993 sold the majority of remaining assets for $22,300.

The estimated loss on disposal in the 1991 income statement included a provision of $2,700 for operating losses during the phase-out period. The actual operating losses of the discontinued operation during 1993 and 1992 were charged against the reserve established in 1991. Revenues generated by the discontinued operation totaled $3,078, $46,287 and $101,241 for the years ended December 31, 1993, 1992 and 1991, respectively.

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NOTES (Cont.)

NOTE 13 - LEASE COMMITMENTS

Future minimum lease payments under operating leases having initial or remaining noncancellable lease terms in excess of one year as of December 31, 1993 are as follows:

Year	
1994	$ 16,284
1995	14,903
1996	14,588
1997	14,876
1998	4,405
Thereafter	42,382
	$107,438

Included in the future minimum lease payments are amounts payable to UCC for each of the years 1994 through 1998 and thereafter totaling $9,414, $9,781, $10,182, $10,611, $717 and $753 respectively, for rental of facilities, equipment and services.

Rent expense of $17,191, $18,538 and $18,789 was recognized during 1993, 1992 and 1991, respectively, which includes $9,341, $9,088 and $8,774, respectively, for rental of facilities, equipment and services from UCC.

NOTE 14 - TAXES ON INCOME

The formation of UOP has an effective date of August 22, 1988 for U.S. federal and state income tax purposes. The Partners have indemnified UOP for all federal and state and certain foreign income tax liabilities related to periods prior to August 22, 1988 and, accordingly, such liabilities have been excluded from the consolidated financial statements.

As a partnership, UOP is not generally subject to federal income taxes. The federal income tax provision in the accompanying financial statements represents taxes of certain domestic subsidiaries of UOP which file a federal income tax return as a separate taxpayer. The foreign income tax provision represents income taxes of the Partnership's foreign subsidiaries. Foreign withholding taxes represent taxes assessed by certain foreign taxing authorities for royalty income and fees for services which are performed in those foreign countries. State taxes are provided at rates applicable in those states where the Partnership and certain domestic subsidiaries are subject to such taxes.

Effective January 1, 1993, the Partnership adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." FAS 109 uses the liability method for computing deferred income taxes. Changes in tax rates and laws are reflected in income in the period such changes are enacted. The effect on deferred income taxes of the one percent increase in the 1993 federal income tax rate was not material.

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NOTES (Cont.)

Income from continuing operations before income taxes and minority interest for the years ended December 31, 1993, 1992 and 1991 consist of the following:

	1993	1992	1991
United States	$150,707	$139,578	$131,359
Foreign	33,603	30,405	30,212
	$184,310	$169,983	$161,571

Taxes on income for the years ended December 31, 1993, 1992 and 1991 consist of the following:

	1993	1992	1991
Current tax expense			
Foreign	$ 10,291	$ 10,317	$ 8,005
Foreign withholding	10,550	9,454	4,569
Federal	4,051	4,135	2,348
State	11	24	28
	24,903	23,930	14,950
Deferred tax expense, primarily foreign	984	(622)	1,017
Total Provision	$ 25,887	$ 23,308	$ 15,967

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NOTES (Cont.)

The components of the net deferred tax liability at December 31, 1993 is as follows:

	1993
Net properties	$2,756
Inventory	421
Exchange gains and losses	254
Income on long-term contracts	888
Royalty prepayments	429
Other	479
Total deferred tax liabilities	5,227
Accounts receivable	$2,394
Net properties	109
Foreign goodwill	516
Other	374
Foreign tax credits	4,598
Valuation allowance	(4,598)
Total deferred tax assets	3,393
Net deferred tax liability	$1,834

The valuation allowance relates to foreign tax credit carryforwards that expire over the period from 1994 through 1998 and are not expected to be utilized.

In 1992 and 1991, the Partnership provided deferred income taxes for certain revenue and expense items reported in different years for financial reporting and income tax purposes. The tax effects of timing differences in 1992 and 1991 were not material.

NOTE 15 - EMPLOYEE BENEFITS

Pension Plans—The Partnership contributes to the various pension plans that it sponsors. The plans provide retirement benefits for substantially all employees. Under the plans, retirement benefits are primarily a function of both years of service and the level of compensation for a specified number of years depending on the plan. It is the Partnership's policy to fund at least the minimum required by ERISA for its U.S. plan and the amounts prescribed to be funded by actuaries for foreign plans.

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NOTES (Cont.)

EMSH and CAPS provide for their respective share of the actuarial present value of projected benefits at August 22, 1988 of all former UOP and CAPS domestic employees covered under the defined benefit plans.

Total periodic pension cost reflects the net periodic pension cost amount determined for the Partnership's U.S. plan and its significant foreign plans and contributions for certain other foreign plans. Total periodic pension cost was $10,301, $9,813 and $10,328 in 1993, 1992 and 1991, respectively.

Net periodic pension cost for the Partnership's U.S. plan and significant foreign plans in 1993, 1992 and 1991 include the following components:

	Year ended December 31,					
	1993		1992		1991	
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Current year service cost (benefits earned during the period)	$8,402	$1,508	$7,976	$1,650	$7,393	$2,101
Interest cost on projected benefit obligation	15,319	1,313	13,872	1,182	12,805	1,370
Actual return on plan assets	(22,441)	(1,717)	(9,578)	(1,185)	(15,596)	(404)
Deferred gains (losses) on plan assets	6,427	556	(5,084)	101	2,466	(670)
Amortization of:						
Unrecognized prior service cost	540		540		540	
Unrecognized net transition obligation		84		96		111
Unrecognized net loss		43		40		49
Net periodic pension expense	$8,247	$1,787	$7,726	$1,884	$7,608	$2,557

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NOTES (Cont.)

The following table sets forth the funded status of the Partnership's U.S. pension plan and its significant foreign plans as of December 31, 1993 and 1992 based on projected actuarial estimates where data is not yet available as of such date:

	1993		1992	
	U.S.	Foreign	U.S.	Foreign
Actuarial present value of benefit obligations:				
Vested	($143,295)	($11,590)	($120,492)	($10,218)
Non-vested	(20,360)	(124)	(16,764)	(4)
Accumulated benefit obligation	(163,655)	(11,714)	(137,256)	(10,222)
Effect of projected future salary increases	(51,548)	(5,936)	(44,441)	(5,212)
Projected benefit obligation for service rendered to date	(215,203)	(17,650)	(181,697)	(15,434)
Plan assets at fair value	193,202	15,613	174,368	12,863
Projected benefit obligation in excess of plan assets	(22,001)	(2,037)	(7,329)	(2,571)
Unrecognized net (gain) loss	3,499	206	(8,194)	795
Unrecognized prior service cost not yet recognized in net periodic pension cost	4,321	—	4,861	—
Unrecognized net transition obligation	—	1,191	—	1,380
Pension liability recognized in the consolidated balance sheet	($ 14,181)	($ 640)	($ 10,622)	($ 396)

In determining the projected benefit obligation of the U.S. pension plan, a weighted average assumed discount rate of 7.5% and a weighted-average rate of increase in future compensation levels of 5.25% was used in 1993. A weighted-average assumed discount rate of 8.5% and a weighted-average rate of increase in future compensation levels of 6.25% was used in 1992 and 1991. The expected weighted-average long-term rate of return on assets used in determining net periodic pension cost was 9.5% in 1993, 1992 and 1991. Unrecognized prior service cost is amortized using an alternative straight-line method over the average remaining service period of active employees.

For significant foreign pension plans, assumed discount rates ranging from 6% to 9% and rates of increase in future compensation levels ranging from 4% to 8.5% were used in determining the projected benefit obligation in 1993, 1992 and 1991. Expected long-term rates of return on assets used in determining net periodic pension cost ranged from 7% to 9% in 1993, 1992 and 1991.

The U.S. pension plan's assets consist primarily of listed common stocks and bonds plus cash equivalents, but exclude the value of any insurance company contracts whose guaranteed benefits are excluded in the calculation of the projected benefit obligation.

The significant foreign pension plans' assets consist primarily of locally issued securities, but exclude the value of any insurance company contracts whose guaranteed benefits are excluded in the calculation of the projected benefit obligation.

Postretirement Benefits—The Partnership also provides postretirement health care and life insurance benefits for substantially all employees. Employees may become eligible for those benefits if they reach retirement age while working for the Partnership. The liabilities for post retirement benefits related to former employees of businesses contributed to the Partnership who retired prior to August 22, 1988 were retained directly by or will be funded by the Partners. The plan requires that covered retirees pay one-eighth of their health care premiums until age 65, and is non-contributory thereafter. Life insurance benefits are provided by the Partnership for substantially all employees.

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NOTES (Cont.)

Effective January 1, 1992, the Partnership adopted the provisions of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" to account for its postretirement benefits plan. FAS 106 requires that the cost of providing postretirement benefits be accrued over the active service period of employees. In prior years, the cost of providing these benefits, which was not material, was expensed as incurred. At January 1, 1992, the actuarial present value of the accumulated postretirement benefit obligation of $37,448 was recognized immediately as expense in the income statement as the cumulative effect of a change in accounting principle.

In addition to the one-time cumulative effect adjustment, the components of net periodic postretirement benefit cost for 1993 and 1992 respectively, are as follows:

	1993	1992
Service cost for benefits earned during the period	$1,743	$1,568
Interest cost on accumulated benefit obligation	3,473	3,123
Net periodic postretirement benefit cost	$5,216	$4,691

The actuarial and recorded liability for postretirement benefits, none of which has been funded, is as follows at December 31, 1993 and 1992 respectively:

	1993	1992
Accumulated benefit obligation:		
Retirees	$ 9,299	$ 5,076
Fully eligible active plan participants	24,577	18,621
Other active plan participants	20,087	17,759
Total accumulated benefit obligation	53,963	41,456
Unrecognized net loss	8,391	—
Accrued postretirement benefit cost (Other noncurrent liability)	$45,572	$41,456

The health care cost trend used to determine the accumulated postretirement benefit obligation assumed an increase in health care premiums prior to age 65 of 9.0% in 1994 and after age 65 of 14.0% in 1994, gradually decreasing to a rate of 4.0% in the year 2009 and thereafter. The effect on the present value of the accumulated postretirement benefit obligation at December 31, 1993 of a 1% increase each year in the health care cost trend rates used would result in an increase of $769 in 1993 expense and $1,563 in the accumulated postretirement benefit obligation.

Assumed discount rates of 7.5% and 8.5% were used to measure the accumulated postretirement benefit obligation in 1993 and 1992, respectively.

Other Employee Benefits—Most U.S. employees also participate in a Partnership sponsored contributory trusteed savings plan. Partnership contributions made under the plan are based on the amount contributed by employees as related to their service supplemented by Partnership contributions related to profits. Total Partnership cost in 1993, 1992 and 1991 amounted to $7,673, $7,808 and $7,414.

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The Partnership maintains a long-term incentive plan for its key employees. The plan provides for the payment of incentive awards based on the attainment of certain cumulative performance standards over a three year period. Award payments in the amount of $2,203 were made in 1993 for the three year plan period ended December 31, 1991. As of December 31, 1993, and 1992, $5,180 and $3,740, respectively, has been accrued related to the three-year performance period ending December 31, 1994, for which payments will be made in equal installments in 1995 and 1996.

Other Postemployment Benefits—During 1993, the Partnership adopted the provisions of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." FAS 112 requires that the cost of providing compensation and benefits to former or inactive employees after employment but before retirement be accrued during the period of active service by the employees. In 1993, the unfunded obligation of $22,000, related primarily to severance benefits, was recognized immediately as expense in the income statement as the cumulative effect of a change in accounting principle.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The Partnership is a party to a number of lawsuits and claims (some of which are for substantial amounts) arising out of the conduct of its business, including those relating to commercial transactions, product liability, environmental, safety and health matters. While the ultimate results of lawsuits or other proceedings cannot be predicted with certainty, management does not expect that these matters, net of insurance reimbursements, will have a material adverse effect on the consolidated financial position or results of operations of the Partnership.

The Partnership uses forward foreign currency exchange contracts to hedge certain commitments related to the sale and purchase of products and services to and from various foreign customers. At December 31, 1993, the Partnership had contracts outstanding (maturing in 1994 and 1995) for the purchase of $280 of Japanese Yen and $1,431 of Italian Lire and for the sale of $3,503 of British Pounds Sterling. Gains and losses on the forward contracts are deferred and recognized as transaction gains or losses when the contracts close.

