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UC-4809

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        COMPANY DATA:
                COMPANY CONFORMED NAME:                 UNION CARBIDE CORP /NEW/
                CENTRAL INDEX KEY:                      0000100790
                STANDARD INDUSTRIAL CLASSIFICATION:     INDUSTRIAL ORGANIC CHEMICAL
                IRS NUMBER:                             131421730
                STATE OF INCORPORATION:                 NY
                FISCAL YEAR END:                        1231

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        BUSINESS ADDRESS:
                STREET 1:               39 OLD RIDGEBURY RD
                CITY:                   DANBURY
                STATE:                  CT
                ZIP:                    06817-0001
                BUSINESS PHONE:         2037942000

        MAIL ADDRESS:
                STREET 1:               39 OLD RIDGEBURY RD
                CITY:                   DANBURY
                STATE:                  CT
                ZIP:                    06817-0001

        FORMER COMPANY:
                FORMER CONFORMED NAME:  UNION CARBIDE CORP
                DATE OF NAME CHANGE:    19890806

        FORMER COMPANY:
                FORMER CONFORMED NAME:  UNION CARBIDE & CARBON CORP
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ACL Doc 19325 · Page 1 of 107 asbestosclaims.law/library/19325/1

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

- ---

Annual Report on Form 10-K for the year ended December 31, 2000.
Filed pursuant to Section 13 of the Securities Exchange Act of 1934.
Commission file number 1-1463

Union Carbide Corporation

2000 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:

NONE

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

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] 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 [X].

At February 28, 2001, 1,000 shares of common stock were outstanding, all of which were held by the registrant's parent, The Dow Chemical Company.

The registrant meets the conditions set forth in General Instructions I(1)(a) and (b) of Form 10-K and is therefore filing this form with a reduced disclosure format.

Documents incorporated by reference:

NONE

<PAGE>

Table of Contents

- ---

<TABLE>
<S>

Part I
Item 1. Business.....
Item 2. Properties.....
Item 3. Legal Proceedings.....
Item 4. Submission of Matters to a Vote of Security Holders.....

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year Ende... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 2 of 107 asbestosclaims.law/library/19325/2

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

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

Part IV
Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.....
Signatures.....
Exhibit Index.....
</TABLE>

Forward-Looking Information

All statements in this Annual Report on Form 10-K that do not reflect historical information are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 (as amended). Forward-looking statements include statements concerning the accounting and tax treatment of the merger with The Dow Chemical Company ("Dow" and, with regard to the merger, the "Dow Merger"); plans; capital expenditures; environmental accruals; anticipated future events; interest rate and currency risk management; ongoing and planned capacity additions and other expansions; joint ventures; Management's Discussion and Analysis of Financial Condition and Results of Operations, and any other statements that do not reflect historical information. Such forward-looking statements are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include the supply/demand balance for the corporation's products; changes in industry production capacities and operating rates; currency exchange rates; global economic conditions; competitive technology positions; failure by the corporation to achieve technology objectives; achieve cost reduction targets or complete projects on schedule and on budget, and inability to obtain new customers or retain existing ones. Some of these factors are discussed further in Part I, Item 1: Business.

<PAGE>

Part I

Item 1. Business

Union Carbide Corporation (the "corporation" or "Union Carbide") is a worldwide chemicals and polymers company. In addition to its consolidated operations, the corporation participates in partnerships and corporate joint ventures (together, "joint ventures").

On February 6, 2001, the corporation merged with a subsidiary of The Dow Chemical Company ("Dow"). As a result of the merger, each share of Union Carbide common stock outstanding immediately prior to the merger was exchanged for 1.611 shares of Dow common stock and Union Carbide became a wholly-owned subsidiary of Dow. The merger received clearance from the United States ("U.S.") Federal Trade Commission, the European Commission and the Canadian Competition Bureau, subject

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ACL Doc 19325 · Page 3 of 107 asbestosclaims.law/library/19325/3

to the divestiture of certain assets and the licensing of certain technology. The transaction is intended to qualify as a tax-free reorganization for U.S. Federal income tax purposes and is expected to be accounted for under the pooling-of-interests method of accounting.

At December 31, 2000, 11,346 people were employed in the manufacturing facilities, laboratories and offices of the corporation and its consolidated subsidiaries around the world.

Segments

Union Carbide operates in two business segments of the chemicals and plastics industry, Specialties & Intermediates ("S&I") and Basic Chemicals & Polymers ("BC&P"). The profitability of the BC&P segment of the chemicals and plastics industry is highly cyclical, whereas that of the S&I segment is less cyclical. Consequently, the corporation's results are subject to the swings of the business cycle in both the highly volatile BC&P segment and the less volatile S&I segment.

Specialties & Intermediates

The S&I segment, which accounted for 68 percent of customer revenues in 2000, produces a broad range of products, including specialty polyolefins used in wire and cable insulation and jacketing; surfactants for industrial cleaners; catalysts for the manufacture of polymers; acrolein and derivatives; water-soluble polymers; cellulose-, glucose- and lanolin-based materials for personal care products; specialty coatings; acrylic and vinyl acrylic latex used in paints and adhesives; solvents; vinyl acetate and acrylic monomers; ethylene propylene rubber; catalysts for the manufacture of ethylene oxide and ethylene glycol, and ethylene oxide derivatives. This segment also licenses olefins-based technologies and offers other specialized technology licensing and services.

The S&I segment's principal products and services are grouped as follows:

The Specialty Polymers and Products group manufactures and markets numerous specialty products. Many of its technologies are targeted for sharply defined market segments.

Water Soluble Polymers produces polymers used in a wide range of applications for their unique properties in aqueous systems. Key product lines include CELLOSIZE hydroxyethyl cellulose, POLYOX water soluble resins and a variety of cellulose-, glucose- and lanolin-based materials supplied to the personal care industry by Amerchol Corporation, a Union Carbide subsidiary. Key markets for Water Soluble Polymers include paints, pharmaceuticals, oil-field drilling fluids, paper, construction materials and industrial adhesives and binders.

Performance Polymers produces coatings and plastic materials, including UCAR solution vinyl resins, used in coatings for beverage and food cans, bottle caps and closures; maintenance coatings on bridges, storage tanks and oceangoing vessels; printing inks for vinyl shower curtains, wallpaper, furniture and magnetic recording tape; and TONE caprolactone-based materials, used in fabric coatings, orthopedic cast and splint materials, automotive primers and topcoats, plus biodegradable bags for compostable materials. Other products include cycloaliphatic epoxides for electric utility equipment, such as insulators and transformers; CYRACURE products for ultraviolet-cured coatings and inks; FLEXOL plasticizers, made from soybean and linseed oils, used to keep plastic products soft and pliable, and polyvinyl acetate resins, used in such widely diverse applications as chewing gum, molded automotive body parts, bathroom fixtures, business-machine housings, coatings and adhesives.

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ACL Doc 19325 · Page 4 of 107 asbestosclaims.law/library/19325/4

Specialty Industrial Products produces acrolein and derivatives, important in a range of products from biocides to animal feed supplements; ethylidene norbornene ("ENB"), used in the production of ethylene propylene rubber roofing and automotive parts; and specialty ketones, used as solvents and intermediates in herbicide, drug and vitamin manufacture.

UCAR Emulsion Systems is a global business making water-based emulsions used as key components in decorative and industrial paints, adhesives, textile products and construction products, such as caulks and sealants. They include UCAR POLYPHOBE rheology modifiers, used to thicken and control the flow properties of coatings and adhesives, and UCAR latex, used as binders and to impart adhesion and durability in the types of products listed above.

Specialty Polyolefins manufactures a variety of performance polyolefin products marketed worldwide. Chief among these are polyolefin-based compounds for high-performance insulation, semiconductives and jacketing systems for power distribution, telecommunications and flame-retardant wire and cable. Other Specialty Polyolefins products are used in adhesives, laminating film and flexible hose and tubing.

UNIPOL Systems develops and licenses UNIPOL Process technology--the industry's most versatile method of manufacturing polyethylene and polypropylene. The business also develops new process technology for the manufacture of other olefins-based polymers, such as ELASTOFLO ethylene propylene rubber, which the business produces and markets to rubber products manufacturers, and sells catalysts to UNIPOL Process licensees worldwide. Licensing of UNIPOL PE and PP processes, as well as development of new polyethylene technologies, is handled through Univation Technologies, LLC, a joint venture of Union Carbide and ExxonMobil Chemical Company. Additionally, this group licenses the METEOR Process, a highly efficient and cost-effective technology for the production of ethylene oxide and ethylene glycol.

Industrial Performance Chemicals manufactures and sells a broad range of ethylene oxide derivatives and formulated glycol products for specialty applications. Ethylene oxide derivatives include CARBOWAX polyethylene glycols, which are nontoxic, biodegradable, water-soluble products with a wide range of applications in the pharmaceutical, personal care, household, textile processing, wood preservation, ceramic and industrial markets; ethanolamines, for detergents, personal care products such as bath soap, agricultural products and natural gas conditioning and refining; ethyleneamines, for fuel, lubricant and motor-oil additives, adhesives, corrosion inhibitors, cleaning materials and many other industrial uses, and TRITON and TERGITOL specialty and commodity surfactants, for use in institutional, industrial and household cleaning products, formulations for personal care products, industrial processes for textiles, paper, paints and coatings and many other products. Other ethylene oxide derivatives products include UCON fluids and lubricants, for use in brake fluids and fire-resistant hydraulic fluids used in heavy-duty machinery and off-highway equipment and in automotive air-conditioning systems with non-ozone-depleting coolants; alkyl alkanolamines, for water-treating chemicals, surfactants, fabric softeners, pharmaceuticals and natural-gas and boiler-water conditioning, and gas-treating chemicals, including SELEXOL and UCARSOL solvents, used to increase efficiency in removing carbon dioxide and sulfur compounds from natural and refinery gases. Formulated glycol products include UCAR aircraft and runway deicing and anti-icing fluids, which remove or prevent formation of ice, snow and frost on aircraft and runway surfaces; UCARTHERM heat-transfer fluids, which are used as corrosion-inhibiting heat transfer media in heating, ventilation and refrigeration systems, and NORKOOL industrial products, used as cleaners and corrosion-inhibiting coolants and in gas compressor stations, generators and large engines.

<PAGE>

Solvents, Intermediates & Monomers supplies one of the chemical industry's

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ACL Doc 19325 · Page 5 of 107 asbestosclaims.law/library/19325/5

broadest product lines to the paints and coatings market and also serves the cosmetics and personal care, adhesives, household and institutional products, pharmaceuticals and agricultural markets. Products include oxo aldehydes, acids and alcohols, used as chemical intermediates and industrial solvents and in herbicides, plasticizers, paint dryers, jet-turbine lubricants, lube oil additives, perfumes and food and feed preservatives; esters, which serve as solvents in industrial coatings and printing inks and in the manufacturing processes for pharmaceuticals and polymers; CARBITOL and CELLOSOLVE solvents, used in high-technology coatings applications, such as primers and industrial finishes for the automotive, packaging and furniture markets, as jet-fuel additives and as grease cutters for household and industrial cleaners and in UCON and EMKADIXOL brake fluids, and ketones, including methyl isobutyl ketone, used as solvents for vinyl resins, industrial lacquers and pharmaceuticals and as intermediates for dyes and rubber chemicals. Other products include monomers, such as vinyl acetate and acrylic esters, widely used in the production of latex paints, paper coatings, adhesives, textile binders and floor and shoe polishes; alcohols, such as ethanol and isopropanol, which act as solvents and intermediates in materials used to produce coatings, inks, herbicides, petroleum additives and synthetic lubricants and also widely used as solvents for personal care products, such as perfumes, deodorants and hair sprays, and in the preparation of mouthwashes, detergents, disinfectants and polishes, and the UNICARB System, a pollution-reducing technology that can cut costs and reduce volatile organic compounds in spray-applied coatings by up to 80 percent.

Basic Chemicals & Polymers

The BC&P segment converts various hydrocarbon feedstocks, principally liquefied petroleum gases and naphtha, into the basic building-block chemicals ethylene and propylene (also known as olefins), which are in turn converted to polyethylene (the world's most widely used plastic), polypropylene (one of the world's fastest-growing plastics), and ethylene oxide and ethylene glycol (used to make polyester fiber, film and resin, and automotive antifreeze). This segment provides ethylene, propylene, ethylene oxide, ethylene glycol and various other derivatives to the S&I segment.

The BC&P segment's principal products are grouped as follows:

The Hydrocarbons group manufactures over three-quarters of the corporation's ethylene requirements and about one-third of its propylene requirements. Ethylene and propylene are the key raw materials for many of the corporation's businesses.

The Ethylene Oxide/Glycol group is the leading producer of ethylene oxide and ethylene glycol. Ethylene oxide is a chemical intermediate primarily used in the manufacture of ethylene glycol, polyethylene glycol, glycol ethers, ethanolamines, surfactants and other performance chemicals and polymers; di- and triethylene glycol, used in a variety of applications, including boat construction, shoe manufacturing, natural gas-drying and other moisture-removing applications and plasticizers for safety glasses; and tetraethylene glycol, used predominantly in the production of plasticizers for automotive windows. Ethylene glycol is used extensively in the production of polyester fiber, resin and film, automotive antifreeze and engine coolants, and aircraft anti-icing and deicing fluids.

The UNIPOL Polymers group is a leading manufacturer of polyethylene, the world's most widely used plastic. This group produces and markets linear low-, medium- and high-density polyethylenes, used in high-volume applications such as housewares; milk, water, bleach and detergent bottles; grocery sacks; trash bags; packaging; water and gas pipe, and FLEXOMER very low-density polyethylene resins, used as impact modifiers in other polymers and to produce flexible hose and tubing, frozen-food bags and stretch wrap. All polyethylene resins marketed by this group are produced in UNIPOL Process manufacturing facilities.

The Polypropylene Resins business manufactures and sells polypropylene, one of

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ACL Doc 19325 · Page 6 of 107 asbestosclaims.law/library/19325/6

the world's largest-volume, fastest-growing plastics. End-use applications include carpeting and upholstery; apparel; packaging films; food containers, such as dairy-products cups; housewares and appliances; heavy-duty tapes and ropes, and automobile interior panels and trim.

Other

In addition to its business segments, the corporation's Other segment includes its noncore operations and financial transactions other than derivatives designated as hedges, which are included in the same segment as the item being hedged.

Raw Materials and End Markets

All products and services are marketed throughout the world by the corporation's direct sales force, which is augmented, where appropriate, by a network of Union Carbide authorized distributors.

Union Carbide's leading end markets as a percentage of sales are:	
Packaging and consumer plastics	23
Paints, coatings and adhesives	21
Wire and cable	11
Textile	7
Household and personal care	7
Automotive, including antifreeze	5
Agriculture and food	4
Oil and gas	2
Industrial cleaners	2

The corporation 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 the corporation are not dependent to a significant extent upon a single customer or a few customers.

The corporation 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.

Patents, Trademarks, Research and Development

The corporation owns a large number of United States and foreign patents that relate to a wide variety of products and processes, has pending a substantial number of patent applications throughout the world and is licensed under a number of patents. These patents expire at various times over the next 20 years. In the aggregate, such patents and patent applications are material to Union

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ACL Doc 19325 · Page 7 of 107 asbestosclaims.law/library/19325/7

Carbide's competitive position. No one patent is considered to be material. The corporation also has a large number of trademarks. The UNION CARBIDE and UNIPOL trademarks are material; no other single trademark is material.

Essentially all of the corporation's research and development activities are company-sponsored. The principal research and development facilities of the corporation are indicated in the discussion of Properties (Item 2) of this Annual Report on Form 10-K. In addition to the facilities specifically indicated therein, product development and process technology laboratories are maintained at some plants. The corporation expensed $152 million in 2000 and $154 million in 1999 on company-sponsored research activities to develop new products, processes, or services, or to improve existing ones. Certain of the corporation's joint ventures conduct research and development within their business fields.

Environment

See Costs Relating to Protection of the Environment, beginning on page 16 of this Annual Report on Form 10-K, and Note 16 to the consolidated financial statements on pages 43 and 44.

Insurance

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

Competition

Each of the major product and service areas in which the corporation participates is highly competitive. In some instances competition comes from manufacturers of the same products and in other cases from functional competition. Some of the corporation's competitors, such as companies principally engaged in petroleum operations, have more direct access to hydrocarbon feedstocks and some have greater financial resources than the corporation.

The S&I segment is characterized by differentiated products and is less subject to external changes in supply/demand relationships than the BC&P segment. In the S&I segment, competition is based primarily on product functionality and quality, with the more unique products commanding more significant price premiums. Products manufactured by the S&I segment may compete with a few competitors in many products or with many competitors in selected products. In all, approximately 24 other major specialty chemical companies manufacture products competitive with those of the S&I segment.

The BC&P segment is characterized by large-volume commodity products and is subject to external changes in supply/demand relationships, including changes in the strength of the overall economy, customer inventory levels, industry manufacturing capacity and operating rates and raw material feedstock costs. Participants in this segment compete for business primarily on the basis of price and efficient delivery systems. The BC&P segment competes with at least 12 other major producers of basic chemicals.

Union Carbide is a major marketer of petrochemical products throughout the world. Products that the corporation markets are largely produced in the U.S.,

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ACL Doc 19325 · Page 8 of 107 asbestosclaims.law/library/19325/8

while products marketed by the corporation's joint ventures are principally produced outside the U.S. Competitive products are produced throughout the world. The corporation's international operations face competition from local producers and global competitors and a number of risks inherent in carrying on business outside the U.S., including regional and global economic conditions, risks of nationalization, expropriation, restrictive action by local governments and changes in currency exchange rates.

Other

For a summary of business and geographic segment data, see Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 6 to the consolidated financial statements, beginning on pages 12 and 32, respectively, of this Annual Report on Form 10-K.

For a summary of the corporation's joint ventures, see those sections of Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 8 to the consolidated financial statements, beginning on pages 12 and 35, respectively, of this Annual Report on Form 10-K.

Item 2. Properties

In management's opinion, current facilities, together with planned expansions, will provide adequate production capacity to meet the corporation's planned business activities. Capital expenditures are discussed on page 18 of this Annual Report on Form 10-K.

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

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

<TABLE>
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Location	City	Principal Product(s)
<S>	<C>	<C>
Specialties & Intermediates Segment		
California	Torrance	Latexes
Georgia	Tucker	Latexes
Illinois	Alsip	Latexes
Louisiana	Greensburg	Hydroxyethyl cellulose derivatives
Louisiana	Norco (Cypress Plant)	Polypropylene catalysts
Louisiana	Taft	Acrolein and derivatives, acrylic caprolactone, UV-curing resins, cy glycol ethers, polyethylene glycol surfactants, ethanolamines, oxo al soybean oil
Louisiana	Taft (Star Plant)	Polyethylene catalysts

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ACL Doc 19325 · Page 9 of 107 asbestosclaims.law/library/19325/9

New Jersey	Bound Brook	Polyethylene compounds for wire an
New Jersey	Edison	Lanolin and glucose derivatives
New Jersey	Somerset	Latexes
Puerto Rico	Bayamon	Latexes
Texas	Garland	Latexes
Texas	Seadrift	Ethanolamines, glycol ethers, ethy rubber, polyethylene compounds for polyethylene catalysts, polypropyl
Texas	Texas City	Organic acids and esters, alcohols ketones, vinyl acetate, solution v transfer fluids
West Virginia	Institute	Caprolactone derivatives, polyethy hydroxyethyl cellulose, polyethyle surfactants, ethylidene norbornene ethylene oxide catalysts, acetone
West Virginia	South Charleston	Alkyl alkanolamines, miscellaneous products, polyalkylene glycols, su ketones, polyvinyl acetate resins, aircraft deicing fluids, vinyl met
Basic Chemicals & Polymers Segment		
Louisiana	Norco (Cypress Plant)	Polypropylene
Louisiana	Taft	Ethylene oxide and ethylene glycol
Louisiana	Taft (Star Plant)	Polyethylene
Texas	Seadrift	Ethylene oxide and ethylene glycol polypropylene
Texas	Texas City	Olefins

</TABLE>

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

<PAGE>

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

<TABLE>
<CAPTION>

Country	City	Principal Product(s)
<S>	<C>	<C>
Specialties & Intermediates Segment		
Argentina	San Lorenzo	Latex
Belgium	Vilvoorde	Lanolin derivatives
Belgium	Zwijndrecht	Hydroxyethyl cellulos
Brazil	Aratu	Hydroxyethyl cellulos
Brazil	Cabo	Vinyl acetate
Brazil	Cubatao	Polyethylene
Canada	Sarnia	Latex
Indonesia	Jakarta	Latex
Malaysia	Seremban	Latex
People's Republic of China	Guangdong	Latex, hydroxyethyl c
People's Republic of China	Shanghai	Latex
Philippines	Batangas	Latex

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ACL Doc 19325 · Page 10 of 107 asbestosclaims.law/library/19325/10

Thailand	Rayong	Latex
United Arab Emirates	Dubai	Latex
United Kingdom	Wilton	Glycol ethers, ethanc
Basic Chemicals & Polymers	Segment	
Canada	Joffre*	Ethylene
Canada	Prentiss	Ethylene glycol, poly
United Kingdom	Wilton	Ethylene oxide and et

* Under operating agreement with Nova Chemicals Corporation.

</TABLE>

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

Joint Venture Locations

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

Specialties & Intermediates:

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

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

Aspell Polymeres SNC ("Aspell") -- a France-based partnership with Elf Atochem S.A., a subsidiary of Atofina, a subsidiary of TotalFinaElf S.A., in which the corporation operates the wire and cable compounding business. This partnership has a manufacturing facility in Gonfreville, France.

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

<PAGE>

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

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ACL Doc 19325 · Page 11 of 107 asbestosclaims.law/library/19325/11

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

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

Basic Chemicals & Polymers:

Polimeri Europa S.r.l. ("Polimeri Europa") -- an Italy-based producer of olefins and polyethylene resins. This corporate joint venture with EniChem S.p.A. ("EniChem") of Italy operates facilities at Brindisi, Ferrara, Gela, Priolo and Ragusa, Italy; Dunkirk, France, and Oberhausen, Germany. The venture is headquartered in Milan, Italy. On February 9, 2001, the corporation entered into an agreement to transfer its shares in Polimeri Europa to EniChem. This transfer is subject to approval by the European Commission.

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

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

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

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

Item 3. Legal Proceedings

See Note 16 of Notes to Financial Statements on pages 43 and 44 of this Annual Report on Form 10-K.

As initially reported in the corporation's Quarterly Report on Form 10-Q for the period ended September 30, 2000, the corporation was served with an administrative Complaint and Notice of Opportunity for Hearing ("Complaint") by the U.S. Environmental Protection Agency, Region 6, alleging violations of reporting requirements under section 112 of the Federal Clean Air Act at the corporation's Taft facility in Hahnville, Louisana. The Complaint sought civil penalties of $159,840.00. On January 18, 2001, the Complaint was withdrawn.

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

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ACL Doc 19325 · Page 12 of 107 asbestosclaims.law/library/19325/12

Omitted pursuant to General Instruction I of Form 10-K.

Part II

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

Prior to the Dow Merger on February 6, 2001, the principal market for the corporation's common stock was the New Stock Exchange, under the symbol "UK." The stock was also listed on the Chicago and Pacific stock exchanges in the U.S. There were 40,235 common stockholders of record on December 31, 2000. Effective upon the Dow Merger, there is no longer a public trading market for the corporation's common stock, as the corporation became a wholly-owned subsidiary of Dow.

Annual and quarterly market and dividend information can be found on page 47 of this Annual Report on Form 10-K.

Item 6. Selected Financial Data

Omitted pursuant to General Instruction I of Form 10-K.

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

Pursuant to General Instruction I (2)(a) of Form 10-K, this section includes only management's narrative analysis of the results of operations between 2000, the most recent fiscal year presented, and 1999, the fiscal year immediately preceding it.

On February 6, 2001, the corporation merged with a subsidiary of The Dow Chemical Company ("Dow"). As a result of the merger, each share of Union Carbide common stock outstanding immediately prior to the merger was exchanged for 1.611 shares of Dow common stock and Union Carbide became a wholly-owned subsidiary of Dow. The merger received clearance from the United States ("U.S.") Federal Trade Commission, the European Commission and the Canadian Competition Bureau, subject to the divestiture of certain assets and the licensing of certain technology. The transaction is intended to qualify as a tax-free reorganization for U.S. Federal income tax purposes and is expected to be accounted for under the pooling-of-interests method of accounting. The following discussion does not reflect the effects of the merger.

Results of Operations

<TABLE>
<CAPTION>

Millions of dollars (except per share figures or as otherwise indicated), for the year ended December 31,	
<S>	<C>
Net sales	$
Operating profit /(a)/	
Interest expense	
Income before provision for income taxes	
Income before cumulative effect of change in accounting principle	

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ACL Doc 19325 · Page 13 of 107 asbestosclaims.law/library/19325/13

Net income	
Per share -- basic	
Income before cumulative effect of change in accounting principle	$
Net income	
Per share -- diluted	
Income before cumulative effect of change in accounting principle	
Net income	
Customer volume (millions of pounds)	
Unit variable margin (cents/pound)	
Fixed cost per pound of products sold (cents/pound)	

</TABLE>

(a) See Note 6 to the consolidated financial statements for a discussion of the special items included in operating profit.

Union Carbide operates in two business segments. Specialties & Intermediates ("S&I") converts basic and intermediate chemicals into a diverse portfolio of chemicals and polymers serving industrial customers in many markets. This segment also provides technology services, including licensing, to the oil and petrochemicals industries. Basic Chemicals & Polymers ("BC&P") converts hydrocarbon feedstocks, principally liquefied petroleum gas and naphtha, into ethylene or propylene used to manufacture polyethylene, polypropylene, ethylene oxide and ethylene glycol for sale to third-party customers, as well as ethylene, propylene, ethylene oxide, ethylene glycol and various other derivatives for consumption by the S&I segment. In comparison with those of S&I, the revenues and operating profit of BC&P tend to be more cyclical and very sensitive to a number of external variables, including overall economic demand, hydrocarbon feedstock costs, industry capacity increases and plant operating rates.

In addition to its business segments, the corporation's Other segment includes its noncore operations and financial transactions other than derivatives designated as hedges, which are included in the same segment as the item being hedged.

