

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2000-07-31** | Period of Report: **2000-07-31**  
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### FILER

#### **UNION CARBIDE CORP /NEW/**

CIK: **100790** | IRS No.: **131421730** | State of Incorporation: **NY** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-01463** | Film No.: **681991**  
SIC: **2860** Industrial organic chemicals

Mailing Address  
39 OLD RIDGEBURY RD  
DANBURY CT 06817-0001

Business Address  
39 OLD RIDGEBURY RD  
DANBURY CT 06817-0001  
2037942000

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report  
(Date of earliest event reported)  
July 31, 2000

UNION CARBIDE CORPORATION  
(Exact name of registrant as specified in its charter)

New York  
(State or other  
jurisdiction of  
incorporation)

1-1463  
(Commission File Number)

13-1421730  
(IRS Employer  
Identification No.)

39 Old Ridgebury Rd, Danbury, CT  
(Address of principal executive offices)

06817-0001  
(Zip code)

Registrant's telephone number,  
including area code 203-794-2000

Total number of sequentially numbered pages in this filing,  
including exhibits thereto: 13

Item 5. OTHER EVENTS.

See Union Carbide Corporation's press release dated  
July 31, 2000 accompanying this report as Exhibit 99.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS

(C) Exhibits.

99. Press release, July 31, 2000.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 31, 2000

UNION CARBIDE CORPORATION

/s/ J. Macdonald  
J. Macdonald  
Assistant Secretary

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EXHIBIT INDEX

Exhibits

99. Press release, dated July 31, 2000.

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UNION CARBIDE CORPORATION  
News Release

CONTACT: Sean S. Clancy  
(203) 794-6976

UNION CARBIDE REPORTS SUBSTANTIALLY  
HIGHER SECOND QUARTER EARNINGS

DANBURY, Conn., July 31 -- Union Carbide Corporation (UCC) today reported higher second quarter 2000 earnings of \$0.94 per diluted share, compared to \$0.46 per diluted share in the second quarter of 1999 and \$0.71 per diluted share in the first quarter 2000.

Net income for the quarter totaled \$130 million, compared to \$63 million for last year's second quarter, which included a \$9 million after-tax gain (\$0.06/diluted share) from a litigation settlement related to licensing, and \$97 million in this year's prior quarter. Second quarter 2000 income benefited from an \$11 million after-tax gain (\$0.08/diluted share) from the demutualization of Metropolitan Life Insurance Company, a provider of certain employee benefit programs for the company. Sales in the second quarter totaled \$1.674 billion, compared to \$1.418 billion for the second quarter of 1999 and \$1.617 billion in the first quarter of 2000.

"Contributors to improved second quarter earnings were the continued strong performance of our equity companies, especially EQUATE, as well as improved operating performance from our Basic Chemicals and Polymers (BC&P) segment. This is an indication that earnings performance has begun to benefit from capital investments made for construction of the EQUATE facility and to increase domestic ethylene capacity at our Taft (LA) plant. A year ago, both facilities were incurring start-up problems and hadn't begun to deliver the results we've

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2000  
P3-01-011

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seen this quarter," said UCC Chairman and CEO William H. Joyce. "Our Specialties and Intermediates (S&I) segment results continued to be negatively impacted by rising costs of feedstocks, other purchased materials, and energy and the impact of the strong dollar on competitive pricing.

"Looking into the third quarter, we are not counting on any help from lower raw material prices. We anticipate a decline in selling prices of BC&P products and reduced equity company

income, both of which should be partially offset by improvement in the S&I segment," Dr. Joyce continued.

The S&I segment reported an operating profit of \$92 million for the second quarter of 2000, compared to \$188 million in the same period a year ago and \$82 million in this year's prior quarter.

The BC&P segment reported an operating profit of \$74 million for the second quarter of 2000, compared to an operating loss of \$42 million in the 1999 second quarter and an operating profit of \$30 million in the first quarter of 2000.

Income from corporate investments carried at equity was \$43 million for the second quarter of 2000, compared to a loss of \$18 million in the second quarter of 1999 and income of \$39 million in this year's first quarter.