At December 31, 1993, the Partnership had standby letters of credit and bank guarantees outstanding totalling $43,042, which primarily guarantee performance by the Partnership on various contracts for products and services.

NOTE 17 - REPAIRS AND MAINTENANCE EXPENSES

Repairs and maintenance expenses for the years ended December 31, 1993, 1992 and 1991 totalled $5,018, $5,293 and $4,577, respectively.

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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 25, 1994

John K. Wulff
Vice-President, Controller and Principal Accounting Officer

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 25, 1994.

Robert D. Kennedy
Director, Chairman of the Board and Chief Executive Officer

John J. Creedon
Director

C. Peter McColough
Director

William H. Joyce
Director, President and Chief Operating Officer

C. Fred Fetterolf
Director

Rozanne L. Ridgway
Director

Joseph E. Geoghan
Director, Vice-President, General Counsel and Secretary

James M. Hester
Director

William S. Sneath
Director

Gilbert E. Playford
Vice-President and Principal Financial Officer

Vernon E. Jordan, Jr.
Director

John K. Wulff
Vice-President, Controller and Principal Accounting Officer

Ronald L. Kuehn, Jr.
Director

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Exhibit Index

Exhibit No.

3.1	Restated Certificate of Incorporation as filed November 16, 1990 (See Exhibit 3.1 of the Corporation's 1992 Form 10-K).
3.2	By-Laws of the Corporation as amended June 26, 1989 (See Exhibit 3.2 of the Corporation's 1989 Form 10-K).
4.1	Indenture dated as of August 1, 1992 among UCC&P, the Corporation and Chemical Bank, Trustee, for debt securities issued and that may be issued (See Exhibit 4.1.1 of the Corporation's Form S-3 filed on December 9, 1992, File No. 33-55560).
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.
4.3	Rights Agreement, dated as of July 26, 1989, as amended and restated as of May 27, 1992, between the Corporation and Chemical Bank (successor to Manufacturers Hanover Trust Company), as Rights Agent (See Exhibit 4(a) of the Corporation's Form 8-A dated July 27, 1989, as amended by Form 8 dated June 1, 1992).
7	Opinion of Kelley Drye & Warren regarding liquidation preference, dated February 11, 1993 (See Exhibit 7 of the Corporation's 1992 10-K).
10.1	Credit Agreement dated as of April 15, 1992 among the Corporation, UCC&P, the banks listed therein, Morgan Guaranty Trust Company of New York, Chemical Bank and Credit Suisse, as co-agents, and Chemical Bank, as administrative agent and auction agent (See Exhibit 8 of the Corporation's Form 8-K dated June 12, 1992).
10.2	Indemnity Agreement dated as of July 25, 1986, between the Corporation and Robert D. Kennedy. 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 officer of the Corporation (See Exhibit 10.2 of the Corporation's 1992 Form 10-K).
10.3	Agreement, dated as of October 2, 1986, among UCC&P, GAF Corporation, GAF Chemicals Corporation, Jay & Company, Inc., Mayfair Investments, Inc. and Samuel J. Heyman. (See Exhibit 10.3 of the Corporation's 1992 Form 10-K).
10.4	Transfer Agreement dated as of January 1, 1989 between UCC&P and Praxair, Inc. ("Praxair") (formerly named "Union Carbide Industrial Gases Inc."), as amended (See Exhibits 10.06, 10.07, 10.08 and 10.09 of Praxair's Form 10 dated March 10, 1992, as amended by Form 8s dated May 22, 1992, June 9, 1992 and June 12, 1992 ("Praxair Form 10")).
10.5	Transfer Agreement dated as of January 1, 1989 between UCC&P and Union Carbide Coatings Service Corporation ("UCCS"), as amended (See Exhibits 10.14, 10.15 and 10.16 of Praxair Form 10).
10.6	Amended and Restated Realignment Indemnification Agreement dated as of June 4, 1992 among the Corporation, UCC&P, Praxair, UCAR Carbon Company Inc. ("UCAR") and UCCS (See Exhibit 10.23 of Praxair Form 10).
10.7	Environmental Management, Services and Liabilities Allocation Agreement dated as of January 1, 1990 among the Corporation, UCC&P, UCAR, Praxair, and UCCS, as amended (See Exhibits 10.13 and 10.22 of Praxair Form 10).
10.8	Danbury Lease Agreements dated as of January 1, 1989 between UCC&P and Praxair, as amended (See Exhibit 10.26 of Praxair Form 10).
10.9	Tax Disaffiliation Agreement dated as of June 4, 1992 between the Corporation and Praxair (See Exhibit 10.20 of Praxair Form 10).

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Exhibit No.	
10.10	Employee Benefits Agreement dated as of June 4, 1992 between the Corporation and Praxair (See Exhibit 10.25 of Praxair Form 10).
10.11	Danbury Lease-Related Services Agreement dated as of June 4, 1992 among the Corporation, UCC&P and Praxair (See Exhibit 10.24 of Praxair Form 10).
10.12	Additional Provisions Agreement dated as of June 4, 1992 between the Corporation, UCC&P, Praxair and UCCS (See Exhibit 10.21 of Praxair Form 10).
10.13.1*	1984 Union Carbide Stock Option Plan (See Exhibit 10.7.1 of the Corporation's 1991 Form 10-K).
10.13.2*	Resolutions adopted by the Board of Directors of the Corporation on January 22, 1986, with respect to the 1984 Union Carbide Stock Option Plan (See Exhibit 10.7.2 of the Corporation's 1991 Form 10-K).
10.13.3*	Resolutions adopted by the Board of Directors of the Corporation on April 17, 1986, with respect to the 1984 Union Carbide Stock Option Plan (See Exhibit 10.7.3 of the Corporation's 1991 Form 10-K).
10.13.4*	Amendment to the 1984 Union Carbide Stock Option Plan effective June 1, 1989 (See Exhibit 10.9.7 of the Corporation's 1989 Form 10-K).
10.14.1*	1988 Union Carbide Long-Term Incentive Plan.
10.14.2*	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective June 1, 1989 (See Exhibit 10.16.2 of the Corporation's 1989 Form 10-K).
10.14.3	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective August 1, 1989 (See Exhibit 10.16.3 of the Corporation's 1989 Form 10-K).
10.14.4	Resolutions adopted by the Board of Directors of the Corporation on February 26, 1992 with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.4 of the Corporation's 1992 Form 10-K).
10.14.5	Resolutions adopted by the Compensation and Management Development Committee of the Board of Directors of the Corporation on June 30, 1992, with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.5 of the Corporation's 1992 Form 10-K).
10.15.1*	1983 Union Carbide Bonus Deferral Program (See Exhibit 10.8.1 of the Corporation's 1991 Form 10-K).
10.15.2	Amendment to the 1983 Union Carbide Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.15.2 of the Corporation's 1992 Form 10-K).
10.16.1*	1984 Union Carbide Cash Bonus Deferral Program (See Exhibit 10.9.1 of the Corporation's 1991 Form 10-K).
10.16.2*	Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1986 (See Exhibit 10.9.2 of the Corporation's 1991 Form 10-K).
10.16.3	Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.16.3 of the Corporation's 1992 Form 10-K).

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Exhibit No.

10.17.1*	Grantor Trust Agreement for 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 (See Exhibit 10.10.1 of the Corporation's 1991 Form 10-K).
10.17.2*	Amendment to Grantor Trust Agreement for 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.
10.18*	Equalization Benefit Plan for Participants of the Retirement Program Plan for Employees of Union Carbide Corporation and its Participating Subsidiary Companies (See Exhibit 10.11 of the Corporation's 1991 Form 10-K).
10.19.1*	Supplemental Retirement Income Plan (See Exhibit 10.12.1 of the Corporation's 1991 Form 10-K).
10.19.2*	Amendment to Supplemental Retirement Income Plan effective January 1, 1989.
10.20.1	1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation (See Appendix A of the proxy statement for the annual meeting of the stockholders held on April 22, 1992).
10.20.2	Resolution adopted by the Board of Directors of the Corporation on June 30, 1992 with respect to the 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation (See Exhibit 10.20.2 of the Corporation's 1992 Form 10-K).
10.21.1	Severance Compensation Agreement, dated September 26, 1989, between the Corporation and Gilbert E. Playford. 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 10.18 of the Corporation's 1989 Form 10-K).
10.21.2	Amendment of Severance Compensation Agreement, dated September 24, 1993, between the Corporation and Gilbert E. Playford. Identical amendments, except as to the parties thereto, were entered into between the Corporation and other officers and employees of the Corporation.
10.22*	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.
10.23.1*	1989 Union Carbide Variable Compensation Plan (See Exhibit 10.17 of the Corporation's 1991 Form 10-K).
10.23.2	1994 Union Carbide Variable Compensation Plan.
10.24.1	Union Carbide Corporation Benefits Protection Trust (See Exhibit 10.25 of the Corporation's 1989 Form 10-K).
10.24.2	Amendment to the Union Carbide Corporation Benefits Protection Trust effective October 23, 1991 (See Exhibit 10.18.2 of the Corporation's 1991 Form 10-K).
10.25*	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 (See Exhibit 10.26 of the Corporation's 1989 Form 10-K).
10.26*	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 (See Exhibit 10.27 of the Corporation's 1989 Form 10-K).

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Exhibit No.

10.27	Union Carbide Corporation Non-Employee Directors' Retirement Plan (See Exhibit 10.24 of the Corporation's 1990 Form 10-K).
11	Computation of Earnings per Share For The Five Years Ended December 31, 1993.
13	The Corporation's 1993 annual report to stockholders (such report, except for those portions which are expressly referred to in this Form 10-K, is furnished for the information of the Commission and is not deemed "filed" as part of the Form 10-K).
21	Subsidiaries of the Corporation.
23.1	Consent of KPMG Peat Marwick.
23.2	Consent of Price Waterhouse.

* The obligations of UCC&P hereunder were assumed by the Corporation as of July 1, 1989.

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, Section E-4, 39 Old Ridgebury Road, Danbury, CT 06817-0001. The charge for furnishing any exhibit is 25 cents per page plus mailing costs.

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

Annual Report on Form 10-K for the year ended December 31, 1994.
Filed pursuant to Section 13 of the Securities Exchange Act of 1934.
Commission file number 1-1463

Union Carbide Corporation

1994 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:

Class of security:	Registered on:
Common Stock ($1 par value)	New York Stock Exchange Chicago Stock Exchange, Incorporated The Pacific Stock Exchange Incorporated
Share Purchase Rights Plan	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

At February 28, 1995, 137,261,112 shares of common stock were outstanding. Non-affiliates held 136,509,114 of those shares, of which the aggregate market value was $3.908 billion.

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 ("the Act") during the preceding 12 months, 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. ☑

Documents incorporated by reference:

Annual report to stockholders for the year ended December 31, 1994 (Parts I and II)
Proxy statement for the annual meeting of stockholders to be held on April 26, 1995 (Part III)

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DEFINITION OF TERMS

See the inside back cover page of the 1994 annual report to stockholders. Terms defined there are used herein.



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Part I

Item 1. Business

General—See inside front cover and pages 8 and 9 of the 1994 annual report to stockholders for information about Union Carbide's business.

On April 27, 1994, stockholders voted to approve the merger of Union Carbide Corporation (UCC) into Union Carbide Chemicals and Plastics Company Inc. (UCC&P). The merger was effective May 1, 1994. Immediately after the merger, UCC&P had the same consolidated assets, liabilities and stockholders' equity as UCC. UCC&P has changed its name to Union Carbide Corporation. All references to Union Carbide Corporation, the corporation or UCC after the periods starting May 1, 1994, are a reference to the merged company.

Union Carbide is engaged in the chemicals and plastics business. The chemicals and plastics industry, especially the commodity sector, is highly cyclical. Union Carbide is a major producer of certain commodity chemicals, principally ethylene glycol and polyethylene. Consequently, Union Carbide's results are subject to the swings of the cycle in those basic chemicals. See pages 4 through 7 of the 1994 annual report to stockholders for a further discussion.

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 1994, 12,004 people were employed worldwide in approximately 40 plants, factories and laboratories around the world.