<PAGE>

Summary - Consolidated Results

During 2000, the chemical industry experienced very difficult conditions. Significant increases in raw material and energy costs, particularly in the latter part of the year, could not be recaptured in the selling price of most products due to competitive market pressures. Consolidated net sales rose 11.2 percent from the prior year. This increase reflected an overall increase of 11.4 percent in average customer selling prices combined with relatively flat customer volume. By contrast, raw material and energy costs, primarily for ethane, propane and natural gas, increased by approximately 30 percent. Unit variable margin (net sales, or, with regard to segment unit variable margins, segment revenues, less variable manufacturing and distribution costs divided by customer volume) decreased by 1.7 cents per pound, or 11.1 percent. Fixed costs, as well as fixed cost per pound of products sold (fixed manufacturing and distribution costs, plus research and development and selling, administrative and other expenses, divided by customer volume), remained at levels consistent with the prior year. Included in fixed costs was an increase in domestic pension credit of $90 million over the prior year, partially offset by costs associated with the start-up of the olefins and polyethylene units in Canada in the second half of the year. The increase in domestic pension credit was the result of amortization of investment gains and changes in actuarial assumptions reflecting long-term investment returns on pension plan assets. Depreciation and amortization increases reflected additional expense associated with the new

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ACL Doc 19325 · Page 14 of 107 asbestosclaims.law/library/19325/14

Canadian plants.

Partnership results declined from income of $11 million in 1999 to a loss of $40 million in 2000. Current year results include a nonrecurring charge of $31 million from UOP LLC ("UOP") related primarily to losses associated with certain customer contracts coupled with restructuring charges. Additionally, results from the corporation's Petromont and Company, Limited Partnership ("Petromont") reflected poor market conditions, similar to those experienced by the corporation. The reductions in UOP and Petromont results were partially offset by lower losses of the Aspell Polymeres SNC ("Aspell") partnership in France.

Other income - net in 2000 included an $18 million gain on shares received and sold in connection with the demutualization of Metropolitan Life Insurance Company ("Met Life"), a provider of certain employee benefit programs for the corporation, and $18 million of interest income related to tax refunds. Other income - net in 1999 included $50 million related to two favorable litigation settlements related to the licensing business.

The most dramatic improvement came from the corporation's corporate investments carried at equity, which increased earnings by $121 million over the prior year. The majority of the improvement represented significantly better performance at EQUATE Petrochemical Company K.S.C. ("EQUATE") and Polimeri Europa S.r.l. ("Polimeri Europa"), which was somewhat offset by preoperating expenses of the Malaysian joint ventures.

Interest expense increased to $158 million in 2000 from $133 million in 1999. The increase represents a greater average outstanding debt balance in 2000 compared with the prior year, coupled with an increase in average interest rates associated with an increase in short-term borrowings. This increase was only partially offset by an increase in capitalized interest in 2000, which principally related to the Canadian construction projects that were completed and began production in the second half of 2000.

The effective tax rate was 25.8 percent in 2000, compared with 25.6 percent in 1999. Generally, the corporation's effective tax rate is less than the statutory Federal income tax rate because of research and experimentation and foreign sales corporation tax credits. In 2000, the effective tax rate was increased by additional taxes due on dividends received from foreign sources.

Segment Analysis - Specialties & Intermediates

<TABLE>
<CAPTION>

Millions of dollars, except as indicated	2000
<S>	<C>
Segment revenues	$ 4,492
Cost of sales, exclusive of depreciation and amortization	3,673
Gross margin	819
Depreciation and amortization	269
Partnership income (loss)	(36)
Operating profit	270
Income (loss) from corporate investments carried at equity	$ (4)
Customer volume (millions of pounds)	8,998
Unit variable margin (cents/pound)	18.9
Fixed cost per pound of products sold (cents/pound)	13.2

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ACL Doc 19325 · Page 15 of 107 asbestosclaims.law/library/19325/15

Capital expenditures	$ 175
Investments, advances and acquisitions	96
Segment assets	4,432

</TABLE>

S&I segment revenues increased 7.4 percent, reflecting a 6.2 percent increase in average customer selling prices and relatively stable volume as compared with 1999. Although average customer selling prices rose from the prior year, those increases were unable to offset the significant rise in raw material and energy costs from the prior year, thus causing unit variable margin to decline by 3.6 cents per pound, or 16.0 percent. Fixed cost per pound of products sold declined slightly, principally due to reductions in fixed manufacturing and distribution costs. Operating profit for 2000 included a $12 million gain on shares received and sold in connection with the demutualization of Met Life. Operating profit for 1999 included $50 million from two favorable litigation settlements related to the licensing business.

Joint Ventures

<TABLE>
<CAPTION>

	Combined	
Millions of dollars	2000	1999
<S>	<C>	<C>
Net sales	$ 1,859	$ 2,000
Cost of sales	1,274	1,334
Depreciation	119	104
Income from operations	22	92
Interest expense	47	40
Provision for income taxes	30	61
Net income (loss)	$ (56)	$ (7)
UCC share of dividends & distributions		
Total assets	$ 1,944	$ 2,086
Total third-party debt	722	786
Net assets	595	606

</TABLE>

(a) Includes U.S. Generally Accepted Accounting Principles adjustments made by the corporation, such as goodwill and related amortization, and adjustments needed to conform the accounting policies of the joint ventures to those of UCC.

The most significant joint ventures included in the S&I segment are UOP; Nippon Unicar Company Limited ("NUC"); Aspell; World Ethanol Company ("World Ethanol"); Univation Technologies, LLC ("Univation"); Asian Acetyls Co., Ltd. ("ASACCO"), and OPTIMAL Chemicals (Malaysia) Sdn Bhd ("OPTIMAL-S&I"). A description of each venture is located in Part I, Item 2: Properties, located under the heading "Joint Venture Locations" on pages 9 and 10 of this Annual Report on Form 10-K.

S&I's share of partnership results declined from income of $6 million in 1999 to a loss of $36 million in 2000. Included in the 2000 results was a nonrecurring charge of $31 million from UOP related primarily to losses associated with certain customer contracts coupled with restructuring charges. The reduction in UOP results was somewhat offset by lower losses at Aspell.

http://www.sec.gov/Archives/edgar/data/100790/000095013001.../0000950130-01-001201.tx 2/18/2002

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ACL Doc 19325 · Page 16 of 107 asbestosclaims.law/library/19325/16

<PAGE>

Segment Analysis - Basic Chemicals & Polymers

<TABLE>
<CAPTION>

Millions of dollars, except as indicated	20
<S>	<C>
Segment revenues	$ 2,4
Cost of sales, exclusive of depreciation and amortization	2,2
Gross margin	2
Depreciation and amortization	1
Partnership income (loss)	
Operating profit (loss)	$ (
Income (loss) from corporate investments carried at equity	$ 1
Customer volume (millions of pounds)	7,7
Unit variable margin (cents/pound)	7
Fixed cost per pound of products sold (cents/pound)	6
Capital expenditures	$ 2
Investments, advances and acquisitions	1
Segment assets	3,7

</TABLE>

The year 2000 reflected a very difficult environment for the basic chemicals and polymers business. Although segment revenues increased 24.1 percent from the prior year and average customer selling price increased 23.6 percent, customer volume declined by 1.2 percent. The dramatic increase in the cost of raw materials and energy, especially in the latter part of 2000, more than offset the increases in average customer selling prices. Fixed cost per pound of products sold reflected an increase in the cost of manufacturing and distribution, coupled with a reduction in customer volume. Increases in current year depreciation and amortization represented additional depreciation associated with the start-up of the olefins and polyethylene units in Canada during the second half of the year. Operating profit for the year included a $6 million gain on shares received and sold in connection with the demutualization of Met Life, a provider of certain employee benefit programs.

Joint Ventures

<TABLE>
<CAPTION>

	Combined	
Millions of dollars	2000	1999
<S>	<C>	<C>
Net sales	$ 2,847	$ 2,135
Cost of sales	2,187	1,649
Depreciation	215	244
Income from operations	372	155
Interest expense	132	157
Provision for income taxes	39	26
Net income (loss)	$ 203	$ (27)
UCC share of dividends & distributions		

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ACL Doc 19325 · Page 17 of 107 asbestosclaims.law/library/19325/17

Total assets	$ 3,657	$ 3,548
Total third-party debt	1,035	1,241
Net assets	1,739	1,232

</TABLE>

(a) Includes U.S. Generally Accepted Accounting Principles adjustments made by the corporation, such as goodwill and related amortization, and adjustments needed to conform the accounting policies of the joint ventures to those of UCC.

The most significant joint ventures included in the BC&P segment are Polimeri Europa, EQUATE, Petromont, Alberta & Orient Glycol Company Limited ("A&OG") and OPTIMAL Olefins (Malaysia) Sdn Bhd and OPTIMAL Glycols (Malaysia) Sdn Bhd ("OPTIMAL-BC&P"). A description of each venture is located in Part I, Item 2: Properties, located under the heading "Joint Venture Locations" on page 10 of this Annual Report on Form 10-K.

<PAGE>

BC&P's share of partnership income (loss), declined from income of $5 million in 1999 to a loss of $4 million in 2000, primarily related to difficult market conditions faced by Petromont. Petromont experiences similar market conditions as those of the corporation's U.S. operations. BC&P's share of income from corporate investments carried at equity increased from $3 million in 1999 to $127 million in 2000, principally the result of improved performance at EQUATE and Polimeri Europa, which was partially offset by preoperating expenses associated with the OPTIMAL-BC&P joint ventures. Although earnings in the chemical industry are being negatively impacted by rising raw material costs, EQUATE benefits from having advantaged raw material supply contracts. Polimeri Europa's performance in 2000 reflects better industry margins and volumes in Europe than in 1999.

Joint Venture Commitments

The corporation severally guaranteed up to $122 million at December 31, 2000 of EQUATE's debt and working capital financing needs. The corporation has also severally guaranteed certain sales volume targets until EQUATE's sales capabilities are proved. In addition, the corporation has pledged its shares in EQUATE as security for EQUATE's debt. The corporation has political risk insurance coverage for its equity investment and a majority of its guarantee of EQUATE's debt.

Other

Millions of dollars, for the year ended December 31,	2000	1999
Operating profit (loss)	$9	$ (31)

The Other segment includes profit and loss from noncore activities and certain financial transactions. Operating loss for 1999 included environmental expenses of $27 million related to a discontinued business.

Costs Relating to Protection of the Environment

Worldwide costs relating to environmental protection continue to be significant, due primarily to stringent laws and regulations and to the corporation's commitment to industry initiatives such as RESPONSIBLE CARE, as well as to its own internal standards. In 2000, worldwide expenses related to environmental

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ACL Doc 19325 · Page 18 of 107 asbestosclaims.law/library/19325/18

protection for compliance with Federal, state and local laws regulating solid and hazardous wastes and discharge of materials to air and water, as well as for waste site remedial activities, totaled $104 million. Expenses in 1999 were $118 million. In addition, worldwide capital expenditures relating to environmental protection, including those for new capacity and cost reduction and replacement, in 2000 totaled $34 million compared with $35 million in 1999.

The corporation, like other companies in the U.S., periodically receives notices from the U.S. Environmental Protection Agency and from state environmental agencies, as well as claims from other companies, alleging that the corporation is a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act and equivalent state laws (hereafter referred to collectively as "Superfund") for past and future cleanup costs at hazardous waste sites at which the corporation is alleged to have disposed of, or arranged for treatment or disposal of, hazardous substances. The corporation is also undertaking environmental investigation and remediation projects at hazardous waste sites located on property currently and formerly owned by the corporation pursuant to Superfund, as well as to the Resource Conservation and Recovery Act and equivalent state laws.

There are approximately 105 hazardous waste sites at which management believes it is probable or reasonably possible that the corporation will incur liability for investigation and/or remediation costs. The corporation has established accruals for those hazardous waste sites where it is probable that a loss has been incurred and the amount of the loss can reasonably be estimated. The reliability and precision of the loss estimates are affected by numerous factors, such as the stage of site evaluation, the allocation of responsibility among PRPs and the assertion of additional claims. The corporation adjusts its accruals as new remediation requirements are defined, as information becomes available permitting reasonable estimates to be made, and to reflect new and changing facts.

-16-

<PAGE>

At December 31, 2000, the corporation's accruals for environmental remediation totaled $183 million ($208 million in 1999). Approximately 40 percent of the accrual (45 percent in 1999) pertains to estimated future expenditures for site investigation and cleanup, and approximately 60 percent (55 percent in 1999) pertains to estimated future expenditures for closure and postclosure activities. See Note 16 to the financial statements on pages 43 and 44 of this Annual Report on Form 10-K for a discussion of the environmental sites for which the corporation has remediation responsibility. In addition, the corporation had environmental loss contingencies of $71 million at December 31, 2000.

Estimates of future costs of environmental protection are necessarily imprecise, due to numerous uncertainties. These include the impact of new laws and regulations, the availability and application of new and diverse technologies, the identification of new hazardous waste sites at which the corporation may be a PRP and, in the case of Superfund sites, the ultimate allocation of costs among PRPs and the final determination of the remedial requirements. While estimating such future costs is inherently imprecise, taking into consideration the corporation's experience to date regarding environmental matters of a similar nature and facts currently known, the corporation estimates that worldwide expenses related to environmental protection, expressed in 2000 dollars, should average about $105 million annually over the next five years. Worldwide capital expenditures for environmental protection, also expressed in 2000 dollars, are expected to average about $65 million annually over the same period. The increase in the anticipated capital expenditures level from the prior year is the result of new legislative requirements. Management anticipates that future annual costs for environmental protection after 2005 will continue at levels comparable to the five-year average estimates. Subject to the inherent imprecision and uncertainties in estimating and predicting future costs of environmental protection, it is management's opinion that any future annual

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ACL Doc 19325 · Page 19 of 107 asbestosclaims.law/library/19325/19

costs for environmental protection in excess of the five-year average estimates stated here, plus those costs anticipated to continue thereafter, would not have a material adverse effect on the corporation's consolidated financial position.

Litigation

The corporation and its consolidated subsidiaries are involved in a number of legal proceedings and claims with both private and governmental parties. These cover a wide range of matters, including, but not limited to: product liability; trade regulation; governmental regulatory proceedings; health, safety and environmental matters; employment; patents; contracts, and taxes. In some of these legal proceedings and claims, the cost of remedies that may be sought or damages claimed is substantial. While it is impossible at this time to determine with certainty the ultimate outcome of any such legal proceedings and claims, management believes that adequate provisions have been made for probable losses with respect thereto and that such ultimate outcome, after provisions therefor, will not have a material adverse effect on the consolidated financial position of the corporation, but could have a material effect on consolidated results of operations in a given quarter or year. Should any losses be sustained in connection with any of such legal proceedings and claims in excess of provisions therefor, they will be charged to income when determinable.

Accounting Changes

1999 through 2000

In 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements," which summarizes the staff's views regarding the application of generally accepted accounting principles to selected revenue recognition issues. The corporation adopted the provisions of SAB 101 on October 1, 2000, the effect of which was not material to the corporation's financial position or results of operations.

Effective January 1, 1999, the corporation adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." This SOP requires the expensing of certain costs, such as preoperating expenses and organizational costs associated with an entity's start-up activities. In accordance with this SOP's provisions, on January 1, 1999, the corporation recognized a charge of $27 million ($20 million after-tax) as a cumulative effect of change in accounting principle, the majority of which represented formation costs associated with the corporation's joint ventures.

Also effective January 1, 1999, the corporation prospectively adopted the provisions of SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The effect of this adoption was not material to the corporation's financial position or results of operations in the period of adoption.

Subsequent to 2000

In 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." It requires that an entity recognize all derivative instruments as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Changes in the fair value of those derivatives will be reported in earnings or other comprehensive income, depending on the uses of the derivatives and whether they qualify for hedge accounting. This Statement, as amended by Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133," and Statement No. 138, "Accounting for Derivative Instruments and Certain Hedging

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ACL Doc 19325 · Page 20 of 107 asbestosclaims.law/library/19325/20

Activities -- an amendment of FASB Statement No. 133," is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Due to the corporation's limited use of financial instruments to manage its exposure to market risks, primarily related only to changes in foreign currency exchange rates, the adoption of Statement No. 133 on January 1, 2001, did not have a material effect on the corporation's financial position or results of operations.

Liquidity, Capital Resources and Other Financial Data

Cash Flow from Operations

Cash flow from operations decreased by $99 million to $460 million in 2000. Declines in the current year were primarily the result of a decline in net income and lower net noncash charges to net income, partially offset by a decrease in working capital requirements.

Cash Flow Used for Investing

Cash flow used for investing includes capital expenditures, investments, advances and acquisitions, and purchases of, and proceeds from the sale of, securities and assets.

Capital expenditures were $459 million in 2000 compared with $764 million in 1999. Major capital projects funded during 2000 and 1999 included work at a new olefins facility built jointly with Nova Chemicals Corporation, and a polyolefins project, both of which started up during 2000, in Alberta, Canada. Over the past two years, 68 percent of capital expenditures was directed to new capacity, 27 percent to cost reduction and replacement and 5 percent to environmental, safety and health facilities. Of these expenditures, 42 percent were in the U.S. and Puerto Rico. At December 31, 2000, the cost of completing authorized construction projects was estimated to be $235 million, of which $35 million is covered by firm commitments. Future construction expenditures are anticipated to be sourced through operating cash flows.

Increases in investments, advances and acquisitions principally relates to the corporation's funding of the OPTIMAL Group, which the corporation and PETRONAS formed to build and operate a 600,000 metric-tons-per-year ethylene plant, a 385,000 metric-tons-per-year ethylene oxide/glycol plant and a multiple specialties and intermediates derivatives facility in Kerteh, Terengganu, Malaysia. The joint ventures' primary marketing focus will be in Southeast Asia. The corporation anticipates funding its approximate $500 million share of the cost of the complex through its 2001 planned start-up date with internally generated funds and debt. At December 31, 2000, the corporation had invested approximately $349 million, and was firmly committed to an additional $35 million.

The corporation generated additional cash flow from investing of $68 million from the net sales and purchases of available-for-sale securities in 2000 compared with 1999.

Cash Flow from Financing

Cash flow from/used for financing includes stockholder and minority interest dividends and funds used to buy back common stock, offset in part by net proceeds from short- and long-term debt and sales of common stock pursuant to the corporation's dividend reinvestment plan, its employee savings and investment programs and its long-term incentive plans.

Cash flow from financing in 2000 totaled $196 million compared with $324 million in 1999. Cash flow from financing in 2000 includes net borrowings of $388

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ACL Doc 19325 · Page 21 of 107 **asbestosclaims.law/library/19325/21**

million, excluding the repayment of the Floating Rate Notes of $110 million, and cash received from the issuance of common stock of $32 million, offset by cash dividends paid of $121 million. Cash flow from financing in 1999 includes net proceeds of $250 million from the issuance of 6.70% Public Notes due in 2009 and net increases in debt, excluding this issuance, of $183 million, partially offset by cash dividends paid of $120 million.

In August 1999, the board of directors rescinded the corporation's authorization to repurchase up to 60 million shares of the corporation's common stock. Since inception of its share repurchase authorization in 1993 through August 1999, the corporation repurchased 56.4 million shares for $2.033 billion, at an average effective price of $36.01 per share. In addition to the above repurchases, in 2000 and 1999 stock was reacquired from employees to satisfy tax withholding requirements on restricted shares issued under employee benefit plans.

Debt Ratios

<TABLE>
<CAPTION>
Total debt outstanding at year end for each of the past two years was:

Millions of dollars	2000
<S>	<C>
Domestic	$ 2,665
International	261
Total	$ 2,926

Year-end ratios of total debt to total capital were:

	2000
Debt Ratio	52.1

</TABLE>

Total debt consists of short-term debt, long-term debt and the current portion of long-term debt. Total capital consists of total debt plus minority stockholders' equity in consolidated subsidiaries and stockholders' equity.

<PAGE>

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate and Currency Risk Management

The corporation selectively uses financial instruments to manage its exposure to market risk related to changes in foreign currency exchange rates and interest rates. The corporation does not hold derivative financial instruments for trading purposes. See Notes 1 and 9 to the consolidated financial statements on pages 27 and 36 of this Annual Report on Form 10-K for more information about these instruments.

At December 31, 2000, the corporation held open foreign currency forward contracts and purchased options with net notional amounts of $131 million and an unrealized net loss of $4 million (net notional amount of $253 million and an unrealized net loss of less than $1 million at December 31, 1999).

The corporation used sensitivity analysis to evaluate the potential effect of

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ACL Doc 19325 · Page 22 of 107 asbestosclaims.law/library/19325/22

movements in foreign currency exchange rates and interest rates on the consolidated financial statements. Based on this analysis, a hypothetical 10 percent weakening in the U.S. dollar across all currencies would have resulted in a $16 million net loss at December 31, 2000 (less than $1 million net gain at December 31, 1999). Alternatively, a hypothetical 10 percent strengthening in the U.S. dollar across all currencies would have resulted in an $11 million net gain at December 31, 2000 ($5 million net gain at December 31, 1999). These gains and losses would generally be offset by fluctuations in underlying currency transactions. The corporation held long-term debt of $1,755 million, of which $15 million was variable-rate debt, at December 31, 2000 (total long-term debt of $1,869 million of which $125 million was variable-rate debt at December 31, 1999). A 10 percent increase in market interest rates would have decreased the net fair market value of fixed-rate debt instruments by $105 million at December 31, 2000 ($102 million at December 31, 1999), and a 10 percent decrease in market interest rates would have increased the net fair market value of fixed-rate debt instruments by $118 million at December 31, 2000 ($120 million at December 31, 1999).

Foreign Operations

A portion of the financial results of each of the corporation's segments is derived from activities conducted outside the U.S. and denominated in currencies other than the U.S. dollar. Because the financial results of the corporation are reported in U.S. dollars, they are affected by changes in the value of the various foreign currencies in relation to the U.S. dollar. Exchange rate risks are lessened, however, by the diversity of the corporation's foreign operations and the fact that international activities are not concentrated in any single non-U.S. currency. In addition, the effects of a strengthening U.S. dollar could cause pricing pressures on worldwide chemical markets that could result in declines in the corporation's sales volumes. The corporation is subject to other risks customarily associated with doing business in foreign countries, including local labor and economic conditions, unfavorable changes in foreign tax laws and possible controls on repatriation of earnings and capital. Future losses associated with such risks, if any, cannot be predicted.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEET
Union Carbide Corporation and Subsidiaries

<TABLE>
<CAPTION>

Millions of dollars, at December 31,	2000
<S>	<C>
Assets	
Cash and cash equivalents	$ 63
Notes and accounts receivable	1,034
Inventories	750
Other current assets	329
Total Current Assets	2,176
Property, plant and equipment	9,361
Less: Accumulated depreciation	4,840
Net Fixed Assets	4,521
Companies carried at equity	1,008
Other investments and advances	97

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ACL Doc 19325 · Page 23 of 107 asbestosclaims.law/library/19325/23

Total Investments and Advances	1,105
Other assets	544
Total Assets	$ 8,346
Liabilities and Stockholders' Equity	
Accounts payable	$ 342
Short-term debt and current portion of long-term debt	1,178
Other accrued liabilities	780
Total Current Liabilities	2,300
Long-term debt	1,748
Postretirement benefit obligation	434
Other long-term obligations	557
Deferred credits	613
Minority stockholders' equity in consolidated subsidiaries	40
Stockholders' equity	
Common stock	
Authorized - 500,000,000 shares	
Issued - 158,994,683 shares	
(157,571,933 shares in 1999)	159
Additional paid-in capital	217
Other equity adjustments	(3)
Accumulated other comprehensive loss	(224)
Retained earnings	3,572
Unearned employee compensation - ESOP	(47)
Treasury stock, at cost - 23,431,939 shares (23,428,229 shares in 1999)	(1,020)
Total Stockholders' Equity	2,654
Total Liabilities and Stockholders' Equity	$ 8,346

</TABLE>

The Notes to Financial Statements on pages 26 through 44 should be read in conjunction with this statement.

<PAGE>

CONSOLIDATED STATEMENT OF INCOME
Union Carbide Corporation and Subsidiaries

<TABLE>
<CAPTION>

Millions of dollars (except per share figures), for the year ended December 31,	
<S>	
Net Sales	
Cost of sales, exclusive of depreciation and amortization	
Research and development	
Selling, administrative and other expenses	
Depreciation and amortization	
Partnership income (loss)	
Other income - net	
Income Before Interest Expense and Provision for Income Taxes	

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ACL Doc 19325 · Page 24 of 107 asbestosclaims.law/library/19325/24

Interest expense	
Income Before Provision for Income Taxes	
Provision for income taxes	
Income of Consolidated Companies and Partnerships	
Minority interest	
Income (loss) from corporate investments carried at equity	
Income Before Cumulative Effect of Change in Accounting Principle	
Cumulative effect of change in accounting principle	
Net Income	
Earnings per Share	
Basic -	
Income Before Cumulative Effect of Change in Accounting Principle	
Cumulative effect of change in accounting principle	
Net Income	
Diluted -	
Income Before Cumulative Effect of Change in Accounting Principle	
Cumulative effect of change in accounting principle	
Net Income	
Cash Dividends Declared per Common Share	

</TABLE>

The Notes to Financial Statements on pages 26 through 44 should be read in conjunction with this statement.

<PAGE>

CONSOLIDATED STATEMENT OF CASH FLOWS
Union Carbide Corporation and Subsidiaries

<TABLE>
<CAPTION>

Increase (decrease) in cash and cash equivalents Millions of dollars, for the year ended December 31,	
<S>	
Operations	
Income before cumulative effect of change in accounting principle	
Noncash charges (credits) to net income	
Depreciation and amortization	
Deferred income taxes	
Equity in (earnings) losses of joint ventures, net of dividends received	
Other	
Decrease (increase) in working capital/(a)/	
Long-term assets and liabilities	
Cash Flow from Operations/(b)/	

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ACL Doc 19325 · Page 25 of 107 asbestosclaims.law/library/19325/25

Investing	
Capital expenditures	
Investments, advances and acquisitions, excluding cash acquired	
Proceeds from available-for-sale securities	
Purchase of available-for-sale securities	
Sale of fixed and other assets	
Cash Flow Used for Investing	
Financing	
Change in short-term debt (3 months or less)	
Proceeds from short-term debt	
Repayment of short-term debt	
Proceeds from long-term debt	
Repayment of long-term debt	
Issuance of common stock	
Purchase of common stock	
Payment of dividends	
Other	
Cash Flow from (Used for) Financing	
Effect of exchange rate changes on cash and cash equivalents	
Change in cash and cash equivalents	
Cash and cash equivalents, beginning-of-year	
Cash and cash equivalents, end-of-year	
Cash (received) paid for interest and income taxes:	
Interest (net of amount capitalized)	
Income taxes	
(a) Net change in certain components of working capital (excluding noncash transact	
(Increase) decrease in current assets	
Notes and accounts receivable	
Inventories	
Other current assets	
Decrease in payables and accruals	
Decrease (increase) in working capital	

</TABLE>

(b) Includes tax benefits of $13 million, $29 million and $14 million for 2000, 1999 and 1998, respectively, arising from nonqualified stock option exercises.

The Notes to Financial Statements on pages 26 through 44 should be read in conjunction with this statement.

