Chemours Co
Form 10-Q
August 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 001-36794

The Chemours Company

(Exact Name of Registrant as Specified in Its Charter)

| Delaware | 46-4845564 |
|---|---|
| (State or other Jurisdiction of<br>Incorporation or Organization) | (I.R.S. Employer<br>Identification No.) |

1007 Market Street, Wilmington, Delaware 19899

(Address of Principal Executive Offices)

(302) 773-1000

(Registrant’s Telephone Number)

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. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

| | |
|---|---|
| Large Accelerated Filer | Accelerated Filer |
| Non-Accelerated Filer | Smaller reporting company |
| | Emerging growth company |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

The Registrant had 184,800,961 shares of common stock, $0.01 par value, outstanding at July 31, 2017.

The Chemours Company

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PART I. FINANCIAL INFORMATION

Item 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS
The Chemours Company

Interim Consolidated Statements of Operations (Unaudited)

(Dollars in millions, except per share amounts)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net sales | $1,588 | $1,383 | $3,024 | $2,680 |
| Cost of goods sold | 1,147 | 1,116 | 2,225 | 2,212 |
| Gross profit | 441 | 267 | 799 | 468 |
| Selling, general and administrative expense | 157 | 174 | 301 | 307 |
| Research and development expense | 21 | 17 | 40 | 40 |
| Restructuring and asset-related charges, net | 6 | 67 | 18 | 85 |
| Total expenses | 184 | 258 | 359 | 432 |
| Equity in earnings of affiliates | 10 | 4 | 17 | 9 |
| Interest expense, net | (55) | (50) | (106) | (106) |
| Other income (expense), net | 13 | (4) | 48 | 89 |
| Income (loss) before income taxes | 225 | (41) | 399 | 28 |
| Provision for (benefit from) income taxes | 64 | (23) | 87 | (5) |
| Net income (loss) | 161 | (18) | 312 | 33 |
| Less: Net income attributable to non-controlling interests | — | — | 1 | — |
| Net income (loss) attributable to Chemours | $161 | $(18) | $311 | $33 |
| Per share data | | | | |
| Basic earnings (loss) per share of common stock | $0.87 | $(0.10) | $1.69 | $0.18 |
| Diluted earnings (loss) per share of common stock | $0.84 | $(0.10) | $1.64 | $0.18 |
| Dividends per share of common stock | $0.03 | $0.03 | $0.06 | $0.06 |

See accompanying notes to the interim consolidated financial statements.

The Chemours Company

Interim Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(Dollars in millions)

| | Three Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | | 2016 | | |
| | Pre-Tax | Tax | After-Tax | Pre-Tax | Tax | After-Tax |
| Net income (loss) | $225 | $(64) | $ 161 | $(41) | $23 | $ (18) |
| Other comprehensive income (loss): | | | | | | |
| Unrealized (loss) gain on net investment hedge | (40) | 10 | (30) | 4 | — | 4 |
| Cumulative translation adjustments | 84 | — | 84 | (9) | — | (9) |
| Defined benefit plans: | | | | | | |
| Net loss | — | — | — | (7) | 1 | (6) |
| Effect of foreign exchange rates | (15) | 3 | (12) | 4 | — | 4 |
| Reclassifications to net income (loss): | | | | | | |
| Amortization of actuarial loss | 5 | (1) | 4 | 7 | (2) | 5 |
| Curtailment gain | — | — | — | (2) | — | (2) |
| Defined benefit plans, net | (10) | 2 | (8) | 2 | (1) | 1 |
| Other comprehensive income (loss) | 34 | 12 | 46 | (3) | (1) | (4) |
| Comprehensive income (loss) | 259 | (52) | 207 | (44) | 22 | (22) |
| Less: Comprehensive income attributable to non-controlling interests | — | — | — | — | — | — |
| Comprehensive income (loss) attributable to Chemours | $259 | $(52) | $ 207 | $(44) | $22 | $ (22) |

| | Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | | 2016 | | |
| | Pre-Tax | Tax | After-Tax | Pre-Tax | Tax | After-Tax |
| Net income | $399 | $(87) | $ 312 | $28 | $5 | $ 33 |
| Other comprehensive income (loss): | | | | | | |
| Unrealized loss on net investment hedge | (50) | 10 | (40) | (3) | — | (3) |
| Cumulative translation adjustments | 189 | — | 189 | 10 | — | 10 |
| Defined benefit plans: | | | | | | |
| Net loss | — | — | — | (7) | 1 | (6) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Effect of foreign exchange rates | (27) | 6 | (21) | (1) | 1 | — |
| Reclassifications to net income: | | | | | | |
| Amortization of prior service gain | — | — | — | (1) | — | (1) |
| Amortization of actuarial loss | 10 | (2) | 8 | 11 | (3) | 8 |
| Curtailment gain | — | — | — | (2) | 1 | (1) |
| Defined benefit plans, net | (17) | 4 | (13) | — | — | — |
| Other comprehensive income | 122 | 14 | 136 | 7 | — | 7 |
| Comprehensive income | 521 | (73) | 448 | 35 | 5 | 40 |
| Less: Comprehensive income attributable to non-controlling interests | 1 | — | 1 | — | — | — |
| Comprehensive income attributable to Chemours | $520 | $(73) | $ 447 | $35 | $5 | $ 40 |

See accompanying notes to the interim consolidated financial statements.

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The Chemours Company

Interim Consolidated Balance Sheets

(Dollars in millions, except per share amounts)

| | (Unaudited) June 30, 2017 | December 31, 2016 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 1,529 | $ 902 |
| Accounts and notes receivable - trade, net | 994 | 807 |
| Inventories | 848 | 767 |
| Prepaid expenses and other | 69 | 77 |
| Total current assets | 3,440 | 2,553 |
| Property, plant and equipment | 8,288 | 7,997 |
| Less: Accumulated depreciation | (5,386) | (5,213) |
| Property, plant and equipment, net | 2,902 | 2,784 |
| Goodwill and other intangible assets, net | 168 | 170 |
| Investments in affiliates | 158 | 136 |
| Other assets | 384 | 417 |
| Total assets | $ 7,052 | $ 6,060 |
| Liabilities and equity | | |
| Current liabilities: | | |
| Accounts payable | $ 985 | $ 884 |
| Current maturities of long-term debt | 14 | 15 |
| Other accrued liabilities | 751 | 872 |
| Total current liabilities | 1,750 | 1,771 |
| Long-term debt, net | 4,056 | 3,529 |
| Deferred income taxes | 159 | 132 |
| Other liabilities | 515 | 524 |
| Total liabilities | 6,480 | 5,956 |
| Commitments and contingent liabilities | | |
| Equity | | |
| Common stock (par value $0.01 per share; 810,000,000 shares authorized) | 2 | 2 |
| Additional paid-in capital | 820 | 789 |
| Retained earnings (accumulated deficit) | 186 | (114) |
| Accumulated other comprehensive loss | (441) | (577) |
| Total Chemours stockholders’ equity | 567 | 100 |
| Non-controlling interests | 5 | 4 |
| Total equity | 572 | 104 |
| Total liabilities and equity | $ 7,052 | $ 6,060 |

See accompanying notes to the interim consolidated financial statements.

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The Chemours Company

Interim Consolidated Statements of Stockholders' Equity (Unaudited)

(Dollars in millions)

| | Common Stock | | Additional Paid-In | Accumulated Other Comprehensive (Loss) | (Accumulated Deficit) Retained | Non-controlling | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | Income | Earnings | Interests | Total |
| Balance at January 1, 2016 | 181,069,751 | $ 2 | $ 775 | $ (536) | $ (115) | $ 4 | $ 130 |
| Net income | — | — | — | — | 33 | — | 33 |
| Common stock issued - compensation plans | 421,675 | — | — | — | — | — | — |
| Dividends | — | — | (11) | — | — | — | (11) |
| Other comprehensive income | — | — | — | 7 | — | — | 7 |
| Stock-based compensation expense | — | — | 10 | — | — | — | 10 |
| Balance at June 30, 2016 | 181,491,426 | $ 2 | $ 774 | $ (529) | $ (82) | $ 4 | $ 169 |
| | | | | | | | |
| Balance at January 1, 2017 | 182,600,533 | $ 2 | $ 789 | $ (577) | $ (114) | $ 4 | $ 104 |
| Net income | — | — | — | — | 311 | 1 | 312 |
| Common stock issued - compensation plans | 461,754 | — | — | — | — | — | — |
| Dividends | — | — | — | — | (11) | — | (11) |
| Other comprehensive income | — | — | — | 136 | — | — | 136 |
| Stock-based compensation expense | — | — | 15 | — | — | — | 15 |
| Cancellation of unissued stock awards | — | — | (10) | — | — | — | (10) |
| Exercise of stock options | 1,628,850 | — | 26 | — | — | — | 26 |
| Balance at June 30, 2017 | 184,691,137 | $ 2 | $ 820 | $ (441) | $ 186 | $ 5 | $ 572 |

See accompanying notes to the interim consolidated financial statements.