Raw Materials, Products and Markets—See information herein and in the 1994 annual report to stockholders on pages 8 and 9. Unless otherwise indicated, the products of Union Carbide are sold principally by its own sales force, directly to customers.

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.

Union Carbide is not dependent to a significant extent upon a single customer or a few customers.

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. Such patents and patent applications in the aggregate are material to Union Carbide's competitive position. No one patent is considered to be material; however, the patent portfolio relating to the UNIPOL polyethylene process technology is, in the aggregate, considered to be material. Union Carbide also has a large number of trademarks. The *UNION CARBIDE, UCAR and UNIPOL* trademarks are material; no other single trademark is material.

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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 Form 10-K report. In addition to the facilities specifically indicated there, product development and process technology laboratories are maintained at some plants. Union Carbide spent $136 million in 1994, $139 million in 1993 and $155 million in 1992 on company-sponsored research activities to develop new products, processes, or services, or to improve existing ones.

Environment—See Costs Relating to Protection of the Environment on pages 14 and 15 of the 1994 annual report to stockholders and Note 16 on pages 35 and 36 thereof.

Insurance—Union Carbide's policy is to obtain public liability insurance coverage at terms and conditions and a price that management considers fair and reasonable. Union Carbide's management believes Union Carbide has public liability insurance in an amount sufficient to meet its current needs in light of pending, threatened, and future litigation and claims. 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 deductibles.

Competition—Each of the major products and services 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 which 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.

There are a number of competitors in each of the products and services areas in which Union Carbide is active. In some of the individual areas in which Union Carbide participates there are many competitors; in others there are few. Competition is primarily on price, on product performance and on service to customers.

- Many producers have important industry positions in polyethylene, and Union Carbide is one of the world's largest producers. Other significant producers are Dow Chemical Company, Chevron Corporation, Exxon Corporation, Mobil Corporation, Novacor Chemicals Ltd, Quantum Chemicals Corporation, Occidental Petroleum Corporation, Phillips Petroleum Company, Saudi Basic Industries Corporation and The British Petroleum Company p.l.c.
- Union Carbide is the world's largest producer of ethylene oxide/glycol and derivatives. Other significant producers include Shell Oil Company, Dow Chemical Company, BASF Aktiengesellschaft, The British Petroleum Company p.l.c., Huntsman Corporation, ICI p.l.c., Occidental Petroleum Corporation, Hoechst Celanese Corporation, and Saudi Basic Industries Corporation.
- In solvents and intermediates and emulsion systems, Union Carbide has a significant position in many product areas. Other significant producers include Air Products and Chemicals, Inc., Hoechst Celanese Corporation, Rohm & Haas Company, Eastman Chemical Company, Shell Oil Company, Exxon Corporation, BASF Aktiengesellschaft and Quantum Chemicals Corporation.
- Union Carbide participates in a wide range of specialty chemical product/market areas. The competitive position varies widely from one product/market area to another. Competitors include a number of domestic and foreign companies, both diversified and specialized.

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 competitive products are produced throughout the world. In addition, the corporation plans to make significant investments in joint ventures in 1995. See pages 4 through 7 of the 1994 annual report to stockholders for a further discussion.

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

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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 pages 17 and 19 of the 1994 annual report to stockholders.

Listed below are the principal manufacturing facilities operated by Union Carbide worldwide. Research and engineering facilities are noted. Most of the domestic properties are owned in fee. Union Carbide maintains numerous domestic sales offices and warehouses, substantially all of which are leased premises under relatively short-term leases. All principal international operations manufacturing properties are owned or held under long-term leases. International operations 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 are located in Danbury, Connecticut, and are leased.

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

Location	City	Principal Product(s)
California	Torrance	Latexes
Georgia	Tucker	Latexes
Illinois	Alsip	Latexes
Kentucky	Henderson	Dielectric fluid
Louisiana	Greensburg	Hydroxyethyl cellulose derivatives
Louisiana	Taft	Acrolein and derivatives, acrylic monomers, caprolacetone, uv-curing, cycloaliphatic epoxides, ethylene oxide and glycol, glycol ethers, olefins, ethyleneamines
Louisiana	Taft (Star Plant)	Polyethylene
New Jersey	Bound Brook	Coatings resins, polyethylene compounding, recycled plastics
New Jersey	Edison	Lanolin derivatives
New Jersey	Somerset	Latexes
New York	Mamaroneck	Lanolin derivatives
Puerto Rico	Bayamon	Latexes
Texas	Garland	Latexes
Texas	Seadrift	Ethanolamines, ethylene oxide and glycol, glycol ethers, olefins, polyethylene, polypropylene, *TERGITOL* surfactants
Texas	Texas City	Olefins, organic acids and esters, alcohols, *TERGITOL* surfactants, vinyl acetate, coatings resins
Washington	Washougal	Crystal products
West Virginia	Institute	Caprolacetone derivatives, *CARBOWAX* polyethylene glycol, hydroxyethyl cellulose, *POLYOX* polyethylene oxide, ketones, *TRITON* and *TERGITOL* surfactants, ethylidene norbornene
West Virginia	South Charleston	Alkyl alkanolamines, brake fluids, miscellaneous specialty products, *UCON* fluids, *TRITON* surfactants

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Research and development are carried on at technical centers in Bound Brook, Edison and Somerset, New Jersey; Tarrytown, New York; Cary, North Carolina; Washougal, Washington; and South Charleston, West Virginia. Process and design engineering is conducted at the technical center in South Charleston, West Virginia, in support of domestic and foreign projects.

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

Country	City	Principal Product(s)
Belgium	Antwerp	Hydroxyethyl cellulose
Belgium	Vilvoorde	Lanolin derivatives
Brazil	Aratu	Hydroxyethyl cellulose
Brazil	Cubatao	Polyethylene
Canada	Boucherville	Molded polyethylene products
Canada	Prentiss	Ethylene glycol
Dubai, UAE	Jebel Ali Free Trade Zone	Latex
Ecuador	Guayaquil	Latex, coatings resins
Indonesia	Jakarta	Latex
Malaysia	Seremban	Latex
People's Republic of China	Guangdong Province	Latex
Philippines	Batangas	Latex
Sri Lanka	Ekala	Latex
Thailand	Nonthaburi	Latex

Research and development are carried on at international operations facilities in Antwerp, Belgium; Montreal East, Canada; Cubatao, Brazil; Versoix, Switzerland; and Jurong, Singapore.

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Item 3. Legal Proceedings

See Note 16 of Notes to Financial Statements on pages 35 and 36 of the 1994 annual report to stockholders.

On September 28, 1993, the U.S. Environmental Protection Agency (EPA) announced the service of an administrative complaint on Rhone-Poulenc Ag Company (R-P) alleging violations of the Resource Conservation and Recovery Act with respect to operation of the hazardous waste boiler at Institute, West Virginia. The complaint seeks to assess a civil penalty of $915,125 against R-P. If the complaint is sustained, under an agreement between R-P and the corporation, the corporation may be required to indemnify R-P for a portion of any penalty ultimately paid by R-P.

On February 23, 1994, the EPA issued a complaint and compliance order to the corporation alleging violations of Federal Hazardous Waste Regulations at the South Charleston, West Virginia, plant. The complaint seeks a civil penalty of $320,300. The corporation is contesting the alleged violations and proposed penalty.

On March 31, 1994, the EPA issued an administrative Complaint, Compliance Order and Notice of Opportunity for Hearing to the corporation alleging violations of the Resource Conservation and Recovery Act, as amended, and the Texas Solid Waste Disposal Act at the corporation's Texas City, Texas, plant. EPA proposes to assess a civil penalty of $139,000. The corporation has requested a hearing and is contesting the alleged violations and proposed penalty.

On February 14, 1995, the EPA issued a complaint to the corporation alleging violations of the Federal Insecticide, Fungicide, and Rodenticide Act with a proposed civil penalty of $400,000. This matter concerns a discontinued medical instrument sterilant. The corporation voluntarily requested cancellation of its pesticide registration.

As reported in the corporation's Form 10-K for the period ended December 31, 1993, the EPA issued an administrative complaint to the corporation on November 19, 1993, alleging violations of the Federal Clean Air Act at the Texas City, Texas, plant. The complaint sought a civil penalty of $194,550. On October 13, 1994, the corporation and EPA reached a settlement of this matter pursuant to which the corporation agreed to pay a penalty of $57,500.

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

The corporation did not submit any matters to a stockholder vote during the last quarter of 1994.

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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 and 19 of the 1994 annual report to stockholders. The stock exchanges where the stock is traded are listed on page 38 of the 1994 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 1994 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 (At Year-End)", and dividend information is included under the caption "Other Data" in the Selected Financial Data on page 19 of the 1994 annual report to stockholders.

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

See the information covered in the 1994 annual report to stockholders on pages 11 through 17.

Item 8. Financial Statements and Supplementary Data

The consolidated balance sheet of Union Carbide Corporation and subsidiaries at December 31, 1994 and 1993, and the consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1994, together with the report thereon of KPMG Peat Marwick LLP dated January 19, 1995, are contained on pages 20 through 37 of the 1994 annual report to stockholders.

Quarterly income statement data is contained on page 18 of the 1994 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 Peat Marwick LLP, its independent auditors.

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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 9 through 13 of the proxy statement for the annual meeting of stockholders to be held on April 26, 1995. C. Peter McColough, age 72, who has been a director of the corporation since 1979, will not stand for reelection at the annual meeting of stockholders and will cease to be a director at that time.

The principal executive officers of the corporation are as follows. Data is as of March 9, 1995.

Name	Age	Position	Year First Elected
Robert D. Kennedy	62	Chairman of the Board and Chief Executive Officer	1986
William H. Joyce	59	President and Chief Operating Officer	1993
Joseph S. Byck	53	Vice-President	1991
James F. Flynn	52	Vice-President	1993
Joseph E. Geoghan	57	Vice-President, General Counsel and Secretary	1987
Thomas D. Jones	60	Vice-President and Treasurer	1993
Malcolm A. Kessinger	51	Vice-President	1991
Lee P. McMaster	52	Vice-President	1993
Gilbert E. Playford	47	Vice-President and Principal Financial Officer	1991
Joseph C. Soviero	56	Vice-President	1993
Roger B. Staub	60	Vice-President	1993
Ronald Van Mynen	57	Vice-President, Health, Safety and Environment	1992
Philip T. Wright	63	Vice-President	1995
John K. Wulff	46	Vice-President, Controller and Principal Accounting Officer	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 or a subsidiary of the corporation for the past five years.

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Name	Position	Years Held
Robert D. Kennedy	Chairman of the Board and Chief Executive Officer	1990 to present
	Chairman of the Board, President and Chief Executive Officer	1986 to 1990
William H. Joyce	President and Chief Operating Officer	1993 to present
	Executive Vice-President	1991 to 1993
	President, Union Carbide Chemicals and Plastics Company Inc.	1993 to 1994
	Executive Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1993
	Vice-President	1990 to 1991
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1989 to 1990
	President, Polyolefins Division	1985 to 1990
Joseph S. Byck	Vice-President	1991 to present
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1991 to 1994
	Vice-President, Business Development and Planning, Union Carbide Chemicals and Plastics Company Inc.	1989 to 1991
James F. Flynn	Vice-President	1993 to present
	Vice-President, General Manager Solvents & Coatings Materials Division	1989 to 1993
Joseph E. Geoghan	Vice-President, General Counsel and Secretary	1990 to present
	Vice-President and General Counsel	1987 to 1990
Thomas D. Jones	Vice-President and Treasurer	1993 to present
	Vice-President, Treasurer and Principal Financial Officer, Union Carbide Chemicals and Plastics Company Inc.	1992 to 1994
	Associate Treasurer	1992 to 1993
	Assistant Treasurer	1987 to 1992
Malcolm A. Kessinger	Vice-President	1991 to present
	Vice-President, Human Resources, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1994
	Corporate Director of Human Resources	1986 to 1990
Lee P. McMaster	Vice-President	1993 to present
	President, Industrial Chemicals Division	1992 to 1993
	Vice-President, General Manager, Polyolefins Division	1989 to 1992

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Gilbert E. Playford	Vice-President and Principal Financial Officer	1993 to present
	Vice-President, Treasurer and Principal Financial Officer	1992 to 1993
	Vice-President	1991 to 1992
	Vice-President, Corporate Holdings	1991
	Vice-President	1989 to 1991
Joseph C. Soviero	Vice-President	1993 to present
	President, Specialty Chemicals Division	1983 to 1993
Roger B. Staub	Vice-President	1993 to present
	President, Polyolefins Division	1990 to 1993
	Vice-President, General Manager, Polyolefins Division	1988 to 1990
Ronald Van Mynen	Vice-President, Health, Safety and Environment	1992 to present
	Vice-President, Health, Safety and Environmental Affairs Union Carbide Chemicals and Plastics Company Inc.	1985 to 1994
Philip T. Wright	Vice-President	1995 to present
	Group Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1994
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1989 to 1990
John K. Wulff	Vice-President, Controller and Principal Accounting Officer	1989 to present

Item 11. Executive Compensation

See pages 22 through 24 of the proxy statement for the annual meeting of stockholders to be held on April 26, 1995.