<PAGE>

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Union Carbide Corporation and Subsidiaries

<TABLE>
<CAPTION>

	Share

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 26 of 107 asbestosclaims.law/library/19325/26

Millions of dollars (shares in thousands)	Common
<S>	<C>
Balance at December 31, 1997	154,610
Net Issued:	
For the Dividend Reinvestment and Stock Purchase Plan	58
For employee savings and incentive plans	384
Common stock repurchase program	
Comprehensive income	
Net income	
Other comprehensive income (loss), net of income taxes	
Unrealized gains on securities, net of reclassification adjustments	
Foreign currency translation adjustments	
Other comprehensive loss	
Comprehensive income	
Cash dividends on common stock	
Tax on unallocated ESOP shares	
Shares allocated to ESOP participants	
Net restricted stock -- Long-Term Incentive Program	
Balance at December 31, 1998	155,052
Net Issued:	
For the Dividend Reinvestment and Stock Purchase Plan	174
For employee savings and incentive plans	2,276
Common stock repurchase program	
Comprehensive income	
Net income	
Other comprehensive income (loss), net of income taxes	
Unrealized gains on securities, net of reclassification adjustments	
Foreign currency translation adjustments	
Other comprehensive loss	
Comprehensive income	
Cash dividends on common stock	
Tax on unallocated ESOP shares	
Shares allocated to ESOP participants	
Net restricted stock -- Long-Term Incentive Program	70
Balance at December 31, 1999	157,572
Net Issued:	
For the Dividend Reinvestment and Stock Purchase Plan	206
For employee savings and incentive plans	1,076
Comprehensive income	
Net income	
Other comprehensive income (loss), net of income taxes	
Unrealized gains on securities, net of reclassification adjustments	
Foreign currency translation adjustments	
Other comprehensive loss	
Comprehensive income	
Cash dividends on common stock	
Tax on unallocated ESOP shares	
Shares allocated to ESOP participants	
Net restricted stock -- Long-Term Incentive Program	141
Balance at December 31, 2000	158,995

</TABLE>

The Notes to Financial Statements on pages 26 through 44 should be read in conjunction with this statement.

<PAGE>

http://www.sec.gov/Archives/edgar/data/100790/000095013001.../0000950130-01-001201.tx 2/18/2002

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ACL Doc 19325 · Page 27 of 107 asbestosclaims.law/library/19325/27

<TABLE>
<CAPTION>

Other Equity Adjustments	Comprehensive Income	Accumulated Other Comprehensive Loss	Retained Earnings	Cc
<S>	<C>	<C>	<C>	<C
$ (3)		$ (101)	$ 3,074	$
	$ 403		403	
	5			
	(8)			
	(3)	(3)		
	$ 400			
—			(122)	
			2	
1				
$ (2)		$ (104)	$ 3,357	$
	$ 291		291	
	1			
	(57)			
	(56)	(56)		
	$ 235			
			(120)	
			2	
1				
$ (1)		$ (160)	$ 3,530	$
	$ 162		162	
	2			
	(66)			
	(64)	(64)		
	$ 98			
			(121)	

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ACL Doc 19325 · Page 28 of 107 **asbestosclaims.law/library/19325/28**

	(2)			
$	(3)	$ (224)	$ 3,572	$

</TABLE>

<PAGE>

NOTES TO FINANCIAL STATEMENTS

Index		Page
1.	Summary of Significant Accounting Policies	26
2.	Other Comprehensive Income (Loss)	29
3.	Supplementary Balance Sheet Detail	30
4.	Supplementary Income Statement Detail	31
5.	Earnings per Share	31
6.	Business and Geographic Segment Information	32
7.	Income Taxes	34
8.	Joint Ventures	35
9.	Financial Instruments	36
10.	Long-Term Debt	37
11.	Leases	38
12.	Incentive Plans	38
13.	Retirement Programs	40
14.	Stockholders' Equity	42
15.	Employee Stock Ownership Plan	42
16.	Commitments and Contingencies	43
17.	Subsequent Event - The Dow Merger	44

NOTE 1
Summary of Significant Accounting Policies

Nature of Operations - Union Carbide Corporation is engaged in two segments of the chemicals and plastics industry, Specialties & Intermediates and Basic Chemicals & Polymers. See Note 6.

On February 6, 2001, the corporation merged with a subsidiary of The Dow Chemical Corporation ("Dow" and, with regard to the merger, the "Dow Merger"). See Note 17.

Principles of Consolidation - The consolidated financial statements include the accounts of all significant subsidiaries. All significant intercompany transactions have been eliminated in consolidation. Investments in 20 percent- to 50 percent-owned partnerships and corporate investments ("joint ventures") are reported under the equity method of accounting. Other investments are generally carried at cost.

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which require the corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Changes - 1998 through 2000 - In 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements," which summarizes the staff's views regarding the application of generally accepted accounting principles to selected revenue

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ACL Doc 19325 · Page 29 of 107 asbestosclaims.law/library/19325/29

recognition issues. The corporation adopted the provisions of SAB 101 on October 1, 2000, the effect of which was not material to the corporation's financial position or results of operations.

Effective January 1, 1999, the corporation adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." This SOP requires the expensing of certain costs, such as preoperating expenses and organizational costs associated with an entity's start-up activities. In accordance with this SOP's provisions, on January 1, 1999, the corporation recognized a charge of $27 million ($20 million after-tax) as a cumulative effect of change in accounting principle, the majority of which represented formation costs associated with the corporation's joint ventures.

Also effective January 1, 1999, the corporation prospectively adopted the provisions of SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The effect of this adoption was not material to the corporation's financial position or results of operations in the period of adoption.

In 1998, the corporation adopted Statement of Financial Accounting Standards ("Statement") No. 130, "Reporting Comprehensive Income," Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information," and Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits."

Accounting Changes - Subsequent to 2000 - In 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." It requires that an entity recognize all derivative instruments as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Changes in the fair value of those derivatives will be reported in earnings or other comprehensive income, depending on the uses of the derivatives and whether they qualify for hedge accounting. This Statement, as amended by Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133," and Statement No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities -- an amendment of FASB Statement No. 133," is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Due to the corporation's limited use of financial instruments to manage its exposure to market risks, primarily related only to changes in foreign currency exchange rates, the adoption of Statement No. 133 on January 1, 2001, did not have a material effect on the corporation's financial position or results of operations.

Foreign Currency Translation - Unrealized gains and losses resulting from translating foreign subsidiaries' assets and liabilities into U.S. dollars generally are recognized as part of Other comprehensive income (loss), as described in Note 2, and are included in Accumulated other comprehensive loss on the Consolidated Balance Sheet until such time as the subsidiary is sold or substantially or completely liquidated. Translation gains and losses relating to those operations located in Latin American countries where hyperinflation exists and to international operations using the United States ("U.S.") dollar as their functional currency are included in the Consolidated Statement of Income.

Financial Instruments - Financial instruments are used to hedge financial risk caused by fluctuating interest and currency rates. Prior to the adoption of Statement No. 133 the amounts paid or received on interest rate risk instruments that hedge debt were accrued and recognized over the lives of the instruments. Gains and losses on foreign currency risk instruments used to hedge firm commitments were deferred and recognized as part of the related foreign currency transactions. Gains on foreign currency purchased options used to hedge

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ACL Doc 19325 · Page 30 of 107 asbestosclaims.law/library/19325/30

the identified cash flows of anticipated transactions were deferred and matched against the cash flows of the foreign currency transactions as they occurred.

Except as noted above, foreign currency instruments that are designated to offset fluctuations in the dollar value of foreign currency accounts receivable and payable and from earnings fluctuations in anticipated foreign currency cash flows are marked to market and the results recognized immediately in Other income-net.

Cash Equivalents - The corporation considers as cash equivalents all highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Inventories - Inventories are stated at cost or market, whichever is lower. These amounts do not include depreciation and amortization, the impact of which is not significant to the financial statements.

Approximately 68 percent of inventory amounts before application of the LIFO method at December 31, 2000 (68 percent at December 31, 1999) have been valued on the LIFO basis; the "average cost" method is used for the balance. It is estimated that if inventories had been valued at current costs, they would have been approximately $338 million and $293 million higher than reported at December 31, 2000 and 1999, respectively.

Fixed Assets - Fixed assets are carried at cost. Expenditures for replacements are capitalized, and the replaced items are retired. Gains and losses from the sale of property are included in income. Depreciation is calculated on a straight-line basis. The corporation and its subsidiaries generally use accelerated depreciation methods for tax purposes where appropriate. Costs for planned major maintenance are expensed as incurred.

Patents, Trademarks and Goodwill - Amounts paid for purchased patents, trademarks and newly acquired businesses in excess of the fair value of the net assets of such businesses have been charged to patents, trademarks and goodwill. The portion of such amounts determined to be attributable to patents is amortized over their remaining lives, while trademarks and goodwill are amortized over the estimated period of benefit, generally 5 to 20 years.

Revenue Recognition - Sales of products and services, and related costs and allowances, are recognized when title to product transfers to the purchaser, as services are rendered, or in relation to licensee production levels.

Shipping and Handling Costs - Shipping and handling costs incurred by the corporation are included in Cost of sales.

Research and Development - Research and development costs are charged to expense as incurred. Depreciation expense applicable to research and development facilities and equipment is included in Depreciation and amortization in the Consolidated Statement of Income ($11 million in 2000, $10 million in 1999 and $11 million in 1998).

Income Taxes - Provisions have been made for deferred income taxes based on differences between financial statement and tax bases of assets and liabilities using currently enacted tax rates and regulations.

Environmental Costs - Environmental expenditures are expensed or capitalized as appropriate, depending on their future economic benefit. Expenditures relating to an existing condition caused by past operations and having no future economic benefits are expensed. Environmental expenditures include site investigation, physical remediation, operation and maintenance, and legal and administrative

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ACL Doc 19325 · Page 31 of 107 asbestosclaims.law/library/19325/31

costs. Environmental accruals are established for sites where it is probable that a loss has been incurred and the amount of the loss can reasonably be estimated. Where the estimate is a range and no amount within the range is a better estimate than any other amount, the corporation accrues the minimum amount in the range and includes the balance of the range in its reported contingencies.

Retirement Programs - The cost of pension benefits under the non-contributory defined benefit retirement program of Union Carbide Corporation (see Note 13) is determined by an independent actuarial firm using the projected unit credit actuarial cost method. Contributions to this program are made in accordance with the regulations of the Employee Retirement Income Security Act of 1974. The cost of postretirement benefits is recognized on the accrual basis over the period in which employees become eligible for benefits.

Incentive Plans - The corporation measures compensation expense for certain employee stock purchases and the stock option portion of the Long-Term Incentive Plan using the intrinsic value-based method of accounting prescribed by Accounting Principles Board Opinion 25, and makes pro forma disclosures of net income and earnings per share as if the fair value-based method of accounting defined in Statement No. 123 had been applied. Compensation expense is recognized for other stock-based incentives issued under the Long-Term Incentive Plan and other programs.

Reclassifications - Certain amounts presented in the Consolidated Statement of Stockholders' Equity have been reclassified to conform to the current year's presentation.

NOTE 2
Other Comprehensive Income (Loss)

Comprehensive income is defined as any change in the corporation's equity from transactions and other events originating from non-owner sources. For the corporation, those changes consist of reported net income, changes in the unrealized appreciation or depreciation of the corporation's available-for-sale securities and changes in unrealized foreign currency translation adjustments. The following summary presents the components of comprehensive income, other than net income:

<TABLE>
<CAPTION>

Millions of dollars	Pre-
<S>	<C>
Balance at December 31, 1997	$ (9
Foreign currency translation adjustments	(
Unrealized gains (losses) on securities:	
Unrealized holding gains (losses) arising during period	
Reclassification adjustment for (gains) losses realized in net income	
Total of unrealized gains on securities	
Balance at December 31, 1998	$ (10.
Foreign currency translation adjustments	(5

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ACL Doc 19325 · Page 32 of 107 asbestosclaims.law/library/19325/32

Unrealized gains (losses) on securities:	
Unrealized holding gains (losses) arising during period	1
Reclassification adjustment for (gains) losses realized in net income	(1
Total of unrealized gains on securities	
Balance at December 31, 1999	$ (15
Foreign currency translation adjustments	(6
Unrealized gains (losses) on securities:	
Unrealized holding gains (losses) arising during period	1
Reclassification adjustment for (gains) losses realized in net income	(
Total of unrealized gains on securities	
Balance at December 31, 2000	$ (21

</TABLE>

<PAGE>

NOTE 3
Supplementary Balance Sheet Detail

<TABLE>
<CAPTION>

Millions of dollars, at December 31,	2000	
<S>	<C>	<C
Notes and accounts receivable		
Trade	$ 908	$
Other	137	
	1,045	
Less: Allowance for doubtful accounts	11	
	$ 1,034	$
Inventories		
Raw materials and supplies	$ 193	$
Work in process	52	
Finished goods	505	
	$ 750	$
Other current assets		
Prepaid expenses	$ 113	$
Net current deferred income tax assets	142	
Other	74	
	$ 329	$
Property, plant and equipment		
Land and improvements	$ 395	$
Buildings	453	
Machinery and equipment	7,869	
Construction in progress and other	644	
	$ 9,361	$

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ACL Doc 19325 · Page 33 of 107 asbestosclaims.law/library/19325/33

Other assets		
Deferred charges	$ 201	$
Prepaid benefit cost	130	
Insurance recovery receivables	122	
Long-term receivables	32	
Patents, trademarks and goodwill	59	
	$ 544	$
Other accrued liabilities		
Accrued accounts payable	$ 428	$
Payrolls	63	
Environmental remediation costs	50	
Postretirement benefit obligation	36	
Other	203	
	$ 780	$
Other long-term obligations		
Environmental remediation costs	$ 133	$
Product liability costs	122	
Impairment of unused office space	74	
Postemployment benefits	57	
Other	171	
	$ 557	$
Accumulated other comprehensive loss		
Foreign currency translation adjustments /(a)/	$ (234)	$
Unrealized gains on available-for-sale securities, net of tax/(b)/	10	
	$ (224)	$

</TABLE>

(a) The corporation does not record deferred income tax on foreign currency translation adjustments.
(b) Net of $5 million and $4 million of deferred income tax at December 31, 2000 and 1999, respectively.

<PAGE>

NOTE 4
Supplementary Income Statement Detail

<TABLE>
<CAPTION>

Millions of dollars, for the year ended December 31,

<S>

Selling, administrative and other expenses	
Selling	
Administrative	
Other expenses	
Other income (expense) - net	
Investment and interest income	
Gain from the demutualization of Metropolitan Life Insurance Company	
Settlements of licensing business litigation	
Foreign currency adjustments	

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ACL Doc 19325 · Page 34 of 107 asbestosclaims.law/library/19325/34

Other	
Interest expense	
Interest incurred/(b)/	
Less: Interest capitalized and other adjustments	

</TABLE>

(a) Includes $18 million of interest income related to tax refunds.
(b) Includes $12 million in 2000, 1999 and 1998, representing the interest component of certain leases.

NOTE 5
Earnings per Share

Basic and diluted earnings per share (EPS) are calculated as follows:

<TABLE>
<CAPTION>

Millions of dollars (except share and per share amounts), for the year ended December 31,	2
<S>	<C>
Income before cumulative effect of change in accounting principle	$
Cumulative effect of change in accounting principle	
Net income	$
Basic -	
Weighted average shares outstanding for basic calculation	134,84
Earnings per share -	
Income before cumulative effect of change in accounting principle	$
Cumulative effect of change in accounting principle	
Net income	$
Diluted -	
Weighted average shares outstanding for basic calculation	134,84
Add: Effect of stock options	2,64
Weighted average shares outstanding for diluted calculation	137,49
Earnings per share -	
Income before cumulative effect of change in accounting principle	$
Cumulative effect of change in accounting principle	
Net income	$

</TABLE>

<PAGE>

NOTE 6
Business and Geographic Segment Information

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 35 of 107 asbestosclaims.law/library/19325/35

The corporation has two operating segments, Specialties & Intermediates ("S&I") and Basic Chemicals & Polymers ("BC&P"). The S&I segment includes the corporation's specialty chemicals and polymers product lines, licensing, and solvents and chemical intermediates. The BC&P segment includes the corporation's ethylene and propylene manufacturing operations as well as the production of first-level ethylene and propylene derivatives--polyethylene, polypropylene, ethylene oxide and ethylene glycol. Each operating segment is a strategic business unit that offers products and services with different functionalities. They are managed separately because of the significant differences that exist in their products and services and in the methods required to produce, market and distribute them. In addition to its operating segments, the corporation's Other segment includes its noncore operations and financial transactions other than derivatives designated as hedges, which are included in the same segment as the item being hedged.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Sales of the BC&P segment include intersegment sales, principally ethylene oxide, which are made at the estimated market value of the products transferred. Sales of the S&I segment include intersegment sales related to licensing fees, at their market value, and catalyst sales, at their estimated market value. Administrative costs are allocated between the segments via a formula based on sales.

Other costs and shared assets are principally allocated on the basis of pounds produced, gross fixed asset values or headcount, as appropriate. The corporation evaluates performance based on Income Before Interest Expense and Provision for Income Taxes ("operating profit").

Sales are attributed to countries based on customer ship-to addresses. Long-lived assets are principally composed of Net Fixed Assets, Companies carried at equity, and certain Other assets. Investments of the corporation are assigned to the country in which the investee has its principal offices. Net sales and long-lived assets by country and geographic area were as follows:

<TABLE>
<CAPTION>
Net Sales

Millions of dollars, for the year ended December 31,	2000	199
<S>	<C>	<C>
United States, including Puerto Rico	$ 3,951	$ 3,
Canada	272	
Europe & Middle East	841	
Latin America	456	
Far East & Other	1,006	
Total International Operations	$ 2,575	$ 2,
Net Sales	$ 6,526	$ 5,

<CAPTION>
Total Assets

Millions of dollars, at December 31,	2000	199
<S>	<C>	<C>
Long-lived assets		
United States, including Puerto Rico	$ 4,105	$ 4,
Canada	897	

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 36 of 107 asbestosclaims.law/library/19325/36

Europe & Middle East	546	
Latin America	51	
Far East & Other	424	
Total International Operations	$ 1,918	$ 1,
Total Long-lived assets	6,023	5,
Current and other assets	$ 2,323	$ 2,
Total Assets	$ 8,346	$ 7,

</TABLE>

<PAGE>

<TABLE>
<CAPTION>

Millions of dollars	S&I	BC&P
2000		
<S>	<C>	<C>
Net sales	$ 4,462	$ 2,064
Intersegment revenues	30	389
Segment revenues	4,492	2,453
Depreciation and amortization	269	154
Partnership income (loss)	(36)	(4)
Operating profit (loss)	270	(33)
Interest expense	-	-
Income (loss) from corporate investments carried at equity	(4)	127
Segment assets	4,432	3,706
Companies carried at equity	313	695
Expenditures for segment assets	271	433
1999		
Net sales	$ 4,182	$ 1,688
Intersegment revenues	-	288
Segment revenues	4,182	1,976
Depreciation and amortization	262	146
Partnership income	6	5
Operating profit (loss)	607	(21)
Interest expense	-	-
Income (loss) from corporate investments carried at equity	(1)	3
Segment assets	4,603	3,137
Companies carried at equity	314	442
Expenditures for segment assets	355	558
1998		
Net sales	$ 4,139	$ 1,520
Intersegment revenues	-	282
Segment revenues	4,139	1,802
Depreciation and amortization	247	142
Partnership income	27	6
Operating profit (loss)	833	20
Interest expense	-	-
Income (loss) from corporate investments carried at equity	1	(67)
Segment assets	4,403	2,686
Companies carried at equity	298	326
Expenditures for segment assets	480	413

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 37 of 107 asbestosclaims.law/library/19325/37

</TABLE>

Operating profit for 2000 includes an $18 million gain on shares received and sold in connection with the demutualization of Metropolitan Life Insurance Company, a provider of certain employee benefit programs for the corporation, of which $12 million and $6 million were recognized by the S&I and BC&P segments, respectively.

The operating profit of the S&I segment for 1999 includes a nonrecurring net gain of $50 million related to the favorable settlement of licensing business litigation in the second and third quarters of 1999.

The operating profit of the S&I segment for 1998 includes a nonrecurring net gain of $189 million related to favorable settlements of licensing business litigation and a $53 million reduction in earnings related to losses associated with Aspell Polymeres SNC.

<PAGE>

NOTE 7
Income Taxes

The following is a summary of the U.S. and non-U.S. components of Income Before Provision for Income Taxes:

<TABLE>
<CAPTION>

Millions of dollars, for the year ended December 31,	
<S>	
U.S.	
Non-U.S.	

</TABLE>

The following is an analysis of income tax expense:

<TABLE>
<CAPTION>

Millions of dollars, for the year ended December 31,	2000 Current	Deferred	Curren
<S>	<C>	<C>	<C>
U.S. Federal income taxes (credits)	$ (40)	$ 28	$ (3
U.S. business and research and experimentation tax credits	-	(21)	
U.S. state and local taxes (credits) based on income	3	10	(
Non-U.S. income taxes	35	1	3
	(2)	18	
Provision for income taxes	$ 16		

</TABLE>

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 38 of 107 asbestosclaims.law/library/19325/38

<TABLE>
<CAPTION>

Millions of dollars, at December 31,	2000 Deferred Assets	Deferred Liabilities
<S>	<C>	<C>
Depreciation and amortization	$ -	$ 750
Postretirement and postemployment benefits	220	-
Environmental and litigation related costs	76	-
Sale/leaseback and related deferrals	63	-
Other(a)	224	179
Gross deferred tax assets and liabilities	583	929
Net deferred tax liability	$ 346	

</TABLE>

(a) Includes approximately $125 million of tax credits, at December 31, 2000 ($0 in 1999), primarily for research and experimentation and foreign tax, which will expire between 2004 and 2020.

Net noncurrent deferred tax liabilities of $488 million ($466 million in 1999) are included in Deferred credits on the Consolidated Balance Sheet. Net current deferred income tax assets of $142 million ($137 million in 1999) are included in Other current assets. In 2000 and 1999, there were no benefits from non-U.S. net operating loss carryforwards.

Undistributed earnings of affiliates intended to be reinvested indefinitely amounted to approximately $498 million at December 31, 2000 ($511 million at December 31, 1999). Determination of deferred taxes related to these earnings is not practicable.

An analysis of the difference between Provision for income taxes and the amount computed by applying the statutory Federal income tax rate to Income Before Provision for Income Taxes is as follows:

<TABLE>
<CAPTION>

For the year ended December 31,	Pe 2000
<S>	<C>
Tax at statutory Federal rate	35.0%
Taxes related to operations outside the U.S.	61.3
U.S. state and local taxes based on income	12.9
Foreign sales corporation	(37.1)
Business credits	(33.9)
Other, net	(12.4)
Consolidated effective income tax rate	25.8%

</TABLE>

<PAGE>

NOTE 8
Joint Ventures

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 39 of 107 asbestosclaims.law/library/19325/39

The following are financial summaries of 33 percent- to 50 percent-owned joint ventures included in Companies carried at equity.

The corporation's most significant joint ventures classified as partnerships include UOP LLC; Petromont and Company, Limited Partnership; Aspell Polymeres SNC; World Ethanol Company and Univation Technologies, LLC.

<TABLE>
<CAPTION>

Millions of dollars	2000	Par
<S>	<C>	<C
Net sales /(a)/	$ 1,682	$
Cost of sales	1,124	
Depreciation	116	
Partnership income (loss)	(68)	
UCC share of partnership income (loss)	$ (40) /(b)/	$
Current assets	$ 686	$
Noncurrent assets	819	
Total assets	1,505	
Current liabilities	310	
Noncurrent liabilities	821	
Total liabilities	1,131	
Net assets	374	
UCC equity	$ 224	$

</TABLE>

(a) Includes $166 million net sales to the corporation in 2000 ($154 million in 1999 and $140 million in 1998).
(b) Includes a nonrecurring charge of $31 million from UOP LLC.
(c) Includes $53 million of losses associated with Aspell Polymeres SNC.

The corporation's joint ventures classified as corporate investments include Polimeri Europa S.r.l.; EQUATE Petrochemical Company K.S.C.; Nippon Unicar Company Limited; Alberta & Orient Glycol Company Limited; Asian Acetyls Co., Ltd.; the OPTIMAL Group (consisting of OPTIMAL Chemicals (Malaysia) Sdn Bhd, OPTIMAL Olefins (Malaysia) Sdn Bhd and OPTIMAL Glycols (Malaysia) Sdn Bhd), and several smaller entities.

<TABLE>
<CAPTION>

Millions of dollars	2000	Corporat
<S>	<C>	<C
Net sales /(a)/	$ 3,024	$
Cost of sales	2,337	
Depreciation	218	
Net income (loss)	215	
UCC share of net income (loss)	$ 123	$

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 40 of 107 asbestosclaims.law/library/19325/40

Current assets	$ 1,039	$
Noncurrent assets	3,057	
Total assets	4,096	
Current liabilities	755	
Noncurrent liabilities	1,381	
Total liabilities	2,136	
Net assets	1,960	
UCC equity /(b)/	$ 784	$

</TABLE>

(a) Includes $187 million net sales to the corporation in 2000 ($152 million in 1999 and $157 million in 1998).
(b) At December 31, 2000, the corporation's investment in EQUATE Petrochemical Company K.S.C. was $125 million ($143 million in 1999) less than its proportionate share of the company's underlying equity. Such amount is being amortized into income over its remaining seven year life.

Dividends and distributions received from joint ventures aggregated $42 million in 2000 ($75 million in 1999 and $123 million in 1998).

<PAGE>

NOTE 9
Financial Instruments

Fair values of financial instruments are estimated by using a method that indicates the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the financial instruments included on the Consolidated Balance Sheet were estimated as follows:

Cash, Short-Term Receivables and Accounts Payable - At December 31, 2000 and 1999, the carrying amounts approximate fair values because of the short maturity of these instruments.

Foreign Currency Instruments - Outstanding foreign currency forward contracts and options used as a means of offsetting fluctuations in the dollar value of other foreign currency accounts receivable and payable and earnings fluctuations from anticipated foreign currency cash flows totaled $131 million at December 31, 2000 ($186 million at December 31, 1999) (U.S. dollar equivalent). There were unrealized losses net of $4 million and $1 million on these contracts at December 31, 2000 and 1999, respectively, which were generally offset by changes in the U.S. dollar value equivalents of underlying foreign currency transactions.

In addition to the above, at December 31, 1999, the corporation held foreign currency options in the amount of $67 million (U.S. dollar equivalent) to hedge a commitment to lend money to fund construction of operating facilities at specific future dates by one of its foreign subsidiaries. Such options matured in 2000. The premiums on the options and any gains or losses were capitalized as part of a loan to the corporation's foreign subsidiary, and will be amortized to income as an adjustment to the effective interest yield of such loan over its repayment term. At December 31, 2000, a $2 million net gain ($3 million gain at December 31, 1999) had been capitalized.