The Chemours Company

Interim Consolidated Statements of Cash Flows (Unaudited)

(Dollars in millions)

| | Six Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| Operating activities | | |
| Net income | $312 | $33 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization | 142 | 139 |
| Amortization of deferred financing costs and issuance discount | 7 | 11 |
| Gain on sale of assets and businesses | (14) | (88) |
| Equity in earnings of affiliates | (17) | (9) |
| Deferred tax provision (benefit) | 38 | (36) |
| Asset-related charges | 2 | 63 |
| Other operating charges and credits, net | 13 | 14 |
| (Increase) decrease in operating assets: | | |
| Accounts and notes receivable - trade, net | (170) | (92) |
| Inventories and other operating assets | (43) | 85 |
| (Decrease) increase in operating liabilities: | | |
| Accounts payable and other operating liabilities | (46) | 6 |
| Cash provided by operating activities | 224 | 126 |
| Investing activities | | |
| Purchases of property, plant and equipment | (138) | (168) |
| Proceeds from sales of assets and businesses, net | 38 | 150 |
| Foreign exchange contract settlements, net | 2 | — |
| Cash used for investing activities | (98) | (18) |
| Financing activities | | |
| Proceeds from issuance of debt, net | 494 | — |
| Debt repayments | (20) | (95) |
| Dividends paid | (11) | (11) |
| Deferred financing fees | (6) | (2) |
| Proceeds from exercised stock options | 26 | — |
| Cash provided by (used for) financing activities | 483 | (108) |
| Effect of exchange rate changes on cash and cash equivalents | 18 | 17 |
| Increase in cash and cash equivalents | 627 | 17 |
| Cash and cash equivalents at beginning of the period | 902 | 366 |
| Cash and cash equivalents at end of the period | $1,529 | $383 |
| Non-cash investing activities | | |
| Change in property, plant and equipment included in accounts payable | $(5) | $10 |

See accompanying notes to the interim consolidated financial statements.

The Chemours Company

Notes to the Interim Consolidated Financial Statements (Unaudited)

(Dollars in millions, except per share amounts)

## Note 1. Basis of Presentation

The accompanying interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America (U.S.) for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for interim periods have been included. Results for interim periods should not be considered indicative of results for a full year and the year-end consolidated balance sheet does not include all disclosures required by U.S. GAAP. As such, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Unless the context otherwise requires, references herein to “The Chemours Company”, “Chemours”, “the Company”, “our company”, “we”, “us” and “our” refer to The Chemours Company and its consolidated subsidiaries. References herein to “DuPont” refer to E.I. du Pont de Nemours and Company, a Delaware corporation, and its consolidated subsidiaries (other than Chemours and its consolidated subsidiaries), unless the context otherwise requires.

## Note 2. Recent Accounting Pronouncements

### Accounting Guidance Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers (Topic 606).” The objective of this standard is to remove inconsistent practices with regard to revenue recognition between U.S. GAAP and International Financial Reporting Standards. The standard intends to improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Subsequent to the issuance of ASU No. 2014-09, the FASB issued multiple clarifying updates in connection with Topic 606. The provisions of ASU No. 2014-09 and related updates will be effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted for annual periods beginning after December 15, 2016. The Company plans to adopt the standard as of January 1, 2018 under the modified retrospective transition method.

The Company’s project plan includes a three-phase approach to implementing this standard update. Phase one, the assessment phase, was completed in the first quarter of 2017. In this initial phase, the Company conducted internal surveys of its businesses, held revenue recognition workshops with sales and business unit finance leadership and reviewed a representative sample of revenue arrangements across all businesses to initially identify a set of applicable qualitative revenue recognition changes related to the new standard. The Company is currently finalizing phase two of the project, which includes establishing and documenting key accounting positions, assessing new disclosure requirements, business process and control impacts and beginning to determine initial quantitative impacts resulting from the new standard. Phase three’s objectives will comprise of effectively implementing the new standard and embedding the new accounting treatment into the Company’s business processes and controls to support financial reporting requirements. Phase three is expected to be completed in the fourth quarter of 2017.

The Company is still evaluating the impact that the new standard will have on the Company’s consolidated financial statements and will be unable to quantify its impact until phase three of the project has been completed.

In August 2016, the FASB issued various updates to ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments", which clarifies and amends the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The amendments should be applied using a retrospective transition method (unless impractical to do so) for each period presented and earlier application is permitted. Chemours is currently evaluating the impact of adopting this guidance, but does not expect the adoption will have a significant impact on its cash flows.

In March 2017, the FASB issued ASU No. 2017-07, "Compensation - Retirement Benefits (Topic 715)", which requires that employers offering their employees defined benefit pension plans disaggregate the service cost component from the other components of net benefit cost. The amendments also provide explicit guidance on how to present the service cost component and the other components of net benefit cost in the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization. The guidance is effective for public business entities for annual periods beginning after December 15, 2017, as well as interim periods within those annual periods. The amendments in this update should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic post-retirement benefit cost in the

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Notes to the Interim Consolidated Financial Statements (Unaudited)

(Dollars in millions, except per share amounts)

income statement and prospectively for the capitalization of the service cost component of net periodic pension cost and net periodic post-retirement benefit in assets. Early adoption is permitted within the first interim period of an annual period for which financial statements have not been issued or made available for issuance. Chemours is currently evaluating the impact of adopting this guidance, but does not expect the adoption will have a significant impact on its results of operations. The adoption is not expected to have any impact on the Company's financial position or cash flows.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)", which supersedes the leases requirements in Topic 840. The core principle of Topic 842 is that a lessee should recognize on the balance sheet the lease assets and lease liabilities that arise from all lease arrangements with terms greater than 12 months. Recognition of these lease assets and lease liabilities represents an improvement over previous U.S. GAAP, which did not require lease assets and lease liabilities to be recognized for operating leases. Qualitative disclosures along with specific quantitative disclosures will be required to provide enough information to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The amendments in this update are effective for the Company's fiscal year beginning January 1, 2019, including interim periods within that fiscal year. Early application of the amendments in this update is permitted for all entities. At adoption, the Company will recognize a right-of-use asset and a lease liability initially measured at the present value of its operating lease payments. The Company is currently evaluating the other impacts of adopting this guidance on its financial position, results of operations and cash flows.

Recently Adopted Accounting Guidance

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718)." The update sets forth areas for simplification within several aspects of the accounting for shared-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Chemours adopted this guidance effective January 1, 2017, and the adoption did not have a significant impact on the Company's financial position, results of operations and cash flows except for the impact of windfall income tax benefits on share-based payments. We expect the guidance will cause volatility in the Company's income tax rates going forward. As of the adoption date, there were no windfall tax benefits from prior periods recognized; therefore, prior period adjustments were not required under a modified retrospective basis. For the three and six months ended June 30, 2017, Chemours recognized approximately $3 and $13 of windfall tax benefits, respectively, primarily from significant options exercised and restricted stock units (RSUs) vested, which were included in the provision for income taxes in the consolidated statements of operations.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment", which eliminates the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure goodwill impairment. Under the amendments, goodwill impairment testing will be performed by comparing the fair value of the reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, but not to exceed the total amount of goodwill allocated to the reporting unit. The guidance is effective for annual and interim

goodwill impairment tests in fiscal years beginning after December 15, 2019, and should be applied on a prospective basis. Early adoption is permitted for annual or interim goodwill impairment testing performed after January 1, 2017. The Company has adopted this guidance and will implement its provisions for interim and annual goodwill impairment tests performed prospectively. The Company does not expect the adoption of this guidance will have a significant impact on its financial position, results of operations or cash flows.

In May 2017, the FASB issued ASU No. 2017-09, "Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting", which provides clarity and reduces both diversity in practice and cost and complexity when applying the guidance in Topic 718 to a change in the terms or conditions of a share-based payment award. Pursuant to this update, modification accounting is required to be applied to changes in the terms and conditions of a share-based payment award unless all of the following criteria remain unchanged before and after the award is modified: the fair value of the award; the vesting conditions of the award; and the classification of the award as an equity instrument or a liability instrument. The amendments in this update are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017, and are to be applied prospectively to an award modified on or after the adoption date. Early adoption, including adoption in any interim period, is permitted for public business entities for reporting periods for which financial statements have not yet been issued. The Company has adopted this guidance and will implement its provisions prospectively for changes in the terms and conditions of share-based payment awards. The Company does not expect the adoption of this guidance will have a significant impact on its financial position, results of operations or cash flows.

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Notes to the Interim Consolidated Financial Statements (Unaudited)

(Dollars in millions, except per share amounts)

Note 3. Restructuring and Asset-Related Charges, Net

For the three and six months ended June 30, 2017 and 2016, Chemours recorded charges for restructuring and asset-related charges as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Restructuring-related charges: | | | | |
| Employee separation (credits) charges | $— | $ (2 ) | $— | $ 2 |
| Decommissioning and other charges, net | 6 | 11 | 18 | 25 |
| Total restructuring charges, net | 6 | 9 | 18 | 27 |
| Asset-related charges - impairment [1] | — | 58 | — | 58 |
| Total restructuring and asset-related charges, net | $6 | $ 67 | $18 | $ 85 |

[1] Represents an asset impairment in connection with the sale of the Sulfur business.

