Chemours Co
Form 10-Q
November 07, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016

OR

o 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 Incorporation or Organization)	(I.R.S. Employer 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 x No o

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 x No o

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

Non-Accelerated Filer x Smaller reporting company o

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

The Registrant had 181,834,319 shares of common stock, $0.01 par value, outstanding at November 2, 2016.

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 September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net sales	$1,398	$1,486	$4,078	$4,357
Cost of goods sold	1,056	1,222	3,267	3,615
Gross profit	342	264	811	742
Selling, general and administrative expense	148	157	454	481
Research and development expense	19	18	60	68
Restructuring and asset related charges, net	60	184	145	245
Goodwill impairment	—	25	—	25
Total expenses	227	384	659	819
Equity in earnings of affiliates	9	7	17	18
Interest expense, net	(51)	(51)	(157)	(79)
Other income, net	161	57	250	71
Income (loss) before income taxes	234	(107)	262	(67)
Provision (benefit from) for income taxes	30	(78)	25	(63)
Net income (loss)	204	(29)	237	(4)
Less: Net income attributable to noncontrolling interests	—	—	—	—
Net income (loss) attributable to Chemours	$204	$(29)	$237	$(4)
Per share data [1]				
Basic earnings (loss) per share of common stock	$1.12	$(0.16)	$1.31	$(0.02)
Diluted earnings per share of common stock	$1.11	$(0.16)	$1.30	$(0.02)
Dividends per share of common stock	$0.03	$0.03	$0.09	$0.58

[1] Refer to Note 9 for information regarding the calculation of basic and diluted earnings per share.

See accompanying notes to the interim consolidated financial statements.

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The Chemours Company
Interim Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(Dollars in millions)

	Three months ended September 30,					
	2016			2015		
	Pre-Tax	Tax	After-Tax	Pre-Tax	Tax	After-Tax
Net income (loss)	$234	$(30)	$ 204	$(107)	$78	$ (29)
Other comprehensive income (loss):						
Unrealized loss on net investment hedge	(6)	—	(6)	—	—	—
Cumulative translation adjustments	10	—	10	(52)	—	(52)
Pension benefit plans, net:						
Net loss	—	—	—	(3)	—	(3)
Prior service benefit	—	—	—	17	(2)	15
Effect of foreign exchange rates	(3)	1	(2)	4	(1)	3
Reclassifications to net income: [1]						
Amortization of prior service cost	—	—	—	1	—	1
Amortization of loss	6	(2)	4	4	(1)	3
Pension benefit plans, net	3	(1)	2	23	(4)	19
Other comprehensive income (loss)	7	(1)	6	(29)	(4)	(33)
Comprehensive income (loss)	241	(31)	210	(136)	74	(62)
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	—	—	—	—	—
Comprehensive income (loss) attributable to Chemours	$241	$(31)	$ 210	$(136)	$74	$ (62)

	Nine months ended September 30,					
	2016			2015		
	Pre-Tax	Tax	After-Tax	Pre-Tax	Tax	After-Tax
Net income (loss)	$262	$(25)	$ 237	$(67)	$63	$ (4)
Other comprehensive income (loss):						
Unrealized loss on net investment hedge	(9)	—	(9)	—	—	—
Cumulative translation adjustments	20	—	20	(286)	—	(286)
Pension benefit plans, net:						
Net loss	(7)	1	(6)	—	—	—
Prior service benefit	—	—	—	17	(2)	15
Effect of foreign exchange rates	(5)	2	(3)	27	(7)	20
Reclassifications to net income: [1]						
Amortization of prior service cost	(1)	—	(1)	3	—	3
Amortization of loss	18	(5)	13	11	(2)	9
Curtailment gain	(2)	1	(1)	—	—	—
Pension benefit plans, net	3	(1)	2	58	(11)	47
Other comprehensive income (loss)	14	(1)	13	(228)	(11)	(239)
Comprehensive income (loss)	276	(26)	250	(295)	52	(243)
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	—	—	—	—	—
Comprehensive income (loss) attributable to Chemours	$276	$(26)	$ 250	$(295)	$52	$ (243)

[1] These other comprehensive income (loss) components are included in the computation of net periodic benefit costs (refer to Note 18 for further information).
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 amount)