Pension plan investment gains added \$0.10 to second quarter 2000 earnings per share, the same as in the first quarter of 2000, and are expected to similarly affect earnings for the remainder of the year.

Net income for the first six months of 2000 was \$227 million, or \$1.65 per diluted share. This compares to \$140 million, or \$1.02 per diluted share before the cumulative effect of change

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in accounting principle, in the same period a year ago. Worldwide net sales for the first six months of 2000 were \$3.291 billion, compared to \$2.820 billion for the first half of 1999.

Union Carbide is a worldwide chemicals company with advanced process technologies and large-scale chemical production facilities.

- Specialties & Intermediates -- Union Carbide is the leading North American supplier of solvents and intermediates to the paint and coatings industry; the leading licensor of several technologies; and a leading supplier of specialty chemicals, polymers and services used in the personal care products, pharmaceuticals, automotive, wire and cable, oil and gas and industrial lubricants industries.

- Basic Chemicals & Polymers -- Union Carbide is among the largest manufacturers of polyethylene, the world's most widely used plastic, and the technology leader in this industry; and a large manufacturer of polypropylene, one of the world's fastest-growing, large-volume plastics. UCC is also the world's largest producer of ethylene oxide and its derivative ethylene glycol, used for polyester fiber, resin and film, automotive antifreeze and other products.

Cautionary Statement for Purposes of the "Safe Harbor" Provisions  
Of the Private Securities Litigation Act of 1995

Those statements in the preceding pages that do not reflect historical information are forward-looking statements. Forward-looking statements include statements concerning anticipated future events or performance, sales prices, cost improvements, raw material costs, volume increases, and earnings expectations. Naturally, such forward-looking statements are subject to risks and uncertainties. In addition to all specific assumptions cited, important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include: the supply/demand balance for the corporation's products; customer inventory levels; competitive pricing pressures; feedstock availability and costs; changes in industry production capacities and operating rates; currency exchange rates; interest rates; global economic conditions; disruption in transportation facilities; competitive technology positions; failure by the corporation to achieve technology objectives, achieve cost reduction targets or complete projects on schedule and on budget; and an inability to obtain new customers or retain existing ones.

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UNION CARBIDE CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF INCOME

Millions of dollars, except per share amounts <S>	Quarter Ended		
	June 30, 2000 <C>	Mar. 31, 2000 <C>	June 30, 1999 <C>
NET SALES	\$1,674	\$1,617	\$1,418
Cost of sales, exclusive of depreciation and amortization	1,354	1,314	1,105
Research and development	39	39	39
Selling, administrative and other expenses (a)	61	73	57
Depreciation and amortization	102	102	95
Partnership income (loss)	9	3	(4)
Other income - net	36	24	27
	-----	-----	-----
INCOME BEFORE INTEREST EXPENSE AND PROVISION FOR INCOME TAXES	163	116	145
Interest expense	45	37	35
	-----	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES	118	79	110
Provision for income taxes	29	20	28
	-----	-----	-----
INCOME OF CONSOLIDATED COMPANIES AND PARTNERSHIPS	89	59	82
Minority interest	2	1	1
Income (loss) from corporate investments carried at equity	43	39	(18)
	-----	-----	-----

NET INCOME	\$ 130	\$ 97	\$ 63
	=====	=====	=====
Earnings per common share			
Basic - Net income	\$ 0.96	\$ 0.72	\$ 0.47
	=====	=====	=====
Based on the indicated number of shares	134,745,740	134,406,055	133,088,173
Diluted - Net income	\$ 0.94	\$ 0.71	\$ 0.46
	=====	=====	=====
Based on the indicated number of shares	137,919,070	137,563,934	136,453,663
(a) Selling	\$ 22	\$ 23	\$ 23
Administrative	22	22	16
Other expenses	17	28	18
	-----	-----	-----
Total	\$ 61	\$ 73	\$ 57
	=====	=====	=====

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UNION CARBIDE CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF INCOME