The charges related to the restructuring programs impacted segment earnings for the three and six months ended June 30, 2017 and 2016 as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Plant and product line closures [1] | | | | |
| Titanium Technologies | $— | $ 9 | $4 | $ 18 |
| Fluoroproducts | 1 | 1 | 3 | 5 |
| Chemical Solutions | 5 | (1 ) | 11 | — |
| Subtotal | 6 | 9 | 18 | 23 |
| 2015 Global Restructuring | | | | |
| Titanium Technologies | — | — | — | 2 |
| Fluoroproducts | — | — | — | 2 |
| Chemical Solutions | — | — | — | — |
| Subtotal | — | — | — | 4 |
| Total | $6 | $ 9 | $18 | $ 27 |

[1] Includes charges related to employee separation, decommissioning and dismantling costs and asset-related charges in connection with the restructuring activities.

Plant and Product Line Closures

In the Titanium Technologies segment, due to the closure of the Edge Moor, Delaware manufacturing plant in the U.S., the Company recorded decommissioning and dismantling-related charges of approximately $4 for the six months ended June 30, 2017 and $9 and $18 for the three and six months ended June 30, 2016, respectively. The Company completed all actions related to these restructuring activities and sold the site during the first quarter of 2017. The cumulative amount incurred, excluding non-cash asset charges, in connection with the Edge Moor plant closure, was approximately $60.

In the Fluoroproducts segment, the Company recorded additional decommissioning and dismantling-related charges for certain of its production lines in the U.S. of approximately $1 and $3 for the three and six months ended June 30, 2017, respectively, and $1 and $5 for the three and six months ended June 30, 2016, respectively. To date, the Company incurred in the aggregate, approximately $17 of restructuring costs, excluding non-cash asset charges. As of June 30, 2017, the Company has substantially completed the actions related to these restructuring activities for certain of its Fluoroproducts production lines, which were initiated in 2015.

In the Chemicals Solutions segment, following the production shutdown of our Reactive Metals Solutions (RMS) manufacturing plant at Niagara Falls, New York in September 2016, the Company immediately began decommissioning the plant. As a result, the Company recorded approximately $5 and $11 of decommissioning and dismantling-related charges for the three and six months ended June 30, 2017, respectively. To date, the Company incurred in the aggregate, approximately $26 of restructuring costs, excluding

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Notes to the Interim Consolidated Financial Statements (Unaudited)

(Dollars in millions, except per share amounts)

non-cash asset charges. Additional restructuring charges of approximately $4 for decommissioning and site redevelopment are expected to be incurred in 2017, which will be expensed as incurred.

The following table shows the change in the employee separation-related liability account associated with the restructuring programs:

| | Titanium Technologies Site Closures | Fluoroproducts Lines Shutdown | Chemical Solutions Site Closures | 2015 Global Restructuring | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2016 | $ 4 | $ 1 | $ 8 | $ 21 | $ 34 |
| Payments | (2 ) | (1 ) | (3 ) | (15 ) | (21 ) |
| Net currency translation and other adjustments [1] | — | — | — | 1 | 1 |
| Balance as of June 30, 2017 | $ 2 | $ — | $ 5 | $ 7 | $ 14 |

[1] Amounts include net currency translation adjustment of less than $1 for the periods presented and rounding differences.

As of June 30, 2017, there are no significant outstanding liabilities related to decommissioning and other restructuring-related charges.

Note 4. Other Income (Expense), Net

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Leasing, contract services and miscellaneous income | $ 8 | $ 5 | $ 17 | $ 12 |
| Royalty income [1] | 5 | 6 | 10 | 9 |
| (Loss) gain on sale of assets and businesses [2] | (2 ) | (1 ) | 14 | 88 |
| Exchange gains (losses), net [3] | 2 | (14 ) | 7 | (20 ) |
| Total other income (expense), net | $ 13 | $ (4 ) | $ 48 | $ 89 |

[1] Royalty income is primarily from technology and trademark licensing.

[2] For the six months ended June 30, 2017, gain on sale includes a gain on sale of the Edge Moor site of approximately $12. The six months ended June 30, 2016 includes an $88 gain on sale of the aniline facility in Beaumont, Texas to the Dow Chemical Company ("Dow"). The transaction closed on March 1, 2016 and Chemours received $140 from

Dow.

[3] Exchange gains (losses), net includes gains and losses on foreign currency forward contracts. See Note 14 for additional information.

Note 5. Income Taxes

For the three months ended June 30, 2017 and 2016, Chemours recorded a provision for income tax of $64 and an income tax benefit of $23, respectively, resulting in an effective income tax rate of approximately 28% and 56%, respectively. For the six months ended June 30, 2017 and 2016, Chemours recorded a provision for income tax of $87 and an income tax benefit of $5, respectively, resulting in an effective income tax rate of approximately 22% and negative 18%, respectively.

The income tax provision for the six months ended June 30, 2017 is inclusive of a $13 income tax benefit from windfalls on share-based payments in accordance with the recently adopted guidance in ASU No. 2016-09 as discussed in Note 2. The remaining change in the effective tax rate from the prior year is primarily due to the Company's geographical mix of earnings, as well as the impact of the valuation allowance on U.S. foreign tax credits, from which the Company does not expect to benefit in 2017.

Each year, Chemours and/or its subsidiaries file income tax returns in U.S. federal and state and non-U.S. jurisdictions. These tax returns are subject to examination and possible challenge by the cognizant taxing authorities. Positions challenged by the taxing authorities may be settled or appealed by Chemours. As a result, income tax uncertainties are recognized in Chemours' consolidated financial statements in accordance with accounting for income taxes under Topic 740, "Income Taxes", when applicable. In the third quarter of 2017, the Company will recognize approximately $5 of income tax benefits, excluding the impact relating to accrued interest and penalties, as a result of an accounting method change request approval by the U.S. Internal Revenue Service in July 2017. We are not aware of any other matters that would result in significant changes to the amount of unrecognized income tax benefits reflected in the consolidated balance sheet as of June 30, 2017.

For the year ended December 31, 2016, the Company established a valuation allowance against its U.S. foreign tax credits. The Company regularly monitors positive and negative evidence that may change the most recent assessment of the Company's ability to

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realize a benefit from these deferred tax assets. The Company continues to maintain a valuation allowance against its net deferred tax assets related to U.S. foreign tax credits of $64 and $50 at June 30, 2017 and December 31, 2016, respectively.

Note 6. Earnings Per Share of Common Stock

The following table shows a reconciliation of the numerator and denominator for basic and diluted earnings per share calculations for the periods indicated:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Numerator: | | | | |
| Net income (loss) attributable to Chemours | $161 | $(18) | $311 | $33 |
| Denominator: | | | | |
| Weighted-average number of common shares outstanding - basic | 185,069,436 | 181,477,672 | 184,243,461 | 181,379,419 |
| Dilutive effect of the Company's employee compensation plans [1] | 6,057,203 | — | 5,899,412 | 668,410 |
| Weighted-average number of common shares outstanding - diluted [1] | 191,126,639 | 181,477,672 | 190,142,873 | 182,047,829 |

[1] Diluted earnings (loss) per share is calculated using net income (loss) available to common shareholders divided by diluted weighted-average shares of common shares outstanding during each period, which includes unvested restricted shares. Diluted earnings (loss) per share considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an antidilutive effect.

The following average number of stock options were antidilutive and, therefore, were not included in the diluted earnings (loss) per share calculation:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Average number of stock options | 2,216 | 7,356,050 | 85,667 | 8,028,762 |

Note 7. Accounts and Notes Receivable - Trade, Net

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Accounts receivable - trade, net [1] | $910 | $ 742 |

| | | |
|---|---|---|
| VAT, GST and other taxes [2] | 66 | 46 |
| Other receivables [3] | 18 | 19 |
| Total | $994 | $ 807 |

[1] Accounts receivable - trade, net includes trade notes receivable and is net of allowances of $5 for June 30, 2017 and December 31, 2016. Allowances are equal to the estimated uncollectible amounts.
[2] Value Added Tax (VAT) and Goods and Services Tax (GST).
[3] Other receivables consist of advances and other deposits.

Accounts and notes receivable are carried at amounts that approximate fair value. Bad debt expense was less than $1 for the three and six months ended June 30, 2017. Bad debt expense was less than $1 for the three and six months ended June 30, 2016.

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Note 8. Inventories

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Finished products | $ 589 | $ 532 |
| Semi-finished products | 148 | 150 |
| Raw materials, stores and supplies | 311 | 285 |
| Subtotal | 1,048 | 967 |
| Adjustment of inventories to LIFO basis | (200) | (200) |
| Total | $ 848 | $ 767 |

Inventory values, before last-in, first-out (LIFO) adjustment, are generally determined by the average cost method, which approximates current cost. Inventories are valued under the LIFO method at substantially all U.S. locations, which comprised $463 and $465 or 44% and 48% of inventories before the LIFO adjustments at June 30, 2017 and December 31, 2016, respectively. The remainder of inventory held in international locations and certain U.S. locations is valued under the average cost method.

Note 9. Property, Plant and Equipment, Net

Depreciation expense amounted to $68 and $136 for the three and six months ended June 30, 2017, respectively, and $73 and $138 for the three and six months ended June 30, 2016, respectively. Property, plant and equipment, net includes gross assets under capital leases of $5 at June 30, 2017 and December 31, 2016.