	September 30, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 957	$ 366
Accounts and notes receivable - trade, net	881	859
Inventories	846	972
Prepaid expenses and other	73	104
Total current assets	2,757	2,301
Property, plant and equipment	8,218	9,015
Less: Accumulated depreciation	(5,393)	(5,838)
Net property, plant and equipment	2,825	3,177
Goodwill	153	166
Other intangible assets, net	18	10
Investments in affiliates	169	136
Other assets	367	508
Total assets	$ 6,289	$ 6,298
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 835	$ 973
Short-term borrowings and current maturities of long-term debt	32	39
Other accrued liabilities	569	454
Total current liabilities	1,436	1,466
Long-term debt, net	3,713	3,915
Deferred income taxes	201	234
Other liabilities	558	553
Total liabilities	5,908	6,168
Commitments and contingent liabilities		
Equity		
Common stock (par value $0.01 per share; 810,000,000 shares authorized; 181,720,722 shares issued and outstanding as of September 30, 2016)	2	2
Additional paid in capital	781	775
Retained earnings (accumulated deficit)	117	(115)
Accumulated other comprehensive loss	(523)	(536)
Total Chemours stockholders' equity	377	126
Noncontrolling interests	4	4
Total equity	381	130
Total liabilities and equity	$ 6,289	$ 6,298

See accompanying notes to the interim consolidated financial statements.

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The Chemours Company
Interim Consolidated Statements of Stockholders' Equity (Unaudited)
Nine Months Ended September 30, 2016 and 2015
(Dollars in millions)

	Common Stock							
	Shares	Amount	DuPont Company Net Investment	Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Noncontrolling Interests	Total
Balance at January 1, 2015	—	—	$ 3,650	$ —	$ 19	$ —	$ 4	$ 3,673
Net income (loss)	—	—	25	—	—	(29)	—	(4)
Issuance of Common Stock at separation	180,966,833	2	—	(2)	—	—	—	—
Common Stock issued - compensation plans	1,962	—	—	—	—	—	—	—
Establishment of pension plans, net and related accumulated other comprehensive income (loss)	—	—	268	—	(311)	—	—	(43)
Dividend declared	—	—	(100)	(5)	—	—	—	(105)
Non-cash debt exchange	—	—	(507)	—	—	—	—	(507)
Cash provided at separation by DuPont	—	—	247	—	—	—	—	247
Net transfers from DuPont, net of elimination of predecessor balances	—	—	(3,583)	643	—	—	—	(2,940)
Other comprehensive loss	—	—	—	—	(239)	—	—	(239)
Stock based compensation expense	—	—	—	9	—	(1)	—	8
Balance at September 30, 2015	180,968,795	$ 2	$ —	$ 645	$ (531)	$ (30)	$ 4	$ 90
Balance at January 1, 2016	181,069,751	$ 2	$ —	$ 775	$ (536)	$ (115)	$ 4	$ 130
Net income	—	—	—	—	—	237	—	237
Common Stock issued - compensation plans	650,971	—	—	—	—	—	—	—
Dividends	—	—	—	(11)	—	(5)	—	(16)
Other comprehensive income	—	—	—	—	13	—	—	13
Stock based compensation	—	—	—	17	—	—	—	17
Balance at September 30, 2016	181,720,722	$ 2	$ —	$ 781	$ (523)	$ 117	$ 4	$ 381

See accompanying notes to the interim consolidated financial statements.

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The Chemours Company
Interim Consolidated Statements of Cash Flows (Unaudited)
(Dollars in millions)

	Nine months ended September 30,	
	2016	2015
Operating activities		
Net income (loss)	$237	$(4)
Adjustments to reconcile net income (loss) to cash used for operating activities:		
Depreciation and amortization	212	201
Amortization of debt issuance costs and discount	15	5
Gain on sale of assets and business	(258)	—
Equity in earnings of affiliates	(17)	(18)
Deferred tax benefits	(29)	(86)
Asset related charges	109	191
Other operating charges and credits, net	33	17
(Increase) decrease in operating assets:		
Accounts and notes receivable - trade, net	(63)	(250)
Inventories and other operating assets	113	(29)
Decrease in operating liabilities:		
Accounts payable and other operating liabilities	(28)	(147)
Cash provided by (used for) operating activities	324	(120)
Investing activities		
Purchases of property, plant and equipment	(235)	(392)
Proceeds from sales of assets and business, net of cash transferred	707	8
Foreign exchange contract settlements	(1)	61
Investment in affiliates	(2)	(32)
Cash provided by (used for) investing activities	469	(355)
Financing activities		
Proceeds from issuance of debt, net	—	3,490
Debt repayments	(212)	(6)
Deferred financing fees	(2)	(79)
Dividends paid	(16)	(100)
Cash provided at separation by DuPont	—	247
Net transfers to DuPont	—	(2,857)
Cash (used for) provided by financing activities	(230)	695
Effect of exchange rate changes on cash and cash equivalents	28	(5)
Increase in cash and cash equivalents	591	215
Cash and cash equivalents at beginning of period	366	—
Cash and cash equivalents at end of period	$957	$215
Non-cash investing activities:		
Change in property, plant and equipment included in accounts payable	$9	$(42)