The fair value of foreign currency forward contracts is determined by using current forward exchange rates. The fair value of foreign exchange options is

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 41 of 107 asbestosclaims.law/library/19325/41

estimated using pricing models, which take into account the present value of estimated future cash flows.

Investments - The corporation's investments in joint ventures and companies carried under the cost method generally involve entities for which it is not practicable to determine fair values.

Long-Term Receivables - The fair values of long-term receivables are calculated using current interest rates and consideration of underlying collateral where appropriate. The fair values approximate the carrying values of $32 million and $25 million included in Other assets on the Consolidated Balance Sheet at December 31, 2000 and 1999, respectively.

Debt - The corporation periodically uses various types of financial instruments, including interest rate swaps and forward rate agreements, to manage exposure to financial market risk caused by interest rate fluctuations. The corporation held no such instruments at December 31, 2000 or December 31, 1999.

Carrying Amounts and Fair Values - The carrying amounts and fair values of the corporation's Other investments and advances, long-term receivables and debt financial instruments at December 31, 2000 and 1999, are summarized in the table below. Fair values are based on quoted market values, where available, or discounted cash flows (principally long-term debt).

<TABLE>
<CAPTION>

Millions of dollars, at December 31,	2000		
Assets (Liabilities)	Carrying Amount	Fair Value	Ca A
<S>	<C>	<C>	<C>
Investments and receivables	$ 129	$ 129	$
Short- and long-term debt	(2,926)	(2,981)	

</TABLE>

<PAGE>

NOTE 10
Long-Term Debt

<TABLE>
<CAPTION>

Millions of dollars, at December 31,	
<S>	
6.25% Notes due 2003	
6.70% Notes due 2009	
6.75% Notes due 2003	
6.79% Debentures due 2025 /(a)/	
7.50% Debentures due 2025	
7.75% Debentures due 2096 /(b)/	
7.875% Debentures due 2023	
8.75% Debentures due 2022 /(c)/	
Floating Rate Public Notes due 2000	
Pollution control and other facility obligations	
Other debt - various maturities and interest rates	

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 42 of 107 asbestosclaims.law/library/19325/42

Less: Payments to be made within 1 year
- ----------

==========
</TABLE>

(a) Holders may request redemption of these debentures from the corporation on June 1, 2005.
(b) The maturity may be shortened under certain circumstances to preserve the deductibility of interest payments for Federal income tax purposes.
(c) Redeemable at the option of the corporation on or after August 1, 2002.

At December 31, 2000, the corporation had a credit agreement with a group of banks permitting the corporation to borrow up to $1 billion at any time through January 2002 with the option, subject to certain conditions, to increase the available credit by $250 million and to extend the maturity date of the agreement to maintain a five-year term. The credit agreement permitted the corporation to borrow funds under several different programs, including the euro-dollar, Certificate of Deposit ("CD"), Base Rate or Money Market London Interbank Offered Rate ("LIBOR") programs. Maturity dates for these programs ranged from 30 days to twelve months. The interest rate for each of these programs was contingent on the euro-dollar, CD rate, Federal funds rate or LIBOR and was determined based on a calculation included in the agreement. The corporation paid an annual facility fee based on the rating of the corporation's long-term debt_securities by either Moody's Investors Service Inc. or Standard & Poor's Ratings Services, as indicated in the agreement. As of December 31, 2000, there were no outstanding amounts against this agreement.

The corporation's indentures under which notes and debentures are issued contain covenants normal for these types of instruments. These covenants place certain limits on the corporation's ability to sell assets, engage in sale-leaseback transactions, incur debt or create liens on assets.

Pollution control and other facility obligations represent state, commonwealth and local governmental bond financing of pollution control and other facilities and are treated for accounting and tax purposes as debt of the corporation. These tax-exempt obligations mature at various dates from 2001 through 2023 and had an average annual interest rate of 7.0 percent in 2000 (7.1 percent in 1999). The corporation's weighted average interest rate on short-term borrowings outstanding as of December 31, 2000 was 7.1 percent (6.0 percent at December 31, 1999).

Payments due on long-term debt in each of the four years following 2001 are: 2002, $13 million; 2003, $380 million; 2004, $23 million and 2005, $15 million.

<PAGE>

NOTE 11
Leases

Leases that meet any of the criteria for capitalization have been classified and accounted for as capital leases. For operating leases, primarily involving facilities and distribution equipment, the future minimum rental payments under leases with remaining noncancelable terms in excess of one year are:

<TABLE>
<CAPTION>
- ----------
Millions of dollars, for the year ended December 31,
- ----------
<S> <C>
2001 $
2002

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 43 of 107 asbestosclaims.law/library/19325/43

2003	
2004	
2005	
Subsequent to 2005	
Total minimum payments	
Future sublease rentals	
Net minimum rental commitments	$

</TABLE>

The present value of the net minimum rental payments amounts to $367 million, of which $148 million pertains to the corporation's headquarters lease. Total lease and rental payments (net of sublease rental income of $11 million in 2000, $10 million in 1999 and $9 million in 1998) were $73 million for 2000, $66 million for 1999 and $64 million for 1998.

NOTE 12
Incentive Plans

The 1997 Union Carbide Long-Term Incentive Plan for key employees provides for granting incentive and nonqualified stock options; exercise payment rights; grants of stock, including restricted stock, and performance awards. Holders of options may be granted the right to receive payments of amounts equal to the regular cash dividends paid to holders of the corporation's common stock during the period an option is outstanding. The number of shares granted or subject to options cannot exceed 8.5 million under the Plan. Option prices are equal to the closing price of the corporation's common stock on the date of the grant, as listed on the New York Stock Exchange Composite Transactions. Options generally become exercisable two years after such date. Options may not have a duration of more than ten years. The option price may be settled in cash, common shares of the corporation currently owned by a participant, withholding stock shares from the exercise or a combination of these alternatives. Restricted stock award shares are entitled to vote and dividends are credited to the holder's account, but these shares are generally nontransferable for varying periods after the grant date. Once the vesting conditions are met, the shares become fully transferable. Performance awards may be paid in common stock, cash or other forms of property. No dividend-equivalent payment rights, exercise payment rights or performance awards were granted in 2000, 1999 or 1998.

Prior plans still have options outstanding, whose terms are generally similar to nonqualified stock options under the 1997 Plan.

Changes in outstanding fixed price options were as follows:

<TABLE>
<CAPTION>

	2000		1999	
Shares in thousands	Shares	Weighted Average Exercise Price	Shares	W A E
<S>	<C>	<C>	<C>	<
Outstanding at January 1	12,671	$ 34.40	12,792	$
Granted	1,833	45.19	1,749	
Exercised	(544)	14.82	(1,829)	
Canceled or expired	(179)	54.58	(41)	
Outstanding at December 31	13,781	$ 36.34	12,671	$

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 44 of 107 asbestosclaims.law/library/19325/44

Options exercisable at December 31	10,318	9,422

</TABLE>

Options were exercised during 2000 and 1999 at prices ranging from $6.70 to $46.31 per share ($6.70 to $40.38 per share during 1998).

<PAGE>

The following table summarizes information about fixed price option shares outstanding at December 31, 2000:

<TABLE>
<CAPTION>

Shares in thousands	Shares Outstanding	Weighted Average Remaining Contractual Life
<S>	<C>	<C>
Range of Exercise Prices		
$ 6.70 to $16.75	2,538	1.6
$21.62 to $39.88	3,035	3.4
$40.38 to $45.62	5,262 /(a)/	7.7
$46.31 to $60.44	2,946 /(b)/	8.0
	13,781	

</TABLE>

(a) At December 31, 2000, 3.429 million options were exercisable at an average price of $43.38.
(b) At December 31, 2000, 1.316 million options were exercisable at an average price of $46.31.

Had compensation cost related to the fixed price options been recorded at fair value on the dates of grant in accordance with Statement No. 123, the effect on the corporation's net income and EPS amounts would have been as follows:

<TABLE>
<CAPTION>

Millions of dollars (except per share figures), for the year ended December 31,	2000
<S>	<C>
Net income	
As reported	$ 162
Pro forma	$ 142
Basic EPS	
As reported	$ 1.20
Pro forma	$ 1.05
Diluted EPS	
As reported	$ 1.18
Pro forma	$ 1.03

</TABLE>

The Black-Scholes Option Pricing Model was used to estimate the fair values of options granted during 2000, 1999 and 1998. The assumptions used for these grants included a six-year average expected life for 2000 and 1999 (seven-year

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 45 of 107 asbestosclaims.law/library/19325/45

average for 1998), and zero-coupon U.S. government risk free interest rates of 5.49%, 6.14%, and 4.41%, current dividend yields of 1.99%, 1.49% and 2.22%, and volatility of 30.39%, 30.00%, and 29.47% for the years ended December 31, 2000, 1999 and 1998, respectively. The weighted average fair values of options granted during the years 2000, 1999 and 1998 were $14.72, $21.57, and $15.15, respectively.

In 1997, the board of directors approved the 1997 Union Carbide Corporation EPS Incentive Plan for a limited number of senior managers. The plan required these senior managers to put an amount equivalent to a portion of one year's annual base pay at risk, up to 100 percent, should diluted earnings per share not equal or exceed $4.00 in the year 2000. The amounts at risk were deducted from compensation over three years and converted to units equivalent to common stock using a $47.75 share price, the closing price of the corporation's common stock on the date the plan was approved by the board of directors. Participants were credited with dividend-equivalents in the form of additional units. The plan was designed to grant awards if the corporation achieved $4.00 or more diluted earnings per share performance during 1999 and 2000 or, at the discretion of the Compensation & Management Development Committee of the board of directors (the "Committee"), should a change in control or certain actions or events occur which significantly affected the corporation's ability to reach the earnings per share performance goals during the performance period. Awards under the Plan were granted by the Committee and subsequently paid in 2001.

NOTE 13
Retirement Programs

The noncontributory defined benefit retirement program of Union Carbide Corporation ("U.S. Retirement Program") covers substantially all U.S. employees and certain employees in other countries. Pension benefits are based primarily on years of service and compensation levels prior to retirement. Pension coverage for employees of the corporation's non-U.S. consolidated subsidiaries is provided through separate plans, to the extent deemed appropriate. Obligations under such plans are principally provided for by depositing funds with trustees.

The corporation provides health care and life insurance benefits ("Other Benefits") for eligible retired employees and their eligible dependents. These benefits are provided through various insurance companies and health care providers. The health care plans are contributory, with participants' contributions adjusted annually; the life insurance plans are non-contributory. The corporation's significant retirement programs are its U.S. and Canadian plans. The funded status, actuarial assumptions, health care cost trends and components of net periodic benefit costs of these plans combined are as follows:

<TABLE>
<CAPTION>

Millions of dollars, for the year ended December 31,	Pension Benefits 2000	1999
<S>	<C>	<C>
Change in plan assets		
Fair value of plan assets, beginning-of-year	$ 4,440	$ 4,3
Actual gain (loss) on plan assets	289	3
Foreign currency exchange rate changes	(5)	
Employer contribution	-	
Benefits paid	(205)	(1.
Fair value of plan assets, end-of-year	$ 4,519	$ 4,4

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 46 of 107 asbestosclaims.law/library/19325/46

Change in benefit obligation		
Benefit obligation, beginning-of-year	$ 3,161	$ 3,4
Service cost	61	
Interest cost	224	2
Amendments/curtailments	-	
Plan participants' contributions	-	
Foreign currency exchange rate changes	(3)	
Actuarial loss (gain)	109	(3
Benefits paid/(a)/	(208)	(2
Benefit obligation, end-of-year	$ 3,344	$ 3,1
Funded status	$ 1,175	$ 1,2

(a) Includes nonfunded plan benefits paid directly by the corporation.

The funded status is composed of the following elements:

Millions of dollars, at December 31,	Pension Benefits 2000	1999
	<C>	<C>
Unrecognized net actuarial gain (loss)	$ 1,044	$ 1,2
Unrecognized transition asset	5	
Unrecognized prior service (cost) credit	(6)	(
Prepaid benefit cost	132	
Accrued benefit cost	-	(
Funded status	$ 1,175	$ 1,2

The Other Benefits benefit obligation is net of $85 million at December 31, 2000 ($91 million at December 31, 1999), which is reimbursed to the corporation in part by previously owned businesses under ongoing benefit-sharing agreements.

Benefit obligations are valued using the 1994 Uninsured Pensioner Mortality Table. The actuarial assumptions used were as follows:

At December 31,	Pension 2000
	<C>
Discount rate for determining benefit obligation	7.00%
Expected long-term rate of return on plan assets	8.75%
Rate of increase in compensation levels	4.75%

Health care costs are projected to increase as follows:

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 47 of 107 asbestosclaims.law/library/19325/47

	Pre-Medicare	Su
<S>	<C>	<C
Immediate	6.50%	
Ultimate	5.50%	
Year ultimate trend is reached	2004	

<CAPTION>

Millions of dollars, for the year ended December 31,	Pension Benefits 2000	1999	1998
<S>	<C>	<C>	<C>
Components of net periodic benefit costs			
Service cost	$ 61	$ 65	$ 60
Interest cost	224	204	205
Expected return on plan assets	(357)	(269)	(242
Amortization of transition obligation	(12)	(12)	(12
Amortization of prior service costs (credits)	3	3	3
Recognized net actuarial gains	(22)	-	(1
Net periodic benefit (credits) costs	$ (103)	$ (9)	$ 13

</TABLE>

The accounting for the health care plans anticipates future cost-sharing changes to the written plan that are consistent with the corporation's expressed intent to control these costs. On July 1, 1998, the corporation adopted certain amendments, which became effective between January 1, 1999 and January 1, 2001. These amendments encourage retirees to transfer their health care coverage into lower costing plans and usually to choose generic drugs. Effective January 1, 1999, certain retirees pay a greater percentage of premium contributions. In addition, the plan provides that the corporation's per individual subsidy for pre-Medicare and Medicare medical coverage is capped at two times its subsidy to the company-sponsored plans in 2000.

The corporation funded, in part, postretirement benefits for certain retirees who retired prior to December 31, 1988. At December 31, 2000, all funds available for these benefits have been paid.

At December 31, 2000, the effect on the accumulated postretirement benefit obligation of a one-percentage-point change in assumed health care cost trend rates would be as follows:

<TABLE>
<CAPTION>

Millions of dollars	2000 1 Percentage Increase	2000 1 Percentage Dec
<S>	<C>	<C>
Effect on total of service and interest cost components	$ 2	$
Effect on postretirement benefit obligation	$ 19	$

</TABLE>

Deferred Compensation

The corporation provides an unfunded, nonqualified deferred compensation plan to certain key employees, offering them an election to defer a portion of their

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 48 of 107 asbestosclaims.law/library/19325/48

gross pay. The corporation's obligation to employees is adjusted to reflect changes in the market values of employees' investment choices. With limited exceptions, participants' deferred account balances are scheduled for payment at or after full retirement.

NOTE 14
Stockholders' Equity

Each outstanding share of common stock has identical rights in voting on corporate matters, dividends when declared, liquidation and other corporate matters.

On August 31, 1999, Rights entitling each holder of common stock to purchase a share of common stock from the corporation, under certain circumstances, expired unused.

On August 3, 1999, the board of directors rescinded the corporation's authorization to repurchase shares under the common stock repurchase authorization, subsequent to that date. Since inception of its share repurchase authorization in 1993 through August 3, 1999, the corporation repurchased 56.4 million shares (1.0 million shares during 1999) out of a total authorization of 60 million shares, at an average effective price of $36.01 per share.

NOTE 15
Employee Stock Ownership Plan

The Union Carbide Corporation Employee Stock Ownership Plan ("ESOP") is an integral part of the Savings and Investment Program (the "Program") for employees. Substantially all full-time employees in the U.S. are eligible to participate in the ESOP through the allocation of shares of the corporation's common stock ("ESOP shares") equivalent to the corporation's matching contribution of 75 percent of eligible employee contributions to the Program. In addition, eligible employees can receive the equivalent of up to twenty days pay in ESOP shares through the corporation's ESOP profit sharing plan. Participants' accounts are also allocated ESOP shares with a market value equal to the amount of dividends paid on their allocated shares.

Under this plan, the corporation loaned $325 million to the ESOP, which used the proceeds to purchase the ESOP shares. The receivable from the ESOP is reflected as Unearned employee compensation - ESOP, a reduction of stockholders' equity. Dividends on shares held by the ESOP are paid to the ESOP and, together with company contributions, are used, in part, by the ESOP to make debt service payments on the loan. Shares are released for allocation to participants based on the ratio of the current year's debt service to the sum of the principal and interest payments over the life of the loan.

Expense associated with the ESOP is recognized as incurred using the cost method and was $2 million in 2000 ($5 million in 1999 and $7 million in 1998). At December 31, 2000, 13.1 million common shares held by the ESOP were outstanding, 7.8 million of which were allocated to employees' accounts. During 2000, 1.0 million ESOP shares were allocated to employees' accounts.

NOTE 16
Commitments and Contingencies

Purchase Agreements - The corporation has two major agreements (three in 1999 and 1998) for the purchase of ethylene-related products and two other purchase

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 49 of 107 **asbestosclaims.law/library/19325/49**

agreements in the U.S. and Canada. Total purchases under these agreements were $171 million, $229 million and $196 million in 2000, 1999 and 1998, respectively. The net present value of the fixed and determinable portion of obligations under these purchase commitments at December 31, 2000 (at current exchange rates, where applicable) is presented in the following table:

<TABLE>
<CAPTION>

Millions of dollars, for the year ended December 31,	
<S>	<C>
2001	$ 32
2002	28
2003	24
2004	19
2005	13
2006 through 2014	67
Total	$ 183

</TABLE>

Environmental - The corporation is subject to loss contingencies resulting from environmental laws and regulations, which include obligations to remove or remediate the effects on the environment of the disposal or release of certain wastes and substances at various sites. The corporation has established accruals in current dollars for those hazardous waste sites where it is probable that a loss has been incurred and the amount of the loss can reasonably be estimated. The reliability and precision of the loss estimates are affected by numerous factors, such as different stages of site evaluation, the allocation of responsibility among potentially responsible parties and the assertion of additional claims. The corporation adjusts its accruals as new remediation requirements are defined, as information becomes available permitting reasonable estimates to be made and to reflect new and changing facts.

At December 31, 2000, the corporation had established environmental remediation accruals in the amount of $183 million ($208 million in 1999). These accruals have two components, estimated future expenditures for site investigation and cleanup and estimated future expenditures for closure and postclosure activities. In addition, the corporation had environmental loss contingencies of $71 million at December 31, 2000.

The corporation has sole responsibility for the remediation of approximately 40 percent of its environmental sites for which accruals have been established. These sites are well advanced in the investigation and cleanup stage. The corporation's environmental accruals at December 31, 2000 included $150 million for these sites ($165 million at December 31, 1999), of which $40 million ($51 million at December 31, 1999) was for estimated future expenditures for site investigation and cleanup and $110 million ($114 million at December 31, 1999) was for estimated future expenditures for closure and postclosure activities. In addition, $54 million of the corporation's environmental loss contingencies at December 31, 2000 related to these sites. The three sites with the largest total potential cost to the corporation are nonoperating sites. Of the above accruals, these sites accounted for $48 million ($60 million at December 31, 1999), of which $10 million ($21 million at December 31, 1999) was for estimated future expenditures for site investigation and cleanup and $38 million ($39 million at December 31, 1999) was for estimated future expenditures for closure and postclosure activities. In addition, $36 million of the above environmental loss contingencies related to these sites.

The corporation does not have sole responsibility at the remainder of its environmental sites for which accruals have been established. All of these sites are in the investigation and cleanup stage. The corporation's environmental

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 50 of 107 asbestosclaims.law/library/19325/50

accruals at December 31, 2000 included $33 million for estimated future expenditures for site investigation and cleanup at these sites ($43 million at December 31, 1999). In addition, $17 million of the corporation's environmental loss contingencies related to these sites. The largest two of these sites are nonoperating sites. Of the above accruals, these sites accounted for $11 million ($14 million at December 31, 1999) for estimated future expenditures for site investigation and cleanup. In addition, $2 million of the above environmental loss contingencies related to these sites.

<PAGE>

Worldwide expenses related to environmental protection for compliance with Federal, state and local laws regulating solid and hazardous wastes and discharge of materials to air and water, as well as for waste site remedial activities, totaled $104 million in 2000, $118 million in 1999 and $91 million in 1998.

Other - The corporation severally guaranteed up to $122 million at December 31, 2000 of EQUATE's debt and working capital financing needs. The corporation has also severally guaranteed certain sales volume targets until EQUATE's sales capabilities are proved. In addition, the corporation has pledged its shares in EQUATE as security for EQUATE's debt. The corporation has political risk insurance coverage for its equity investment and a majority of its guarantee of EQUATE's debt._

The corporation and its consolidated subsidiaries had additional contingent obligations at December 31, 2000, totaling $70 million, of which $26 million related to guarantees of debt.

Litigation - The corporation and its consolidated subsidiaries are involved in a number of legal proceedings and claims with both private and governmental parties. These cover a wide range of matters, including, but not limited to: product liability; trade regulation; governmental regulatory proceedings; health, safety and environmental matters; employment; patents; contracts, and taxes. In some of these legal proceedings and claims, the cost of remedies that may be sought or damages claimed is substantial.

The corporation has recorded nonenvironmental litigation accruals of $139 million and related insurance recovery receivables of $122 million. At December 31, 2000, the corporation had net nonenvironmental litigation loss contingencies of $74 million.

While it is impossible at this time to determine with certainty the ultimate outcome of any legal proceedings and claims referred to in this note, management believes that adequate provisions have been made for probable losses with respect thereto and that such ultimate outcome, after provisions therefor, will not have a material adverse effect on the consolidated financial position of the corporation, but could have a material effect on consolidated results of operations in a given quarter or year. Should any losses be sustained in connection with any of such legal proceedings and claims in excess of provisions therefor, they will be charged to income when determinable.

NOTE 17
Subsequent Event - The Dow Merger

On February 6, 2001, the corporation merged with a subsidiary of Dow. As a result of the merger, each share of Union Carbide common stock outstanding immediately prior to the merger was exchanged for 1.611 shares of Dow common stock and Union Carbide became a wholly-owned subsidiary of Dow. The merger received clearance from the U.S. Federal Trade Commission, the European Commission and the Canadian Competition Bureau, subject to the divestiture of certain assets and the licensing of certain technology. Contemporaneous with the merger, certain rights vested and stock units equivalent to Union Carbide common

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ACL Doc 19325 · Page 51 of 107 asbestosclaims.law/library/19325/51

stock were converted into units equivalent of Dow common stock under various employee benefit and incentive plans, such as the ESOP Plan, the 1997 Union Carbide Long-Term Incentive Plan and the deferred compensation plan.

On February 9, 2001, the corporation entered into an agreement to transfer its shares in Polimeri Europa to EniChem S.p.A. This transfer is subject to approval by the European Commission.

On February 23, 2001, the corporation cancelled its $1 billion major bank credit agreement. Further, as noted in the corporation's Proxy Statement dated October 5, 1999 as filed with the U.S. Securities and Exchange Commission, it is expected that the corporation will incur a one-time charge for severance and other restructuring costs, although it is not currently possible to determine the magnitude of such costs since their extent and nature are still being considered by management. The transaction is intended to qualify as a tax-free reorganization for U.S. Federal income tax purposes and is expected to be accounted for under the pooling-of-interests method of accounting.

Management's Statement of Responsibility for Financial Statements

Union Carbide Corporation's financial statements are prepared by management, which is responsible for their fairness, integrity and objectivity. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are estimates and judgments. All historical financial information in this Annual Report on Form 10-K is consistent with the accompanying financial statements.

The corporation maintains accounting systems, including internal accounting controls monitored by a staff of internal auditors, that are designed to provide reasonable assurance of the reliability of financial records and the protection of assets. The concept of reasonable assurance is based on recognition that the cost of a system must not exceed the related benefits. The effectiveness of those systems depends primarily upon the careful selection of financial and other managers, clear delegation of authority and assignment of accountability, inculcation of high business ethics and conflict-of-interest standards, policies and procedures for coordinating the management of corporate resources and the leadership and commitment of top management.

The corporation's financial statements are audited by KPMG LLP, independent certified public accountants, in accordance with generally accepted auditing standards. These standards provide for the auditors to consider the corporation's internal control structure to the extent they deem necessary in order to issue their opinion on the financial statements.

The Audit Committee of the board of directors, which consists solely of nonemployee directors, is responsible for overseeing the functioning of the accounting system and related controls and the preparation of annual financial statements. The Audit Committee recommends to the board of directors the selection of the independent auditors, which is submitted to the stockholders for ratification. The Audit Committee periodically meets with the independent auditors, management and internal auditors to review and evaluate their accounting, auditing and financial reporting activities and responsibilities. The independent and internal auditors have full and free access to the Audit Committee and meet with the committee, with and without management present.

/s/ William H. Joyce	/s/ John K. Wulff
William H. Joyce	John K. Wulff
Chairman, President and Chief Executive Officer	Vice-President, Chief Financial Officer and Controller

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ACL Doc 19325 · Page 52 of 107 **asbestosclaims.law/library/19325/52**

Danbury, Conn.
January 22, 2001

<PAGE>

Independent Auditors' Report

[LOGO OF KPMG LLP]

To the Stockholders and Board of Directors of Union Carbide Corporation:

We have audited the accompanying consolidated balance sheet of Union Carbide Corporation and subsidiaries as of December 31, 2000 and 1999, 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, 2000. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Union Carbide Corporation and subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

KPMG LLP
Stamford, Conn.
January 22, 2001, except as to Note 17, which is as of February 6, 2001

<PAGE>

QUARTERLY DATA
Union Carbide Corporation and Subsidiaries

<TABLE>
<CAPTION>

Millions of dollars	1Q	2Q
<S>	<C>	<C>
2000		
Net sales	$ 1,617	$ 1,674
Cost of sales	1,314	1,354
Gross profit	303	320
Depreciation and amortization	102	102
Operating profit (loss)	116 /(a)/	163 /(

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ACL Doc 19325 · Page 53 of 107 asbestosclaims.law/library/19325/53

Net income (loss)	97	130
1999		
Net sales	$ 1,402	$ 1,418
Cost of sales	1,032	1,105
Gross profit	370	313
Depreciation and amortization	104	95
Operating profit	179	145 /(
Income before cumulative effect of change in accounting principle	77	63
Cumulative effect of change in accounting principle	(20)	-
Net income	57	63

</TABLE>

(a) Includes $15 million in the first quarter and $3 million in the fourth quarter of interest income from tax refunds.
(b) Includes an $18 million gain on shares received and sold in connection with the demutualization of Metropolitan Life Insurance Company, a provider of certain employee benefit programs for the corporation.
(c) Includes a nonrecurring charge of $31 million from the corporation's UOP LLC partnership.
(d) Includes $12 million in the second quarter and $38 million in the third quarter of favorable litigation settlements related to the licensing business.