Note 10. Other Assets

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Capitalized repair and maintenance costs | $ 108 | $ 145 |
| Pension assets [1] | 203 | 159 |
| Deferred income taxes | 35 | 41 |
| Asset held for sale | — | 29 |
| Miscellaneous [2] | 38 | 43 |
| Total | $ 384 | $ 417 |

[1] Pension assets represent the funded status of certain of the Company's long-term employee benefit plans. See Note 15 for futher information.

[2] Miscellaneous includes deferred financing fees related to the Revolving Credit Facility of $11 and $13 as of June 30, 2017 and December 31, 2016, respectively, and company-owned life insurance policies on former key executives of a U.S. subsidiary. The life insurance policies had a cash surrender value of $63 at June 30, 2017 and $61 at

December 31, 2016, which are presented net of $62 and $61 in outstanding loans from the policy issuer, respectively.

Asset Held for Sale

In December 2016, in connection with a sale agreement entered into in January 2017 to sell the Company's corporate headquarters building located in Wilmington, Delaware, the Company recorded an approximate $13 pre-tax impairment charge and classified the net book value of the building as an asset held for sale for the year ended December 31, 2016. The Company completed the sale in April 2017 for net proceeds of $29, of which $13 was used to repay a portion of our senior secured term loans. In connection with the sale, Chemours also entered into lease agreements to lease back a portion of the building beginning in April 2017. In connection with the sale and leaseback transaction, we deferred a gain of $2 million.

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Note 11. Other Accrued Liabilities

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Compensation and other employee-related costs | $ 118 | $ 154 |
| Employee separation costs [1] | 13 | 31 |
| Accrued litigation [2] | 331 | 344 |
| Environmental remediation [2] | 81 | 71 |
| Income taxes | 41 | 39 |
| Customer rebates | 55 | 53 |
| Deferred revenue [3] | 8 | 76 |
| Accrued interest | 25 | 21 |
| Miscellaneous [4] | 79 | 83 |
| Total | $ 751 | $ 872 |

[1] Current portion of employee separation costs. See Note 3 for further information.

[2] Current portions of accrued litigation and environmental remediation. Accrued litigation includes PFOA MDL Settlement accruals of $320 and $335 as of June 30, 2017 and December 31, 2016, respectively. See Note 13 for further discussion of accrued litigation and environmental remediation.

[3] Deferred revenue as of June 30, 2017 and December 31, 2016 includes $0 and $58 in outstanding prepayments by DuPont for specified goods and services, respectively.

[4] Miscellaneous primarily includes accrued utility expenses, property taxes, an accrued indemnification liability, asset retirement obligations and other miscellaneous expenses.

Note 12. Debt

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Senior secured term loans: | | |
| Tranche B term loan due May 2022 | $ — | $ 1,372 |
| Tranche B-1 Dollar Term Loan due May 2022 | 928 | — |
| Tranche B-1 Euro Term Loan due May 2022 (€396 at June 30, 2017 and €0 at December 31, 2016) | 450 | — |
| Senior unsecured notes: | | |
| 6.625% due May 2023 | 1,158 | 1,158 |
| 7.000% due May 2025 | 750 | 750 |
| 6.125% due May 2023 (€295 at June 30, 2017 and December 31, 2016) | 334 | 308 |
| 5.375% due May 2027 | 500 | — |

| | | |
|---|---|---|
| Capital lease obligations | 3 | 3 |
| Total | 4,123 | 3,591 |
| Less: Unamortized issue discounts | 9 | 5 |
| Less: Unamortized debt issuance costs | 44 | 42 |
| Less: Current maturities of long-term debt | 14 | 15 |
| Long-term debt, net | $ 4,056 | $ 3,529 |

Senior Secured Credit Facilities

The credit agreement, as amended, provided for a seven-year senior secured term loans and a five-year $750 senior secured revolving credit facility (Revolving Credit Facility). The proceeds of any loans made under the Revolving Credit Facility can be used for capital expenditures, acquisitions, working capital needs and other general corporate purposes. No borrowings were outstanding under our Revolving Credit Facility at June 30, 2017 and December 31, 2016; however, Chemours had $104 and $132 in letters of credit issued and outstanding under this facility at June 30, 2017 and December 31, 2016, respectively. The Revolving Credit Facility bears variable interest of a range based on our total net leverage ratio between (a) a 0.50% and 1.25% spread for base rate loans and (b) a 1.50% and 2.25% spread for LIBOR loans. The applicable margins were 0.75% for base rate loans and 1.75% for LIBOR loans as of June 30, 2017. In addition, we are required to pay a commitment fee on the average daily unused amount of the Revolving Credit Facility at a rate based on our total net leverage ratio, between 0.20% and 0.35%. As of June 30, 2017, commitment fees were assessed at a rate of 0.25% per annum.

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On April 3, 2017, the Company completed an amendment (April 2017 Amendment) to its credit agreement which provides for a new class of term loans, denominated in Euros, in an aggregate principal amount of €400 (Euro Term Loan), and a new class of term loans, denominated in U.S. Dollars, in an aggregate principal amount of $940 (Dollar Term Loan, and, collectively with the Euro Term Loan, the New Term Loans). The New Term Loans replaced in full the existing term loan (Prior Term Loan) outstanding as of March 31, 2017. The New Term Loans mature on May 12, 2022, which is the same maturity date of the Prior Term Loan. The Euro Term Loan bears a variable interest rate equal to EURIBOR plus 2.25%, subject to a EURIBOR floor of 0.75%, and the Dollar Term Loan bears a variable interest rate equal to LIBOR plus 2.50%, subject to a LIBOR floor of 0.00%. The April 2017 Amendment also modifies certain provisions of the credit agreement, including increasing certain incurrence limits to allow further flexibility for the Company. All other provisions, including financial covenants, remain unchanged. No incremental debt was issued as a result of the April 2017 Amendment, although the Euro Term Loan will be subject to remeasurement gains or losses. The Company recorded approximately $3 of loss on debt extinguishment and related amendment fees in the second quarter of 2017. The effective interest rate on the Dollar Term Loan and Euro Term Loan were approximately 3.52% and 3.00%, respectively, for the quarter ended June 30, 2017.

The credit agreement contains financial covenants which, solely with respect to the Revolving Credit Facility, as amended, require Chemours not to exceed a maximum senior secured net leverage ratio of: 3.50 to 1.00 each quarter through December 31, 2016; 3.00 to 1.00 through June 30, 2017; and further decreasing by 0.25 to 1.00 every subsequent six months to 2.00 to 1.00 by January 1, 2019 and thereafter. Chemours is also required to maintain a minimum interest coverage ratio of 1.75 to 1.00 each quarter through June 30, 2017 and further increasing by 0.25 to 1.00 every subsequent six months to 3.00 to 1.00 by January 1, 2019 and thereafter. In addition, the credit agreement contains customary affirmative and negative covenants that, among other things, limit or restrict Chemours and its subsidiaries' ability, subject to certain exceptions, to incur liens, merge, consolidate or sell, transfer or lease assets, make investments, pay dividends, transact with subsidiaries and incur indebtedness. The credit agreement also contains customary representations and warranties and events of default. Chemours was in compliance with its debt covenants as of June 30, 2017.

Senior Unsecured Notes

On May 23, 2017, Chemours issued a $500 aggregate principal amount of 5.375% senior unsecured notes due May 2027 (2027 Notes). The 2027 Notes require payment of principal at maturity and interest semi-annually in cash and in arrears on May 15 and November 15 of each year. The Company received net proceeds of approximately $489, net of issue discount of approximately $5 and underwriting fees and other related expenses of approximately $6, which are deferred and amortized to interest expense using the effective interest method over the term of the 2027 Notes. The proceeds from the 2027 Notes will be used for general corporate purposes, including the previously announced global settlement of the multi-district PFOA litigation, if finalized, as discussed in Note 13. The offering of the 2027 Notes was registered under the Securities Act of 1933, as amended, under a registration statement on Form S-3 filed with the U.S. Securities and Exchange Commission on May, 4, 2017.

The 2027 Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured unsubordinated basis by each of the existing and future domestic subsidiaries that (a) incurs or guarantees indebtedness under the

Senior Secured Credit Facilities or (b) guarantees other indebtedness of Chemours or any guarantor in an aggregate principal amount in excess of $100. The guarantees of the 2027 Notes will rank equally with all other senior indebtedness of the guarantors. The 2027 Notes rank equally in right of payment to all of Chemours' existing and future unsecured unsubordinated debt and senior in right of payment to all of Chemours' existing and future debt that is by its terms expressly subordinated in right of payment to the 2027 Notes. The 2027 Notes are subordinated to indebtedness under the Senior Secured Credit Facilities as well as any future secured debt to the extent of the value of the assets securing such debt, and structurally subordinated to the liabilities of any non-guarantor subsidiaries.

Chemours may redeem the 2027 Notes, in whole or in part, equal to 100% of the aggregate principal amount plus a specified "make-whole" premium and accrued and unpaid interest, if any, to the date of purchase prior to February 15, 2027, and may also redeem some or all of the 2027 Notes by means other than a redemption, including tender offer and open market repurchases. Chemours is obligated to offer to purchase the 2027 Notes at a price of 101% of the principal amount, together with accrued and unpaid interest, if any, up to, but not including, the date of purchase, upon the occurrence of certain change of control events.