See accompanying notes to the interim consolidated financial statements.

Note 1. Background and Description of the Business

The Chemours Company ("Chemours" or the "Company") delivers customized solutions with a wide range of industrial and specialty chemical products for markets including plastics and coatings, refrigeration and air conditioning, general industrial, mining and oil refining. Principal products include titanium dioxide ("TiO_2"), refrigerants, industrial fluoropolymer resins and sodium cyanide. Chemours consists of three reportable segments: Titanium Technologies, Fluoroproducts and Chemical Solutions.

Chemours is globally operated with manufacturing facilities, sales centers, administrative offices and warehouses located throughout the world. Chemours' operations are primarily located in the United States (U.S.), Canada, Mexico, Brazil, the Netherlands, Belgium, China, Taiwan, Japan, Switzerland, Singapore, Hong Kong, India and France.

During 2016, Chemours sold its Clean & Disinfect product line (the "C&D business"), Sulfur Products business (the "Sulfur business") and its aniline facility in Beaumont, Texas, which collectively consisted of 10 production facilities from the Chemical Solutions segment. As of September 30, 2016, Chemours consists of 25 production facilities globally, five dedicated to Titanium Technologies, 16 dedicated to Fluoroproducts, three dedicated to Chemical Solutions and one that supports multiple Chemours segments.

Effective prior to the opening of trading on the New York Stock Exchange ("NYSE") on July 1, 2015 (the "Distribution Date"), E. I. du Pont de Nemours and Company ("DuPont") completed the previously announced separation of the businesses comprising DuPont's Performance Chemicals reporting segment, and certain other assets and liabilities, into Chemours, a separate and distinct public company. The separation was completed by way of a distribution of all of the then-outstanding shares of common stock of Chemours through a dividend in kind of Chemours' common stock (par value $0.01) to holders of DuPont common stock (par value $0.30) as of the close of business on June 23, 2015 (the "Record Date").

On the Distribution Date, each holder of DuPont's common stock received one share of Chemours' common stock for every five shares of DuPont's common stock held on the Record Date. The separation was completed pursuant to a Separation Agreement and other agreements with DuPont related to the separation, including an Employee Matters Agreement, a Tax Matters Agreement, a Transition Services Agreement and an Intellectual Property Cross-License Agreement. These agreements govern the relationship between Chemours and DuPont following the separation and provided for the allocation of various assets, liabilities, rights and obligations. These agreements also include arrangements for transition services to be provided by DuPont to Chemours.

Unless the context otherwise requires, references in these Notes to the Interim Consolidated Financial Statements to "we," "us," "our," "Chemours" and the "Company" refer to The Chemours Company and its consolidated subsidiaries after giving effect to the separation.

Note 2. Basis of Presentation

The accompanying interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) 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 accounting principles generally accepted in the United States of America. 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, 2015.

Chemours did not operate as a separate, stand-alone entity for the full period covered by the 2015 interim consolidated financial statements. Prior to the separation on July 1, 2015, Chemours operations were included in DuPont's financial results in different legal forms, including but not limited to wholly-owned subsidiaries for which Chemours was the sole business, components of legal entities in which Chemours operated in conjunction with other DuPont businesses and a majority owned joint venture. For periods prior to July 1, 2015, the interim consolidated financial statements

have been prepared from DuPont's historical accounting records and are presented on a stand-alone basis as if the business operations had been conducted independently from DuPont. DuPont and its subsidiaries' net investments in these operations are shown in lieu of Stockholders' Equity in the interim consolidated financial statements for the period ended September 30, 2015. The interim consolidated financial statements include the historical operations, assets and liabilities of the legal entities that were considered to comprise the Chemours business, including certain environmental remediation and litigation obligations for which Chemours has indemnified DuPont.