<TABLE>
<CAPTION>

Dollars per common share	1Q	2Q
<S>	<C>	<C>
2000		
Basic -		
Net income (loss)	$ 0.72	$ 0.96
Diluted -		
Net income (loss)	0.71	0.94
Cash dividends declared	0.225	0.225
Market price - high /(a)/	68.4375	63.5625
Market price - low /(a)/	44.5000	46.7500
1999		
Basic -		
Income before cumulative effect of change in accounting principle	$ 0.57	$ 0.47
Cumulative effect of change in accounting principle	(0.14)	-
Net income	0.43	0.47
Diluted -		
Income before cumulative effect of change in accounting principle	0.56	0.46
Cumulative effect of change in accounting principle	(0.14)	-
Net income	0.42	0.46
Cash dividends declared	0.225	0.225
Market price - high /(a)/	47.7500	56.8750
Market price - low /(a)/	37.1250	45.3125

</TABLE>

(a) Prices are based on New York Stock Exchange Composite Transactions.

<PAGE>

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

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ACL Doc 19325 · Page 54 of 107 asbestosclaims.law/library/19325/54

Financial Disclosure

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

Part III

Item 10. Directors and Executive Officers of the Registrant

Omitted pursuant to General Instruction I of Form 10-K.

Item 11. Executive Compensation

Omitted pursuant to General Instruction I of Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Omitted pursuant to General Instruction I of Form 10-K.

Item 13. Certain Relationships and Related Transactions

Omitted pursuant to General Instruction I of Form 10-K.

<PAGE>

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 and Notes to Financial Statements and the Independent Auditors' Report, dated January 22, 2001, are included in Item 8 of Part II.
2. The following schedule should be read in conjunction with the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. Schedules other than that listed have been omitted because they are not applicable.

	Page in this Annual Report on Form 10-K
Schedule II - Valuation and Qualifying Accounts, three years ended December 31, 2000	50

The Report on Financial Statement Schedule of KPMG LLP appears on page 50 of this Annual Report on Form 10-K.

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 55 of 107 asbestosclaims.law/library/19325/55

(b) The corporation filed the following Current Reports on Form 8-K for the three months ended December 31, 2000.

1. Current Report on Form 8-K dated October 12, 2000, contained the corporation's press release dated October 12, 2000.
2. Current Report on Form 8-K dated October 30, 2000, contained the corporation's press release dated October 30, 2000.
3. Current Report on Form 8-K dated December 22, 2000, contained a Letter Agreement, dated December 22, 2000, with reference to the Agreement and Plan of Merger, dated as of August 3, 1999, among Union Carbide Corporation, a New York corporation, The Dow Chemical Company, a Delaware corporation, and Transition Sub Inc., a Delaware corporation.

(c) Exhibits - See Exhibit Index on pages 52 through 54 for exhibits filed with this Annual Report on Form 10-K.

<PAGE>

Report of Independent Auditors

The Board of Directors
Union Carbide Corporation

Under date of January 22, 2001, except as to Note 17, which is as of February 6, 2001, we reported on the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 2000 and 1999, 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, 2000, as contained on pages 21 through 44 in this Annual Report on Form 10-K. 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)2. This financial statement schedule is the responsibility of the corporation's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

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

/s/ KPMG LLP
KPMG LLP

Stamford, Conn.
January 22, 2001, except as to Note 17, which is as of February 6, 2001

<TABLE>
<CAPTION>

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Union Carbide Corporation and Consolidated Subsidiari

Allowance for Doubtful Accounts

Millions of dollars,	Balance at Beginning of period	Additions: Charged to costs and expenses	Additions: Reclassified from other accounts
<S>	<C>	<C>	<C>

Year ended December 31, 2000	$19	$-	$-
Year ended December 31, 1999	$22	$2	$-
Year ended December 31, 1998	$11	$3	$8

</TABLE>

<PAGE>

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 8, 2001

/s/ John K. Wulff
by: John K. Wulff
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 8, 2001.

/s/ Geoffery E. Merzei
Geoffery E. Merszei
Director

/s/ Alfonso Escudero
Alfonso Escudero
Director

<PAGE>

Exhibit Index

Exhibit No.

2.1	Agreement and Plan of Merger (the "Merger Agreement") dated as of August 3, 1999 among the corporation, The Dow Chemical Company ("TDCC") and Transition Sub Inc. (See Exhibit 2 of the corporation's Current Report on Form 8-K dated August 3, 1999).
2.1.1	Letter Agreement dated March 28, 2000, between TDCC and the corporation, extending the termination date of the Merger Agreement for an additional one hundred and twenty-five days.
2.1.2	Letter Agreement, dated July 21, 2000, between TDCC and the corporation, with reference to the Merger Agreement (See Exhibit 99 of the corporation's Current Report on Form 8-K dated July 24, 2000).
2.1.3	Letter Agreement, dated September 27, 2000, between TDCC and the corporation, with reference to the Merger Agreement (See Exhibit 99 of the corporation's Current Report on Form 8-K dated September 27, 2000).
2.1.4	Letter Agreement, dated December 22, 2000, between TDCC and the corporation, with reference to the Merger Agreement (See Exhibit 99 of the corporation's Current Report on Form 8-K dated December 22, 2000).

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ACL Doc 19325 · Page 57 of 107 asbestosclaims.law/library/19325/57

2.2	Stock Option Agreement dated as of August 3, 1999 between the corporation and The Dow Chemical Company (See Exhibit 99.1 to the corporation's Current Report on Form 8-K dated August 3, 1999).
3.1.1	Amended and Restated Certificate of Incorporation as filed June 25, 1998 (See Exhibit 3 of the Corporation's June 30, 1998 form 10-Q).
3.1.2	Certificate of Merger of Transition Sub Inc. into Union Carbide Corporation under Section 904 of the Business Corporation Law effective February 6, 2001.
3.2	By-Laws of the corporation, amended and restated as of February 6, 2001.
4.1	Indenture dated as of June 1, 1995, between the corporation and the Chase Manhattan Bank (formerly Chemical Bank), Trustee (See Exhibit 4.1.2 to the corporation's Form S-3 effective October 13, 1995, Reg. No. 33-60705).
4.2	The corporation will furnish to the Commission upon request any other debt instrument referred to in item 601(b)(4)(iii)(A) of Regulation S-K.
10.1	Indemnity Agreement dated as of December 8, 1997, between the corporation and James F. Flynn. The Indemnity Agreement filed with the Commission is substantially identical in all material respects, except as to the parties thereto and dates thereof, with Indemnity Agreements between the corporation and each other person who is a director or executive officer of the corporation (See Exhibit 10.1 of the corporation's 1997 Form 10-K).
10.2.1	1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.2.1 of the corporation's 1998 Form 10-K).
10.2.2	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective June 1, 1989 (See Exhibit 10.2.2 of the corporation's 1999 Form 10-K).
10.2.3	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective August 1, 1989 (See Exhibit 10.2.3 of the corporation's 1999 Form 10-K).
10.2.4	Resolutions adopted by the Board of Directors of the corporation on February 26, 1992, with respect to stock options granted under the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.2.4 of the corporation's 1997 Form 10-K).
10.2.5	Resolutions adopted by the Compensation and Management Development Committee of the Board of Directors of the corporation on June 30, 1992, with respect to the 1988 Union Carbide Long-Term Incentive Plan (See Exhibit 10.2.5 of the corporation's 1997 Form 10-K).
10.2.6	Amendment to the 1988 Union Carbide Long-Term Incentive Plan effective October 1, 1997 (See Exhibit 10.2.6 of the corporation's 1997 Form 10-K).

<PAGE>

Exhibit Index (cont'd.)

Exhibit No.

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Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 58 of 107 asbestosclaims.law/library/19325/58

10.3.1	1983 Union Carbide Bonus Deferral Program (See Exhibit 10.4.1 of the corporation's 1996 Form 10-K).
10.3.2	Amendment to the 1983 Union Carbide Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.3.2 of the corporation's 1997 Form 10-K).
10.4.1	1984 Union Carbide Cash Bonus Deferral Program (See Exhibit 10.5.1 of the corporation's 1996 Form 10-K).
10.4.2	Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1986 (See Exhibit 10.5.2 of the corporation's 1996 Form 10-K).
10.4.3	Amendment to the 1984 Union Carbide Cash Bonus Deferral Program effective January 1, 1992 (See Exhibit 10.4.3 of the corporation's 1997 Form 10-K).
10.5.1	Union Carbide Corporation Equalization Benefit Plan, Amended and Restated effective January 1, 1998 (See Exhibit 10.5 of the corporation's 1999 Form 10-K).
10.5.2	First Amendment to the Union Carbide Corporation Equalization Benefit Plan effective as of January 1, 2001.
10.6.1	Union Carbide Corporation Supplemental Retirement Income Plan, Amended and Restated January 1, 1998 (See Exhibit 10.6 of the corporation's 1999 Form 10-K).
10.6.2	First Amendment to the Union Carbide Corporation Supplemental Retirement Income Plan effective as of January 1, 2001.
10.7	Union Carbide Non-Employee Director's Compensation Deferral Program, Amended and Restated effective as of February 6, 2001.
10.8	Severance Compensation Agreement, dated February 10, 1998, between the corporation and Ron J. Cottle. The Severance Compensation Agreement filed with the Commission is substantially identical in all material respects, except as to the parties thereto and dates thereof, with Agreements between the corporation and other officers and employees of the corporation (See Exhibit 10.8 of the corporation's 1997 Form 10-K).
10.9	Resolution adopted by the Board of Directors of the corporation on November 30, 1988, with respect to an executive life insurance program for officers and certain other employees (See Exhibit 10.9 of the corporation's 1998 Form 10-K).
10.10	1997 Union Carbide Variable Compensation Plan effective July 1, 1997 (See Exhibit 10.10 of the corporation's 1997 Form 10-K).
10.11.1	Union Carbide Corporation Benefits Protection Trust, amended and restated effective August 29, 1997 (See Exhibit 10.11.1 of the corporation's 1997 Form 10-K).
10.11.2	Amendment to the Union Carbide Corporation Benefits Protection Trust effective November 1, 1997 (See Exhibit 10.11.2 of the corporation's 1997 Form 10-K).
10.11.3	Second Amendment to the Union Carbide Corporation Benefits Protection Trust effective February 1, 2001.
10.12	Resolutions adopted by the Board of Directors of the corporation

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 59 of 107 asbestosclaims.law/library/19325/59

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 10.12 of the corporation's 1999 Form 10-K).

10.13 Resolutions adopted by the Board of Directors of the corporation on June 28, 1989, with respect to the purchase of annuities to cover liabilities of the corporation under the Supplemental Retirement Income Plan (See Exhibit 10.13 of the corporation's 1999 Form 10-K).

<PAGE>

Exhibit Index (cont'd.)

Exhibit No.

10.14.1 Union Carbide Corporation Enhanced Retirement Income Plan, effective January 1, 1998 (See Exhibit 10.14 of the corporation's 1999 Form 10-K).

10.14.2 First Amendment to the Union Carbide Corporation Enhanced Retirement Income Plan effective as of January 1, 2001.

10.15.1 1994 Union Carbide Long-Term Incentive Plan (See Exhibit 10.15.1 of the corporation's 1999 Form 10-K).

10.15.2 Amendment to the 1994 Union Carbide Long-Term Incentive Plan effective October 1, 1997 (See Exhibit 10.15.2 of the corporation's 1997 Form 10-K).

10.16 Union Carbide Compensation Deferral Program Amended and Restated as of February 6, 2001.

10.17 Excess Long-Term Disability Plan effective January 1, 1994 (See Exhibit 10.17 of the corporation's 1999 Form 10-K).

10.18.1 1995 Union Carbide Performance Incentive Plan.

10.18.2 Resolutions adopted by the Board of Directors of the corporation on February 23, 2000, with respect to the reapproval of the performance goals under the 1995 Union Carbide Performance Incentive Plan.

10.19.1 1997 Union Carbide Long-Term Incentive Plan (See Appendix A of the corporation's proxy statement filed with the Commission March 12, 1997, file number: 001-01463).

10.19.2 Amendment to the 1997 Union Carbide Long-Term Incentive Plan effective April 23, 1997 (See Exhibit 10.19.2 of the corporation's 1997 Form 10-K).

10.19.3 Resolutions adopted by the Board of Directors of the Corporation on February 23, 2000 with respect to the number of shares authorized for awards under the 1997 Union Carbide Long-Term Incentive Plan.

10.20 1997 Stock Option Plan for Non-Employee Directors of Union Carbide Corporation (See Appendix B of the corporation's proxy statement filed with the Commission March 12, 1997, file number: 001-01463).

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 60 of 107 asbestosclaims.law/library/19325/60

10.21	1997 Union Carbide Corporation EPS Incentive Plan (See Exhibit 10.21 of the corporation's 1997 Form 10-K).
10.22	The Mid-Career Hire Plan for Employees of Union Carbide Corporation and Its Participating Subsidiary Companies, effective December 3, 1996 (See Exhibit 10.22 of the corporation's 1997 Form 10-K).
23	Consent of KPMG LLP.

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

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

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EXHIBIT 2.1.1

[UNION CARBIDE LOGO]
UNION CARBIDE CORPORATION
39 Old Ridgebury Road
Danbury, CT 06817-0001

March 23, 2000

The Dow Chemical Company
2030 Dow Center
Midland, Michigan 48674
Attention: Chief Executive Officer
Fax:(517)638-9397

The Dow Chemical Company
2030 Dow center
Midland, Michigan 48674
Attention: General Counsel
Fax:(517)638-9397

Pursuant to Section 8.2(i)(A) of the Agreement and Plan of Merger, dated as of August 3, 1999 (the "Agreement"), among Union Carbide Corporation, a New York corporation (the "Company"), The Dow Chemical Company, a Delaware corporation (the "Parent"), and Transition Sub Inc., a Delaware corporation and a wholly-

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 61 of 107 asbestosclaims.law/library/19325/61

owned subsidiary of Parent, the Company hereby exercises its option to extend the Termination Date (as defined in the Agreement) for an additional period of 125 days if the Merger (as defined in the Agreement) has not been consummated within 240 days from the date of the Agreement.

1 of 1
<PAGE>

Union Carbide Corporation
March 23, 2000
Page 2

Please acknowledge the extension of the Termination Date for an additional period of 125 days (as described above) by signing below and returning a copy of the executed document to the Company and its counsel in accordance with Section 9.6 of the Agreement.

Very truly yours,

UNION CARBIDE CORPORATION

By: /s/William H. Joyce
Name: William H. Joyce
Title: Chairman, President and
Chief Executive Officer

ACKNOWLEDGED AND AGREED as
of the date first written above

THE DOW CHEMICAL COMPANY

By: /s/J. Pedro Reinhard
Name: J. Pedro Reinhard
Title: Executive Vice President and Chief Financial Officer

TRANSITION SUB INC.

By: /s/Geoffrey E. Merszei
Name: Geoffrey E. Merszei
Title: Treasurer

Copy to: Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603
Attention: Scott J. Davis
Marc F. Sperber
Fax: (312) 701-7711

2 of 2
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Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 62 of 107 asbestosclaims.law/library/19325/62

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Exhibit 3.1.2

CERTIFICATE OF MERGER
OF
TRANSITION SUB INC.
INTO
UNION CARBIDE CORPORATION
UNDER SECTION 904 OF THE BUSINESS CORPORATION LAW

We, the undersigned, Alfonso Escudero and Bruce D. Fitzgerald, being respectively the President and Director of Transition Sub Inc., and the Vice President, General Counsel and Secretary of Union Carbide Corporation, hereby certify:

1. The name of each constituent entity is as follows:

Transition Sub Inc.
Union Carbide Corporation (formed as Union Carbide and Carbon Corporation)

2. The name of the surviving corporation is Union Carbide Corporation.

3. As to each constituent corporation, the designation and number of outstanding shares of each class and series and the voting rights thereof are as follows:

Name of Corporation	Designation and number of shares in each class or series outstanding	Class or series of shares entitled to vote	Shares entitled to vote as a class or series
Transition Sub Inc.	100	Common Stock	100
Union Carbide Corporation	135,925,743	Common Stock	135,925,743

The number of outstanding shares (and shares entitled to vote) of Union Carbide Corporation is subject to change prior to the effective date of the merger by reason of the issuance from time to time of shares pursuant to outstanding stock options, benefit plans and a dividend reinvestment plan.

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4. The certificate of incorporation of the surviving corporation will be amended at the effective time of the merger as follows:

Article 3 is amended to read in its entirety as follows: "3. The aggregate number of shares that the Corporation shall have the

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 63 of 107 asbestosclaims.law/library/19325/63

authority to issue is 1,000 shares of Common Stock, par value $0.01 per share."

Article 5 is amended to read in its entirety as follows: "5. The number of directors, their terms and their manner of election shall be fixed by or pursuant to the Bylaws of the Corporation."

5. The effective date of the merger is the date of the filing of this certificate of merger.

6. The date when the certificate of incorporation of Union Carbide Corporation was filed with the New York Department of State was November 1, 1917.

7. The merger was authorized by each constituent corporation in the following manner:

The merger was authorized by the Board of Directors of Union Carbide Corporation on August 3, 1999 and by the shareholders of Union Carbide Corporation at a special meeting of the shareholders duly called and held on December 1, 1999 by the vote of at least two- thirds of the outstanding shares of Union Carbide Corporation common stock entitled to vote thereon. The merger was authorized by the Board of Directors of Transition Sub Inc. on August 3, 1999 and by The Dow Chemical Company, the sole shareholder of Transition Sub Inc., by written consent dated August 3, 1999.

8. The merger is permitted by the laws of the jurisdiction of the constituent foreign corporation and is in compliance therewith. The constituent foreign corporation has complied as follows:

Transition Sub Inc. has complied with the applicable provisions of the laws of the State of Delaware under which it is incorporated, and this merger is permitted by such laws.

9. As to the constituent foreign corporation, the jurisdiction and date of its incorporation and the date when its application for authority to do business in New York was filed with the New York Department of State or, if no such application has been filed, a statement to such effect is as follows:
Transition Sub Inc. is a Delaware corporation incorporated on July 28, 1999. Transition Sub Inc. has not filed an application for authority to do business in New York.

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IN WITNESS WHEREOF, we have signed this certificate on the 6th day of February, 2001 and we affirm the statements contained herein as true under penalties of perjury.

TRANSITION SUB INC.

/s/ Alfonso Escudero

By: Alfonso Escudero
Title: President and Director

UNION CARBIDE CORPORATION

/s/ Bruce D. Fitzgerald

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 64 of 107 asbestosclaims.law/library/19325/64

By: Bruce D. Fitzgerald
Title: Vice President, General Counsel
and Secretary

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EXHIBIT 3.2

AMENDED AND RESTATED
BY-LAWS
OF
UNION CARBIDE CORPORATION
(A New York Corporation)

ARTICLE I

OFFICES

SECTION 1.1 OFFICE. The office of the corporation shall be located in the County of New York, State of New York.

SECTION 1.2 ADDITIONAL OFFICES. The corporation may also have offices and places of business at such other places, within or without the State of New York, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

SHAREHOLDERS

SECTION 2.1 CERTIFICATES REPRESENTING SHARES. Certificates representing shares shall set forth thereon the statements prescribed by any applicable provision of law and shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the corporate seal or a facsimile thereof. The signature of the officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the corporation itself or its employee. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

A Certificate representing shares shall not be issued until the full amount of consideration therefor has been paid except as Section 504 of the

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ACL Doc 19325 · Page 65 of 107 asbestosclaims.law/library/19325/65

Business Corporation Law may otherwise permit.

No Certificate representing shares shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the corporation, if the Board of Directors shall so require, of a bond of indemnity in such amount upon such terms and secured by such surety as the Board of Directors may in its discretion require.

SECTION 2.2 FRACTIONAL SHARE INTERESTS. The corporation may issue certificates for fractions of a share where necessary to effect transactions authorized by the Business Corporation Law which shall entitle the holder in proportion to his fractional holdings, to exercise voting rights, receive dividends and participate in liquidating distributions; or it may pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined; or it may issue scrip in registered or bearer form over the manual or facsimile signature of an officer of the corporation or of its agent, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a shareholder except as therein provided.

SECTION 2.3 SHARE TRANSFERS. Upon compliance with provisions restricting the transferability of shares, if any, transfers of shares of the corporation shall be made only on the share record of the corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation or with a transfer agent or a registrar, if any, and on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes due thereon.
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SECTION 2.4 RECORD DATE FOR SHAREHOLDERS. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the directors may fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the directors relating thereto is adopted. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided in this paragraph, such determination shall apply to any adjournment thereof, unless the directors fix a new record date under this paragraph for the adjourned meeting.

MEANING OF CERTAIN TERMS. As used herein in respect of the right to notice of a meeting of shareholders or a waiver thereof or to participate or vote thereat or to consent or dissent in writing in lieu of a meeting, as the case may be, the term "share" or "shares" or "shareholder" or "shareholders" refers to an outstanding share or shares and to a holder or holders of record of outstanding shares when the corporation is authorized to issue only one class of shares, and said reference is also intended to include any outstanding share or shares and any holder or holders of record of outstanding shares of any class upon which or upon whom the Certificate of Incorporation confers such rights where there are two or more classes or series of shares or upon which or

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 66 of 107 **asbestosclaims.law/library/19325/66**

upon whom the Business Corporation Law confers such rights notwithstanding that the Certificate of Incorporation may provide for more than one class or series of shares, one or more of which are limited or denied such rights thereunder.

SECTION 2.5 MEETINGS.

TIME. The annual meeting shall be held on the date fixed, from time to time, by the directors. A special meeting shall be held on the date fixed by the directors except when the Business Corporation Law confers the right to fix the date upon shareholders.

PLACE. Annual meetings and special meetings shall be held at such place, within or without the State of New York, as the directors may, from time to time, fix. Whenever the directors shall fail to fix such place, or, whenever shareholders entitled to call a special meeting shall call the same, the meeting shall be held at the office of the corporation in the State of New York.

CALL. Annual meetings may be called by the directors or by any officer instructed by the directors to call the meeting or by the President. Special meetings may be called in like manner except when the directors are required by the Business Corporation Law to call a meeting, or except when the shareholders are entitled by said Law to demand the call of a meeting. _

NOTICE OR ACTUAL OR CONSTRUCTIVE WAIVER OF NOTICE. The notice of all meetings shall be in writing, shall state the place, date, and hour of the meeting, and, shall state the name and capacity of the person issuing the same. The notice for a special meeting shall indicate that it is being issued by or at the direction of the person or persons calling the meeting. The notice of an annual meeting shall state that the meeting is called for the election of directors and for the transaction of other business which may properly come before the meeting, and shall (if any other action which could be taken at a special meeting is to be taken at such annual meeting) state the purpose or purposes. The notice of a special meeting shall in all instances state the purpose or purposes for which the meeting is called. If the directors shall adopt, amend, or repeal a By-Law regulating an impending election of directors, the notice of the next meeting for election of directors shall contain the statements prescribed by Section 601(b) of the Business Corporation Law. If any action is proposed to be taken which would, if taken, entitle shareholders to receive payment for their shares, the notice shall include a statement of that purpose and to that effect. A copy of the notice of any meeting shall be given, personally, electronically or by mail, not less than ten days nor more than sixty days before the date of the meeting, unless the lapse of the prescribed period of time shall have been waived, to each shareholder at his record address or at such other address which he may have furnished by notice in writing to the Secretary of the corporation. If transmitted electronically, notice shall be directed to the shareholder's electronic mail address as supplied by the shareholder to the Secretary of the corporation or as otherwise directed pursuant to the shareholder's authorization or instructions. If a meeting is adjourned to another time or place, and, if any announcement of the adjourned time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the directors, after adjournment, fix a new record date for the adjourned meeting. Notice of a meeting need not be given to any shareholder who submits a signed waiver of notice before or after the meeting. The attendance of a shareholder at a meeting without protesting prior to the conclusion of the meeting the lack of notice of such meeting shall constitute a waiver of notice by him.

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 67 of 107 **asbestosclaims.law/library/19325/67**

SHAREHOLDER LIST AND CHALLENGE. A list of shareholders as of the record date, certified by the Secretary or other officer responsible for its preparation or by the transfer agent, if any, shall be produced at any meeting of shareholders upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

CONDUCT OF MEETING. Meetings of the shareholders shall be presided over by any one of the following officers -- the Chairman of the board, if any, the President, a Vice President, or, if none of the foregoing is in office and present, by a chairman to be chosen by the shareholders. The Secretary of the corporation, or in his absence, an Assistant Secretary, shall act as Secretary of the meeting, but if neither the Secretary nor Assistant Secretary is present, the chairman of the meeting shall appoint a Secretary of the meeting.

PROXY REPRESENTATION. Every shareholder may authorize another person or persons to act for him by proxy in all matters in which a shareholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the shareholder or his attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided by the Business Corporation Law.

QUORUM. Except for a special election of directors pursuant to Section 603(b) of the Business Corporation Law, and except as herein otherwise provided, the holders of a majority of the votes of shares entitled to vote thereat shall constitute a quorum at a meeting of shareholders for the transaction of any business. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders. The shareholders present may adjourn the meeting despite the absence of a quorum.

VOTING. Each share of common stock shall entitle the holder thereof to one vote. In the election of directors, a plurality of the votes cast shall elect. Any other action shall be authorized by a majority of the votes cast except where the Business Corporation Law prescribes a different proportion of votes.

SECTION 2.6 SHAREHOLDER ACTION WITHOUT MEETINGS. Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1 FUNCTIONS AND DEFINITIONS. The business of the corporation shall be managed by its Board of Directors. The word "director" means any member of the Board of Directors. The use of the phrase "entire board" herein refers to the total number of directors which the corporation would have if there were no vacancies.

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 68 of 107 asbestosclaims.law/library/19325/68

SECTION 3.2 QUALIFICATIONS AND NUMBER. Each director shall be at least eighteen years of age. A director need not be a shareholder, a citizen of the United States, or a resident of the State of New York. The Board of Directors shall consist of two (2) persons. Such number may be fixed from time to time by action of the directors or of the shareholders, or, if the number is not so fixed, the number shall be one where there continues to be only one person who or which owns all of the shares of the corporation beneficially and of record. The number of directors may be increased or decreased by action of directors or shareholders, provided that any action of the directors to effect such increase or decrease shall require the vote of a majority of the entire board. No decrease shall shorten the term of any incumbent director.