Maturities

Chemours has required quarterly principal payments related to the senior secured term loans equivalent to 1.00% per annum through March 2022, with the balance due at maturity. Term loan principal maturities, as amended, over the next five years are $7 for the remainder of 2017 and approximately $14 in each year from 2018 to 2021. Debt maturities related to the New Term Loans and the Notes (collectively, the 2023 Notes, the 2025 Notes, the Euro Notes and the 2027 Notes) in 2022 and beyond will be $4,060.

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Following the end of each fiscal year commencing on the year ended December 31, 2016, on an annual basis, the Company is also required to make additional principal repayments, depending on leverage levels as defined in the credit agreement, equivalent to up to 50% of excess cash flow based on certain leverage targets with stepdowns to 25% and 0% as actual leverage decreases to below a 3.00 to 1.00 leverage target. No principal repayments were required to be made in 2017 based upon the December 31, 2016 excess cash flow determined under the credit agreement.

Debt Fair Value

The fair values of the Dollar Term Loan, the Euro Term Loan, the 2023 Notes, the 2025 Notes, the Euro Notes and the 2027 Notes at June 30, 2017 were approximately $934, $455, $1,230, $817, $355 and $512, respectively. The estimated fair values of the New Term Loans and the Notes are based on quotes received from third party brokers, and are classified as Level 2 in the fair value hierarchy.

Note 13. Commitments and Contingent Liabilities

Litigation

In addition to the matters discussed below, Chemours, by virtue of its status as a subsidiary of DuPont prior to the separation, is subject to or required under the separation-related agreements executed prior to the separation to indemnify DuPont against various pending legal proceedings arising out of the normal course of Chemours' business including product liability, intellectual property, commercial, environmental and antitrust lawsuits. It is not possible to predict the outcomes of these various proceedings. Except for the litigation specific to PFOA (collectively, perfluorooctanoic acids and its salts, including the ammonium salt) for which a separate assessment is provided below, while management believes it is reasonably possible that Chemours could incur losses in excess of the amounts accrued, if any, for the aforementioned proceedings, it does not believe any such loss would have a material impact on Chemours' consolidated financial position, results of operations or liquidity. With respect to the litigation matters discussed below, including PFOA multi-district litigation (MDL), management's estimate of the probability of loss in excess of the amounts accrued, if any, is addressed individually for each matter. In the event that DuPont seeks indemnification for adverse trial rulings or outcomes for any such matter relating to PFOA, these indemnification claims could materially adversely affect Chemours' financial condition, results of operations or liquidity. Disputes between Chemours and DuPont may also arise with respect to indemnification matters, including disputes based on matters of law or contract interpretation. If and to the extent these disputes arise, they could materially adversely affect Chemours.

(a) Asbestos

In the separation, DuPont assigned its asbestos docket to Chemours. At June 30, 2017 and December 31, 2016, there were approximately 1,700 and 1,900 lawsuits pending, respectively, against DuPont alleging personal injury from exposure to asbestos. These cases are pending in state and federal court in numerous jurisdictions in the U.S. and are individually set for trial. A small number of cases are pending outside the U.S. Most of the actions were brought by contractors who worked at sites between 1950 and the 1990s. A small number of cases involve similar allegations by

DuPont employees or household members of contractors or DuPont employees. Finally, certain lawsuits allege personal injury as a result of exposure to DuPont products.

At June 30, 2017 and December 31, 2016, Chemours had an accrual of $41 related to this matter. Chemours reviews this estimate and related assumptions quarterly. Management believes that the likelihood is remote that Chemours would incur losses in excess of the amounts accrued in connection with this matter.

(b) Benzene

In the separation, DuPont assigned its benzene docket to Chemours. At June 30, 2017 and December 31, 2016, there were 19 and 27 cases pending against DuPont alleging benzene-related illnesses, respectively. These cases consist of premises matters involving contractors and deceased former employees who claim exposure to benzene while working at DuPont sites primarily in the 1960s through the 1980s, and product liability claims based on alleged exposure to benzene found in trace amounts in aromatic hydrocarbon solvents used to manufacture DuPont products such as paints, thinners and reducers.

A benzene case (Hood v. DuPont) was tried to a verdict in Texas state court on October 20, 2015. Plaintiffs alleged that Mr. Hood’s Acute Myelogenous Leukemia was the result of 24 years of occupational exposure to trace benzene found in DuPont automotive paint products and that DuPont negligently failed to warn him that its paints, reducers and thinners contained benzene that could cause

cancer or leukemia. The jury found in the Plaintiffs' favor, awarding $6.9 in compensatory damages and $1.5 in punitive damages. In March 2016, acting on the Company's motion, the court struck the punitive award. Through DuPont, Chemours has filed an appeal on the remaining award based upon substantial errors made at the trial court level. Plaintiffs have filed a cross appeal.

Management believes that a loss is reasonably possible related to these matters; however, given the evaluation of each benzene matter is highly fact-driven and impacted by disease, exposure and other factors, a range of such losses cannot be reasonably estimated at this time.

(c) PFOA

Prior to the fourth quarter of 2014, the performance chemicals segment of DuPont made PFOA at its Fayetteville, North Carolina plant and used PFOA as a processing aid in the manufacture of fluoropolymers and fluoroelastomers at certain sites including: Washington Works, Parkersburg, West Virginia; Chambers Works, Deepwater, New Jersey; Dordrecht Works, Netherlands; Changshu Works, China; and Shimizu, Japan. These sites are now owned and/or operated by Chemours.

Chemours recorded accruals of $335 and $349 related to the PFOA matters discussed below at June 30, 2017 and December 31, 2016, respectively. Specific to the PFOA MDL Settlement (also discussed below), the Company recorded accruals of approximately $320 and $335 at June 30, 2017 and December 31, 2016, respectively. During the second quarter of 2017, we paid $15 of the PFOA MDL Settlement and we expect to pay the remaining amount accrued for the PFOA MDL Settlement in August 2017.

The accruals also include charges related to DuPont's obligations under agreements with the U.S. Environmental Protection Agency (EPA) and voluntary commitments to the New Jersey Department of Environmental Protection. These obligations and voluntary commitments include surveying, sampling and testing drinking water in and around certain company sites offering treatment or an alternative supply of drinking water if tests indicate the presence of PFOA in drinking water at or greater than the national health advisory. A provisional health advisory level was set in 2009 at 0.4 parts per billion (ppb) that includes PFOA in drinking water. In May 2016, the EPA announced a health advisory level of 0.07 ppb that includes PFOA in drinking water. As a result, we recorded an additional $4 in the second quarter of 2016 based on management's best estimate of the impact of the new health advisory level on the Company's obligations to the EPA, which have expanded the testing and water supply commitments previously established. Based on prior testing, the Company has initiated additional testing and treatment in certain additional locations in and around the Chambers Works and Washington Works plants. The Company will continue to work with the EPA regarding the extent of work that may be required with respect to these matters.

Drinking Water Actions

In August 2001, a class action, captioned Leach v. DuPont, was filed in West Virginia state court alleging that residents living near the Washington Works facility had suffered, or may suffer, deleterious health effects from exposure to PFOA in drinking water.

DuPont and attorneys for the class reached a settlement in 2004 that binds about 80,000 residents. In 2005, DuPont paid the plaintiffs' attorneys' fees and expenses of $23 and made a payment of $70, which class counsel designated to

fund a community health project. Chemours, through DuPont, funded a series of health studies which were completed in October 2012 by an independent science panel of experts (C8 Science Panel). The studies were conducted in communities exposed to PFOA to evaluate available scientific evidence on whether any probable link exists, as defined in the settlement agreement, between exposure to PFOA and human disease. The C8 Science Panel found probable links, as defined in the settlement agreement, between exposure to PFOA and pregnancy-induced hypertension, including preeclampsia, kidney cancer, testicular cancer, thyroid disease, ulcerative colitis and diagnosed high cholesterol.

In May 2013, a panel of three independent medical doctors released its initial recommendations for screening and diagnostic testing of eligible class members. In September 2014, the medical panel recommended follow-up screening and diagnostic testing three years after initial testing, based on individual results. The medical panel has not communicated its anticipated schedule for completion of its protocol. Through DuPont, Chemours is obligated to fund up to $235 for a medical monitoring program for eligible class members and, in addition, administrative cost associated with the program, including class counsel fees. In January 2012, Chemours, through DuPont, put $1 in an escrow account to fund medical monitoring as required by the settlement agreement. The court-appointed Director of Medical Monitoring has established the program to implement the medical panel's recommendations and the registration process, as well as eligibility screening, is ongoing. Diagnostic screening and testing is ongoing and associated payments to service providers are being disbursed from the escrow account. As of June 30, 2017, less than $1 has been disbursed from the escrow account related to medical monitoring. While it is probable that the Company will incur costs related to the medical monitoring program

discussed above, such costs cannot be reasonably estimated due to uncertainties surrounding the level of participation by eligible class members and the scope of testing.

In addition, under the Leach settlement agreement, DuPont must continue to provide water treatment designed to reduce the level of PFOA in water to six area water districts and private well users. At separation, this obligation was assigned to Chemours, which is included in the accrual amounts recorded as of June 30, 2017.

Class members may pursue personal injury claims against DuPont only for those human diseases for which the C8 Science Panel determined a probable link exists. At June 30, 2017 and December 31, 2016, there were approximately 3,500 lawsuits filed in various federal and state courts in Ohio and West Virginia, an increase of approximately 600 over year-end 2014. These lawsuits are consolidated in an MDL in Ohio federal court. In the third quarter of 2014, six plaintiffs from the MDL were selected for individual bellwether trials.