Millions of dollars, except per share amounts	Six Months Ended June 30,	
<S>	2000	1999
	<C>	<C>
NET SALES	\$3,291	\$2,820
Cost of sales, exclusive of depreciation and amortization	2,668	2,137
Research and development	78	76
Selling, administrative and other expenses (a)	134	127
Depreciation and amortization	204	199
Partnership income	12	2
Other income - net	60	41
	-----	-----
INCOME BEFORE INTEREST EXPENSE AND PROVISION FOR INCOME TAXES	279	324
Interest expense	82	66
	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES	197	258
Provision for income taxes	49	66
	-----	-----
INCOME OF CONSOLIDATED COMPANIES AND PARTNERSHIPS	148	192
Minority interest	3	2
Income (loss) from corporate investments carried at equity	82	(50)
	-----	-----
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	227	140
Cumulative effect of change in accounting principle	-	(20)
	-----	-----
NET INCOME	\$ 227	\$ 120
	=====	=====



Earnings per common share		
Basic - Income before cumulative effect of change in accounting principle	\$ 1.68	\$ 1.05
- Cumulative effect of change in accounting principle	-	(0.15)
	-----	-----
- Net income	\$ 1.68	\$ 0.90
	=====	=====
Based on the indicated number of shares	134,575,898	132,968,994
Diluted - Income before cumulative effect of change in accounting principle		
	\$ 1.65	\$ 1.02
- Cumulative effect of change in accounting principle	-	(0.14)
	-----	-----
- Net income	\$ 1.65	\$ 0.88
	=====	=====
Based on the indicated number of shares	137,741,502	136,082,504
(a) Selling	\$ 45	\$ 46
Administrative	44	41
Other expenses	45	40
	-----	-----
Total	\$ 134	\$ 127
	=====	=====

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UNION CARBIDE CORPORATION AND SUBSIDIARIES  
SEGMENT DATA

	Quarter Ended		
	June 30, 2000	Mar. 31, 2000	June 30, 1999
Millions of dollars, except as indicated			
<S>	<C>	<C>	<C>
Specialties and Intermediates			
Segment revenues	\$1,125	\$1,108	\$1,036
Depreciation and amortization	67	67	62
Partnership income (loss)	8	2	(2)
Operating profit	92	82	188
Income (loss) from corporate investments carried at equity	(2)	1	-
Unit variable margin (cents/pound)	18.6	19.0	22.7
Fixed cost per pound of products sold (cents/pound)	13.3	12.9	13.0
Capital expenditures	47	69	93

Basic Chemicals & Polymers

Segment revenues	\$ 655	\$ 608	\$ 436
Depreciation and amortization	35	35	33
Partnership income (loss)	1	1	(2)
Operating profit (loss)	74	30	(42)
Income (loss) from corporate investments carried at equity	45	38	(18)
Unit variable margin (cents/pound)	11.6	9.4	4.7
Fixed cost per pound of products sold (cents/pound)	6.3	6.2	5.2
Capital expenditures	80	126	115

Other

Operating profit (loss)	\$ (3)	\$ 4	\$ (1)
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UNION CARBIDE CORPORATION AND SUBSIDIARIES  
SEGMENT DATA

Six Months Ended  
June 30, June 30,  
2000 1999

Millions of dollars, except as indicated  
<S>

<C> <C>

Specialties and Intermediates

Segment revenues	\$2,233	\$2,070
Depreciation and amortization	134	125
Partnership income (loss)	10	2
Operating profit	174	396
Income (loss) from corporate investments carried at equity	(1)	4
Unit variable margin (cents/pound)	18.8	24.3
Fixed cost per pound of products sold (cents/pound)	13.1	13.5
Capital expenditures	116	162

Basic Chemicals & Polymers

Segment revenues	\$1,263	\$ 857
Depreciation and amortization	70	74
Partnership income (loss)	2	-
Operating profit (loss)	104	(75)
Income (loss) from corporate investments carried at equity	83	(54)
Unit variable margin (cents/pound)	10.5	5.2

Fixed cost per pound of products sold (cents/pound)	6.2	5.2
Capital expenditures	206	219

Other

Operating profit (loss)	\$ 1	\$ 3
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Union Carbide Corporation  
Data Sheet