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

All of the allocations and estimates in the interim consolidated financial statements prior to July 1, 2015 were based on assumptions that management believed were reasonable. However, the interim consolidated financial statements for the nine months ended September 30, 2015 included herein may not be indicative of the results of operations and cash flows of Chemours if it had been a separate, stand-alone entity during that period.

The net transfers from DuPont in the Interim Consolidated Statements of Stockholders' Equity for the nine months ended September 30, 2015 include a non-cash contribution from DuPont of $93. This non-cash contribution occurred during physical separation activities at shared production facilities in the United States prior to the separation.

Note 3. Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued various updates to the Accounting Standards Update (ASU) 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which clarifies and amends certain cash receipts and cash payments presentation and classification in the statement of cash flows. The guidance is effective for public entities for fiscal years beginning after December 31, 2017, and interim periods within those fiscal years. The amendments should be applied using a retrospective transition method (unless impractical to do so) to 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 through May 2016, the FASB issued various updates to the ASU No. 2014-09, "Revenue from contracts with customers (Topic 606)." The additional updates provide further clarifications on certain objectives and application of the core principle of Topic 606 for recognizing revenue. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The guidance is effective for public entities for annual and interim periods beginning after December 15, 2016 (original effective date), with one year deferral permitted from the original effective date. Chemours is currently evaluating the impact of adopting the guidance on its financial positions and results of operations and expects to adopt the guidance effective January 1, 2018.

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 periods, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted for any entity in any interim or annual period. Chemours is currently evaluating the impact of adopting this guidance but does not expect the adoption will have a significant impact on its financial position or results of operations.

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 the assets and liabilities that arise from leases in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and, therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. A qualitative disclosure along with specific quantitative disclosures is 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 fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendments in this update is permitted for all entities. Chemours is currently evaluating the impact of adopting this guidance on its financial position, results of operations and debt covenants.

In April 2015, the FASB issued ASU 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement," which provides guidance about whether a cloud computing arrangement includes a software license. The customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. This guidance is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015, and early adoption is permitted. Chemours adopted this guidance effective January 1, 2016 prospectively to all arrangements entered into or materially modified after the effective date. The adoption did not have a significant impact on our financial position or results of operations.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." The amendments modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities and eliminate the presumption that a general partner should consolidate a limited partnership. The amendment is effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Chemours adopted this guidance effective January 1, 2016 and the adoption did not change our consolidated entities, and therefore had no effect on our financial position, results of operations and cash flows.

Note 4. Relationship with DuPont and Related Entities

Prior to the separation, including the nine months ended September 30, 2015, Chemours sold finished goods to DuPont and its non-Chemours businesses. Related party sales to DuPont recorded by Titanium Technologies, Fluoroproducts and Chemical Solutions for the nine months ended September 30, 2015 were $2, $34 and $21, respectively. Subsequent to the separation, beginning on July 1, 2015, transactions with DuPont businesses were not considered related party transactions.

Also prior to the separation, DuPont incurred significant corporate costs for services provided to Chemours as well as other DuPont businesses. These costs included expenses for information systems, accounting, other financial services such as treasury and audit, purchasing, human resources, legal, facilities, engineering, corporate research and development, corporate stewardship, marketing and business analysis support. A portion of these costs benefited multiple or all DuPont businesses, including Chemours, and were allocated to Chemours and its reportable segments using methods based on proportionate formulas involving total costs or other various allocation methods that management considered consistent and reasonable. Other Chemours corporate costs are not allocated to the reportable segments and are reported in Corporate and Other.

The allocated leveraged functional service expenses and general corporate expenses included in the Interim Consolidated Statements of Operations were $238 for the nine months ended September 30, 2015, respectively, and were recorded within cost of goods sold, selling, general and administrative expense and research and development expense for $23, $205 and $10, respectively. Subsequent to the separation on July 1, 2015, transactions with DuPont businesses were not considered related party transactions. Accordingly, no costs from DuPont were allocated to Chemours for the three and nine months ended September 30, 2016.

Cash Management and Financing

The separation agreement sets forth a process to true-up cash and working capital transferred to us from DuPont at separation. In January 2016, Chemours and DuPont entered into an agreement, contingent upon the credit agreement amendment (described in Note 15), which provided for the extinguishment of payment obligations of cash and working capital true-ups previously contemplated in the separation agreement. As a result, Chemours is no longer required to make any payments to DuPont, nor will DuPont make any payments to Chemours.

