

The Merger of Union Carbide and Dow Chemical

**In August 1999 it was announced that the directors
of Dow Chemical and Union Carbide
had approved a merger.**

Under the agreement, Union Carbide shareholders will receive 0.537 shares of Dow for each share of Union Carbide they own. Based upon Dow's closing price of \$124 11/16 on August 3, 1999, the transaction is valued at \$66.96 per Union Carbide share, or \$11.6 billion in aggregate including the assumption of \$2.3 billion of net debt.

The Dow-Carbide merger is planned to be a tax-free, stock-for-stock pooling of interests with the resulting corporation to be owned 75 percent by Dow shareholders and 25 percent by Union Carbide shareholders. Two Union Carbide directors would join the board of Dow. The new corporation was expected to save \$500 million by consolidating.

The new corporation would have combined annual revenues of over \$24 billion, operating income of \$3 billion, a combined market capitalization of approximately \$35 billion and assets of over \$30 billion. It would be the world's 2nd largest chemical company, operating in 168 countries, employing about 49,000 people, and ranking # 50 on the Fortune 500.

On December 1, 1999, Union Carbide shareholders voted to approve the merger plan.

**The merger, one of the largest in the history of the chemical industry,
must be approved by the U.S. Federal Trade Commission,
the European Commission and other regulatory authorities.**

[click here to go to Dow Chemical website](#)