Litigation and Procedural Posture Prior to Stay of MDL Litigation

The six bellwether cases in the MDL were tried, resolved, appealed or otherwise addressed. Two bellwether cases were tried to adverse verdicts, and three were settled for confidential amounts well below the incremental cost of preparing for trial and that were individually and in the aggregate immaterial to the Company. The final bellwether matter was removed from the bellwether group when it was determined that the plaintiff did not suffer from the alleged disease. Following the bellwethers, an additional case was tried to an adverse verdict and a fourth trial had commenced but was suspended when a settlement of the MDL was reached.

No other claims in the MDL have been settled or resolved during the period presented. Chemours, through DuPont, denies the allegations in these lawsuits and will resume defending the matters vigorously should the settlement not proceed.

Settlement of MDL between DuPont and MDL Plaintiffs

On February 11, 2017, DuPont entered into an agreement in principle with plaintiffs' counsel representing the MDL plaintiffs providing for a global settlement of all cases and claims in the MDL, including all filed and unfiled personal injury cases and claims that are part of the plaintiffs' counsel's claim inventory, as well as cases that have been tried to a jury verdict (MDL Settlement). A final agreement was executed on March 31, 2017. The total settlement amount is $670.7 in cash, half of which will be paid by Chemours and half paid by DuPont. DuPont's payment would not be subject to indemnification or reimbursement by Chemours, and Chemours accrued approximately $335 associated with this matter at December 31, 2016. In exchange for payment of the total settlement amount, DuPont and Chemours will receive a complete release of all claims by the settling plaintiffs. The MDL Settlement was entered into solely by way of compromise and settlement and is not in any way an admission of liability or fault by DuPont or Chemours. At June 30, 2017, $15 of the MDL Settlement balance has been paid. Chemours expects that the MDL Settlement will proceed to closure during the third quarter of 2017. Judicial proceedings related to this action have been stayed pending finalization of the settlement. If the MDL Settlement is terminated or otherwise does not proceed, additional lawsuits may go to trial.

Settlement between DuPont and Chemours Related to MDL

DuPont and Chemours have also agreed, subject to and following the completion of the MDL Settlement, to a limited sharing of potential future PFOA liabilities (indemnifiable losses, as defined in the separation agreement between DuPont and Chemours) for a period of five years. During that five-year period, Chemours would annually pay future PFOA liabilities up to $25 and, if such amount is exceeded, DuPont would pay any excess amount up to the next $25 (which payment will not be subject to indemnification by Chemours), with Chemours annually bearing any further excess liabilities under the terms of the separation agreement. After the five-year period, this limited sharing agreement would expire, and Chemours' indemnification obligations under the separation agreement would continue unchanged. Chemours has also agreed that, upon the MDL Settlement becoming effective, it will not contest its liability to DuPont under the separation agreement for PFOA liabilities on the basis of ostensible defenses generally applicable to the indemnification provisions under the separation agreement, including defenses relating to punitive damages, fines or penalties or attorneys' fees, and waives any such defenses with respect to PFOA liabilities. Chemours has, however, retained defenses as to whether any particular PFOA claim is within the scope of the indemnification provisions of the separation agreement.

Recent Developments – Centre Water

In May 2017, the Water Works and Sewer Board of the Town of Centre, Alabama filed suit against numerous carpet manufacturers located in Dalton, Georgia and suppliers and former suppliers, including DuPont, in Alabama state court. The complaint alleges

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negligence, nuisance and trespass in the release of perfluorinated compounds, including PFOA, into a river leading to the town's water source, and seeks compensatory and punitive damages. Management believes that the probability of loss is remote.

PFOA Summary

Chemours has accrued $320 and $335 associated with the MDL Settlement at June 30, 2017 and December 31, 2016, respectively. Chemours expects that the MDL Settlement will proceed to closure during the third quarter of 2017; however, if the MDL Settlement does not proceed, any cases stayed or additional lawsuits may go to trial. An adverse ruling at trial could result in our incurring additional costs and liabilities, which are difficult to estimate beyond accrued amounts and involve significant uncertainty due to the uniqueness of the individual MDL plaintiffs' claims and the defenses to those claims, both as to potential liability and damages on an individual claim basis, and numerous unsettled legal issues, among other factors, such as general versus specific causation, lack of specific fact discovery allowed to date on vast majority of the cases, lack of validation of basic facts associated with plaintiffs and related claims and the three cases tried to verdict did not inform of the many salient facts and legal issues needed for assessment of the other cases. The trials and appeals of the MDL matters can occur over the course of many years. Significant unfavorable outcomes in a number of cases in the MDL could have a material adverse effect on Chemours' consolidated financial position, results of operations or cash flows.

There could also be new lawsuits filed related to DuPont's use of PFOA, its manufacture of PFOA or its customers' use of DuPont products that may not be within the scope of the MDL Settlement. Any such new litigation could also result in Chemours incurring additional costs and liabilities. Management believes it is reasonably possible that the Company could incur losses related to other PFOA matters in excess of amounts accrued, but any such losses are not estimable at this time.

(d) U.S. Smelter and Lead Refinery, Inc.

Five lawsuits, including two putative class actions, were filed against DuPont by area residents concerning the U.S. Smelter and Lead Refinery multi-party Superfund site in East Chicago, Indiana. Three of the lawsuits allege that Chemours is now responsible for DuPont environmental liabilities. The lawsuits include allegations for personal injury damages, damages under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA, often referred to as Superfund) and damages under the Fair Housing Act. At separation, DuPont assigned Chemours its former plant site, which is located south of the residential portion of the Superfund area, and its responsibility for the environmental remediation at the Superfund site. DuPont has requested that Chemours defend and indemnify it, and Chemours has agreed to do so under a reservation of rights. Management believes a loss is reasonably possible, but not estimable at this time.

Environmental

Chemours, by virtue of its status as a subsidiary of DuPont prior to the separation, is subject to contingencies pursuant to environmental laws and regulations that in the future may require further action to correct the effects on the environment of prior disposal practices or releases of chemical substances by Chemours or other parties. Much of this

liability results from CERCLA, the Resource Conservation and Recovery Act and similar state and global laws. These laws require Chemours to undertake certain investigative, remediation and restoration activities at sites where Chemours conducts or once conducted operations or at sites where Chemours-generated waste was disposed. The accrual also includes estimated costs related to a number of sites identified for which it is probable that environmental remediation will be required, but which are not currently the subject of enforcement activities.

At June 30, 2017 and December 31, 2016, the consolidated balance sheets included a liability relating to these matters of $278, which, in management's opinion, is appropriate based on existing facts and circumstances. The time-frame for a site to go through all phases of remediation (investigation and active clean-up) may take about 15 to 20 years, followed by several years of ongoing maintenance and monitoring (OM&M) activities. Remediation activities, including OM&M activities, vary substantially in duration and cost from site to site. These activities, and their associated costs, depend on the mix of unique site characteristics, evolving remediation technologies, diverse regulatory requirements, as well as the presence or absence of other potentially responsible parties. In addition, for claims that Chemours may be required to indemnify DuPont pursuant to the separation-related agreements, Chemours, through DuPont, has limited available information for certain sites or is in the early stages of discussions with regulators. For these sites in particular, there may be considerable variability between the clean-up activities that are currently being undertaken or planned and the ultimate actions that could be required. Therefore, considerable uncertainty exists with respect to environmental remediation costs and, under adverse changes in circumstances, although deemed remote, the potential liability may range up to approximately $480 above the amount accrued at June 30, 2017.

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For the six months ended June 30, 2017 and 2016, Chemours incurred environmental remediation expenses of $18 and $11, respectively.

Based on existing facts and circumstances, management does not believe that any loss, in excess of amounts accrued, related to remediation activities at any individual site will have a material impact on the Company's financial position, results of operations or cash flows at any given year, as such obligation can be satisfied or settled over many years.

Additionally, as reported in the press and noted in public statements by the Company, governmental agencies and local community members have made inquiries and engaged in discussions with the Company with respect to the discharge of the polymerization processing aid GenX and certain similar compounds from the Company's facility in Fayetteville, North Carolina into the Cape Fear River. The Company believes that such discharges have not impacted the safety of drinking water in North Carolina. Nevertheless, to address community concerns, the Company has commenced capturing and separately disposing the wastewater containing such discharges. The Company is also cooperating with a variety of ongoing inquiries and investigations from federal, state and local investigators, regulators and other governmental authorities. It is possible that litigation will be filed against the Company and/or DuPont concerning discharges, although no lawsuits have been filed to date. The Company believes it would have valid defenses to any such litigation, including that the discharges did not impact the safety of drinking water or cause any injury. However, as these issues are in their early stages, it is not possible at this point to predict the timing, course or outcome of the governmental and regulatory inquiries and potential litigation, and it is possible that these matters could materially affect the Company's results and operations. In addition, local communities, organizations and regulatory agencies have raised questions concerning GenX at certain other manufacturing sites operated by the Company, and it is possible that similar developments to those described above and centering on the Fayetteville site could arise in other locations.