In addition, the agreement set forth an advance payment by DuPont of approximately $190, which Chemours received in February 2016, for certain specified goods and services that Chemours expects to provide to DuPont over twelve to fifteen months under existing agreements between the parties. The advance payment was recorded as deferred liability included in other accrued liabilities of the Interim Consolidated Balance Sheets and approximately $93 remains outstanding as of September 30, 2016.

Tax Matters Agreement

The tax matters agreement that Chemours and DuPont entered into governs the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. In general, under the agreement, DuPont is responsible for any U.S. federal, state and local taxes (and any related interest, penalties or audit adjustments) reportable on a consolidated, combined or unitary return that includes DuPont or any of its subsidiaries and Chemours and/or any of its subsidiaries for any periods or portions thereof ending on or prior to the date of the separation and Chemours is responsible for any U.S. federal, state, local and foreign taxes (and any related interest,

penalties or audit adjustments) that are imposed on Chemours and/or any of its subsidiaries for all tax periods, whether before or after the date of the separation.

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Note 5. Restructuring and Asset Related Charges, Net
For the three and nine months ended September 30, 2016, Chemours recorded charges for restructuring and asset related charges as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Restructuring related charges:				
Employee separation charges	1	17	3	78
Decommissioning and other charges	13	—	38	—
Asset related charges - Restructuring	—	122	—	122
Total restructuring charges, net	14	139	41	200
Asset related charges - Impairment [1]	46	45	104	45
Total restructuring and asset related charges, net	$ 60	$ 184	$ 145	$ 245

[1] The three and nine months ended September 30, 2016 include $46 of impairment charges related to the aniline facility in Pascagoula, Mississippi (see Note 12 for further information). The nine months ended September 30, 2016 also includes $58 impairment charges in connection with the sale of the Sulfur business (see Note 6 for further information). Charges for the three and nine months ended September 30, 2015 represent asset impairment related to the reactive metals manufacturing facility (see Note 12 for further information).

The charges related to the restructuring programs impacted segment earnings for the three and nine months ended September 30, 2016 and 2015 as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Plant and product line closures [1]				
Titanium Technologies	$ 5	$ 126	$ 24	$ 126
Fluoroproducts	1	10	6	10
Chemical Solutions	7	—	6	—
Sub-total	$ 13	$ 136	$ 36	$ 136
2015 Global restructuring [2]				
Titanium Technologies	$ —	$ 1	$ 2	$ 24
Fluoroproducts	1	1	3	26
Chemical Solutions	—	1	—	14
Sub-total	$ 1	$ 3	$ 5	$ 64
Total	$ 14	$ 139	$ 41	$ 200

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

[2] Includes approximately $13 related to Corporate overhead functions that was allocated to the segments for the three and nine months ended September 30, 2015.

Plant and product line closures

Titanium Technologies Plant Closure: As a result of the decommissioning and dismantling activities related to the closure of the Edge Moor manufacturing plant in the U.S., the Company recorded charges of approximately $5 and $24 for the three and nine months ended September 30, 2016, respectively, in the Titanium Technologies segment. The decommissioning, dismantling and removal activities will continue for the remainder of 2016 through early 2017 and the Company expects to incur additional charges of approximately $8, which is lower than previously forecasted and will be expensed as incurred.