SECITON 3.3 ELECTION AND TERM. Directors who are elected at an annual meeting of shareholders, and directors who are elected in the interim to fill vacancies and newly created directorships, shall hold office until the next annual meeting of shareholders and until their successors have been elected and qualified. In the interim between annual meetings of shareholders or of special meetings of shareholders called for the election of directors, newly created directorships and any vacancies in the Board of Directors, including vacancies resulting from the removal of directors for cause or without cause, may be filled by the vote of the remaining directors then in office, although less than a quorum exists. If the number of directors then in office is less than a quorum, such newly created directorships and vacancies may be filled by a vote of a majority of the directors then in office.

SECTION 3.4 MEETINGS.

TIME. Meetings shall be held at such time as the Board of Directors shall fix, except that the first meeting of a newly elected Board of Directors shall be held as soon after its election as the directors may conveniently assemble.

PLACE. Meetings shall be held at such place within or without the State of New York as shall be fixed by the Board of Directors.

CALL. No call shall be required for regular meetings for which the time and place have been fixed. Special meetings may be called by the President, a Vice President, the Secretary, an Assistant Secretary or a majority of the directors in office.

NOTICE OR ACTUAL OR CONSTRUCTIVE WAIVER. No notice shall be required for regular meetings for which the time and place have been fixed. Notice of the time and place of special meetings shall be given to each director by mailing such notice at least five days prior to the meeting, or orally, or electronically, or by personal service or by telegram at least two days prior to the meeting. The notice of any meeting need not specify the purpose of the meeting. Any requirement of furnishing a notice shall be waived by any director who signs a waiver of notice before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him.

QUORUM AND ACTION. A majority of the entire board shall constitute a quorum except when a vacancy or vacancies prevents such majority, whereupon a majority of the directors in office shall constitute a quorum, provided such majority shall constitute at least one-third of the entire board. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except as otherwise provided herein or in any applicable provision of law, the vote of a majority of the directors present at the time of the vote at a meeting

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 69 of 107 asbestosclaims.law/library/19325/69

of the board, if a quorum is present at such time, shall be the act of the board.

CHAIRMAN OF THE MEETING. The Chairman of the board, if any and if present, shall preside at all meetings. Otherwise, the President, if present, or any other director chosen by the Board of Directors, shall preside.

SECTION 3.5 REMOVAL OF DIRECTORS. Any or all of the directors may be removed for cause or without cause by vote of the shareholders. One or more of the directors may be removed for cause by the Board of Directors.

SECTION 3.6.COMMITTEES OF DIRECTORS. The Board of Directors may, by resolution passed by a majority of the entire board, designate from their number one or more directors to constitute an Executive Committee which shall possess and may exercise all the powers and authority of the Board of Directors in the management of the affairs of the corporation between meetings of the board (except to the extent prohibited by applicable provisions of the Business Corporation Law), and/or such other committee or committees, which to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. All such committees shall serve at the pleasure of the board. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

SECTION 3.7 CONFERENCE TELEPHONE. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Such participation shall constitute presence in person at such meeting.

SECTION 3.8 ACTION IN WRITING. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the board or the committee, as the case may be, consent in writing to the adoption of a resolution authorizing the action, and the resolution and the written consents thereto are filed with the minutes of the proceedings of the Board of Directors or committee.

SECTION 3.9 COMPENSATION. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 3.10 INTERESTED DIRECTORS. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association or organization in which one or more of the directors or officers of the corporation are also directors or officers of such corporation, partnership, association or organization, or have a financial interest therein, shall be voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors of the corporation or any committee thereof that authorizes the contract or transaction, or solely because the votes of any said director or directors are counted for such purpose if:

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 70 of 107 **asbestosclaims.law/library/19325/70**

(a) The material facts as to the relationship or interest of the director or directors to the contract or transaction are disclosed or known to the Board of Directors of the corporation or any committee thereof, and the Board of Directors of the corporation or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors may be less than a quorum; or

(b) The material facts as to the relationship or interest of the director or directors to the contract or transaction are disclosed or are known to the shareholders of the corporation entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract or transaction is fair as to the corporation as of the time the contract or transaction is authorized, approved or ratified by the Board of Directors of the corporation, by a committee thereof or by the shareholders.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee thereof that authorized the contract or transaction.

ARTICLE IV

OFFICERS

SECTION 4.1 EXECUTIVE OFFICERS. The directors may elect or appoint a Chairman of the Board of Directors, a President, one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, and such other officers as they may determine. Any two or more offices may be held by the same person except the offices of President and Secretary.

SECTION 4.2 TERM OF OFFICE; REMOVAL. Unless otherwise provided in the resolution of election or appointment, each officer shall hold office until the meeting of the Board of Directors following the next meeting of shareholders and until his successor has been elected and qualified. The Board of Directors may remove any officer for cause or without cause.

SECTION 4.3 AUTHORITY AND DUTIES. All officers, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided in these By-Laws, or, to the extent not so provided, by the Board of Directors.

SECTION 4.4 THE PRESIDENT. The President shall be the chief executive officer of the corporation. Subject to the direction and control of the Board of Directors, he shall be in general charge of the business and affairs of the corporation.

SECTION 4.5 VICE PRESIDENTS. Any Vice President that may have been appointed, in the absence or disability of the President shall perform the duties and exercise the power of the President, in the order of their seniority, and shall perform such other duties as the President or Board of Directors shall prescribe.

SECTION 4.6 THE SECRETARY. The Secretary shall keep in safe custody the seal of the corporation and affix it to any instrument when authorized by the Board of Directors, and shall perform such other duties as may be prescribed

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 71 of 107 **asbestosclaims.law/library/19325/71**

by the Board of Directors.

SECTION 4.7 THE TREASURER. The Treasurer shall have the care and custody of the corporate funds, and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the President and directors, at the regular meetings of the board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation. If required by the Board of Directors, the Treasurer shall give the corporation a bond for such term, in such sum and with such surety or sureties as shall be satisfactory to the board for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

ARTICLE V

BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the shareholders, of the Board of Directors, and any committee which the directors may appoint, and shall keep at the office of the corporation in the State of New York or at the office of the transfer agent or registrar, if any, in said state, a record containing the names and addresses of all shareholders, the number and class of shares held by each, and the date when they respectively became the owners of record thereof. Any of the foregoing books, minutes, or records may be in written form or in any other form capable of being converted into written form within a reasonable time.

ARTICLE VI

INDEMNIFICATION

SECTION 6.1 MANDATORY INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES. The Company shall indemnify any person who was or is a defendant or is threatened to be made a defendant to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person:

(a) Is or was a Director, officer or employee of the Company; or

(b) Is or was a Director, officer or employee of the Company and is or was serving at the request of the Company as a director, trustee, member, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding;

such indemnification to be provided to the full extent such person would be entitled to indemnification under the then current Bylaws of The Dow Chemical Company if he or she were a Director (in the case of Directors of

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 72 of 107 asbestosclaims.law/library/19325/72

the Company), officer (in case of officers of the Company) or employee (in case of employees of the Company) of The Dow Chemical Company; provided, however, that if any provision(s) of the indemnification provided hereunder shall be invalid under the laws governing the Company, such provision(s) shall be ineffective to the extent of such invalidity, without invalidating or affecting in any manner whatsoever the remaining provisions of such indemnification. Any repeal, amendment or modification of this Section 6.1 shall not affect any rights or obligations then existing between the Company and any then incumbent or former Director, officer or employee with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon such state of facts.

SECTION 6.2 PERMITTED INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person:

(a) Is or was a Director, officer, employee or agent of the Company; or

(b) Is or was a Director, officer, employee or agent of the Company and is or was serving at the request of the Company as a director, trustee, member, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding;

such indemnification to be provided to the full extent The Dow Chemical Company would be permitted to indemnify such person under the then current Bylaws of The Dow Chemical Company if he or she were a Director (in the case of Directors of the Company), officer (in the case of officers of the Company), employee (in the case of employees of the Company) or agent (in the case of agents of the Company) of The Dow Chemical Company; provided, however, that if any provision(s) of the indemnification provided hereunder shall be invalid under the laws governing the Company, such provision(s) shall be ineffective to the extent of such invalidity, without invalidating or affecting in any manner whatsoever the remaining provisions of such indemnification.

SECTION 6.3 JUDICIAL DETERMINATION OF INDEMNIFICATION. Any incumbent or former Director, officer or employee may apply to any court of competent jurisdiction in the Company's jurisdiction of formation to order indemnification to the extent mandated under Section 6.1 above. The basis of such order of indemnification by a court shall be a determination by such court that indemnification of the incumbent or former Director, officer or employee is proper in the circumstances. Notice of any application for indemnification pursuant to this Section 6.3 shall be given to the Company promptly upon the filing of such application.

SECTION 6.4 EXPENSES PAYABLE IN ADVANCE. If permitted by the laws governing the Company, expenses incurred by any Director or officer in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the Director or officer to repay such amount if it ultimately shall be determined that the Director or officer is not entitled to be indemnified by the Company as authorized in this Section VI. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 73 of 107 asbestosclaims.law/library/19325/73

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SECTION 6.5 NONEXCLUSIVITY. The indemnification and advancement of expenses mandated or permitted by, or granted pursuant to, this Section VI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, contract, vote of stockholders or disinterested Directors, or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise both as to action by the person in an official capacity and as to action in another capacity while holding such office, it being the policy of the Company that indemnification of the persons specified in Sections 6.1 or 6.2 above as defendants shall be made to the fullest extent provided hereunder. The provisions of this Section VI shall not be deemed to preclude the indemnification of any person who is not specified in Sections 6.1 or 6.2 above, but whom the Company has the power or obligation to indemnify under the laws of the Company's jurisdiction of formation or otherwise.

SECTION 6.6 INSURANCE. The Company may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, trustee, member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, against any liability asserted against and incurred by such person in any such capacity, or arising out of the person's status as such, whether or not the Company would have the power or the obligation to indemnify the Director, officer, employee or agent of the Company against such liability under the provisions of this Section VI.

SECTION 6.7 DEFINITIONS. For the purposes of this Section VI references to "the Company" shall include, in addition to the resulting company, any constituent company (including any constituent of a constituent) absorbed in a consolidation or merger which,if its separate existence had continued, would have had power and authority to indemnify its directors, officers, trustees, members, employees and/or agents, so that any person who is or was a director, officer, trustee, member, employee or agent of such constituent company, or is or was serving at the request of such constituent company as a director, officer, trustee, member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section VI with respect to the resulting or surviving company as such person would have with respect to such constituent company if its separate existence had continued. The term "other enterprise" as used in this Section VI shall include employee benefit plans. References to "fines" in this Section shall include excise taxes assessed on a person with respect to an employee benefit plan. The phrase "serving at the request of the Company" shall include any service as a Director, officer, employee or agent of the Company that imposes duties on, or involves services by, such Director, officer, employee or agent with respect to any employee benefit plan, its participants or beneficiaries.

SECTION 6.8 SURVIVAL. The indemnification and advancement of expenses provided by, or granted pursuant to, this Section VI shall continue as to a person who has ceased to be a Director, officer, employee or agent of the Company and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE VII

CORPORATE SEAL

The corporate seal, if any, shall be in such form as the Board of Directors shall prescribe.

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ACL Doc 19325 · Page 74 of 107 **asbestosclaims.law/library/19325/74**

ARTICLE VIII

FISCAL YEAR

The fiscal year of the corporation shall be as fixed by the Board of Directors.

ARTICLE IX

CONTROL OVER BY-LAWS

The shareholders entitled to vote in the election of directors or the directors upon compliance with any statutory requisite may amend or repeal the By-Laws and may adopt new By-Laws, except that the directors may not amend or repeal any By-Law or adopt any new By-Law, the statutory control over which is vested exclusively in the said shareholders or in the incorporators. By-Laws adopted by the incorporators or directors may be amended or repealed by the said shareholders.

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EXHIBIT 10.5.2

FIRST AMENDMENT TO
THE UNION CARBIDE CORPORATION
EQUALIZATION BENEFIT PLAN

The Union Carbide Corporation Equalization Benefit Plan, as Amended and Restated as of January 1, 1998 (the "Plan") is hereby amended as follows:

1. Article V, Section 4 of the Plan is amended in its entirety to read as follows:

"Section 4. Notwithstanding the provisions of Sections 1 and 3 of this Article V, Participants may elect, in accordance with provisions determined from time to time by the Compensation Committee or its designee, that their payments under the Plan shall be made either (i) in a lump sum as of July 1 of the calendar year following such election (or, if earlier, as soon as practicable in such following calendar year in circumstances where the Participant was not employed by the Corporation during the year of such election), or (ii) in substantially equal installments over a period of at least 2 but not more than 10 years commencing as of such date. The lump sum payment or installment payments described in the preceding sentence shall be calculated using (A) a discount rate equal to the average of 10 and 20 year Aaa municipal bonds as published by Moody's or a similar rating service ("Discount Rate") for the month of November of the year prior to the year

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ACL Doc 19325 · Page 75 of 107 asbestosclaims.law/library/19325/75

payments commence, and (B) a mortality table determined by the Compensation Committee or its designee. Notwithstanding the foregoing, for benefits which will

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commence in 2002, the discount rate shall be the Discount Rate for the month of January, 2001. The Compensation Committee or its designee shall determine the procedures for such elections and the time and method of payment for payments in accordance with this Section 4. For Participants who make the election described in this Section 4, the provisions of Sections 1 and 3 of this Article V shall not apply. Notwithstanding the foregoing, a Participant who elects to receive a lump sum payment under Article V, subsection 4(i) may also elect to receive a monthly benefit under Article V, section 1 commencing on the date the Participant commences benefits under the Retirement Plan and ceasing on the date such Participant receives the lump sum payment contemplated under Article V, subsection 4(i)."

2. The provisions of this First Amendment shall be effective as of January 1, 2001.

UNION CARBIDE CORPORATION

By: /s/ W.R. Hutchinson

Date: January 20, 2001

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EXHIBIT 10.6.2

FIRST AMENDMENT TO
THE UNION CARBIDE CORPORATION
SUPPLEMENTAL RETIREMENT INCOME PLAN

The Union Carbide Corporation Supplemental Retirement Income Plan, as Amended and Restated as of January 1, 1998 (the "Plan") is hereby amended as follows:

1. Article V, Section 4 of the Plan is amended in its entirety to read as follows:

"Section 4. Notwithstanding the provisions of Sections 1 and 3 of this Article V, Participants may elect, in accordance with provisions determined from time to time by the Compensation Committee or its designee, that their payments under the Plan shall be made either (i) in a lump sum as of July 1 of the calendar year following

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ACL Doc 19325 · Page 76 of 107 asbestosclaims.law/library/19325/76

such election (or, if earlier, as soon as practicable in such following calendar year in circumstances where the Participant was not employed by the Corporation during the year of such election), or (ii) in substantially equal installments over a period of at least 2 but not more than 10 years commencing as of such date. The lump sum payment or installment payments described in the preceding sentence shall be calculated using (A) a discount rate equal to the average of 10 and 20 year Aaa municipal bonds as published by Moody's or a similar rating service ("Discount Rate") for the month of November of the year prior to the year payments commence, and (B) a mortality table determined by the Compensation Committee or its designee. Notwithstanding the foregoing, for benefits which will

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commence in 2002, the discount rate shall be the Discount Rate for the month of January, 2001. The Compensation Committee or its designee shall determine the procedures for such elections and the time and method of payment for payments in accordance with this Section 4. For Participants who make the election described in this Section 4, the provisions of Sections 1 and 3 of this Article V shall not apply. Notwithstanding the foregoing, a Participant who elects to receive a lump sum payment under Article V, subsection 4(i) may also elect to receive a monthly benefit under Article V, section 1 commencing on the date the Participant commences benefits under the Retirement Plan and ceasing on the date such Participant receives the lump sum payment contemplated under Article V, subsection 4(i)."

2. The provisions of this First Amendment shall be effective as of January 1, 2001.

UNION CARBIDE CORPORATION

By: /s/ W.R. Hutchinson

Date: January 20, 2001

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EXHIBIT 10.7

UNION CARBIDE NON-EMPLOYEE DIRECTORS' COMPENSATION DEFERRAL PROGRAM

(Amended and Restated Effective as of the Merger Date)

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UNION CARBIDE NON-EMPLOYEE DIRECTORS' COMPENSATION DEFERRAL PROGRAM

ARTICLE I

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ACL Doc 19325 · Page 77 of 107 asbestosclaims.law/library/19325/77

PURPOSE

1.1 The purpose of this Program is to (i) allow Eligible Directors to defer a portion or all of their meeting and retainer fees and (ii) automatically defer all of the lump sum payments from the Non-Employee Directors' Plan otherwise payable to an Eligible Director as a result of such Plan's termination.

1.2 This Program, as amended and restated as of the Merger Date, shall be effective for amounts payable after the Merger Date.
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ARTICLE II
DEFINITIONS

2.1 "Applicable Equity Investment Fund Rate" means the difference between the value of each of the applicable investment funds elected by a Participant under Section 8.2 of this Program: Fidelity Asset Manager, Fidelity Equity Income Fund, Fidelity Growth Company Fund, Fidelity Contrafund and Fidelity Overseas Fund, determined on a fund by fund basis, as of (i) the later of the Date of Deferral or the effective date of a Participant's election under Section 8.2(c), and (ii) the relevant valuation date for determining the amount of earnings of such investment fund in accordance with Article VIII. Such value shall include any hypothetical dividends and hypothetical capital gains distributions paid on such investment fund during the period for which the Applicable Equity Investment Fund Rate is being determined, as if such hypothetical dividends or hypothetical capital gains distributions are reinvested when payable in additional shares of such fund. The value of a respective investment fund for purposes of this Section 2.1, shall mean the net asset value of such investment fund as reported by such fund.

2.2 "Administrator" means the Board of Directors of the Corporation or a committee of the Board of Directors of Dow or subcommittee thereof designated by the Board of Directors of Dow.

2.3 "Beneficiary" means the person, persons or estate entitled (as determined under Article VII) to receive payment under this Program following a Participant's death.

2.4 "Board" means the Board of Directors of Union Carbide Corporation.

2.5 A "Change in Control" means, with respect to Dow, the occurrence of the following:
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(i) any "person" or "group" within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act becomes the "beneficial owner" as defined in Rule 13d-3 under the Act of more than 20% of the then outstanding voting securities of Dow;

(ii) any "person" or "group" within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act acquires by proxy or otherwise the right to vote for the election of directors, for any merger or consolidation of Dow or for any other matter or question with respect to more than 20% of the then outstanding voting securities of Dow;

(iii) if during any period of twenty-four consecutive months, Present Directors and/or New Directors cease for any reason to constitute

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ACL Doc 19325 · Page 78 of 107 asbestosclaims.law/library/19325/78

a majority of the Board.

For these purposes, "Present Directors" shall mean individuals who at the beginning of such consecutive twenty-four month period were members of the Board and "New Directors" shall mean any director whose election by the Board or whose nomination for election by Dow's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who were Present Directors or New Directors;

(iv) the stockholders of Dow approve a plan of complete liquidation or dissolution of Dow; or

(v) there shall be consummated (x) a reorganization, merger or consolidation of all or substantially all of the assets of Dow (a "Business Combination"), unless, following such Business Combination, (a) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Common Stock of Dow and outstanding voting securities of Dow immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Dow or all or substantially all of Dow's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding Common Stock of Dow and outstanding voting securities of Dow, as the case may be, (b) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Dow or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from

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such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (c) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or (y) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of Dow, provided, that the divestiture of less than substantially all of the assets of Dow in one transaction or a series of related transactions, whether effected by sale, lease, exchange, spin-off, sale of the stock or merger of a subsidiary or otherwise, shall not constitute a Change in Control.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur: (A) pursuant to Subparagraphs (i) and (ii) above, solely because twenty percent (20%) or more of the combined voting power of Dow's then outstanding securities is acquired by one or more employee benefit plans maintained by Dow; or (B) pursuant to Subparagraph (v)(y) above, if the Board determines that any sale, lease, exchange or transfer does not involve substantially all of the assets of Dow.

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ACL Doc 19325 · Page 79 of 107 asbestosclaims.law/library/19325/79

For the purpose of this Section 2.5, "Board" shall mean Board of Directors of Dow.

2.6 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.7 "Compensation" means, solely for purposes of this Program, the retainer fees and the meeting fees paid to an Eligible Director in connection with his or her service as a member of the Board.

2.8 "Corporation" means Union Carbide Corporation, a New York Corporation, any predecessor thereof and any successor thereof by merger, consolidation or otherwise.

2.9 "Date of Deferral" means (i) with respect to director fees deferral, the date on which the relevant fees would be paid, and (ii) with respect to amounts which are paid from
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the Non-Employee Directors' Plan, the date on which lump sum payments under such Plan would otherwise be paid.

2.10 "Deferred Compensation" means the amount of Compensation deferred by a Participant under this Program pursuant to Section 5.3 of this Program.

2.11 "Disability" means a Participant's total physical or mental inability to perform any work for compensation or profit in any occupation for which the Participant is reasonably qualified by reason of training, education or ability, and which inability is adjudged to be permanent, as determined by the Administrator.

2.12 "Dow" means The Dow Chemical Company, a Delaware corporation, any predecessor thereof, and any successor thereof by merger, consolidation or otherwise.

2.13 "Dow Stock Value Rate" means the difference between the value of Dow's common stock as of (i) the later of the Date of Deferral or the effective date of a Participant's election under Section 8.2(c) pursuant to which earnings shall accrue at the Dow Stock Value Rate and (ii) the relevant date of determination of the amount of earnings in accordance with Section 8.2 of this Program. Such value shall include the value of any hypothetical dividends paid on the common stock during the period for which the Dow Stock Value Rate is being determined, as if such hypothetical dividends were reinvested when payable (with no discount). The value of Dow's common stock for purposes of this Section 2.13 with respect to any relevant date of determination shall be determined in the same manner for the valuation of stock as is provided in the Savings Program.

2.14 "Eligible Director" means a non-employee director who receives Compensation from the Corporation.

2.15 "Exchange Act" means the Securities Exchange Act of 1934, as amended.
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2.16 "Fixed Income Rate" means the rate of interest for the Fixed Income Fund under the Savings Program, in effect from time to time.

2.17 "Merger Date" shall mean the date that a subsidiary of Dow is merged into the Corporation.

2.18 "Non-Employee Directors' Plan" means the Union Carbide Corporation Non-Employee Directors' Retirement Plan.

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ACL Doc 19325 · Page 80 of 107 asbestosclaims.law/library/19325/80

2.19 "Participant" means an Eligible Director who (i) elects in advance to defer all or a portion of his or her director fees in accordance with Section 5.2(a) of this Program and/or (ii) receives an automatic deferral to this Program of his or her lump sum distribution from the Non-Employee Directors' Plan in accordance with Section 5.2(b) of this Program.

2.20 "Program" means this Union Carbide Non-Employee Directors' Compensation Deferral Program.

2.21 "Savings Program" means the Savings and Investment Program for Employees of Union Carbide Corporation and Participating Subsidiary Companies.

2.22 "Service Year" means one of the calendar years on and after 2001, as to which an election may be made in accordance with Article V.

2.23 "UCC Discounted Stock Value Rate" means the UCC Stock Value Rate, except that the value of Union Carbide Corporation's common stock as of the Date of Deferral pursuant to which earnings shall accrue at the UCC Stock Value Rate, shall be determined as if purchased at a ten percent (10%) discount. Notwithstanding the foregoing, effective as of the Merger Date, the UCC Discounted Stock Value Rate will no longer apply to deferrals made after the Merger Date and any election by a Participant to accrue earnings at the UCC Discounted
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Stock Value Rate shall be deemed to be an election, effective as of the Merger Date, to accrue earnings at the Dow Stock Value Rate.

2.24 "UCC Stock Value Rate" means the difference between the value of Union Carbide Corporation's common stock as of (i) the later of the Date of Deferral or the effective date of a Participant's election under Section 8.2(c) pursuant to which earnings shall accrue at the UCC Stock Value Rate and (ii) the relevant date of determination of the amount of earnings in accordance with Section 8.2 of this Program. Such value shall include the value of any hypothetical dividends paid on the common stock during the period for which the UCC Stock Value Rate is being determined, as if such hypothetical dividends were reinvested when payable (at a five percent (5%) discount) in additional shares of the Corporation's common stock. The value of the Corporation's common stock for purposes of this Section 2.24 with respect to any relevant date of determination shall be determined in the same manner as provided in the Savings Program. Notwithstanding the foregoing, effective on the Merger Date, the UCC Stock Value Rate will no longer apply and any election by a Participant to accrue earnings at the UCC Stock Value Rate shall be deemed to be an election, effective as of the Merger Date, to accrue earnings at the Dow Stock Value Rate.

2.25 "Unforeseen Emergency" means an event beyond the control of the Participant that would result in severe financial hardship to the Participant if early withdrawal of the Participant's director fees deferral or lump sum payment from the Non-Employee Directors Plan were not permitted. Whether a Participant has an Unforeseen Emergency shall be determined by the Administrator.
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ARTICLE III
ADMINISTRATION

3.1 Except as otherwise indicated, the Administrator or its designee shall supervise the administration and interpretation of this Program, may establish administrative regulations to further the purpose of this Program and shall take any other action necessary to ensure the proper operation of

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ACL Doc 19325 · Page 81 of 107 asbestosclaims.law/library/19325/81

this Program. All decisions and acts of the Administrator shall be final and binding upon all Participants, their Beneficiaries and all other persons.

The Retirement Board of Dow shall be the Administrator's designee with respect to all non-discretionary administrative and ministerial functions under this Program.

ARTICLE IV
ELIGIBILITY

4.1 To be eligible to participate in this Program for a given year, a person must have become an Eligible Director not later than the day on or before the date which an Eligible Director must make the election provided for in Article V of this Program for that year and be a member of the Board on the Date of Deferral for that year.
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ARTICLE V
DEFERRALS

5.1 No additional deferrals shall be made under this Plan following the Merger Date except for dividend reinvestment of hypothetical dividends as set forth in Section 2.13.
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ARTICLE VI
PAYMENTS TO PARTICIPANTS AND BENEFICIARIES

6.1 Time of Payment. (a) Subject to subsections (b), (c) and (d) of this Section 6.1, a Participant shall begin to receive payment of his or her deferrals, and any earnings accruals credited under Article VIII, during the January next following the date he or she ceases to be a member of the Board.

(b) (i) Notwithstanding any provision in this Program to the contrary, a Participant may elect to commence receipt of payments of any amounts deferred upon a specific future payment date which is at least five years after the Date of Deferral or such shorter schedule as the Administrator may determine. Such payments must begin no later than the calendar year after which the Participant attains age 72. A Participant making such an election shall receive his or her lump sum payment in the January next following his or her future payment date or, if applicable, such Participant shall receive installment payments in accordance with Section 6.2.