Note 14. Financial Instruments

Derivative Instruments

Foreign Currency Forward Contracts

Chemours uses foreign currency forward contracts to reduce its net exposure, by currency, related to non-functional currency-denominated monetary assets and liabilities of its operations so that exchange gains and losses resulting from exchange rate changes are minimized.  These derivative instruments are not part of a cash flow hedge program or a fair value hedge program, and have not been designated as a hedge.  Although all of the forward contracts are subject to an enforceable master netting agreement, Chemours has elected to present the derivative assets and liabilities on a gross basis on its consolidated balance sheets.  No collateral has been required for these contracts.  All gains and losses resulting from the revaluation of the derivative assets and liabilities are recognized in other income (expense), net in the consolidated statements of operations during the period in which they occurred.

At June 30, 2017, there were 22 foreign currency forward contracts outstanding with an aggregate gross notional value of $472.  Chemours recognized in other income (expense), net of the consolidated statements of operations net gains of $8 and $7 for the three and six months ended June 30, 2017, respectively, and a net gain of $1 and a net loss of $1 for the three and six months ended June 30, 2016, respectively.

Net Investment Hedge - Foreign Currency Borrowings

Chemours designated its Euro-denominated senior unsecured notes (Euro Notes) and, beginning in April 2017, also designated its new Euro Term Loan as a hedge of its net investments in certain of its international subsidiaries that use the Euro as functional currency in order to reduce the volatility in stockholders’ equity caused by the changes in foreign currency exchange rates of the Euro with respect to the U.S. Dollar. Chemours uses the spot method to measure the effectiveness of the net investment hedge. For each reporting period, the change in the carrying value of the Euro Notes and Euro Term Loan due to remeasurement of the effective portion are reported in accumulated other comprehensive loss on the consolidated balance sheets, and the remaining change in the carrying value of the ineffective portion, if any, is recognized in other income (expense), net in the consolidated statements of operations. Chemours evaluates the effectiveness of its net investment hedge quarterly. Chemours did not record any ineffectiveness for the three and six months ended June 30, 2017 and 2016. The Company recognized a loss of $40 and $50 on its net investment hedges for the three and six months ended June 30, 2017, respectively. The Company recognized a gain of $4 and a loss of $3 on its net investment hedges for the three and six months ended June 30, 2016, respectively.

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Fair Value of Derivative Instruments

The table below presents the fair value of Chemours' derivative assets and liabilities within the fair value hierarchy:

| | Balance Sheet Location | Fair Value Using Level 2 Inputs June 30, 2017 | December 31, 2016 |
|---|---|---|---|
| Asset derivatives | | | |
| Foreign currency forward contracts | Accounts and notes receivable - trade, net | $4 | $ 2 |
| Total asset derivatives | | $4 | $ 2 |
| Liability derivatives | | | |
| Foreign currency forward contracts | Other accrued liabilities | $(1) | $ 4 |
| Total liability derivatives | | $(1) | $ 4 |

We classify our foreign currency forward contracts as Level 2 financial instruments within the fair value hierarchy as the valuation inputs are based on quoted prices and market observable data of similar instruments. For derivative assets and liabilities, standard industry models are used to calculate the fair value of the various financial instruments based on significant observable market inputs, such as foreign exchange rates and implied volatilities obtained from various market sources. Market inputs are obtained from well-established and recognized vendors of market data and subjected to tolerance/quality checks.

Note 15. Long-term Employee Benefits

The components of net periodic pension income for all significant pension plans were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net periodic pension cost (income): | | | | |
| Service cost | $3 | $4 | $7 | $7 |
| Interest cost | 3 | 5 | 7 | 10 |
| Expected return on plan assets | (17) | (17) | (34) | (33) |
| Amortization of actuarial loss | 5 | 7 | 10 | 11 |
| Amortization of prior service gain | — | — | — | (1) |
| Curtailment gain | — | (2) | — | (2) |
| Net periodic pension income | $(6) | $(3) | $(10) | $(8) |

The net periodic pension income is based on estimated values and an extensive use of assumptions about the discount rate, expected return on plan assets and the rate of future compensation increases received by the Company's employees.

The Company made cash contributions of $5 and $10 to its pension plans during the three and six months ended June 30, 2017 and expects to make additional cash contributions of $15 to its pension plans during the remainder of 2017.

Note 16. Stock-based Compensation

Total stock-based compensation cost included in the consolidated statements of operations was $9 and $15 for the three and six months ended June 30, 2017, respectively, and $5 and $10 for the three and six months ended June 30, 2016, respectively. The income tax provision for the three and six months ended June 30, 2017 is inclusive of a $3 and $13 income tax benefit from windfalls on share-based payments, respectively, due to our adoption of ASU No. 2016-09 during 2017.

The Chemours Company Equity and Incentive Plan (Prior Plan) and The Chemours Company 2017 Equity and Incentive Plan (2017 Plan) provide for grants to certain employees, independent contractors or non-employee directors of the Company of different forms of awards, including stock options, RSUs and performance share units (PSUs). The Prior Plan provided for DuPont equity awards that converted into new Chemours equity awards at the separation date. The Prior Plan also had a maximum shares reserve of 13,500,000 for the grant of equity awards. On April 26, 2017, stockholders approved the 2017 Plan. As a result, no further grants will be made under the Prior Plan. A total of 19,000,000 shares of Company common stock may be subject to awards granted under the 2017 Plan, less one share for every one share that was subject to an option or stock appreciation right granted after December 31, 2016 under the

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Prior Plan, and 1.5 shares for every one share that was subject to an award other than an option or stock appreciation right granted after December 31, 2016 under the Prior Plan. Any shares that are subject to options or stock appreciation rights will be counted against this limit as one share for every one share granted, and any shares that are subject to awards other than options or stock appreciation rights will be counted against this limit as 1.5 shares for every one share granted. Awards that were outstanding under the Prior Plan remain outstanding under the Prior Plan in accordance with their terms. Shares underlying awards granted under the Prior Plan after December 31, 2016 that are forfeited, cancelled or that otherwise do not result in the issuance of shares, will be available for issuance under the 2017 Plan. As of June 30, 2017, 17,434,031 shares of equity and incentive plan reserve are available for grants under the 2017 Plan.

The Chemours Compensation Committee determines the long-term incentive mix, including stock options, RSUs and PSUs, and may authorize new grants annually.

Stock Options

Chemours granted non-qualified options to certain of its employees, which will serially vest over a three-year period and expire 10 years from the date of grant. The expense related to stock options granted in the six months ended June 30, 2017 was based on the weighted-average assumptions shown in the table below:

| | Six Months Ended June 30, 2017 | |
|---|---|---|
| Risk-free interest rate | 2.14 | % |
| Expected term (years) | 6.00 | |
| Volatility | 44.49 | % |
| Dividend yield | 0.35 | % |
| Fair value per stock option | $ 15.20 | |

The Company determined the dividend yield by dividing the expected annual dividend on the Company's stock by the option exercise price. A historical daily measurement of volatility is determined based on the average volatility of peer companies adjusted for the Company’s debt leverage. The risk-free interest rate is determined by reference to the yield on an outstanding U.S. Treasury note with a term equal to the expected life of the option granted. Expected life is determined using a simplified approach, calculated as the midpoint between the graded vesting period and the contractual life of the award.

The following table summarizes Chemours’ stock option activity for the six months ended June 30, 2017:

| | Number of Shares (in thousands) | Weighted-Average Exercise Price (per share) | Weighted-Average Remaining Contractual Term (years) | Aggregate Intrinsic Value (in thousands) |
|---|---|---|---|---|
| Outstanding, December 31, 2016 | 7,969 | $ 13.72 | 5.08 | $ 66,668 |
| Granted | 685 | 34.81 | | |
| Exercised | (1,629) | 14.41 | | |
| Forfeited | (34) | 16.81 | | |
| Expired | (17) | 8.61 | | |
| Outstanding, June 30, 2017 | 6,974 | $ 15.63 | 5.44 | $ 155,464 |
| Exercisable, June 30, 2017 | 4,093 | $ 14.02 | 2.98 | $ 97,813 |

The aggregate intrinsic values in the table above represent the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day at the end of the quarter and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options at quarter-end. The amount changes based on the fair market value of the Company’s stock. The total intrinsic value of options exercised for the six months ended June 30, 2017 was $30. In 2016, the total intrinsic value of options exercised for the year was approximately $7.

As of June 30, 2017, $10 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.38 years.

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RSUs

Chemours granted RSUs to key management employees that generally vest over a three-year period and, upon vesting, convert one-for-one to Chemours' common stock. The fair value of all stock-settled RSUs is based upon the market price of the underlying common stock as of the grant date.

Non-vested awards of RSUs, both with and without a performance condition, as of June 30, 2017 are shown below:

| | Number of Shares (in thousands) | Weighted-Average Grant Date Fair Value (per share) |
|---|---|---|
| Non-vested, December 31, 2016 | 2,316 | $ 11.23 |
| Granted | 186 | 35.48 |
| Vested | (1,131) | 11.23 |
| Forfeited | (20) | 14.30 |
| Non-vested, June 30, 2017 | 1,351 | $ 14.50 |

As of June 30, 2017, there was $9 of unrecognized stock-based compensation expense related to non-vested awards, which is expected to be recognized over a weighted-average period of 1.00 year.