Item 12. Security Ownership of Certain Beneficial Owners and Management

See pages 25 and 26 of the proxy statement for the annual meeting of stockholders to be held on April 26, 1995.

Item 13. Certain Relationships and Related Transactions

No reportable transactions in 1994.

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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 36 and the Independent Auditors' Report set forth on page 37 of the 1994 annual report to stockholders are incorporated by reference in this Form 10-K Annual Report.

2. The Report on Schedule of KPMG Peat Marwick LLP appears on page 11 of this Form 10-K Annual Report.

3. The following schedule should be read in conjunction with the consolidated financial statements incorporated by reference in Item 8 of this Form 10-K Annual Report. Schedules other than those listed have been omitted because they are not applicable.

	Page in this Form 10-K Report
Valuation and Qualifying Accounts (Schedule VIII), three years ended December 31, 1994	12

(b) The corporation's Form 8-K dated November 16, 1994 reported the joint announcement by the corporation and Mitsubishi Corporation of Japan of an agreement for the sale of common stock representing 75 percent of UCAR International Inc.'s outstanding shares to a new company formed by Blackstone Capital Partners II Merchant Banking Fund L.P.

(c) Exhibits—See Exhibit Index on pages 14 through 17 for exhibits filed with this Annual Report on Form 10-K.

UOP

(d) Audited financial statements of UOP, with Report of Independent Accountants thereon, appearing on pages 17 through 39 of the Corporation's 1993 Form 10-K, have been filed pursuant to Regulation S-X, Rule 3.09 and are incorporated by reference herein. UOP is a general partnership between EM Sector Holdings Inc. and Catalysts, Adsorbents and Process Systems, Inc., wholly owned subsidiaries of AlliedSignal Inc. and the corporation, respectively.

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Report of Independent Auditors

The Board of Directors
Union Carbide Corporation

Under date of January 19, 1995, we reported on the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 1994 and 1993, 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, 1994, as contained on pages 20 through 36 in the 1994 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 1994. 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 company'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.

As discussed in Note 1 to the consolidated financial statements, in 1993 the company changed its method of accounting for postemployment benefits and in 1992 its methods of accounting for postretirement benefits other than pensions and income taxes.

KPMG Peat Marwick LLP

Stamford, Conn.
January 19, 1995

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Schedule VIII—Valuation and Qualifying Accounts

Union Carbide Corporation and Consolidated Subsidiaries

	Balance at beginning of period	Additions Charged to costs and expenses	Deductions Items determined to be uncollectible, less recovery of amounts previously written off	Balance at end of period
			Millions of dollars, year ended December 31, 1994	
Allowance for doubtful accounts	$12	$2	$3	$11
			Millions of dollars, year ended December 31, 1993	
Allowance for doubtful accounts	$ 9	$5	$2	$12
			Millions of dollars, year ended December 31, 1992	
Allowance for doubtful accounts	$10	$2	$3	$ 9

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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 9, 1995

by: John K. Wulff
Vice-President, Controller and Principal Accounting Officer

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 9, 1995.

Robert D. Kennedy
Director, Chairman of the Board and Chief Executive Officer

John J. Creedon
Director

Ronald L. Kuehn, Jr.
Director

William H. Joyce
Director, President and Chief Operating Officer

C. Fred Fetterolf
Director

C. Peter McColough
Director

Joseph E. Geoghan
Director, Vice-President, General Counsel and Secretary

Rainer E. Gut
Director

Rozanne L. Ridgway
Director

Gilbert E. Playford
Vice-President and Principal Financial Officer

James M. Hester
Director

William S. Sneath
Director

John K. Wulff
Vice-President, Controller and Principal Accounting Officer

Vernon E. Jordan, Jr.
Director

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Exhibit Index

Exhibit No.

3.1	Restated Certificate of Incorporation as filed May 2, 1994.
3.2	By-Laws of the Corporation as adopted April 26, 1994.
4.1	Indenture dated as of August 1, 1992, among UCC&P, the Corporation and Chemical Bank, Trustee, for debt securities issued and that may be issued (See Exhibit 4.1.1 of the Corporation's Form S-3 filed on December 9, 1992, File No. 33-55560).
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.
4.3	Rights Agreement, dated as of July 26, 1989, as amended and restated as of May 27, 1992, between the Corporation and Chemical Bank (successor to Manufacturers Hanover Trust Company), as Rights Agent (See Exhibit 4(a) of the Corporation's Form 8 filed June 1, 1992).
7	Opinion of Kelley Drye & Warren regarding liquidation preference, dated February 11, 1993 (See Exhibit 7 of the Corporation's 1992 10-K).
10.1.1	Credit Agreement ($1,000,000,000) dated as of November 4, 1994, among the Corporation, the banks listed therein, the co-agents listed therein, Morgan Guaranty Trust Company of New York, as documentation agent, and Chemical Bank, as administrative agent and auction agent.
10.1.2	Credit Agreement ($200,000,000) dated as of November 4, 1994, among the Corporation, the banks listed therein, the co-agents listed therein, Morgan Guaranty Trust Company of New York, as documentation agent, and Chemical Bank, as administrative agent and auction agent.
10.2	Indemnity Agreement dated as of July 25, 1986, between the Corporation and Robert D. Kennedy. 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 officer of the Corporation (See Exhibit 10.2 of the Corporation's 1992 Form 10-K).
10.3	Agreement, dated as of October 2, 1986, among UCC&P, GAF Corporation, GAF Chemicals Corporation, Jay & Company, Inc., Mayfair Investments, Inc. and Samuel J. Heyman (See Exhibit 10.3 of the Corporation's 1992 Form 10-K).
10.4	Transfer Agreement dated as of January 1, 1989, between UCC&P and Praxair, Inc. ("Praxair") (formerly named "Union Carbide Industrial Gases Inc."), as amended (See Exhibits 10.06, 10.07, 10.08 and 10.09 of Praxair's Form 10 dated March 10, 1992, as amended by Form 8s dated May 22, 1992, June 9, 1992 and June 12, 1992 ("Praxair Form 10")).
10.5	Transfer Agreement dated as of January 1, 1989, between UCC&P and Union Carbide Coatings Service Corporation ("UCCS"), as amended (See Exhibits 10.14, 10.15 and 10.16 of Praxair Form 10).
10.6	Amended and Restated Realignment Indemnification Agreement dated as of June 4, 1992, among the Corporation, UCC&P, Praxair, UCAR Carbon Company Inc. ("UCAR") and UCCS (See Exhibit 10.23 of Praxair Form 10).
10.7	Environmental Management, Services and Liabilities Allocation Agreement dated as of January 1, 1990, among the Corporation, UCC&P, UCAR, Praxair, and UCCS, as amended (See Exhibits 10.13 and 10.22 of Praxair Form 10).
10.8.1	Danbury Lease Agreements dated as of January 1, 1989, between UCC&P and Praxair, as amended (See Exhibit 10.26 of Praxair Form 10).
10.8.2	Fourth Amendment to Carbide Center Lease between UCC&P and Praxair dated July 1, 1992 (See Exhibit 10.14b of Praxair's 1993 Form 10-K).

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10.8.3	Fifth Amendment to Carbide Center Lease between the Corporation and Praxair dated June 30, 1994.
10.8.4	Second Amendment to Linde Data Center Lease between UCC&P and Praxair dated July 2, 1992 (See Exhibit 10.14a of Praxair's 1993 Form 10K).
10.8.5	Third Amendment to Linde Data Center Lease between the Corporation and Praxair dated June 30, 1994.
10.9.1	Tax Disaffiliation Agreement dated as of June 4, 1992, between the Corporation and Praxair (See Exhibit 10.20 of Praxair Form 10).
10.9.2	Tax Settlement Agreement dated as of May 31, 1994, between the Corporation and Praxair.
10.10.1	Employee Benefits Agreement dated as of June 4, 1992, between the Corporation and Praxair (See Exhibit 10.25 of Praxair Form 10).
10.10.2	First Amendatory Agreement to the Employee Benefits Agreement dated May 31, 1994.
10.11.1	Danbury Lease-Related Services Agreement dated as of June 4, 1992, among the Corporation, UCC&P and Praxair (See Exhibit 10.24 of Praxair Form 10).
10.11.2	First Amendment to Danbury Lease Related Services Agreement dated June 30, 1994.
10.12	Additional Provisions Agreement dated as of June 4, 1992, between the Corporation, UCC&P, Praxair and UCCS (See Exhibit 10.21 of Praxair Form 10).
10.13.1*	1984 Union Carbide Stock Option Plan (See Exhibit 10.7.1 of the Corporation's 1991 Form 10-K).
10.13.2*	Resolutions adopted by the Board of Directors of the Corporation on January 22, 1986, with respect to the 1984 Union Carbide Stock Option Plan (See Exhibit 10.7.2 of the Corporation's 1991 Form 10-K).
10.13.3*	Resolutions adopted by the Board of Directors of the Corporation on April 17, 1986, with respect to the 1984 Union Carbide Stock Option Plan (See Exhibit 10.7.3 of the Corporation's 1991 Form 10-K).
10.13.4*	Amendment to the 1984 Union Carbide Stock Option Plan effective June 1, 1989.
10.14.1*	1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.1 of the Corporation's 1993 Form 10-K).
10.14.2*	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective June 1, 1989.
10.14.3	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective August 1, 1989.
10.14.4	Resolutions adopted by the Board of Directors of the Corporation on February 26, 1992, with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.4 of the Corporation's 1992 Form 10-K).
10.14.5	Resolutions adopted by the Compensation and Management Development Committee of the Board of Directors of the Corporation on June 30, 1992, with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.5 of the Corporation's 1992 Form 10-K).
10.15.1*	1983 Union Carbide Bonus Deferral Program (See Exhibit 10.8.1 of the Corporation's 1991 Form 10-K).
10.15.2	Amendment to the 1983 Union Carbide Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.15.2 of the Corporation's 1992 Form 10-K).

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Exhibit No.

10.16.1*	1984 Union Carbide Cash Bonus Deferral Program (See Exhibit 10.9.1 of the Corporation's 1991 Form 10-K).
10.16.2*	Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1986 (See Exhibit 10.9.2 of the Corporation's 1991 Form 10-K).
10.16.3	Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.16.3 of the Corporation's 1992 Form 10-K).
10.17.1*	Grantor Trust Agreement for 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 (See Exhibit 10.10.1 of the Corporation's 1991 Form 10-K).
10.17.2*	Amendment to Grantor Trust Agreement for 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 (See Exhibit 10.17.2 of the Corporation's 1993 Form 10-K).
10.18.1*	Equalization Benefit Plan for Participants of the Retirement Program Plan for Employees of Union Carbide Corporation and its Participating Subsidiary Companies (See Exhibit 10.11 of the Corporation's 1991 Form 10-K).
10.18.2	Amendment to the Equalization Benefit Plan effective January 1, 1994.
10.19.1*	Supplemental Retirement Income Plan (See Exhibit 10.12.1 of the Corporation's 1991 Form 10-K).
10.19.2*	Amendment to Supplemental Retirement Income Plan effective January 1, 1989 (See Exhibit 10.19.2 of the Corporation's 1993 Form 10-K).
10.19.3	Amendment to the Supplemental Retirement Income Plan effective January 1, 1994.
10.20.1	1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation (See Appendix A of the Corporation's proxy statement for the annual meeting of the stockholders held on April 22, 1992).
10.20.2	Resolution adopted by the Board of Directors of the Corporation on June 30, 1992, with respect to the 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation (See Exhibit 10.20.2 of the Corporation's 1992 Form 10-K).
10.21.1	Severance Compensation Agreement, dated July 21, 1992, between the Corporation and Ronald Van Mynen. 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.
10.21.2	Amendment of Severance Compensation Agreement, dated September 24, 1993, between the Corporation and Ronald Van Mynen. Identical amendments, except as to the parties thereto, were entered into between the Corporation and other officers and employees of the Corporation.
10.22*	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 10.22 of the Corporation's 1993 Form 10-K).
10.23.1*	1989 Union Carbide Variable Compensation Plan (See Exhibit 10.17 of the Corporation's 1991 Form 10-K).
10.23.2	1994 Union Carbide Variable Compensation Plan (See Exhibit 10.23.2 of the Corporation's 1993 Form 10-K).

