

Union Carbide Corporation and Subsidiaries
Consolidated Statements of Income

(In millions) For the years ended Dec 31,	2018	2017	2016
Net trade sales	\$ 136	\$ 143	\$ 108
Net sales to related companies	5,310	5,022	4,811
Total Net Sales	5,446	5,165	4,919
Cost of sales	4,047	4,184	3,724
Research and development expenses	21	19	18
Selling, general and administrative expenses	6	6	7
Asbestos-related charge	—	—	1,113
Restructuring and asset related charges - net	3	74	4
Integration and separation costs	3	1	—
Equity in earnings of a nonconsolidated affiliate	—	—	2
Sundry income (expense) - net	(34)	(3)	27
Interest expense and amortization of debt discount	30	28	25
Income Before Income Taxes	1,302	850	57
Provision (Credit) for income taxes	247	645	(32)
Net Income Attributable to Union Carbide Corporation	\$ 1,055	\$ 205	\$ 89

See Notes to the Consolidated Financial Statements.

Union Carbide Corporation and Subsidiaries
Consolidated Balance Sheets

(In millions, except share amounts) At Dec 31,	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 13	\$ 13
Accounts receivable:		
Trade (net of allowance for doubtful receivables 2018: \$-; 2017: \$-)	21	21
Related companies	1,029	972
Other	31	50
Income taxes receivable	330	281
Notes receivable from related companies	1,281	1,238
Inventories	304	278
Other current assets	15	35
Total current assets	3,024	2,888
Investments		
Investments in related companies	639	639
Other investments	23	25
Noncurrent receivables	67	62
Noncurrent receivables from related companies	54	54
Total investments	783	780
Property		
Property	7,430	7,309
Less accumulated depreciation	5,982	5,930
Net property	1,448	1,379
Other Assets		
Intangible assets (net of accumulated amortization 2018: \$87; 2017: \$82)	25	25
Deferred income tax assets	463	511
Deferred charges and other assets	34	36
Total other assets	522	572
Total Assets	\$ 5,777	\$ 5,619
Liabilities and Equity		
Current Liabilities		
Notes payable to related companies	\$ 28	\$ 28
Notes payable - other	1	—
Long-term debt due within one year	1	1
Accounts payable:		
Trade	247	270
Related companies	515	684
Other	39	22
Income taxes payable	24	24
Asbestos-related liabilities - current	118	132
Accrued and other current liabilities	163	174
Total current liabilities	1,136	1,335
Long-Term Debt	473	474
Other Noncurrent Liabilities		
Pension and other postretirement benefits - noncurrent	979	1,054
Asbestos-related liabilities - noncurrent	1,142	1,237
Other noncurrent obligations	132	151
Total other noncurrent liabilities	2,253	2,442
Stockholders' Equity		
Common stock (authorized: 1,000 shares of \$0.01 par value each; issued: 935.51 shares)	—	—

Union Carbide Corporation and Subsidiaries
Consolidated Statements of Cash Flows

(In millions) For the years ended Dec 31,	2018	2017	2016
Operating Activities			
Net income attributable to Union Carbide Corporation	\$ 1,055	\$ 205	\$ 89
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	207	200	190
Provision (Credit) for deferred income tax	35	414	(297)
Earnings of nonconsolidated affiliate in excess of dividends received	—	—	(1)
Net gain on sales of property and investments	—	(26)	(51)
Net gain on sale of ownership interest in nonconsolidated affiliate	—	(4)	—
Asbestos-related charge	—	—	1,113
Restructuring and asset related charges - net	3	74	4
Net periodic pension benefit cost	43	28	27
Pension contributions	(42)	(162)	(52)
Other, net	—	—	(1)
Changes in assets and liabilities:			
Accounts and notes receivable	23	7	(7)
Related company receivables	(100)	44	132
Inventories	(26)	29	(4)
Accounts payable	(6)	36	18
Related company payables	(169)	166	45
Asbestos-related payments	(109)	(121)	(61)
Other assets and liabilities	(113)	(112)	(457)
Cash provided by operating activities	801	778	687
Investing Activities			
Capital expenditures	(250)	(223)	(267)
Proceeds from sale of ownership interest in nonconsolidated affiliate	—	22	—
Changes in noncurrent receivable from related company	—	3	5
Proceeds from sales of property	—	18	60
Purchases of investments	(1)	(1)	(1)
Proceeds from sales of investments	3	9	5
Cash used for investing activities	(248)	(172)	(198)
Financing Activities			
Dividends paid to parent	(553)	(603)	(500)
Changes in short-term notes payable	1	—	—
Payments on long-term debt	(1)	(1)	(1)
Cash used for financing activities	(553)	(604)	(501)
Summary			
Increase (Decrease) in cash and cash equivalents	—	2	(12)
Cash and cash equivalents at beginning of year	13	11	23
Cash and cash equivalents at end of year	\$ 13	\$ 13	\$ 11
Supplemental Cash Flow Information			
Cash paid during year for:			
Interest, net of amounts capitalized	\$ 37	\$ 37	\$ 38
Income taxes	\$ 269	\$ 254	\$ 697

See Notes to the Consolidated Financial Statements .