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Fluoroproducts Restructuring: The Company’s Fluoroproducts segment recorded charges of approximately $1 and $6 for the three and nine months ended September 30, 2016, respectively, related to decommissioning, dismantling and removal activities on certain of its production lines in the U.S. The Company also expects to incur an additional $4 for dismantling and removal costs in the remainder of 2016 through early 2017, which will be expensed as incurred.
The plant and product line closures for the Titanium Technologies and Fluoroproducts segments were implemented in the third quarter of 2015. As a result, in the three and nine months ended September 30, 2015, we recorded restructuring charges of $126 in the Titanium Technologies segment, which consist of $114 related to the write-off of substantially all of the Edge Moor plant assets carrying value and $12 of employee separation charges. We also recorded restructuring charges of $10 in the Fluoroproducts segment, which consist of $8 property, plant and equipment accelerated depreciation and $2 of employee separation charges.
RMS Closure: In the fourth quarter of 2015, the Company announced the closure of its Chemical Solutions segment’s Reactive Metals (RMS) manufacturing facility located in Niagara Falls, New York. The Company stopped production at its Niagara plant in September 2016 and immediately began decommissioning the plant. As a result, the Company incurred pre-tax charges of approximately $3 for contract termination and approximately $4 for decommissioning and other asset write-offs. An additional $11 for decommissioning and site redevelopment are expected to be incurred in the remainder of 2016 through 2018. Impairment charges of RMS related assets of approximately $45 were recorded in the third quarter of 2015 (see Note 12 for further information).
2015 Global restructuring
Prior to the separation, in the second quarter of 2015, the Company implemented a restructuring plan, which resulted in a global workforce reduction of more than 430 positions and a pre-tax charge of $3 and $64 for employee separation costs in the three and nine months ended September 30, 2015, respectively. The actions associated with these charges and related payments were substantially completed at September 30, 2016.
After the separation, in the fourth quarter of 2015, the Company announced an additional global workforce reduction of approximately 430 positions as part of its ongoing efforts to streamline and simplify its organizational structure and reduce costs. The Company recorded approximately $48 of employee separation costs during the fourth quarter of 2015. The Company also incurred additional $1 and $5 of employee separation costs for the three and nine months ended September 30, 2016, respectively, in connection with this restructuring plan. The actions associated with these charges are expected to be completed by the end of 2016 and related payments are expected to be completed in 2017.
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, 2015	$ 11	$ 2	$ 12	$ 73	$ 98
Charges (credits) to income for the nine months ended September 30, 2016 [1]		—	(2)	5	3
Charges to liability accounts:					
Payments	(6)	(1)	—	(49)	(56)
Net currency translation and other adjustment [2]	—	—	—	(1)	(1)
Balance as of September 30, 2016	$ 5	$ 1	$ 10	$ 28	$ 44

1 Due to unexpected resignations of certain employees at the Company's Niagara site, approximately $2 of employee separation charges, related to the Chemical Solutions Niagara site closure, were reversed to income in the nine months ended September 30, 2016.
2

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

There are no significant outstanding liabilities related to the decommissioning and other restructuring related charges.

Note 6. Sales of Assets and Businesses

On June 13, 2016, the Company entered into an asset purchase agreement with Veolia North America ("Veolia"), pursuant to which Veolia agreed to acquire the Sulfur business of Chemours' Chemical Solutions segment for a purchase price of $325 in cash, subject to customary working capital and other adjustments, of which approximately $10 was received in May 2016. The Company completed the sale and received the remaining proceeds of approximately $311 on July 29, 2016, net of estimated working capital adjustments. Prior to the completion of the sale, in the second quarter of 2016, the Company recorded an impairment loss of approximately $58 in "Restructuring and asset related charges, net" of the Interim Consolidated Statement of Operations. When the sale was completed in the third quarter of 2016, the Company also recorded an additional pre-tax loss on sale of approximately $3, net of a benefit from contract adjustments, in "Other income, net" of the Interim Consolidated Statement of Operations. The net book value of the assets and liabilities disposed in the period ended September 30, 2016 was $342 and $11, respectively. The sale is still subject to certain customary post-closing conditions.

On April 22, 2016, the Company entered into a stock and asset purchase agreement with LANXESS Corporation, ("Lanxess"), pursuant to which Lanxess agreed to acquire the C&D business of Chemours' Chemical Solutions segment by acquiring certain Chemours' subsidiaries and assets for a purchase price of $230 in cash, subject to customary working capital and other adjustments. The Company completed the sale and received proceeds of $223 on August 31, 2016, net of working capital adjustments and approximately $2 of cash transferred. As a result, for the three and nine month period ended September 30, 2016, the Company recorded a pre-tax gain of approximately $172 in "Other income, net" in the Interim Consolidated Statement of Operations. The net book values of the assets and liabilities disposed were $48 (including goodwill of $13) and $6, respectively, and the Company incurred approximately $9 of transaction and other related charges. The sale is still subject to certain customary post-closing conditions.