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Exhibit No.

10.24.1	Union Carbide Corporation Benefits Protection Trust.
10.24.2	Amendment to the Union Carbide Corporation Benefits Protection Trust effective October 23, 1991 (See Exhibit 10.18.2 of the Corporation's 1991 Form 10-K).
10.24.3	Amendment to the Union Carbide Corporation Benefits Protection Trust effective January 1, 1994.
10.25*	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.
10.26*	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.
10.27	Union Carbide Corporation Non-Employee Directors' Retirement Plan.
10.28	1994 Union Carbide Long-Term Incentive Plan.
10.29	Compensation Deferral Program effective January 1, 1995.
10.30	Excess Long Term Disability Plan effective January 1, 1994.
10.31	Recapitalization and Stock Purchase and Sale Agreement dated as of November 14, 1994 among Union Carbide Corporation, Mitsubishi Corporation, UCAR International Inc. and UCAR International Acquisition Inc.
11	Computation of Earnings per Share For The Five Years Ended December 31, 1994.
13	The Corporation's 1994 annual report to stockholders (such report, except for those portions which are expressly referred to in this Form 10-K, is furnished for the information of the Commission and is not deemed "filed" as part of the Form 10-K).
21	Subsidiaries of the Corporation.
23.1	Consent of KPMG Peat Marwick LLP.
23.2	Consent of Price Waterhouse LLP.
27	Financial Data Schedule
99	1993 audited financial statements of UOP, with Report of Independent Accountants thereon (See pages 17 through 39 of the Corporation's 1993 Form 10-K).

* The obligations of UCC&P hereunder were assumed by Union Carbide Corporation as of July 1, 1989.

On May 1, 1994, Union Carbide Corporation was merged into UCC&P and UCC&P changed its name to "Union Carbide Corporation."

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, Section E-4, 39 Old Ridgebury Road, Danbury, CT 06817-0001. The charge for furnishing any exhibit is 25 cents per page plus mailing costs.

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

Annual Report on Form 10-K for the year ended December 31, 1995.
Filed pursuant to Section 13 of the Securities Exchange Act of 1934.
Commission file number 1-1463

Union Carbide Corporation

1995 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:

Class of security:	Registered on:
Common Stock ($1 par value)	New York Stock Exchange Chicago Stock Exchange, Incorporated The Pacific Stock Exchange Incorporated
Share Purchase Rights Plan	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

At February 29, 1996, 134,453,586 shares of common stock were outstanding. Non-affiliates held 133,670,038 of those shares, of which the aggregate market value was $6.015 billion.

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 ("the Act") during the preceding 12 months, 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. ☑

Documents incorporated by reference:

Annual report to stockholders for the year ended December 31, 1995 (Parts I and II)
Proxy statement for the annual meeting of stockholders to be held on April 24, 1996 (Part III)

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Cautionary Statement for the purposes of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995: All statements in this Form 10-K report that do not reflect historical information are forward looking statements. These include statements incorporated herein by reference to the 1995 annual report to stockholders. 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, feedstock costs, changes in industry production capacities and operating rates, competitive technology positions and failure to achieve the corporation's cost reduction targets or complete construction projects on schedule. Some of these factors are discussed further in Part I, Item 1: Business.

Definition of Terms: See the inside back cover page of the 1995 annual report to stockholders. Terms defined there are used herein.



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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 gas and petrochemicals industries. The Basic Chemicals & Polymers segment converts hydrocarbon feedstocks, principally liquefied petroleum gas and naphtha, into polyethylene, polypropylene and ethylene oxide/glycol for sale to third-party customers, as well as propylene, ethylene and ethylene oxide 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 cycle in the basic chemicals and polymers segment. See inside front cover, pages 6 through 8, and "Summary and Outlook" on pages 10 through 12 of the 1995 annual report to stockholders for further information about Union Carbide's businesses, and Note 3 on pages 26 through 27 of the 1995 annual report to stockholders for financial information about Union Carbide's business segments.

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 1995, 11,521 people were employed worldwide in manufacturing facilities, laboratories and offices around the world.

Raw Materials, Products and Markets—See information herein and in the 1995 annual report to stockholders on pages 6 through 8. Unless otherwise indicated, the products of Union Carbide are sold principally by its own sales force, directly to customers.

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.

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. Such patents and patent applications in the aggregate are material to Union Carbide's competitive position. No one patent is considered to be material; however, the patent portfolio relating to the UNIPOL process technology is, in the aggregate, considered to be material. Union Carbide also has a large number of trademarks. The *UNION CARBIDE*, *UCAR* and *UNIPOL* trademarks are material; no other single trademark is material.

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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 Form 10-K report. In addition to the facilities specifically indicated there, product development and process technology laboratories are maintained at some plants. Union Carbide spent $144 million in 1995, $136 million in 1994, and $139 million in 1993 on company-sponsored research activities to develop new products, processes, or services, or to improve existing ones.

Environment—See Costs Relating to Protection of the Environment on pages 13 through 14 of the 1995 annual report to stockholders and Note 16 on pages 36 through 37 thereof.

Insurance—Union Carbide's policy is to obtain public liability insurance coverage at terms and conditions and a price that management considers fair and reasonable. Union Carbide's management believes Union Carbide has public liability insurance in an amount sufficient to meet its current needs in light of pending, threatened, and future litigation and claims. 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 deductibles.

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 which 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 this segment, competition is based on product functionality and quality, and prices are a function of demand for the product, with the more unique products commanding significant premiums.

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.

See pages 6 through 8 of the 1995 annual report to stockholders for information about each segment's principal products, competitive position and major competitors.

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. In 1995, the corporation made significant investments in acquisitions and joint ventures outside the United States. During 1996, the corporation expects to continue making investments in acquisitions and joint ventures.

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

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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 pages 16 and 17 of the 1995 annual report to stockholders.

Listed below are the principal manufacturing facilities operated by Union Carbide worldwide. Research and engineering facilities are noted. Most of the domestic properties are owned in fee. Union Carbide maintains numerous domestic sales offices and warehouses, substantially all of which are leased premises under relatively short-term leases. All principal international manufacturing properties are 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 are located in Danbury, Connecticut, and are leased.

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	Taft	Acrolein and derivatives, acrylic monomers, caprolactone, UV-cured coatings, cycloaliphatic epoxides, glycol ethers, ethyleneamines, oxo alcohols
New Jersey	Bound Brook	Polyols, polyethylene compounding
New Jersey	Edison	Lanolin derivatives
New Jersey	Somerset	Latexes
New York	Mamaroneck	Lanolin derivatives
Puerto Rico	Bayamon	Latexes
Texas	Garland	Latexes
Texas	Seadrift	Ethanolamines, glycol ethers, surfactants, polyethylene compounding
Texas	Texas City	Organic acids and esters, alcohols, surfactants, vinyl acetate, solution vinyl resins, heat transfer fluids
West Virginia	Institute	Caprolactone derivatives, polyethylene glycol, hydroxyethyl cellulose, polyethylene oxide, surfactants, ethylidene norbornene, glutaraldehyde, acetone and derivatives
West Virginia	South Charleston	Alkyl alkanolamines, brake fluids, miscellaneous specialty products, polyalkylene glycols, surfactants, specialty ketones, polyvinyl acetate resins, heat transfer fluids
Basic Chemicals & Polymers Segment		
Louisiana	Norco	Polypropylene
Louisiana	Taft	Ethylene oxide and glycol, olefins
Louisiana	Taft (Star Plant)	Polyethylene
New Jersey	Bound Brook	Recycled plastics
Texas	Seadrift	Ethylene oxide and glycol, olefins, polyethylene, polypropylene
Texas	Texas City	Olefins

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

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

Country	City	Principal Product(s)
Specialties & Intermediates Segment		
Belgium	Antwerp	Hydroxyethyl cellulose
Belgium	Vilvoorde	Lanolin derivatives
Brazil	Aratu	Hydroxyethyl cellulose
Brazil	Cubatao	Polyethylene compounding
Dubai, UAE	Jebel Ali Free Trade Zone	Latex
Ecuador	Guayaquil	Latex
France	Chocques	Glycol ethers, brake fluid
Indonesia	Jakarta	Latex
Malaysia	Seremban	Latex
People's Republic of China	Guangdong Province	Latex
Philippines	Batangas	Latex
Sri Lanka	Ekala	Latex
Thailand	Nonthaburi	Latex
United Kingdom	Wilton	Glycol ethers, ethanolamines
Basic Chemicals & Polymers Segment		
Canada	Boucherville	Molded polyethylene products
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 Antwerp, Belgium; Cubatao, Brazil; Montreal East, Canada; Jurong, Singapore; Meyrin (Geneva), Switzerland; and Wilton, United Kingdom. Research and development for the Basic Chemicals & Polymers segment is carried on at international facilities in Montreal East, Canada.

Item 3. Legal Proceedings

See Note 16 of Notes to Financial Statements on pages 36 through 37 of the 1995 annual report to stockholders.

In June 1991 Union Carbide Corporation, on behalf of certain affiliates, registered with the U.S. Environmental Protection Agency to participate in a compliance audit program to determine compliance with a provision of the Toxic Substances Control Act. Stipulated penalties under the program are anticipated to be $1 million.

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

The corporation did not submit any matters to a stockholder vote during the last quarter of 1995.

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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 and 19 of the 1995 annual report to stockholders. Information about the stock exchanges where the stock is traded in the United States is listed on page 39 of the 1995 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 1995 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 (At Year-End)", and dividend information is included under the caption "Other Data" in the Selected Financial Data on page 19 of the 1995 annual report to stockholders.

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

See the information covered in the 1995 annual report to stockholders on pages 10 through 17.

Item 8. Financial Statements and Supplementary Data

The consolidated balance sheet of Union Carbide Corporation and subsidiaries at December 31, 1995 and 1994, and the consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1995, together with the report thereon of KPMG Peat Marwick LLP dated January 19, 1996, are contained on pages 20 through 38 of the 1995 annual report to stockholders.

Quarterly income statement data is contained on page 18 of the 1995 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 Peat Marwick LLP, its independent auditors.

Union Carbide trial exhibit UC-1036: Union Carbide Corporation Form 10-K Annual Reports to the SEC for 1992, 1... Published by AsbestosClaims.Law
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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 24, 1996. James M. Hester, age 71, who has been a director of the corporation since 1963, will not stand for reelection at the annual meeting of stockholders and will cease to be a director at that time.

The principal executive officers of the corporation are as follows. Data is as of March 22, 1996.

Name	Age	Position	Year First Elected
William H. Joyce	60	Chairman of the Board, President and Chief Executive Officer	1993
Joseph S. Byck	54	Vice-President	1991
James F. Flynn	53	Vice-President	1993
Joseph E. Geoghan	58	Vice-President, General Counsel and Secretary	1987
Thomas D. Jones	61	Vice-President and Treasurer	1993
Malcolm A. Kessinger	52	Vice-President	1991
Lee P. McMaster	53	Vice-President	1993
Joseph C. Soviero	57	Vice-President	1993
Roger B. Staub	61	Vice-President	1993
Ronald Van Mynen	58	Vice-President, Health, Safety and Environment	1992
Philip T. Wright	64	Vice-President	1995
John K. Wulff	47	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 or a subsidiary of the corporation for the past five years.