(ii) With respect to a Participant who has attained age 55 at the time of the election of his or her deferral, the five year period described in subsection (i) shall instead be one year.

(iii) A Participant is limited to four future fixed year payments.

(c) Notwithstanding any provision in this Program to the contrary, a Participant may, on the applicable Date of Deferral or at any time thereafter prior to a Change in Control, elect to receive payment of his or her entire account balance under this Program at such
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time as the Board of Directors of Dow determines that a Change in Control has occurred. Such payment shall be made in a lump sum within 45 days after the Change in Control.

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ACL Doc 19325 · Page 82 of 107 asbestosclaims.law/library/19325/82

6.2 Form of Payments. (a) A Participant may elect to receive payments under this Program in annual or quarterly installments. Such installments must commence as described in Section 6.1, and must be completed by the calendar year in which the Participant attains age 85.

(b) A Participant may elect to receive installment payments either (i) annually during each January or (ii) quarterly, commencing in the January that payment was otherwise due in accordance with Section 6.1. If a Participant does not elect the form of his or her installment payments, such installment payments shall be made annually during each January.

(c) If a Participant does not elect the form of his or her payments, such payments shall be made in a lump sum payment.

(d) A Participant may change the form and timing of payment previously elected only one time and subject to the following restrictions:

(i) such election is made in the calendar year that the Participant ceases to be a member of the Board, to be effective no earlier than the following calendar year; and

(ii) the election is subject to the consent of the Administrator.

(e) (i) If a Participant dies at any time prior to receiving any portion of his or her account balance under this Program, payment shall be made to the Participant's Beneficiary as follows:

(A) If the Participant's Beneficiary is his or her surviving spouse, such Participant's entire account balance under this Program shall be paid as follows:

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(1) ten annual installments or a shorter schedule, if so elected by the surviving spouse, or

(2) a lump sum payment payable on or about the January 1st following the Participant's death.

(B) If the Participant's Beneficiary is someone other than his or her surviving spouse, such Participant's entire account balance under this Program shall be paid in a lump sum payment as soon as practical following the Participant's death.

(ii) If a Participant dies at any time after payment of his or her account balance under this Program has begun, such Participant's Beneficiary shall continue to receive payment of the Participant's account in the same manner as the Participant elected, or such shorter payment schedule as elected by the Beneficiary.

6.3 Payment Medium. All payments under this Program shall be made in U.S. dollars.

6.4 Reduction of Payments. All payments under this Program shall be reduced by any and all tax payments that the Corporation is required to withhold pursuant to applicable law.
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ARTICLE VII
BENEFICIARIES

7.1 A Participant may at any time, and from time to time, prior to his

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ACL Doc 19325 · Page 83 of 107 asbestosclaims.law/library/19325/83

or her death designate one or more Beneficiaries to receive any payments to be made following the Participant's death. If a Participant has not effectively designated a beneficiary, or if no designated beneficiary has survived the Participant, the Participant's Beneficiary shall be the Participant's surviving spouse, or, if no spouse has survived the Participant, the estate of the deceased Participant. If an individual Beneficiary cannot be located for a period of one year following the Participant's death, despite mail notification to the Beneficiary's last known address, and if the Beneficiary has not made a written claim for benefits within such period, the Beneficiary shall be treated as having predeceased the Participant. The Administrator may require such proof of death and such evidence of the right of any person to receive all or part of a deceased Participant account balance, as the Administrator may consider appropriate. The Administrator may rely upon any direction by the legal representatives of the estate of a deceased Participant, without liability to any other person.
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ARTICLE VIII
EARNINGS ACCRUALS

8.1 Each Participant's account balance under this Program shall be credited with earnings from the Date of Deferral through the date such deferral is paid out or withdrawn pursuant to Article VI. Earnings under this Section 8.1 shall accrue at the rate elected in accordance with Section 8.2.

8.2 (a) Earnings accruing in accordance with Section 8.1 shall accrue at (i) the Fixed Income Rate, (ii) the Dow Stock Value Rate, (iii) the Applicable Equity Investment Fund Rate or (iv) a combination of the three rates. Prior to the Merger Date, two additional earnings accrual rates existed: the UCC Discounted Stock Value Rate and the UCC Stock Value Rate. Effective as of the Merger Date, all funds currently accruing earnings at the UCC Discounted Stock Value Rate and/or the UCC Stock Value Rate shall be deemed an election to accrue earnings at the Dow Stock Value Rate.

(b) Subject to subparagraph (c), a Participant shall designate at the time of his or her election to defer any amounts under this Program which accrual rate or rates shall apply to his or her deferrals; provided such elections must be in whole percentage points. Such elections shall be effective as of the Date of Deferral through the date such deferral is paid out or withdrawn pursuant to Article VI.

(c) A Participant may, one time each calendar month, elect to change the accrual rate under this Section 8.2 with respect to any or all previous deferrals under this Program.
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ARTICLE IX
GENERAL PROVISIONS

9.1 Prohibition of Assignment of Transfer. Any assignment, hypothecation, pledge or transfer of a Participant's or Beneficiary's right to receive payments under this Program shall be null and void and shall be disregarded, except to the extent required by law.

9.2 Program Not to Be Funded. The Corporation and Dow are not required, for the purpose of funding this Program, to segregate any monies from their general funds, create any trusts, or make any special deposits, and the right of a Participant or Beneficiary to receive a payment under this Program shall be no greater than the right of an unsecured general creditor

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ACL Doc 19325 · Page 84 of 107 asbestosclaims.law/library/19325/84

of the Corporation.

9.3 Communications To Be in Writing. All elections, requests and communications to the Corporation or its designated agent from Participants and Beneficiaries, and all communications to such persons from the Corporation, shall be in writing, and in such form and manner, and within such time, as the Corporation shall determine. In lieu of the foregoing, the Corporation may install a telephonic voice response system for such elections, requests and communications.

9.4 Absence of Liability. No officer, director or employee of the Corporation or Dow shall be personally liable for any acts or omission to act under this Program or, except in circumstances involving bad faith, for such officer's, director's or employee's own act or omission to act.
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9.5 Titles for Reference Only. The titles given herein to sections and subsections are for reference only and are not to be used to interpret the provisions of this Program.

9.6 New York Law To Govern. All questions pertaining to the construction, regulation, validity and effect of the provisions of this Program shall be determined in accordance with New York law.

9.7 Amendment. The Administrator may amend this Program at any time, but no amendment may be adopted which alters the payments due Participants or Beneficiaries, as of the date of the amendment, or the times at which payments are due, without the consent of each Participant affected by the amendment and of each Beneficiary (of a then deceased Participant) affected by the amendment.

9.8 Program Termination. The Board of Directors of Dow may terminate this Program for any reason and at any time. In the event of such termination, the accounts of each Participant or Beneficiary under this Program shall become immediately payable in accordance with Section 6.1; provided that the Administrator, in its sole discretion, upon Program termination or at any time thereafter, may decide to make lump sum payments in lieu of annual payments.

UNION CARBIDE CORPORATION

By: /s/ M.A. Kessinger

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EXHIBIT 10.11.3

SECOND AMENDMENT TO THE
UNION CARBIDE CORPORATION
BENEFITS PROTECTION TRUST AGREEMENT

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 85 of 107 asbestosclaims.law/library/19325/85

The Union Carbide Corporation Benefits Protection Trust (Amended and Restated Effective August 29, 1997) (the "Trust") between Union Carbide Corporation and State Street Bank and Trust Company, as Trustee, is hereby amended as follows:

1. Paragraph (b) of Article THIRD is amended by deleting the third and fourth sentences thereof and inserting in their place:

"After a Change In Control, upon the request of the Committee, the Company shall furnish the Committee such Participant Data as may be reasonably necessary for the Committee to perform its fiduciary duties under Article EIGHTH (c)(2). Any Participant Data furnished to the Committee shall be: (1) aggregate data; (2) individual data which has been redacted of individually identifiable information, provided that such date will include salary grades and any other information which the Committee deems necessary; or (3) individual data, for which the Committee provides the Company a signed and notarized release acceptable to the Company from the participant or beneficiary on whom it seeks individual data."

2. Paragraph (e) of Article THIRD is hereby deleted in its entirety, and the following inserted in its place:

"(e) Notwithstanding any other provision of this Agreement, the Company is not required to make any contributions to the Trust."

3. Paragraph (c) (1) of Article EIGHTH is amended to delete the first and second sentences and replace them with the following:

"Within thirty (30) days after a Change In Control, the Company shall notify active employees in writing of the Committee's availability to aid the participants and beneficiaries of the Protected Plans in pursuing any claims they may have against the Company under the terms of those Protected Plans. The Company shall send such notice to active employees who have access to e-mail utilizing any of the following methods: first class mail, e-mail, or by placing such notice on an electronic website accessible to the Company's employees. If the Company puts the notice on an electronic website, then the Company will send an e-mail

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message to such active employees, referring them to the electronic website. With respect to the active employees who do not have access to e-mail, the Company will post the notice on bulletin boards accessible to such active employees.

With respect to retirees who are retired as of the date of the Change In Control and their surviving spouses, the Company will send the notice by first class mail within 30 days after the Change In Control. Prior to such mailing, a script will be provided to Retiree Services and read to any retiree or surviving spouse who asks Retiree Services about the Committee or their benefits under the Protected Plans, which will explain the existence of the Committee."

4. The first sentence of Paragraph (b) of Article NINTH is amended in its entirety to read as follows:

"The Committee shall consist of up to three (3) members to be appointed by and serve at the pleasure of the Board of Directors of the Company. In addition, the Board of Directors may appoint an advisor to the Committee (the "Advisor"), who may be legal or other counsel to the Company, an affiliate, a member of a Committee or an officer or member of the Board of Directors or an affiliate."

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ACL Doc 19325 · Page 86 of 107 **asbestosclaims.law/library/19325/86**

5. Paragraph (b) of Article NINTH is amended by adding the following two sentences at the end thereof:

"Prior to a Change in Control, the Board shall appoint a member of the Committee to be the Chairman of the Committee. Upon a Change in Control, the Committee shall be responsible for appointing a member of the Committee as the Chairman of the Committee."

6. The first sentence of Paragraph (c)(4) of Article NINTH is amended in its entirety to read as follows:

"After a Change in Control, subject to Paragraph (b) of Article FIFTEENTH, the Committee, by action of a majority of its members, shall have the authority to amend this Agreement."

7. Paragraph (c) of Article NINTH is amended by adding a new subsection (vi) thereof to read as follows:

"(vi) Make rules and regulations for the administration of the Committee which are not inconsistent with the terms and provisions of this Agreement."

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8. Paragraph (f) of Article NINTH is amended in its entirety to read as follows:

"(f) Each member of the Committee, and any Advisor to the Committee, shall receive compensation, as specified in Schedule 4, for their services in connection with the Trust."

9. Paragraph 13(d) of Article THIRTEENTH is amended in its entirety to read as follows:

"(d) Until written notice is given to the contrary, communications to the Trustee shall be sent to it at its office at 3 Pine Hill Drive, Quincy, MA 02169, Attention: Legal Division; communications to the Company shall be sent to it at its office at 2030 Dow Center, Midland, Michigan 48674, Attention: General Counsel and communications to the Committee shall be sent to it c/o the Trustee, at State Street Bank, 200 Newport Avenue, North Quincy, MA 02171, Attn. Jill Goodwin, who shall be responsible for sending copies of each such communication to each member of the Committee."

10. Paragraph (b) of Article FIFTEENTH is hereby amended to delete the first and second sentences and replace them with the following:

"Notwithstanding any other provisions of this Agreement, the provisions of this Agreement and the Trust created thereby may not be amended after the date a Change In Control occurs without the consent of the Company. Further, no amendment shall be made without the Trustee's consent thereto in writing if, and to the extent that, the effect of such amendment is to increase the Trustee's responsibilities hereunder."

11. A new paragraph (e) is added to Article FIFTEENTH:

"(e) Notwithstanding any other provisions of this Agreement, if this Agreement and the Trust created thereby are still in existence on the eleventh anniversary of the date the Company is merged into a subsidiary of The Dow Chemical Company (the "Termination Date"), this Agreement shall automatically terminate effective of its own

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ACL Doc 19325 · Page 87 of 107 asbestosclaims.law/library/19325/87

accord; except that, to the extent certain provisions of the Agreement are necessary to remain in effect in order to resolve and pay the claims that were already initiated by the Committee against the Company on or before the Termination Date that are still pending on or after the Termination Date, such provisions of the Agreement and the Trust may remain in effect for the sole purpose of resolving such claims. Upon the resolution of such claims the Agreement and Trust shall automatically and

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completely terminate of its own accord. The Committee shall not accept any new claims on or after the Termination Date. Upon the termination of the Trust, the Trustee shall have a right to have its account settled as provided in Article TWELFTH hereof. Any assets remaining in the Trust shall revert to the Company."

12. Paragraph 6 of Schedule 2 of the Trust is amended in its entirety to read as follows:

"6. All outstanding Severance Compensation Agreements."

13. Schedule 2 of the Trust is amended by adding the following items directly at the end thereof:

"14. Non-Competition and Release Agreements approved by the Dow Chemical Company in writing.

15. Consulting Agreements for services rendered after a Change in Control approved by the Dow Chemical Company in writing.

16. 1997 Union Carbide Variable Compensation Plan, for compensation earned during the calendar year 2000, which is payable in 2001, to the extent that the total amount earned by all of the participants in such Plan in 2000 shall not exceed $12,100,000.

17. 1997 Union Carbide Mid-Management Variable Compensation Plan, for compensation earned during the calendar year 2000, which is payable in 2001, to the extent that the total amount earned by all of the participants in such Plan in 2000 shall not exceed $25,500,000.

18. Tax Indemnification Agreements approved by the Dow Chemical Company in writing."

14. Schedule 4 of the Trust is amended to read as follows:

"Schedule 4

Committee's and Advisor's Fees

Annual Retainer: $10,000

For each day or partial day: $2,500, plus reasonable expenses

The fees contained in this Schedule shall remain in effect for one year after a Change in Control. Thereafter, the Committee's and Advisor's Fees shall be determined by the Committee."

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Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 88 of 107 asbestosclaims.law/library/19325/88

15. This Second Amendment shall be effective as of February 1, 2001.

UNION CARBIDE CORPORATION

By:/S/ M.A. Kessinger
Title: Vice President, Human Resources

Date: February 1, 2001

STATE STREET BANK AND TRUST
COMPANY, AS TRUSTEE

By:/S/ Kelly Q. Driscoll
Title: Vice President

Date: February 1, 2001

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EXHIBIT 10.14.2

FIRST AMENDMENT TO
THE UNION CARBIDE CORPORATION
ENHANCED RETIREMENT INCOME PLAN

The Union Carbide Corporation Enhanced Retirement Income Plan, as Amended and Restated as of January 1, 1998 (the "Plan") is hereby amended as follows:

1. Article V, Section 4 of the Plan is amended in its entirety to read as follows:

"Section 4. Notwithstanding the provisions of Sections 1 and 3 of this Article V, Participants may elect, in accordance with provisions determined from time to time by the Compensation Committee or its designee, that their payments under the Plan shall be made either (i) in a lump sum as of July 1 of the calendar year following such election (or, if earlier, as soon as practicable in such following calendar year in circumstances where the Participant was not employed by the Corporation during the year of such election), or (ii) in substantially equal installments over a period of at least 2 but not more than 10 years commencing as of such date. The lump sum payment or installment payments described in the preceding sentence shall be calculated using (A) a discount rate equal to the average of 10 and 20 year Aaa municipal bonds as published by Moody's or a similar rating service ("Discount Rate") for the month of November of the year prior to the year payments commence, and (B) a mortality table determined by

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 89 of 107 asbestosclaims.law/library/19325/89

the Compensation Committee or its designee. Notwithstanding the foregoing, for benefits which will
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commence in 2002, the discount rate shall be the Discount Rate for the month of January, 2001. The Compensation Committee or its designee shall determine the procedures for such elections and the time and method of payment for payments in accordance with this Section 4. For Participants who make the election described in this Section 4, the provisions of Sections 1 and 3 of this Article V shall not apply. Notwithstanding the foregoing, a Participant who elects to receive a lump sum payment under Article V, subsection 4(i) may also elect to receive a monthly benefit under Article V, section 1 commencing on the date the Participant commences benefits under the Retirement Plan and ceasing on the date such Participant receives the lump sum payment contemplated under Article V, subsection 4(i)."

2. The provisions of this First Amendment shall be effective as of January 1, 2001.

UNION CARBIDE CORPORATION

By: /s/ W.R. Hutchinson

Date: January 20, 2001

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EXHIBIT 10.16

UNION CARBIDE COMPENSATION DEFERRAL PROGRAM

(As Amended and Restated as of the Merger Date)
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UNION CARBIDE COMPENSATION DEFERRAL PROGRAM

ARTICLE I
PURPOSE

1.1 The purpose of this Program is to (i) allow Eligible Employees under the Variable Compensation Plans to defer a portion or all of their Variable Compensation, (ii) allow Eligible Employees to defer a portion of their base salary, (iii) allow Eligible Employees to defer a portion or all of their lump sum payments otherwise payable from the SRIP and/or Equalization Plan, and (iv) restore to Eligible Employees a portion of their

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ACL Doc 19325 · Page 90 of 107 asbestosclaims.law/library/19325/90

matching contribution under the Savings Program which is limited by restrictions imposed under Section 401(a)(17) of the Code.

1.2 This Program, as amended and restated, shall be effective for amounts payable after the Merger Date.
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ARTICLE II
DEFINITIONS

2.1 "Administrative Committee" means the Retirement Board of Dow.

2.2 "Aggregate Compensation" means the sum of a Participant's Compensation and Deferred Compensation.

2.3 "Annual Plan" means the 1994 Union Carbide Variable Compensation Plan or such successor plan thereto maintained by the Corporation.

2.4 "Applicable Equity Investment Fund Rate" means the difference between (i) the value of each of the applicable investment funds elected by a Participant under Section 8.2 of this Program: Fidelity Asset Manager, Fidelity Equity Income Fund, Fidelity Growth Company Fund, Fidelity Contrafund and Fidelity Overseas Fund, determined on a fund by fund basis, as of the later of the Date of Deferral or the effective date of a Participant's election under Section 8.2(c), and (ii) the relevant valuation date for determining the amount of earnings of such investment fund in accordance with Article VIII. Such value shall include any hypothetical dividends and hypothetical capital gains distributions paid on such investment fund during the period for which the Applicable Equity Investment Fund Rate is being determined, as if such hypothetical dividends or hypothetical capital gains distributions are reinvested when payable in additional shares of such fund. The value of a respective investment fund for purposes of this Section 2.4, shall mean the net asset value of such investment fund as reported by such fund.

2.5 "Beneficiary" means the person, persons or estate entitled (as determined under Article VII) to receive payment under this Program following a Participant's death.

2.6 A "Change in Control" means, with respect to Dow, the occurrence of the following:

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(i) any "person" or "group" within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act becomes the "beneficial owner" as defined in Rule 13d-3 under the Act of more than 20% of the then outstanding voting securities of Dow;

(ii) any "person" or "group" within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act acquires by proxy or otherwise the right to vote for the election of directors, for any merger or consolidation of Dow or for any other matter or question with respect to more than 20% of the then outstanding voting securities of Dow;

(iii) if during any period of twenty-four consecutive months, Present Directors and/or New Directors cease for any reason to constitute a majority of the Board.

For these purposes, "Present Directors" shall mean individuals who at the beginning of such consecutive twenty-four month period were members of the Board and "New Directors" shall mean any director

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ACL Doc 19325 · Page 91 of 107 asbestosclaims.law/library/19325/91

whose election by the Board or whose nomination for election by Dow's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who were Present Directors or New Directors;

(iv) the stockholders of Dow approve a plan of complete liquidation or dissolution of Dow; or

(v) there shall be consummated (x) a reorganization, merger or consolidation of all or substantially all of the assets of Dow (a "Business Combination"), unless, following such Business Combination, (a) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Common Stock of Dow and outstanding voting securities of Dow immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Dow or all or substantially all of Dow's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding Common Stock of Dow and outstanding voting securities of Dow, as the case may be, (b) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Dow or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from

such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (c) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or (y) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of Dow, provided, that the divestiture of less than substantially all of the assets of Dow in one transaction or a series of related transactions, whether effected by sale, lease, exchange, spin-off, sale of the stock or merger of a subsidiary or otherwise, shall not constitute a Change in Control.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur: (A) pursuant to Subparagraphs (i) and (ii) above, solely because twenty percent (20%) or more of the combined voting power of Dow's then outstanding securities is acquired by one or more employee benefit plans maintained by Dow; or (B) pursuant to Subparagraph (v)(y) above, if the Board determines that any sale, lease, exchange or transfer does not involve substantially all of the assets of Dow.

For the purpose of this Section 2.6, "Board" shall mean Board of Directors of Dow.

2.7 "Code" means the Internal Revenue Code of 1986, as amended from

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 92 of 107 asbestosclaims.law/library/19325/92

time to time.

2.8 "Compensation Committee" means the Compensation Committee of the Board of Directors of Dow.

2.9 "Compensation" means, solely for purposes of this Program, a Participant's taxable base salary, taxable Variable Compensation awarded under a Variable Compensation Plan and any compensation that is deferred by the Participant to any other plan maintained by the Corporation which satisfies the requirements of Code Sections 125 or 401(k).

2.10 "Corporation" means Union Carbide Corporation, a New York Corporation, any predecessor thereof and any successor thereof by merger, consolidation or otherwise.

2.11 "Date of Deferral" means (i) with respect to Variable Compensation, the date on which the Corporation issues checks for Variable Compensation awards for a given Service Year, (ii) with respect to base salary deferral, the date on which the relevant salary would be paid, (iii) with respect to matching contributions made by the Corporation pursuant to Section 5.4 of this Program, December 31st and (iv) with respect to amounts which would otherwise have been paid from the SRIP or Equalization Plan, the date on which lump sum amounts would have otherwise been distributed in accordance with the terms of such Plan.

2.12 "Deferred Compensation" means the amount of Compensation deferred by a Participant under this Program pursuant to Section 5.3 of this Program.

2.13 "Disability" means a Participant's total physical or mental inability to perform any work for compensation or profit in any occupation for which the Participant is reasonably qualified by reason of training, education or ability, and which inability is adjudged to be permanent, as determined by the Administrative Committee or its designee.

2.14 "Dow" means The Dow Chemical Company, a Delaware corporation, any predecessor thereof, and any successor thereof by merger, consolidation or otherwise.

2.15 "Dow Stock Value Rate" means the difference between the value of Dow's common stock as of (i) the later of the Date of Deferral or the effective date of a Participant's election under Section 8.2(c) pursuant to which earnings shall accrue at the Dow Stock Value Rate and (ii) the relevant date of determination of the amount of earnings in accordance with Section 8.2 of this Program. Such value shall include the value of any

hypothetical dividends paid on the common stock during the period for which the Dow Stock Value Rate is being determined, as if such hypothetical dividends were reinvested when payable (with no discount). The value of Dow's common stock for purposes of this Section 2.15 with respect to any relevant date of determination shall be determined in the same manner for the valuation of stock as is provided in the Savings Program.

2.16 "Eligible Employee" means (i) an individual who, at the Date of Deferral, is employed in the United States by the Corporation, or one of its subsidiaries that is participating in this Program, and is a participant in the Annual Plan or the Mid-Management Plan or is otherwise approved for participation in this Program by the Compensation Committee.

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 93 of 107 asbestosclaims.law/library/19325/93

2.17 "Equalization Plan" means the Union Carbide Corporation Equalization Benefit Plan.

2.18 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

2.19 "Fixed Income Rate" means the rate of interest for the Fixed Income Fund under the Savings Program, in effect from time to time.

2.20 "Merger Date" shall mean the date that a subsidiary of Dow is merged into the Corporation.

2.21 "Mid-Management Plan" means the 1994 Union Carbide Mid-Management Variable Compensation Plan.

2.22 "Participant" means an Eligible Employee who (i) elects in advance to defer a portion of his or her base salary in accordance with Section 5.3 of this Program, (ii) elects in advance to defer a portion or all of his or her Variable Compensation for a given Service Year under one of the Variable Compensation Plans in accordance with Article V.2 of this Program, if

one were to be paid to such Participant for that year, and who is in fact subsequently awarded Variable Compensation for that year, payable during the following calendar year on the Date of Deferral, (iii) elects in advance under this Program to defer his or her lump sum distribution from the SRIP or Equalization Plan or (iv) is a participant in the Savings Program for a given calendar year and receives compensation (as defined in Section 1.13 of the Savings Program) for such calendar year in an amount which is in excess of the compensation which may be considered under Section 1.13 of the Savings Program because of the limitations imposed by Code Section 401(a)(17).

2.23 "Program" means this Union Carbide Compensation Deferral Program.

2.24 "Retirement" means (a) for participants in the Retirement Program, the date on which a Participant attains age 65 or is eligible for a non-actuarially reduced pension benefit under the Retirement Program and actually retires from employment with the Corporation and (b) for those employees who are not participants in the Retirement Program, the date on which a Participant attains age 65, attains age 62 with at least 10 years of service or whose age and service totals at least 85 and actually retires from employment with the Corporation.

2.25 "Retirement Program" means the Retirement Program Plan for Employees of Union Carbide Corporation and its Participating Subsidiary Companies.

2.26 "Savings Program" means the Savings and Investment Program for Employees of Union Carbide Corporation and Participating Subsidiary Companies.

2.27 "Service Year" means one of the calendar years on and after 2001, as to which an election may be made in accordance with Article V, and in respect of which Variable Compensation may be paid during the following calendar year on the Date of Deferral.

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ACL Doc 19325 · Page 94 of 107 **asbestosclaims.law/library/19325/94**

2.28 "SRIP" means the Union Carbide Corporation Supplemental Retirement Income Plan.

2.29 "UCC Discounted Stock Value Rate" means the UCC Stock Value Rate, except that the value of the Corporation's common stock as of the Date of Deferral pursuant to which earnings shall accrue at the UCC Stock Value Rate shall be determined as if purchased at a ten percent (10%) discount. Notwithstanding the foregoing, effective as of the Merger Date, the UCC Discounted Stock Value Rate will no longer apply to deferrals made after the Merger Date and any election by a Participant to accrue earnings at the UCC Discounted Stock Value Rate shall be deemed to be an election, effective as of the Merger Date, to accrue earnings at the Dow Stock Value Rate.