<S>	<C>	2Q00 <C>	1Q00 <C>	2Q99 <C>	2Q/1Q <C>	2Q/2Q <C>
Union Carbide Corporation						
Net Sales	MM \$	1,674	1,617	1,418	3.5%	18.1%
Customer Volumes	MM Lb.	4,128	4,198	4,198	(1.7%)	(1.7%)
Average Selling Prices	Cents/Lb.	40.6	38.5	33.8	5.5%	20.1%
Unit Variable Margin	Cents/Lb.	15.5	14.6	14.6	6.2%	6.2%
Fixed Costs	MM \$	418	423	397	(1.2%)	5.3%

S & I Segment

Segment Revenues *	MM \$	1,125	1,108	1,036	1.5%	8.6%
Customer Volumes	MM Lb.	2,266	2,288	2,303	(1.0%)	(1.6%)
Average Selling Prices	Cents/Lb.	49.7	48.4	45.0	2.7%	10.4%
Unit Variable Margin	Cents/Lb.	18.6	19.0	22.7	(2.1%)	(18.1%)
Operating Profit	MM \$	92	82	188	12.2%	(51.1%)
Increase in Raw Material, Energy & Related Manufacturing Variable Costs	MM \$				30	190

B C & P Segment

Segment Revenues	MM \$	655	608	436	7.7%	50.2%
Customer Sales Revenues	MM \$	549	509	382	7.9%	43.7%
Customer Volumes	MM Lb.	1,862	1,910	1,895	(2.5%)	(1.7%)
Average Selling Prices	Cents/Lb.	29.5	26.7	20.2	10.5%	46.0%
Unit Variable Margin	Cents/Lb.	11.6	9.4	4.7	23.4%	146.8%
Operating Profit / (Loss)	MM \$	74	30	(42)	146.7%	276.2%
Increase in Raw Material, Energy & Related Manufacturing Variable Costs	MM \$				13	88
Change in Average Selling Prices						
B C & P Chemicals	Cents/Lb. Change				3.5	12.0
B C & P Plastics	Cents/Lb. Change				3.4	10.2
Change in Customer Volumes						

B C & P Chemicals	% Change	(4.0%)	(17.4%)
B C & P Plastics	% Change	(3.1%)	(0.5%)
Hydrocarbon By-products	% Change	2.6%	27.0%

<FN>

\* Segment Revenues equal Customer Revenues

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Union Carbide Corporation  
Data Sheet

<TABLE>

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<S>	<C>	1 H `00 <C>	1 H `99 <C>	1 H `00/ 1 H `99 <C>
Union Carbide Corporation				
Net Sales	MM \$	3,291	2,820	16.7%
Customer Volumes	MM Lb.	8,326	8,361	(0.4%)
Average Selling Prices	Cents/Lb.	39.5	33.7	17.2%
Unit Variable Margin	Cents/Lb.	15.0	15.4	(2.6%)
Fixed Costs	MM \$	841	810	3.8%

S & I Segment

Segment Revenues *	MM \$	2,233	2,070	7.9%
Customer Volumes	MM Lb.	4,554	4,479	1.7%
Average Selling Prices	Cents/Lb.	49.0	46.2	6.1%
Unit Variable Margin	Cents/Lb.	18.8	24.3	(22.6%)
Operating Profit	MM \$	174	396	(56.1%)
Increase in Raw Material, Energy & Related Manufacturing Variable Costs	MM \$			396

B C & P Segment

Segment Revenues	MM \$	1,263	857	47.4%
Customer Sales Revenues	MM \$	1,058	750	41.1%
Customer Volumes	MM Lb.	3,772	3,882	(2.8%)
Average Selling Prices	Cents/Lb.	28.1	19.3	45.1%
Unit Variable Margin	Cents/Lb.	10.5	5.2	101.9%
Operating Profit / (Loss)	MM \$	104	(75)	238.7%
Increase in Raw Material, Energy & Related Manufacturing Variable Costs	MM \$			200

Change in Average Selling Prices

B C & P Chemicals	Cents/Lb. Change	10.0
B C & P Plastics	Cents/Lb. Change	9.6
Change in Customer Volumes		
B C & P Chemicals	% Change	(18.7%)
B C & P Plastics	% Change	2.5%

<FN>

\* Segment Revenues equal Customer Revenues

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