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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
	President, Union Carbide Chemicals and Plastics Company Inc.	1993 to 1994
	Executive Vice-President	1991 to 1993
	Executive Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1993
	Vice-President	1990 to 1991
Joseph S. Byck	Vice-President	1991 to present
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1991 to 1994
	Vice-President, Business Development and Planning, Union Carbide Chemicals and Plastics Company Inc.	1989 to 1991
James F. Flynn	Vice-President	1993 to present
	Vice-President, General Manager Solvents & Coatings Materials Division	1989 to 1993
Joseph E. Geoghan	Vice-President, General Counsel and Secretary	1990 to present
Thomas D. Jones	Vice-President and Treasurer	1993 to present
	Vice-President, Treasurer and Principal Financial Officer, Union Carbide Chemicals and Plastics Company Inc.	1992 to 1994
	Associate Treasurer	1992 to 1993
	Assistant Treasurer	1987 to 1992
Malcolm A. Kessinger	Vice-President	1991 to present
	Vice-President, Human Resources, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1994
Lee P. McMaster	Vice-President	1993 to present
	President, Industrial Chemicals Division	1992 to 1993
	Vice-President, General Manager, Polyolefins Division	1989 to 1992

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Joseph C. Soviero	Vice-President	1993 to present
	President, Specialty Chemicals Division	1983 to 1993
Roger B. Staub	Vice-President	1993 to present
	President, Polyolefins Division	1990 to 1993
Ronald Van Mynen	Vice-President, Health, Safety and Environment	1992 to present
	Vice-President, Health, Safety and Environmental Affairs Union Carbide Chemicals and Plastics Company Inc.	1985 to 1994
Philip T. Wright	Vice-President	1995 to present
	Group Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1994
John K. Wulff	Vice-President, Chief Financial Officer and Controller	1996 to present
	Vice-President, Controller and Principal Accounting Officer	1989 to 1996

Item 11. Executive Compensation

See pages 20 through 22 of the proxy statement for the annual meeting of stockholders to be held on April 24, 1996.

Item 12. Security Ownership of Certain Beneficial Owners and Management

See pages 23 and 24 of the proxy statement for the annual meeting of stockholders to be held on April 24, 1996.

Item 13. Certain Relationships and Related Transactions

No reportable transactions in 1995.

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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 37 and the Independent Auditors' Report set forth on page 38 of the 1995 annual report to stockholders are incorporated by reference in this Form 10-K Annual Report.

2. The Report on Schedule of KPMG Peat Marwick LLP appears on page 10 of this Form 10-K Annual Report.

3. The following schedule should be read in conjunction with the consolidated financial statements incorporated by reference in Item 8 of this Form 10-K Annual Report. Schedules other than those listed have been omitted because they are not applicable.

	Page in this Form 10-K Report
Valuation and Qualifying Accounts (Schedule II), three years ended December 31, 1995	11

(b) No reports on Form 8-K were filed for the three months ended December 31, 1995.

(c) Exhibits—See Exhibit Index on pages 13 through 17 for exhibits filed with this Annual Report on Form 10-K.

UOP

(d) Audited financial statements of UOP, with Report of Independent Accountants thereon, appearing on pages 17 through 39 of the Corporation's 1993 Form 10-K, have been filed pursuant to Regulation S-X, Rule 3.09 and are incorporated by reference herein. UOP is a general partnership between EM Sector Holdings Inc. and Catalysts, Adsorbents and Process Systems, Inc., wholly owned subsidiaries of AlliedSignal Inc. and the corporation, respectively.

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Report of Independent Auditors

The Board of Directors
Union Carbide Corporation

Under date of January 19, 1996, we reported on the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 1995 and 1994, 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, 1995, as contained on pages 20 through 37 in the 1995 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 1995. 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 company'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.

As discussed in Note 1 to the consolidated financial statements, in 1993 the company changed its method of accounting for postemployment benefits.

KPMG Peat Marwick LLP

Stamford, Conn.
January 19, 1996

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Schedule II—Valuation and Qualifying Accounts

Union Carbide Corporation and Consolidated Subsidiaries

	Balance at beginning of period	Additions Charged to costs and expenses	Deductions Items determined to be uncollectible, less recovery of amounts previously written off	Balance at end of period
			Millions of dollars, year ended December 31, 1995	
Allowance for doubtful accounts	$11	$5	$5	$11
			Millions of dollars, year ended December 31, 1994	
Allowance for doubtful accounts	$12	$2	$3	$11
			Millions of dollars, year ended December 31, 1993	
Allowance for doubtful accounts	$ 9	$5	$2	$12

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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 22, 1996

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 22, 1996.

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

John J. Creedon
Director

Robert D. Kennedy
Director

Joseph E. Geoghan
Director, Vice-President, General Counsel and Secretary

C. Fred Fetterolf
Director

Ronald L. Kuehn, Jr.
Director

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

Rainer E. Gut
Director

Rozanne L. Ridgway
Director

James M. Hester
Director

William S. Sneath
Director

Vernon E. Jordan, Jr.
Director

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Exhibit Index

Exhibit No.

3.1	Restated Certificate of Incorporation as filed May 2, 1994 (See Exhibit 3.1 of the Corporation's 1994 Form 10-K).
3.2	By-Laws of the Corporation as adopted April 26, 1994 (See Exhibit 3.2 of the Corporation's 1994 Form 10-K).
4.1	Indenture dated as of August 1, 1992, among Union Carbide Chemicals and Plastics Company Inc. ("UCC&P"), Union Carbide Corporation and Chemical Bank, Trustee, for debt securities (See Exhibit 4.1.1 of the Corporation's Form S-3 filed December 9, 1992, File No. 33-55560).
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.
4.3	Rights Agreement, dated as of July 26, 1989, as amended and restated as of May 27, 1992, between the Corporation and Chemical Bank (successor to Manufacturers Hanover Trust Company), as Rights Agent (See Exhibit 4(a) of the Corporation's Form 8 filed June 1, 1992).
10.1.1	Credit Agreement dated as of November 4, 1994, among the Corporation, the banks listed therein, the co-agents listed therein, Morgan Guaranty Trust Company of New York, as documentation agent, and Chemical Bank, as administrative agent and auction agent (See Exhibit 10.1.1 of the Corporation's 1994 Form 10-K).
10.1.2	Amendment to Credit Agreement dated as of October 27, 1995, among the Corporation, the banks listed therein, the co-agents listed therein, Morgan Guaranty Trust Company of New York, as documentation agent, and Chemical Bank, as administrative agent and auction agent.
10.2	Indemnity Agreement dated as of July 25, 1986, between the Corporation and Robert D. Kennedy. 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 officer of the Corporation (See Exhibit 10.2 of the Corporation's 1992 Form 10-K).
10.3	Agreement, dated as of October 2, 1986, among UCC&P, GAF Corporation, GAF Chemicals Corporation, Jay & Company, Inc., Mayfair Investments, Inc. and Samuel J. Heyman (See Exhibit 10.3 of the Corporation's 1992 Form 10-K).
10.4	Transfer Agreement dated as of January 1, 1989, between UCC&P and Praxair, Inc. ("Praxair") (formerly named "Union Carbide Industrial Gases Inc."), as amended (See Exhibits 10.06, 10.07, 10.08 and 10.09 of Praxair's Form 10 dated March 10, 1992, as amended by Form 8s dated May 22, 1992, June 9, 1992 and June 12, 1992 ("Praxair Form 10")).
10.5	Transfer Agreement dated as of January 1, 1989, between UCC&P and Union Carbide Coatings Service Corporation ("UCCS"), as amended (See Exhibits 10.14, 10.15 and 10.16 of Praxair Form 10).
10.6	Amended and Restated Realignment Indemnification Agreement dated as of June 4, 1992, among the Corporation, UCC&P, Praxair, UCAR Carbon Company Inc. ("UCAR") and UCCS (See Exhibit 10.23 of Praxair Form 10).
10.7	Environmental Management, Services and Liabilities Allocation Agreement dated as of January 1, 1990, among the Corporation, UCC&P, UCAR, Praxair, and UCCS, as amended (See Exhibits 10.13 and 10.22 of Praxair Form 10).
10.8.1	Danbury Lease Agreements dated as of January 1, 1989, between UCC&P and Praxair, as amended (See Exhibit 10.26 of Praxair Form 10).

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Exhibit No.

10.8.2	Fourth Amendment to Carbide Center Lease between UCC&P and Praxair dated July 1, 1992 (See Exhibit 10.14b of Praxair's 1993 Form 10-K).
10.8.3	Fifth Amendment to Carbide Center Lease between the Corporation and Praxair dated June 30, 1994 (See Exhibit 10.8.3 of the Corporation's 1994 Form 10-K).
10.8.4	Second Amendment to Linde Data Center Lease between UCC&P and Praxair dated July 2, 1992 (See Exhibit 10.14a of Praxair's 1993 Form 10K).
10.8.5	Third Amendment to Linde Data Center Lease between the Corporation and Praxair dated June 30, 1994 (See Exhibit 10.8.5 of the Corporation's 1994 Form 10-K).
10.9.1	Tax Disaffiliation Agreement dated as of June 4, 1992, between the Corporation and Praxair (See Exhibit 10.20 of Praxair Form 10).
10.9.2	Tax Settlement Agreement dated as of May 31, 1994, between the Corporation and Praxair (See Exhibit 10.9.2 of the Corporation's 1994 Form 10-K).
10.10.1	Employee Benefits Agreement dated as of June 4, 1992, between the Corporation and Praxair (See Exhibit 10.25 of Praxair Form 10).
10.10.2	First Amendatory Agreement to the Employee Benefits Agreement dated May 31, 1994 (See Exhibit 10.10.2 of the Corporation's 1994 Form 10-K).
10.11.1	Danbury Lease-Related Services Agreement dated as of June 4, 1992, among the Corporation, UCC&P and Praxair (See Exhibit 10.24 of Praxair Form 10).
10.11.2	First Amendment to Danbury Lease Related Services Agreement dated June 30, 1994 (See Exhibit 10.11.2 of the Corporation's 1994 Form 10-K).
10.12	Additional Provisions Agreement dated as of June 4, 1992, between the Corporation, UCC&P, Praxair and UCCS (See Exhibit 10.21 of Praxair Form 10).
10.13.1	1984 Union Carbide Stock Option Plan (See Exhibit 10.7.1 of the Corporation's 1991 Form 10-K).
10.13.2	Resolutions adopted by the Board of Directors of the Corporation on January 22, 1986, with respect to the 1984 Union Carbide Stock Option Plan (See Exhibit 10.7.2 of the Corporation's 1991 Form 10-K).
10.13.3	Resolutions adopted by the Board of Directors of the Corporation on April 17, 1986, with respect to the 1984 Union Carbide Stock Option Plan (See Exhibit 10.7.3 of the Corporation's 1991 Form 10-K).
10.13.4	Amendment to the 1984 Union Carbide Stock Option Plan effective June 1, 1989 (See Exhibit 10.13.4 of the Corporation's 1994 Form 10-K).
10.14.1	1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.1 of the Corporation's 1993 Form 10-K).
10.14.2	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective June 1, 1989 (See Exhibit 10.14.2 of the Corporation's 1994 Form 10-K).
10.14.3	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective August 1, 1989 (See Exhibit 10.14.3 of the Corporation's 1994 Form 10-K).
10.14.4	Resolutions adopted by the Board of Directors of the Corporation on February 26, 1992, with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.4 of the Corporation's 1992 Form 10-K).

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Exhibit No.

10.14.5 Resolutions adopted by the Compensation and Management Development Committee of the Board of Directors of the Corporation on June 30, 1992, with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.5 of the Corporation's 1992 Form 10-K).

10.15.1 1983 Union Carbide Bonus Deferral Program (See Exhibit 10.8.1 of the Corporation's 1991 Form 10-K).

10.15.2 Amendment to the 1983 Union Carbide Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.15.2 of the Corporation's 1992 Form 10-K).

10.16.1 1984 Union Carbide Cash Bonus Deferral Program (See Exhibit 10.9.1 of the Corporation's 1991 Form 10-K).

10.16.2 Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1986 (See Exhibit 10.9.2 of the Corporation's 1991 Form 10-K).

10.16.3 Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.16.3 of the Corporation's 1992 Form 10-K).

10.17.1 Equalization Benefit Plan for Participants of the Retirement Program Plan for Employees of Union Carbide Corporation and its Participating Subsidiary Companies (See Exhibit 10.11 of the Corporation's 1991 Form 10-K).