In November 2015, the Company signed a definitive agreement to sell its aniline facility in Beaumont, Texas to The Dow Chemical Company ("Dow"), and the net book value of the related asset group (including goodwill) was classified as assets held-for-sale at December 31, 2015 included in "Prepaid expenses and other" of the Consolidated Balance Sheet. The transaction closed on March 1, 2016 and Chemours received $140 in cash from Dow. The net book value of the assets disposed was $41 (including goodwill of $4), and the Company incurred approximately $11 of transaction and other related charges. As a result of this transaction, for the nine months ended September 30, 2016, Chemours recognized a pre-tax gain of approximately $88 in the Chemical Solutions segment.

The aggregate amount and major components of assets and liabilities disposed during the nine months ended September 30, 2016 are as follows:

	September 30, 2016
Current assets:	
Accounts receivables	$ 22
Inventories	17
Total current assets	39
Property, plant and equipment, net	298
Goodwill	17
Other assets	136
Less: Impairment loss	(58)
Total non-current assets, net	393
Accounts payable and accrued liabilities	17
Net assets disposed	$ 415

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Note 7. Other Income (Expense), Net

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Leasing, contract services and miscellaneous income [1]	$ 6	$ 10	$ 18	$ 14
Royalty income [2]	3	3	11	10
Gain on sale of assets and businesses [3]	169	—	258	—
Exchange (losses) gains, net [4]	(17)	44	(37)	47
Total other income, net	$ 161	$ 57	$ 250	$ 71

[1] Miscellaneous income includes accrued interest related to unrecognized tax benefits.
[2] Royalty income is primarily for technology and trademark licensing.
[3] The three and nine months ended September 30, 2016 includes a gain on sale of C&D business and loss on sale of Sulfur business. The nine months ended September 30, 2016 also includes a gain on sale of aniline facility. See Note 6 for further details.
[4] Exchange losses, net includes gains and losses on foreign currency forward contracts. See Note 17 for additional information.

Note 8. Income Taxes

For the three months ended September 30, 2016 and 2015, Chemours recorded a provision for income tax of $30 and a benefit from income tax of $78, respectively, or an effective income tax rate of approximately 13% and 73%, respectively. For the nine months ended September 30, 2016 and 2015, Chemours recorded a provision for income tax of $25 and a benefit from income tax of $63, respectively, or an effective income tax rate of 9% and 94%, respectively.

The $108 and $88 increase in provision for income tax for the three and nine months ended September 30, 2016, respectively, and the corresponding changes in the effective income tax rates were primarily due to the Company's geographical mix of earnings. The gain on the sale of assets and business (see Note 6) resulted in an increase in tax expense and a corresponding change in the effective income tax rate for the period ended September 30, 2016 as compared to the period ended September 30, 2015. These increases in tax provision were partially offset by restructuring charges, asset impairments and foreign currency exchange losses recognized in the period ended September 30, 2016.

Note 9. Earnings Per Share of Common Stock

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Numerator:				
Net income (loss) attributable to Chemours	$ 204	$ (29)	$ 237	$ (4)
Denominator:				
Weighted-average number of common shares outstanding- Basic	181,596,061	180,968,049	181,452,104	180,968,049
Dilutive effect of the company's employee compensation plans [1]	1,932,395	—	1,089,738	—

Weighted-average number of common shares outstanding - Diluted [1]	183,528,059	180,968,049	182,541,832	180,968,049

[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 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.

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Average number of stock options	7,224,473	8,401,821	7,760,665	8,401,821

Note 10. Accounts and Notes Receivable – Trade, Net

	September 30, 2016	December 31, 2015
Accounts receivable—trade, net [1]	$ 805	$ 759
VAT, GST and other taxes [2]	58	68
Leases receivable—current [3]	—	13
Other receivables [4]	18	19
Total	$ 881	$ 859

[1] Accounts receivable – trade, net includes trade notes receivable and is net of allowances of $5 and $4 as of September 30, 2016 and December 31, 2015, respectively. Allowances are equal to the estimated uncollectible amounts.
[2] Value Added Tax (VAT) and Goods and Services Tax (GST).
[3] Relates to Sulfur business which was included in the assets disposed as of September 30, 2016. See Note 14 for information relating to direct financing leases.
[4] Other receivables consist of advances and other deposits.

Accounts and notes receivable are carried at amounts that approximate fair value. Bad debt expense was $7 for the three and nine months ended September 30, 2016. Bad debt expense was less than $1 for the three and nine months ended September 30, 2015.