2.30 "UCC Stock Value Rate" means the difference between the value of the Corporation's common stock as of (i) the later of the Date of Deferral or the effective date of a Participant's election under Section 8.2 pursuant to which earnings shall accrue at the UCC Stock Value Rate and (ii) the relevant date of determination of the amount of earnings in accordance with Section 8.2(c) of this Program. Such value shall include the value of any hypothetical dividends paid on the common stock during the period for which the UCC Stock Value Rate is being determined, as if such hypothetical dividends were reinvested when payable (at a five percent (5%) discount) in additional shares of the Corporation's common stock as determined on the later of the Date of Deferral or the effective date of a Participant's election under Section 8.2(c) pursuant to which earnings shall accrue at the UCC Stock Value Rate. The value of the Corporation's common stock for purposes of this Section 2.30 with respect to any relevant date of determination shall be determined in the same manner as provided in the Savings Program.

2.31 "Unforeseen Emergency" means an event beyond the control of the Participant that would result in severe financial hardship to the Participant if early withdrawal of the Participant's Variable Compensation deferral were not permitted. Whether a Participant has an Unforeseen Emergency shall be determined by the Administrative Committee, except that if a Participant is subject to Section 16 of the Exchange Act, the Compensation Committee shall determine if such Participant has an Unforeseen Emergency.

2.32 "Variable Compensation" means any amounts awarded in accordance with one of the Variable Compensation Plans.

2.33 "Variable Compensation Plans" means, collectively, the Annual Plan, the Mid-Management Plan and any other variable compensation plan authorized by the Compensation Committee to participate in this Program.

ARTICLE III
ADMINISTRATION

3.1 Except as otherwise indicated, the Compensation Committee shall supervise the administration and interpretation of this Program, may establish administrative regulations to further the purpose of this Program and shall take any other action necessary to the proper operation of this Program. All decisions and acts of the Compensation Committee shall be final and binding upon all Participants, their Beneficiaries and all other persons.

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Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 95 of 107 **asbestosclaims.law/library/19325/95**

ARTICLE IV
ELIGIBILITY

4.1 To be eligible to participate in this Program for a given year, a person must have become an Eligible Employee not later than the day on or before the date which an Eligible Employee must make the election provided for in Article V of this Program for that year and either be employed by the Corporation on the Date of Deferral for that year, or be eligible to receive a lump sum payment under the Equalization Plan or SRIP.

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ARTICLE V
DEFERRALS

5.1 During each of the years this Program is in effect, Eligible Employees shall be informed of the opportunity to participate in this Program. An Eligible Employee choosing to participate in this Program must make an election to do so on or before the date designated by the Administrative Committee and otherwise in accordance with such procedures as may be established by the Administrative Committee.

5.2 (a) While an election to defer Variable Compensation under one of the Variable Compensation Plans shall be irrevocable when made until the next scheduled annual election period, participation in this Program with respect to Variable Compensation shall become effective only on the Date of Deferral and only if, on such date, the Eligible Employee receives an award under one of the Variable Compensation Plans (or would have received an award but for an election to defer under this Program).

Variable Compensation awards, if any, must be deferred during the annual election period immediately preceding the calendar year in which such services will be performed. Notwithstanding the foregoing, an Eligible Employee who becomes eligible to participate in this Program after the Merger Date may elect to defer a Variable Compensation award during the calendar year in which services will be performed; provided, however, he or she makes an election to defer within 31 days after becoming eligible to participate in this Program.

(b) Participation in this Program shall become effective only on the Date of Deferral and only if, on such date, the Eligible Employee remains employed with the Corporation. Base salary must be deferred during the annual election period immediately

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preceding the calendar year in which such services will be performed. A Participant may suspend his or her election to defer his or her base salary (but may not otherwise reduce or change an election mid-year) at any time; provided, however, that such Eligible Employee may not resume deferrals of base salary until the following calendar year. Notwithstanding the foregoing, an Eligible Employee who becomes eligible to participate in this Program after the Merger Date may elect to defer a portion of his or her base salary during the calendar year in which services will be performed; provided he or she makes an election to defer within 31 days after becoming eligible to participate in this Program.

(c) A Participant must elect to defer lump sum payments that he or she would otherwise receive in accordance with the terms of the SRIP or Equalization Plan during the annual election period immediately preceding the calendar year in which such payments would otherwise be received.

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year End... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 96 of 107 asbestosclaims.law/library/19325/96

5.3 (a) A Participant may elect voluntarily to defer (i) up to 85% of the Participant's award under the Variable Compensation Plans (in 10% increments, which will apply only for the first 80% of such deferrals), (ii) up to 25% of his or her base salary (in increments of 1% up to the first 5% and 5% increments thereafter) and/or (iii) up to 100% of his or her lump sum payment from the SRIP or Equalization Plan.

(b) A Participant must elect, during any applicable calendar year, to defer in the aggregate a minimum of $2,000 of his or her base salary, Variable Compensation or lump sum payment from the SRIP or Equalization Plan in order to participate in this Program. Notwithstanding any provision in this Program to the contrary, if a Participant fails to defer at least $2,000 of his base salary, Variable Compensation or lump sum payment from the SRIP or Equalization Plan in any calendar year, the Administrative Committee may, in its sole discretion,

require such Participant to irrevocably elect to defer a minimum of $2,000 in the calendar year immediately following thereafter in order to participate in this Program.

5.4 (a) The Corporation shall credit a Participant with an amount equal to 75% of a Participant's deemed annual contribution as determined under subsection (b) of this Section 5.4.

(b) A Participant's deemed annual contribution shall equal A multiplied by B, where A and B are as follow:

A equals that portion of a Participant's compensation in excess of the limits contained in Code Section 401(a)(17) (as defined in Section 1.12 of the Savings Program without regard to Code Section 401(a)(17), and without regard to any deferrals under this Program), up to $170,000 which is deferred under this Program. Such $170,000 shall be adjusted at the same time and in the same manner as the limitation described in Code Section 415(d)(3); and

B equals the percentage of such Participant's compensation (as defined under Section 1.12 of the Savings Program) which has been contributed to the Savings Program for the applicable calendar year as a Basic Deduction pursuant to Section 2.7.2 of the Savings Program.

(c) The Corporation shall credit each Participant with the amount determined pursuant to subsection (a) of this Section 5.4, in arrears, on each Deferral Date; provided that such Participant remains eligible to participate in this Program and is employed by the Corporation on the Deferral Date. Notwithstanding the foregoing, the Corporation shall not credit a Participant with the amount determined pursuant to subsection (a) of this Section 5.4 (as

of the Participant's termination of employment) if the Participant terminates employment with the Corporation during a calendar year for any reason, except if the Participant's employment is terminated by reason of death, Disability, Retirement or termination by the Corporation other than for cause.

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ACL Doc 19325 · Page 97 of 107 asbestosclaims.law/library/19325/97

ARTICLE VI
PAYMENTS TO PARTICIPANTS AND BENEFICIARIES

6.1 Time of Payment. (a) Subject to subsections (b), (c) and (d) of this Section 6.1, a Participant shall begin to receive payment of his or her deferrals, and any earnings accruals credited under Article VIII, during the January next following his or her date of termination of employment.

(b) (i) Notwithstanding any provision in this Program to the contrary, a Participant may elect to commence receipt of payments of any amounts deferred upon a specific future payment date which is at least five years after the Date of Deferral or such shorter schedule as the Compensation Committee may determine. Such payments must begin no later than the calendar year in which the Participant attains age 70 1/2. A Participant making such an election shall receive his or her lump sum payment in the January next following his or her future payment date or, if applicable, such Participant shall receive installment payments in accordance with Section 6.2.

(ii) With respect to a Participant who has attained age 55 at the time of the election of his or her deferral, the five year period described in subsection (i) shall instead be one year with respect to deferrals of base salary or Variable Compensation.

(iii) A Participant is limited to four future fixed year payments. The amounts paid out in such fixed year payments (if prior to termination of employment) may not exceed the sum of a Participant's deferral of base salary or Variable Compensation under this Program.

(c) A Participant who has not yet terminated employment, but has an Unforeseen Emergency, may receive any or all of his or her Variable Compensation and base salary deferrals, excluding any earning accruals credited to him or her pursuant to Article VIII of this

Program; provided that the Participant may not receive an amount greater than the amount necessary to meet the Unforeseen Emergency and any amounts necessary to pay federal, state and local income taxes or penalties reasonably anticipated to result from a withdrawal under this Section 6.1. Earning accruals will remain in the Program and continue to accrue earnings under Article VIII until the payment date or dates described in Article VI.

(d) Notwithstanding any provision in this Program to the contrary, a Participant may, on the applicable Date of Deferral or at any time thereafter prior to a Change in Control, elect to receive payment of his or her entire account balance under this Program at such time as the Board of Directors of Dow determines that a Change in Control has occurred. Such payment shall be made in a lump sum within 45 days after the Change in Control.

6.2 Form of Payments. (a) A Participant may elect to receive payments under this Program in annual or quarterly installments. Such installments must commence as described in Section 6.1, and must be completed by the calendar year in which the Participant attains age 85.

(b) A Participant may elect to receive installment payments either (i) annually during each January or (ii) quarterly, commencing in the January that payment was otherwise due in accordance with Section 6.1. If a Participant does not elect the form of his or her installment payments, such installment payments shall be made annually during each January.

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ACL Doc 19325 · Page 98 of 107 asbestosclaims.law/library/19325/98

(c) If a Participant does not elect the form of his or her payments, such payments shall be made in a lump sum payment.

(d) A Participant may change the form of payment previously elected only one time and subject to the following restrictions:

(i) such election is made in the calendar year that the Participant terminates employment, to be effective no earlier than the following calendar year;

(ii) the election is subject to the consent of the Administrative Committee.

(e) 1. If a Participant dies at any time prior to receiving any portion of his or her account balance under this Program, payment shall be made to the Participant's Beneficiary as follows:

(A) If the Participant's Beneficiary is his or her surviving spouse, such Participant's entire account balance under this Program shall be paid as follows:

(i) ten annual installments or a shorter schedule, if so elected by the surviving spouse, or

(ii) a lump sum payment payable on or about the January 1st following the Participant's death.

(B) If the Participant's Beneficiary is someone other than his or her surviving spouse, such Participant's entire account balance under this Program shall be paid in a lump sum payment as soon as practical following the Participant's death.

2. If a Participant dies at any time after payment of his or her account balance under this Program has begun, such Participant's Beneficiary shall continue to receive payment of the Participant's account in the same manner as the Participant elected, or such shorter payment schedule as elected by the Beneficiary.

(f) If any lump sum distribution otherwise payable under this Program would be disallowed in any part as a deduction to the Corporation in accordance with Section 162(m) (or a

successor Section) of the Internal Revenue Code, the Compensation Committee may determine to distribute the amount of such benefit in installments such that the Participant or Beneficiary shall receive the maximum amount permissible in each installment and still preserve the Corporation's full tax deduction.

6.3 Amount of Payment. (a) If a Participant is terminated by the Corporation for cause, he or she shall receive the lesser of (A) any amounts he or she actually deferred under Article V, less any previous payments made or (B) his or her account balance under this Program. Such payment shall be made in a lump sum payment as soon as administratively practical following the Participant's termination of employment; provided, however, that such Participant will forfeit all earnings accruals credited to him or her pursuant to Article VIII.

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ACL Doc 19325 · Page 99 of 107 asbestosclaims.law/library/19325/99

(b) If a Participant voluntarily separates from employment with the Corporation or retires under the Retirement Program with an actuarially reduced pension, he or she shall receive, (i) with respect to deferral elections made before 1995, a lump sum payment equal to the lesser of (A) any amounts he or she actually deferred under this Program, plus credits to his or her account at the Fixed Income Rate from his or her Date of Deferral less any previous payments made, or (B) his or her account balance under this Program, and (ii) with respect to deferral elections made in 1995 and later, his or her account balance. Such payments will be made as soon as administratively practical after the Participant's termination of employment. Notwithstanding the foregoing, a Participant who retires under the Retirement Program with an actuarially reduced pension may elect to receive his or her payments in any form described in Section 6.2.

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(c) If a Participant terminates employment on account of Retirement, Disability, death, or through action of the Corporation taken without cause, such Participant (or Beneficiary) shall be entitled to receive the full amount of his or her account balance.

6.4 Payment in U.S. Dollars. All payments under this Program shall be made in U.S. dollars.

6.5 Reduction of Payments. All payments under this Program shall be reduced by any and all tax payments that the Corporation is required to withhold pursuant to applicable law.

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ARTICLE VII
BENEFICIARIES

7.1 A Participant may at any time, and from time to time, prior to his or her death designate one or more Beneficiaries to receive any payments to be made following the Participant's death. If no such designation is on file with the Corporation at the time of a Participant's death, the Participant's Beneficiary shall be the beneficiary or beneficiaries named in the beneficiary designation most recently filed by the Participant under the Corporation's Savings Program. If a Participant has not effectively designated a beneficiary under the Savings Program, or if no designated beneficiary has survived the Participant, the Participant's Beneficiary shall be the Participant's surviving spouse, or, if no spouse has survived the Participant, the estate of the deceased Participant. If an individual Beneficiary cannot be located for a period of one year following the Participant's death, despite mail notification to the Beneficiary's last known address, and if the Beneficiary has not made a written claim for benefits within such period to the Administrative Committee, the Beneficiary shall be treated as having predeceased the Participant. The Administrative Committee may require such proof of death and such evidence of the right of any person to receive all or part of a deceased Participant account balance, as the Administrative Committee may consider appropriate. The Administrative Committee may rely upon any direction by the legal representatives of the estate of a deceased Participant, without liability to any other person.

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ARTICLE VIII

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ACL Doc 19325 · Page 100 of 107 asbestosclaims.law/library/19325/100

EARNINGS ACCRUALS

8.1 Each Participant's account balance under this Program shall be credited with earnings from the Date of Deferral through the date such deferral is paid out or withdrawn pursuant to Article VI. Earnings under this Section 8.1 shall accrue at the rate elected in accordance with Section 8.2.

8.2 (a) Earnings accruing in accordance with Section 8.1 shall accrue at (i) the Fixed Income Rate, (ii) the Dow Stock Value Rate, (iii) the Applicable Equity Investment Fund Rate or (iv) a combination of the three rates. Prior to the Merger Date, two additional earnings accrual rates existed: the UCC Discounted Stock Value Rate and the UCC Stock Value Rate. Effective as of the Merger Date, all funds currently accruing earnings at the UCC Discounted Stock Value Rate and/or the UCC Stock Value Rate and all elections for future deferrals at the UCC Discounted Stock Value Rate and/or the UCC Stock Value Rate shall be deemed an election to accrue earnings at the Dow Stock Value Rate.

(b) Subject to subparagraph (c), a Participant shall designate at the time of his or her election to defer any amounts under this Program which accrual rate or rates shall apply to his or her deferrals (deferrals of matching contributions made pursuant to Section 5.4 shall be allocated to the same accrual rates as those selected for Basic Deductions for the same year); provided such elections must be in whole percentage points. Such elections shall be effective as of the Date of Deferral through the date such deferral is paid out or withdrawn pursuant to Article VI.

(c) A Participant may, one time each calendar month, elect to change the accrual rate under this Section 8.2 with respect to any or all previous deferrals under this Program.

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(d) Notwithstanding the foregoing, a Participant who either (i) is subject to Section 16 of the Exchange Act or (ii) is deemed subject to Section 16 of the Exchange Act by the Compensation Committee, may utilize the Dow Stock Value Rate; provided, however, that such allocated amounts shall not be eligible for reallocation to another accrual rate under this Section 8.2 for a period of 6 months from the Date of Deferral.

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ARTICLE IX
GENERAL PROVISIONS

9.1 Prohibition of Assignment of Transfer. Any assignment, hypothecation, pledge or transfer of a Participant's or Beneficiary's right to receive payments under this Program shall be null and void and shall be disregarded, except to the extent required by law.

9.2 Program Not to Be Funded. The Corporation and Dow are not required, for the purpose of funding this Program, to segregate any monies from their general funds, create any trusts, or make any special deposits, and the right of a Participant or Beneficiary to receive a payment under this Program shall be no greater than the right of an unsecured general creditor of the Corporation.

9.3 Effect of Participation. Neither selection as a Participant, nor

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ACL Doc 19325 · Page 101 of 107 asbestosclaims.law/library/19325/101

an election to participate or participation in this Program, shall entitle a Participant to receive awards under the Variable Compensation Plans, SRIP or Equalization Plan or a matching contribution under the Savings Program, or affect the Corporation's right to discharge a Participant.

9.4 Communications To Be in Writing. All elections, requests and communications to the Corporation or its designated agent from Participants and Beneficiaries, and all communications to such persons from the Corporation, shall be in writing, and in such form and manner, and within such time, as the Corporation shall determine. In lieu of the foregoing, the Corporation may install a telephonic voice response system for such elections, requests and communications.

9.5 Absence of Liability. No officer, director or employee of the Corporation or of Dow shall be personally liable for any acts or omission to act under this

-24-

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Program or, except in circumstances involving bad faith, for such officer's, director's or employee's own act or omission to act.

9.6 Titles for Reference Only. The titles given herein to sections and subsections are for reference only and are not to be used to interpret the provisions of this Program.

9.7 New York Law To Govern. All questions pertaining to the construction, regulation, validity and effect of the provisions of this Program shall be determined in accordance with New York law.

9.8 Amendment. The Compensation Committee may amend this Program at any time, but no amendment may be adopted which alters the payments due Participants or Beneficiaries, as of the date of the amendment, or the times at which payments are due, without the consent of each Participant affected by the amendment and of each Beneficiary (of a then deceased Participant) affected by the amendment. In addition, any amendment which does not increase the Corporation's annual cost of any past or future benefits under this Program by more than $500,000, change the eligibility requirements, or impact the ability of officers to utilize the Dow Stock Value Rate, may be authorized by the Administrative Committee.

-25-

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9.9 Program Termination. The Compensation Committee may terminate this Program for any reason and at any time. In the event of such termination, the accounts of each Participant or Beneficiary under this Program shall become immediately payable in accordance with Section 6.1; provided that the Compensation Committee, in its sole discretion, upon Program termination or at any time thereafter, may decide to make lump sum payments in lieu of annual payments.

UNION CARBIDE CORPORATION

By: /s/ M.A. Kessinger

-26-

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ACL Doc 19325 · Page 102 of 107 asbestosclaims.law/library/19325/102

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EXHIBIT 10.18.1

1995 UNION CARBIDE PERFORMANCE INCENTIVE PLAN

Section 1: Purpose

The purpose of the Plan is to provide incentive compensation to certain designated employees of the Corporation who hold senior management positions with the Corporation, based upon the achievement of preestablished performance goals to assure that such compensation is deductible by the Corporation under Section 162(m) of the Internal Revenue Code.

Section 2: Definitions

2.1 "Award" shall mean the amount payable to a Participant under the Plan determined in accordance with the terms of the Plan.

2.2 "Award Year" shall mean each calendar year with respect to which Awards are payable under the Plan.

2.3 "Beneficiary" shall mean a Participant's deemed beneficiary pursuant to Section 9 hereof.

2.4 "Board" shall mean the Board of Directors of Union Carbide Corporation.

2.5 "Code" shall mean the Internal Revenue Code of 1986, as amended, and any and all regulations promulgated thereunder.

2.6 "Committee" shall mean the Compensation and Management Development Committee of the Board. Each member of the Committee shall at all times be an "outside director" as defined in Section 162(m) of the Code.

2.7 "Corporation" shall mean Union Carbide Corporation and such of its subsidiary companies as shall be designated by the Board to participate in the Plan.

2.8 "Participant" shall mean an employee of the Corporation designated by the Committee under Section 4 to participate in the Plan.

2.9 "Plan" shall mean this 1995 Union Carbide Performance Incentive Plan.

2.10 "Savings Program" shall mean the Savings Program for Employees of Union Carbide Corporation and Participating Subsidiary Companies.
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Section 3: Administration

3.1 The Plan shall be administered by the Committee, who shall have full power and authority to administer, construe arid interpret the Plan, establish and amend administrative regulations to further the purpose of the

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ACL Doc 19325 · Page 103 of 107 asbestosclaims.law/library/19325/103

Plan, and take any other action necessary to administer the plan, provided, however, that notwithstanding any other provision of the Plan to the contrary, the Plan shall he operated such that Awards paid pursuant to the Plan shall be deductible by the Corporation pursuant to Section 162(m) of the Code. Tile Committee's decision, actions, and interpretations regarding the Plan shall be final and binding upon all Participants and Beneficiaries.

3.2 The Committee may, to the extent permitted by law, delegate its authority as described hereunder; provided, however, that the Committee may not delegate its responsibilities hereunder if such delegation would jeopardize compliance with the "outside directors" requirement (or any other applicable requirement) under Section 162(m) of the Code.

Section 4: Eligibility

4.1 The Chief Executive Officer and the Chief Operating Officer of the Corporation shall be the Participants eligible for awards under the Plan. Prior to the beginning of each Award Year, the Committee may designate other employees of the Corporation who may be the Participants eligible for Awards under the Plan.

Section 5: Awards

5.1 The Committee may adopt in writing objective performance goals for an Award Year which shall be based upon the Corporation's return on capital relative to a peer group of companies or such other financial criteria as the Committee shall determine. The Committee may then establish an award schedule based upon achievement during such Award Year of such performance goals. Such award schedule and performance goals shall be approved by the Committee prior to or after the start of the Award Year, except that the award schedule and performance goals may not be approved after the start of the Award Year unless the Awards made pursuant thereto would be deductible by the Corporation under Section 162(m) of the Code.

5.2 An individual award to the Chairman or CEO cannot exceed $1,500,000 and to all others cannot exceed $800,000 for any Award Year.

5.3 The Committee may determine to reduce any Award determined under the Plan (including no Award) but the Committee shall be precluded from increasing such Award.

5.4 The Committee shall certify that the performance goals have been satisfied prior to the determination and payment of any Award.

Section 6: Payment of Awards

6.1 Awards shall be paid in cash in the first quarter of the calendar year following the Award Year.

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6.2 The Committee reserves the right to accelerate payment of some or all of an Award into an Award Year if such acceleration does not result in loss of deductibility of the Award to the Corporation pursuant to Section 162(m) of the Code.

6.3 The Corporation shall have the right to deduct from any Award to be paid under the Plan any federal, state or local taxes required by law to be withheld with respect to such payment.

Section 7: Termination of Employment

7.1 If a Participant's employment with the Corporation is terminated

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ACL Doc 19325 · Page 104 of 107 asbestosclaims.law/library/19325/104

during an Award Year, the Committee shall determine whether the Participant shall he entitled to any Award for such Award Year and the amount of any such Award.

7.2 A Participant whose employment with the Corporation is terminated for any reason shall be deemed to have terminated employment with the Corporation On the last day of the month in which the termination occurs.

Section 8: Adjustments

8.1 In order to assure the incentive features of the Plan and to avoid distortion in the operation of the Plan, the Committee shall make adjustments in the performance goals established for any Award Year, whether before or after the end of the Award Year to compensate for or reflect any extraordinary changes which may have occurred during the Award Year which alter the basis upon which performance levels were determined. Such changes include the following: extraordinary items, accounting changes, income from discontinued operations, and the impact of material events that have been publicly disclosed.

Notwithstanding anything to the contrary, the Committee may forego all or a portion of any of the above adjustments, to the extent it deems appropriate, if in doing so the Awards would be deductible to the Corporation under Section 162(m) of the Code.

Section 9: Beneficiary Designation

9.1 The beneficiary or beneficiaries designated by the Participant or deemed to have been designated by the Participant under the Savings Program shall be deemed to be the Participant's Beneficiary. If a Participant does not participate in the Savings Program or if a Participant does participate in the Savings Program and has not designated or been deemed to have designated a beneficiary thereunder, and such Participant dies without designating a Beneficiary under this Plan, or if a Beneficiary does not survive the Participant, then any Awards to which the Participant is entitled that have not been paid prior to the Participant's death shall be distributed to the Participant's estate. If the Beneficiary of a deceased Participant survives the Participant, and dies before such Participant's Award is distributed, then such Award shall be distributed to the Beneficiary's estate.

Section 10: General Provisions

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10.1 A Participant may not assign an Award without the Committee's prior written consent. Any attempted assignment without such consent shall be null and void. For purposes of this paragraph, any designation of, or payment to, a Beneficiary shall not be deemed an assignment.

10.2 The Plan is intended to constitute an unfunded incentive compensation arrangement for a select group of key management. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. A Participant's right to receive an Award shall be no greater than the right of an unsecured general creditor of the Corporation. All Awards shall be paid from the general funds of the Corporation, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such Awards.

10.3 Nothing contained in the Plan shall give any Participant the right to continue in the employment of the Corporation, or affect the right of the Corporation to discharge a Participant.

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year En... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 105 of 107 asbestosclaims.law/library/19325/105

10.4 No person shall have any claim to he granted an Award under the Plan and there is no obligation for uniformity of treatment of eligible employees under the Plan.

10.5 The Plan shall he construed and governed in accordance with the laws of the State of New York.

Section 11: Amendment, Suspension, or Termination

The Board reserves the right to amend, suspend, or terminate the Plan at any time; provided, however, that any amendment, suspension or termination shall not adversely affect the rights of Participants or Beneficiaries to receive Awards granted prior to such action.

Section 12: Effective Date and Duration of Plan

The Plan shall be effective for services to the Corporation performed by Participants for years beginning on or after January 1, 1995. No payments shall be made under the Plan until the material terms of tile Plan have been approved by the shareholders of the Corporation.

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Exhibit 10.18.2

RESOLVED, that the Board authorizes the reapproval of the performance goals established under the 1995 Union Carbide Performance Incentive Plan (the "Plan"), effective upon the reapproval of the performance goals under the Plan by the Stockholders.
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Exhibit 10.19.3

RESOLVED, that the Board authorizes the adoption of an amendment to the 1997 Union Carbide Long-Term Incentive Plan (the "Plan") to provide an additional 2,500,000 shares of common stock for award under the Plan and to limit to 400,000 the total number of shares of Restricted Stock which can be granted under the Plan, effective upon the approval of the amendment to the Plan by the Stockholders.

Union Carbide trial exhibit UC-4809: Union Carbide Corporation Annual Report on Form 10-K405 for the Year En... Published by AsbestosClaims.Law
ACL Doc 19325 · Page 106 of 107 asbestosclaims.law/library/19325/106

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Exhibit 23

Consent of Independent Auditors

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, 333-59635 and 333-77305), and on Form S-8 (Nos. 33-22125, 33-53573, 33-58931, 333-38493, 333-38495 and 333-74079) of our reports dated January 22, 2001, except as to note 17, which is as of February 6, 2001, relating to the consolidated balance sheets of Union Carbide Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows and related schedule for each of the years in the three-year period ended December 31, 2000, appearing in the Report on Form 10-K of Union Carbide Corporation for the year ended December 31, 2000.

/s/ KPMG LLP

Stamford, Connecticut
March 7, 2001
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-----END PRIVACY-ENHANCED MESSAGE-----

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ACL Doc 19325 · Page 107 of 107 asbestosclaims.law/library/19325/107