PSUs

Chemours issued PSUs to key senior management employees which, upon vesting, convert one-for-one to Chemours' common stock if specified performance goals, including certain market-based conditions, are met over the three-year performance period specified in the grant, subject to exceptions through the respective vesting period of three years. Each grantee is granted a target award of PSUs, and may earn between 0% and 200% of the target amount depending on the Company's performance against stated performance goals. The Company recorded stock-based compensation related to PSUs as a component of selling, general and administrative expense of approximately $2 and $3 for the three and six months ended June 30, 2017, respectively, and less than $1 for the three and six months ended June 30, 2016.

The following table provides compensation costs for stock-based compensation related to PSUs at 100% of target amounts:

| | Number of Shares (in thousands) | | Weighted-Average Grant Date Fair Value (per share) |
|---|---|---|---|
| Non-vested, December 31, 2016 | 803 | | $ 6.10 |
| Granted | 208 | | 40.07 |
| Vested | — | | — |
| Forfeited | (33 | ) | 14.89 |
| Non-vested, June 30, 2017 | 978 | | $ 12.84 |

A portion of the fair value of PSUs was estimated at the grant date based on the probability of satisfying the market-based conditions associated with the PSUs using the Monte Carlo valuation method, which assesses probabilities of various outcomes of market conditions. The other portion of the fair value of the PSUs is based on the fair market value of the Company's stock at the grant date, regardless of whether the market-based condition is satisfied. The per unit weighted-average fair value at the date of grant for PSUs granted during the three and six months ended June 30, 2017 was $47.64 and $40.07, respectively. The fair value of each PSU grant is amortized monthly into compensation expense based on their respective vesting conditions over three annual measurement periods. The accrual of compensation costs is based on our estimate of the final expected value of the award, and is adjusted as required for the portion based on the performance-based condition. The Company assumes that forfeitures will be minimal and recognizes forfeitures as they occur, which results in a reduction in compensation expense. As the payout of PSUs includes dividend equivalents, no separate dividend yield assumption is required in calculating the fair value of the PSUs.

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As of June 30, 2017, based on the Company's assessment of its performance goals for 2016 and 2017, approximately 450,000 additional shares may be awarded under the 2016 and 2017 grant awards.

Note 17. Segment Information

Chemours' operations are classified into three reportable segments based on similar economic characteristics, the nature of products and production processes, end-use markets, channels of distribution and regulatory environments. Chemours' reportable segments are: Titanium Technologies, Fluoroproducts and Chemical Solutions. Corporate costs and certain legal and environmental expenses that are not allocated to the reportable segments and foreign exchange gains and losses are reflected in Corporate and Other.

Segment sales include transfers to another reportable segment. Certain products are transferred between segments on a basis intended to reflect, as nearly as practicable, the market value of the products. These product transfers were limited and were not significant for each of the periods presented. Depreciation and amortization includes depreciation on research and development facilities and amortization of other intangible assets, excluding write-down of assets.

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is the primary measure of segment profitability used by the Chief Operating Decision Maker and is defined as income (loss) before income taxes excluding the following:

- interest expense, depreciation and amortization;
- non-operating pension and other post-retirement employee benefit costs, which represent the components of net periodic pension (income) costs excluding service cost component;
- exchange (gains) losses included in other income (expense), net of the consolidated statement of operations;
- restructuring, asset-related charges and other charges, net;
- asset impairments;
- (gains) losses on sale of business or assets; and
- other items not considered indicative of our ongoing operational performance and expected to occur infrequently.

| Three Months Ended June 30, | Titanium Technologies | Fluoroproducts | Chemical Solutions | Corporate and Other | Total |
|---|---|---|---|---|---|
| 2017 | | | | | |
| Net sales to external customers | $ 729 | $ 710 | $ 149 | $ — | $1,588 |
| Adjusted EBITDA | 193 | 197 | 7 | (36) | 361 |
| Depreciation and amortization | 32 | 28 | 4 | 7 | 71 |
| | | | | | |
| 2016 | | | | | |
| Net sales to external customers | $ 596 | $ 573 | $ 214 | $ — | $1,383 |

| | | | | | |
|---|---|---|---|---|---|
| Adjusted EBITDA | 111 | 105 | 11 | (40) | 187 |
| Depreciation and amortization | 32 | 25 | 8 | 8 | 73 |

| Six Months Ended June 30, | Titanium Technologies | Fluoroproducts | Chemical Solutions | Corporate and Other | Total |
|---|---|---|---|---|---|
| 2017 | | | | | |
| Net sales to external customers | $ 1,375 | $ 1,360 | $ 289 | $ — | $ 3,024 |
| Adjusted EBITDA | 352 | 352 | 19 | (76) | 647 |
| Depreciation and amortization | 65 | 53 | 9 | 15 | 142 |
| | | | | | |
| 2016 | | | | | |
| Net sales to external customers | $ 1,117 | $ 1,104 | $ 459 | $ — | $ 2,680 |
| Adjusted EBITDA | 166 | 190 | 21 | (62) | 315 |
| Depreciation and amortization | 54 | 49 | 20 | 16 | 139 |

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The following is a tabular reconciliation of consolidated income (loss) before income taxes to Adjusted EBITDA:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Income (loss) before income taxes | $225 | $(41 ) | $399 | $28 |
| Interest expense, net | 55 | 50 | 106 | 106 |
| Depreciation and amortization | 71 | 73 | 142 | 139 |
| Non-operating pension and other post-retirement employee benefit income | (10 ) | (7 ) | (18 ) | (14 ) |
| Exchange (gains) losses | (2 ) | 14 | (7 ) | 20 |
| Restructuring charges | 6 | 9 | 18 | 27 |
| Asset-related charges | 2 | 63 | 2 | 63 |
| Loss (gain) on sale of assets and businesses | 2 | 1 | (14 ) | (88 ) |
| Transaction costs [1] | 2 | 12 | 2 | 15 |
| Legal and other charges [2] | 10 | 13 | 17 | 19 |
| Adjusted EBITDA | $361 | $187 | $647 | $315 |

[1] Includes accounting, legal and bankers transaction fees incurred related to the Company's strategic initiatives.

[2] Includes litigation settlements, water treatment accruals related to PFOA, employee separation costs and lease termination charges.

Note 18. Guarantor Condensed Consolidating Financial Information

The following guarantor financial information is included in accordance with Rule 3-10 of Regulation S-X (Rule 3-10) in connection with the issuance of the Notes by The Chemours Company (Parent Issuer). The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured unsubordinated basis, in each case, subject to certain exceptions, by the Parent Issuer and by certain subsidiaries (together, Guarantor Subsidiaries). Each of the Guarantor Subsidiaries is 100% owned by the Company. No other subsidiaries of the Company, either direct or indirect, guarantee the Notes (together, Non-Guarantor Subsidiaries). The Guarantor Subsidiaries, excluding the Parent Issuer, will be automatically released from those guarantees upon the occurrence of certain customary release provisions.

The following condensed consolidating financial information is presented to comply with the Company’s requirements under Rule 3-10:

- the condensed consolidating statements of comprehensive income (loss) for the three and six months ended June 30, 2017 and 2016;
- the condensed consolidating balance sheets as of June 30, 2017 and December 31, 2016; and
- the condensed consolidating statements of cash flows for the six months ended June 30, 2017 and 2016.

The condensed consolidating financial information is presented using the equity method of accounting for the Company's investments in 100% owned subsidiaries. Under the equity method, the investments in subsidiaries are recorded at cost and adjusted for our share of the subsidiaries' cumulative results of operations, capital contributions, distributions and other equity changes. The elimination entries principally eliminate investments in subsidiaries and intercompany balances and transactions. The financial information in this footnote should be read in conjunction with the consolidated financial statements presented and other notes related thereto contained in this Quarterly Report on Form 10-Q.

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Condensed Consolidating Statements of Comprehensive Income (Loss)

| | Three Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Parent Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations and Adjustments | Consolidated |
| Net sales | $— | $ 983 | $ 995 | $ (390) | $ 1,588 |
| Cost of goods sold | — | 790 | 753 | (396) | 1,147 |
| Gross profit | — | 193 | 242 | 6 | 441 |
| Selling, general and administrative expense | 12 | 123 | 32 | (10) | 157 |
| Research and development expense | — | 20 | 1 | — | 21 |
| Restructuring and asset-related charges, net | — | 6 | — | — | 6 |
| Total expenses | 12 | 149 | 33 | (10) | 184 |
| Equity in earnings of affiliates | — | — | 10 | — | 10 |
| Equity in earnings of subsidiaries | 189 | — | — | (189) | — |
| Interest (expense) income, net | (56) | 1 | — | — | (55) |
| Intercompany interest income (expense), net | 16 | — | (16) | — | — |
| Other income (expense), net | 7 | 29 | (12) | (11) | 13 |
| Income before income taxes | 144 | 74 | 191 | (184) | 225 |
| (Benefit from) provision for income taxes | (17) | 17 | 63 | 1 | 64 |
| Net income | 161 | 57 | 128 | (185) | 161 |
| Less: Net income attributable to non-controlling interests | — | — | — | — | — |
| Net income attributable to Chemours | $161 | $ 57 | $ 128 | $ (185) | $ 161 |
| Comprehensive income attributable to Chemours | $207 | $ | | | |