10.17.2 Amendment to the Equalization Benefit Plan effective January 1, 1994 (See Exhibit 10.18.2 of the Corporation's 1994 Form 10-K).

10.18.1 Supplemental Retirement Income Plan (See Exhibit 10.12.1 of the Corporation's 1991 Form 10-K).

10.18.2 Amendment to the Supplemental Retirement Income Plan effective January 1, 1994 (See Exhibit 10.19.3 of the Corporation's 1994 Form 10-K).

10.18.3 Amendment to the Supplemental Retirement Income Plan effective January 1, 1995.

10.19.1 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation (See Appendix A of the Corporation's proxy statement for the annual meeting of the stockholders held on April 22, 1992).

10.19.2 Resolution adopted by the Board of Directors of the Corporation on June 30, 1992, with respect to the 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation (See Exhibit 10.20.2 of the Corporation's 1992 Form 10-K).

10.20.1 Severance Compensation Agreement, dated July 21, 1992, between the Corporation and Ronald Van Mynen. 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 10.21.1 of the Corporation's 1994 Form 10-K).

10.20.2 Amendment of Severance Compensation Agreement, dated September 24, 1993, between the Corporation and Ronald Van Mynen. Identical amendments, except as to the parties thereto, were entered into between the Corporation and other officers and employees of the Corporation (See Exhibit 10.21.2 of the Corporation's 1994 Form 10-K).

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Exhibit No.

10.21	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 10.22 of the Corporation's 1993 Form 10-K).
10.22	1994 Union Carbide Variable Compensation Plan (See Exhibit 10.23.2 of the Corporation's 1993 Form 10-K).
10.23.1	Union Carbide Corporation Benefits Protection Trust (See Exhibit 10.24.1 of the Corporation's 1994 Form 10-K).
10.23.2	Amendment to the Union Carbide Corporation Benefits Protection Trust effective October 23, 1991 (See Exhibit 10.18.2 of the Corporation's 1991 Form 10-K).
10.23.3	Amendment to the Union Carbide Corporation Benefits Protection Trust effective January 1, 1994 (See Exhibit 10.24.3 of the Corporation's 1994 Form 10-K).
10.24	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 (See Exhibit 10.25 of the Corporation's 1994 Form 10-K).
10.25	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 (See Exhibit 10.26 of the Corporation's 1994 Form 10-K).
10.26	Union Carbide Corporation Non-Employee Directors' Retirement Plan (See Exhibit 10.27 of the Corporation's 1994 Form 10-K).
10.27	1994 Union Carbide Long-Term Incentive Plan (See Exhibit 10.28 of the Corporation's 1994 Form 10-K).
10.28	Restated Compensation Deferral Program effective October 1, 1995.
10.29	Excess Long-Term Disability Plan effective January 1, 1994 (See Exhibit 10.30 of the Corporation's 1994 Form 10-K).
10.30	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).
10.31.1	Recapitalization and Stock Purchase and Sale Agreement dated as of November 14, 1994 among Union Carbide Corporation, Mitsubishi Corporation, UCAR International Inc. and UCAR International Acquisition Inc. (See Exhibit 10.31 of the Corporation's 1994 Form 10-K).
10.31.2	Underwriting Agreement and Subscription Agreement each dated August 9, 1995 among the Corporation, UCAR and the several underwriters listed therein (See Exhibits 1.1 and 1.2, respectively, of UCAR's Amendment No. 2 to Form S-1, filed August 8, 1995, File No. 33-94698).
11	Computation of Earnings per Share For The Five Years Ended December 31, 1995.
13	The Corporation's 1995 annual report to stockholders (such report, except for those portions which are expressly referred to in this Form 10-K, is furnished for the information of the Commission and is not deemed "filed" as part of the Form 10-K).
21	Subsidiaries of the Corporation.
23.1	Consent of KPMG Peat Marwick LLP.

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Exhibit No.	
23.2	Consent of Price Waterhouse LLP.
27	Financial Data Schedule
99	1993 audited financial statements of UOP, with Report of Independent Accountants thereon (See pages 17 through 39 of the Corporation's 1993 Form 10-K).

On May 1, 1994, Union Carbide Corporation was merged into UCC&P and UCC&P changed its name to "Union Carbide Corporation."

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, Section E-4, 39 Old Ridgebury Road, Danbury, CT 06817-0001. The charge for furnishing any exhibit is 25 cents per page plus mailing costs.

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

Annual Report on Form 10-K for the year ended December 31, 1996.
Filed pursuant to Section 13 of the Securities Exchange Act of 1934.
Commission file number 1-1463

Union Carbide Corporation

1996 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:

Class of security:	Registered on:
Common Stock ($1 par value)	New York Stock Exchange Chicago Stock Exchange, Incorporated The Pacific Stock Exchange Incorporated
Share Purchase Rights Plan	New York Stock Exchange

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 ("the Act") during the preceding 12 months, 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 28, 1997, 126,741,112 shares of common stock were outstanding. Non-affiliates held 125,958,321 of those shares, of which the aggregate market value was $5.952 billion.

Documents incorporated by reference:

Annual report to stockholders for the year ended December 31, 1996 (Parts I and II)
Proxy statement for the annual meeting of stockholders to be held on April 23, 1997 (Part III)

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Cautionary statement for the purposes of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995: All statements in this Form 10-K report that do not reflect historical information are forward looking statements. These include statements incorporated herein by reference to the 1996 annual report to stockholders. 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, feedstock costs, changes in industry production capacities and operating rates, competitive technology positions and failure to achieve the corporation's cost reduction targets or complete construction projects on schedule. Some of these factors are discussed further in Part I, Item 1: Business.

Definition of Terms: See the inside back cover page of the 1996 annual report to stockholders. Terms defined there are used herein.



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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 gas and petrochemicals industries. The Basic Chemicals & Polymers segment converts hydrocarbon feedstocks, principally liquefied petroleum gas and naphtha, into polyethylene, polypropylene, ethylene oxide and ethylene glycol for sale to third-party customers, as well as propylene, ethylene, 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 the Basic Chemicals & Polymers segment. See page 1, pages 6 through 8, and "Summary and Outlook" on pages 10 through 12 of the 1996 annual report to stockholders for further information about Union Carbide's businesses, and Note 5 on pages 30 through 31 of the 1996 annual report to stockholders for financial information about Union Carbide's business segments.

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 1996, 11,745 people were employed in manufacturing facilities, laboratories and offices around the world.

Raw Materials, Products and Markets—See information herein and in the 1996 annual report to stockholders on pages 6 through 8. Unless otherwise indicated, the products of Union Carbide are sold principally by its own sales force, directly to customers.

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.

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. Such patents and patent applications in the aggregate are material to Union Carbide's competitive position. No one patent is considered to be material; however, the patent portfolio relating to the UNIPOL process technology is, in the aggregate, considered to be material. Union Carbide also has a large number of trademarks. The *UNION CARBIDE*, *UCAR* and *UNIPOL* trademarks are material; no other single trademark is material.

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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 Form 10-K report. In addition to the facilities specifically indicated there, product development and process technology laboratories are maintained at some plants. Union Carbide expensed $159 million in 1996, $144 million in 1995, and $136 million in 1994 on company-sponsored research activities to develop new products, processes, or services, or to improve existing ones.

Environment—See Costs Relating to Protection of the Environment on pages 14 through 15 of the 1996 annual report to stockholders and Note 15 on pages 39 through 40 thereof.

Insurance—Union Carbide's policy is to obtain public liability insurance coverage at terms and conditions and a price that management considers fair and reasonable. Union Carbide's management believes Union Carbide has public liability insurance in an amount sufficient to meet its current needs in light of pending, threatened, and future litigation and claims. 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 deductibles.

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 which 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 this segment, competition is based primarily on product functionality and quality, with the more unique products commanding significant price premiums.

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.

See pages 6 through 8 of the 1996 annual report to stockholders for information about each segment's principal products, competitive position and major competitors.

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 risks of nationalization, expropriation, restrictive action by local governments and changes in currency exchange rates, in addition to the risks stated above.

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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 18 of the 1996 annual report to stockholders.

Listed below are the principal manufacturing facilities operated by Union Carbide worldwide. Research and engineering facilities are noted. Most of the domestic properties are owned in fee. Union Carbide maintains numerous domestic sales offices and warehouses, substantially all of which are leased premises under relatively short-term leases. All principal international manufacturing properties are 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 are located in Danbury, Connecticut, and are leased.

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	Taft	Acrolein and derivatives, acrylic monomers, caprolactone, UV-cured coatings, cycloaliphatic epoxides, glycol ethers, ethyleneamines, oxo alcohols
New Jersey	Bound Brook	Polyols, polyethylene compounding
New Jersey	Edison	Lanolin derivatives
New Jersey	Somerset	Latexes
Puerto Rico	Bayamon	Latexes
Texas	Garland	Latexes
Texas	Seadrift	Ethanolamines, glycol ethers, surfactants, polyethylene compounding
Texas	Texas City	Organic acids and esters, alcohols, surfactants, vinyl acetate, solution vinyl resins, heat transfer fluids
Washington	Washougal	Crystals
West Virginia	Institute	Caprolactone derivatives, polyethylene glycol, hydroxyethyl cellulose, polyethylene oxide, surfactants, ethylidene norbornene, glutaraldehyde, acetone and derivatives
West Virginia	South Charleston	Alkyl alkanolamines, brake fluids, miscellaneous specialty products, polyalkylene glycols, surfactants, specialty ketones, polyvinyl acetate resins, heat transfer fluids
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

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Research and development for the Specialties & Intermediates segment is carried on at technical centers in Bound Brook, Edison 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 a technical center in South Charleston, West Virginia, in support of domestic and foreign projects.

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

Country	City	Principal Product(s)
Specialties & Intermediates Segment		
Belgium	Vilvoorde	Lanolin derivatives
Belgium	Zwijndrecht	Hydroxyethyl cellulose
Brazil	Aratu	Hydroxyethyl cellulose
Brazil	Cubatao	Polyethylene compounding
Brazil	Cabo	Vinyl acetate
Ecuador	Guayaquil	Latex
Indonesia	Jakarta	Latex
Malaysia	Seremban	Latex
People's Republic of China	Guangdong	Latex
Philippines	Batangas	Latex
Sri Lanka	Colombo	Latex
Thailand	Nonthaburi	Latex
United Arab Emirates	Dubai	Latex
United Kingdom	Wilton	Glycol ethers, ethanolamines
Basic Chemicals & Polymers Segment		
Canada	Boucherville	Molded polyethylene products
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 Antwerp, Belgium; Cubatao, Brazil; Montreal East, Canada; Jurong, Singapore; Meyrin (Geneva), Switzerland; and Wilton, United Kingdom. Research and development for the Basic Chemicals & Polymers segment is carried on at international facilities in Montreal East, Canada.

Item 3. Legal Proceedings

See Note 15 of Notes to Financial Statements on pages 39 through 40 of the 1996 annual report to stockholders.

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

The corporation did not submit any matters to a stockholder vote during the last quarter of 1996.

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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 20 and 21 of the 1996 annual report to stockholders. Information about the stock exchanges where the stock is traded in the United States is listed on page 43 of the 1996 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 1996 annual report to stockholders.

Sales of Unregistered Securities – On December 17, 1996, the corporation issued 479 shares of Union Carbide Corporation common stock to a director under the 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation. Since the plan does not provide for any payment or other voluntary contribution, the issuance of the shares of common stock does not involve a "sale" of a security within the meaning of Section 2(3) of the Securities Act of 1933 and, thus, is exempt from the registration requirements of the act.

During 1996, put options were sold to institutional investors in a series of private placements exempt from registration under Section 4(2) of the Securities Act of 1933, entitling the holders to sell 3,835,081 shares of Union Carbide Corporation common stock to the corporation, at prices ranging from $36.50 to $45.31 per share. Premiums received for the sales of the options totaled $4,907,913.

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 20 through 21 of the 1996 annual report to stockholders.

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

See the information covered in the 1996 annual report to stockholders on pages 10 through 19.

Item 8. Financial Statements and Supplementary Data

The consolidated balance sheet of Union Carbide Corporation and subsidiaries at December 31, 1996 and 1995, and the consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1996, together with the report thereon of KPMG Peat Marwick LLP dated January 17, 1997, are contained on pages 22 through 42 of the 1996 annual report to stockholders.

Quarterly income statement data is contained on page 21 of the 1996 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 Peat Marwick LLP, its independent auditors.

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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 23, 1997.

The principal executive officers of the corporation are as follows. Data is as of March 20, 1997.

Name	Age	Position	Year First Elected
William H. Joyce	61	Chairman of the Board, President and Chief Executive Officer	1993
Joseph S. Byck	55	Vice-President	1991
James F. Flynn	54	Vice-President	1993
Joseph E. Geoghan	59	Vice-President, General Counsel and Secretary	1987
Malcolm A. Kessinger	53	Vice-President	1991
Lee P. McMaster	54	Vice-President	1993
Joseph C. Soviero	58	Vice-President	1993
Roger B. Staub	62	Vice-President	1993
Ronald Van Mynen	59	Vice-President, Health, Safety and Environment	1992
John K. Wulff	48	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 or a subsidiary of the corporation for the past five years.

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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
	President, Union Carbide Chemicals and Plastics Company Inc.	1993 to 1994
	Executive Vice-President	1991 to 1993
	Executive Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1993
Joseph S. Byck	Vice-President	1991 to present
	Vice-President, Union Carbide Chemicals and Plastics Company Inc.	1991 to 1994
James F. Flynn	Vice-President	1993 to present
	Vice-President, General Manager Solvents & Coatings Materials Division	1989 to 1993
Joseph E. Geoghan	Vice-President, General Counsel and Secretary	1990 to present
Malcolm A. Kessinger	Vice-President	1991 to present
	Vice-President, Human Resources, Union Carbide Chemicals and Plastics Company Inc.	1990 to 1994
Lee P. McMaster	Vice-President	1993 to present
	President, Industrial Chemicals Division	1992 to 1993
Joseph C. Soviero	Vice-President	1993 to present
	President, Specialty Chemicals Division	1983 to 1993
Roger B. Staub	Vice-President	1993 to present
	President, Polyolefins Division	1990 to 1993
Ronald Van Mynen	Vice-President, Health, Safety and Environment	1992 to present
	Vice-President, Health, Safety and Environmental Affairs, Union Carbide Chemicals and Plastics Company Inc.	1985 to 1994
John K. Wulff	Vice-President, Chief Financial Officer and Controller	1996 to present
	Vice-President, Controller and Principal Accounting Officer	1989 to 1996

See "Section 16(a) Beneficial Ownership Reporting Compliance" on page 24 of the proxy statement for the annual meeting of stockholders to be held on April 23, 1997.

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Item 11. Executive Compensation

See pages 20 through 22 of the proxy statement for the annual meeting of stockholders to be held on April 23, 1997.

Item 12. Security Ownership of Certain Beneficial Owners and Management

See pages 23 and 24 of the proxy statement for the annual meeting of stockholders to be held on April 23, 1997.

Item 13. Certain Relationships and Related Transactions

No reportable transactions in 1996.

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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 22 through 41 and the Independent Auditors' Report set forth on page 42 of the 1996 annual report to stockholders are incorporated by reference in this Annual Report on Form 10-K.

2. The Report on Schedule of KPMG Peat Marwick LLP appears on page 10 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 Form 10-K Report
Valuation and Qualifying Accounts (Schedule II), three years ended December 31, 1996	11

(b) The corporation's Form 8-K dated October 2, 1996 contained the legal opinion of Cahill Gordon & Reindel regarding the issuance of $200 million of 7.75 percent debentures maturing in 2096.

The corporation's Form 8-K dated December 3, 1996 reported an amendment to the corporation's existing By-laws and an amendment to the Amended and Restated Rights Agreement.

The corporation's Form 8-K dated January 20, 1997 contained the corporation's press release dated January 20, 1997.

The corporation's Form 8-K dated January 22, 1997 contained exhibits related to the corporation's Medium Term Notes Program.

(c) Exhibits—See Exhibit Index on pages 13 through 16 for exhibits filed with this Annual Report on Form 10-K.

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Report of Independent Auditors

The Board of Directors
Union Carbide Corporation

Under date of January 17, 1997, we reported on the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 1996 and 1995, 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, 1996, as contained on pages 22 through 41 in the 1996 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 1996. 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 company'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 Peat Marwick LLP

Stamford, Conn.
January 17, 1997

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Schedule II—Valuation and Qualifying Accounts

Union Carbide Corporation and Consolidated Subsidiaries

	Balance at beginning of period	Additions Charged to costs and expenses	Deductions Items determined to be uncollectible, less recovery of amounts previously written off	Balance at end of period
		Millions of dollars, year ended December 31, 1996		
Allowance for doubtful accounts	$11	$1	$2	$10
		Millions of dollars, year ended December 31, 1995		
Allowance for doubtful accounts	$11	$5	$5	$11
		Millions of dollars, year ended December 31, 1994		
Allowance for doubtful accounts	$12	$2	$3	$11

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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 20, 1997

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 20, 1997.

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

John J. Creedon
Director

Robert D. Kennedy
Director

Joseph E. Geoghan
Director, Vice-President, General Counsel and Secretary

C. Fred Fetterolf
Director

Ronald L. Kuehn, Jr.
Director

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

Thomas P. Gerrity
Director

Rozanne L. Ridgway
Director

Rainer E. Gut
Director

James M. Ringler
Director

Vernon E. Jordan, Jr.
Director

William S. Sneath
Director

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Exhibit Index

Exhibit No.

3.1	Restated Certificate of Incorporation as filed May 2, 1994 (See Exhibit 3.1 of the Corporation's 1994 Form 10-K).
3.2 .1	By-Laws of the Corporation, amended as of December 3, 1996.
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.
4.3.1	Rights Agreement, dated as of July 26, 1989, as amended and restated as of May 27, 1992, between the Corporation and Chemical Bank (successor to Manufacturers Hanover Trust Company), as Rights Agent (See Exhibit 4(a) of the Corporation's Form 8 filed June 1, 1992).
4.3.2	Amendment to Rights Agreement, dated as of December 3, 1996, between the Corporation and Chase Mellon Shareholder Services Inc. as Successor Rights Agent (See Exhibit 99.1 of the Corporation's Form 8-K dated December 3, 1996).
10.1	Indemnity Agreement dated as of July 25, 1986, between the Corporation and Robert D. Kennedy. 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 officer of the Corporation (See Exhibit 10.2 of the Corporation's 1992 Form 10-K).
10.2.1	1984 Union Carbide Stock Option Plan.
10.2.2	Resolutions adopted by the Board of Directors of the Corporation on January 22, 1986, with respect to the 1984 Union Carbide Stock Option Plan.
10.2.3	Resolutions adopted by the Board of Directors of the Corporation on April 17, 1986, with respect to the 1984 Union Carbide Stock Option Plan.
10.2.4	Amendment to the 1984 Union Carbide Stock Option Plan effective June 1, 1989 (See Exhibit 10.13.4 of the Corporation's 1994 Form 10-K).
10.3.1	1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.1 of the Corporation's 1993 Form 10-K).
10.3.2	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective June 1, 1989 (See Exhibit 10.14.2 of the Corporation's 1994 Form 10-K).

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Exhibit No.

10.3.3 Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective August 1, 1989 (See Exhibit 10.14.3 of the Corporation's 1994 Form 10-K).

10.3.4 Resolutions adopted by the Board of Directors of the Corporation on February 26, 1992, with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.4 of the Corporation's 1992 Form 10-K).

10.3.5 Resolutions adopted by the Compensation and Management Development Committee of the Board of Directors of the Corporation on June 30, 1992, with respect to stock options granted under the 1984 Union Carbide Stock Option Plan and the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.14.5 of the Corporation's 1992 Form 10-K).

10.4.1 1983 Union Carbide Bonus Deferral Program.

10.4.2 Amendment to the 1983 Union Carbide Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.15.2 of the Corporation's 1992 Form 10-K).

10.5.1 1984 Union Carbide Cash Bonus Deferral Program.

10.5.2 Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1986.

10.5.3 Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.16.3 of the Corporation's 1992 Form 10-K).

10.6.1 Equalization Benefit Plan for Participants of the Retirement Program Plan for Employees of Union Carbide Corporation and its Participating Subsidiary Companies.

10.6.2 Amendment to the Equalization Benefit Plan effective January 1, 1994 (See Exhibit 10.18.2 of the Corporation's 1994 Form 10-K).

10.7.1 Supplemental Retirement Income Plan.

10.7.2 Amendment to the Supplemental Retirement Income Plan effective January 1, 1994 (See Exhibit 10.19.3 of the Corporation's 1994 Form 10-K).

10.7.3 Amendment to the Supplemental Retirement Income Plan effective January 1, 1995 (See Exhibit 10.18.3 of the Corporation's 1995 Form 10-K).

10.8.1 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation.

10.8.2 Resolution adopted by the Board of Directors of the Corporation on June 30, 1992, with respect to the 1992 Stock Compensation Plan for Non-Employee Directors of Union Carbide Corporation (See Exhibit 10.20.2 of the Corporation's 1992 Form 10-K).

10.9.1 Severance Compensation Agreement, dated July 21, 1992, between the Corporation and Ronald Van Mynen. 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 10.21.1 of the Corporation's 1994 Form 10-K).

10.9.2 Amendment of Severance Compensation Agreement, dated September 24, 1993, between the Corporation and Ronald Van Mynen. Identical amendments, except as to the parties thereto, were entered into between the Corporation and other officers and employees of the Corporation (See Exhibit 10.21.2 of the Corporation's 1994 Form 10-K).

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Exhibit No.

10.10	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 10.22 of the Corporation's 1993 Form 10-K).
10.11	1994 Union Carbide Variable Compensation Plan (See Exhibit 10.23.2 of the Corporation's 1993 Form 10-K).
10.12.1	Union Carbide Corporation Benefits Protection Trust (See Exhibit 10.24.1 of the Corporation's 1994 Form 10-K).
10.12.2	Amendment to the Union Carbide Corporation Benefits Protection Trust effective October 23, 1991.
10.12.3	Amendment to the Union Carbide Corporation Benefits Protection Trust effective January 1, 1994 (See Exhibit 10.24.3 of the Corporation's 1994 Form 10-K).
10.13	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 (See Exhibit 10.25 of the Corporation's 1994 Form 10-K).
10.14	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 (See Exhibit 10.26 of the Corporation's 1994 Form 10-K).
10.15	Union Carbide Corporation Non-Employee Directors' Retirement Plan (See Exhibit 10.27 of the Corporation's 1994 Form 10-K).
10.16	1994 Union Carbide Long-Term Incentive Plan (See Exhibit 10.28 of the Corporation's 1994 Form 10-K).
10.17.1	Union Carbide Compensation Deferral Program effective January 1, 1995 (See Exhibit 10.28 of the Corporation's 1995 Form 10-K).
10.17.2	Amendment to Union Carbide Compensation Deferral Program effective January 1, 1995.
10.17.3	Amendment to Union Carbide Compensation Deferral Program effective December 31, 1996.
10.18	Excess Long-Term Disability Plan effective January 1, 1994 (See Exhibit 10.30 of the Corporation's 1994 Form 10-K).
10.19	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).
10.20.1	Completion Guarantee dated September 15, 1996 by the Corporation and its partner, Petrochemical Industries Company K.S.C., for the benefit of certain banks with respect to construction of a petrochemicals complex in Kuwait (See Exhibit 10.1 of the Corporation's Form 10-Q for the quarter ended September 30, 1996).
10.20.2	Definitions Agreement dated September 15, 1996 among the Corporation and various parties relating to Exhibit 10.20.1 (See Exhibit 10.2 of the Corporation's Form 10-Q for the quarter ended September 30, 1996).
11	Computation of Earnings per Share For The Five Years Ended December 31, 1996.
13	The Corporation's 1996 annual report to stockholders (such report, except for those portions which are expressly referred to in this Form 10-K, is furnished for the information of the Commission and is not deemed "filed" as part of the Form 10-K).

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Exhibit No.	
21	Subsidiaries of the Corporation.
23	Consent of KPMG Peat Marwick LLP.
27	Financial Data Schedule

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, Section E-4, 39 Old Ridgebury Road, Danbury, CT 06817-0001. The charge for furnishing any exhibit is 25 cents per page plus mailing costs.

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