Note 11. Inventories

	September 30, 2016	December 31, 2015
Finished products	$ 607	$ 613
Semi-finished products	162	172
Raw materials, stores and supplies	300	433
Subtotal	1,069	1,218
Adjustment of inventories to a last-in, first-out (LIFO) basis	(223)	(246)
Total	$ 846	$ 972

Inventory values, before LIFO adjustment, are generally determined by the average cost method, which approximates current cost. Inventories are valued under the LIFO method at substantially all of the U.S. locations, which comprised $577 and $744 or 54% and 61% of inventories before the LIFO adjustments at September 30, 2016 and December 31, 2015, respectively. The remainder of inventory held in international locations and certain U.S. locations is valued under the average cost method.

Note 12. Property, Plant and Equipment

Depreciation expense amounted to $72 and $210 for the three and nine months ended September 30, 2016, respectively, and $69 and $198 for the three and nine months ended September 30, 2015, respectively. Property, plant and equipment includes gross assets under capital leases of $4 at September 30, 2016 and $7 at December 31, 2015.

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We evaluate long-lived assets and finite-lived identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset groupings may not be recoverable. When undiscounted future cash flows are not expected to be sufficient to recover an asset's carrying amount, the asset is written down to its fair value based on a discounted cash flow analysis utilizing market participant assumptions.
During the three months ended September 30, 2016, the Company evaluated the carrying value of its aniline manufacturing facility in Pascagoula, Mississippi for recoverability given current business plans. The evaluation performed indicated that the carrying amount of this asset group was not recoverable when compared to the expected undiscounted cash flows. Based on management's assessment of the fair value of the asset group, the Company determined that the carrying value of the Pascagoula aniline asset group exceeded its fair value and as a result, a $46 pre-tax impairment charge was recorded in the Chemical Solutions segment, which represents an impairment of substantially all of the remaining net book value of the Pascagoula aniline asset group.
During the three months ended September 30, 2015, in connection with the strategic evaluation of the Chemical Solutions portfolio, excluding cyanides, the Company determined that the carrying value of its RMS manufacturing facility in Niagara, New York may not be recoverable given the strategic decision to discontinue investment in the business. An impairment evaluation was performed which indicated that the carrying amount of this asset group was not recoverable when compared to the expected undiscounted cash flows. Based on management's assessment of the fair value of the asset group, the Company determined that the carrying value of the RMS asset group exceeded its fair value and as a result, a $45 pre-tax impairment charge was recorded in the Chemical Solutions segment, which represents an impairment of substantially all of the remaining net book value of RMS asset group.
The fair value of the respective asset groups were determined using an income approach based on the present value of the estimated future cash flows. The key assumptions used included growth rates and cash flow projections, discount rate, tax rate and an estimated terminal value. The use of these unobservable inputs resulted in the fair value estimate being classified as a Level 3 asset measured at fair value on a nonrecurring basis subsequent to its original recognition. The impairment charges were recorded in "Restructuring and asset related charges, net" in the Interim Consolidated Statement of Operations in the period incurred.

Note 13. Goodwill and Other Intangible Assets, Net

Goodwill: The following table summarizes changes in the carrying amount of goodwill by reportable segment as of September 30, 2016:

	Titanium Technologies	Fluoroproducts	Chemical Solutions	Total
Balance as of December 31, 2015	$ 13	$ 85	$ 68	$ 166
Sale of business [1]	—	—	(13)	(13)
Currency translation adjustments [2]	—	—	—	—
Balance as of September 30, 2016	$ 13	$ 85	$ 55	$ 153

[1] Represents goodwill disposed in connection with the sale of the C&D business (See Note 6).
[2] Net currency translation adjustment was less than $1 for the period presented.

In the third quarter of 2015, in connection with the strategic evaluation of Chemical Solutions and goodwill allocation in its new reporting units, Chemours evaluated its Chemical Solution segment's reporting units for impairment and determined that the estimated fair values of those reporting units, except for the Sulfur reporting unit, were substantially in excess of their carrying values, indicating that goodwill was not impaired. Chemours performed the second step of the impairment test for the Sulfur reporting unit and determined that the implied fair value of goodwill was lower than its carrying value, resulting in a full impairment of the Sulfur reporting unit's goodwill. As a result, Chemours recorded a $25 pre-tax impairment charge in the period ended September 30, 2015 in the Chemicals Solutions segment.

Chemours tests goodwill for impairment at least annually on October 1; however, impairment tests are performed more frequently when events or changes in circumstances indicate that the asset may be impaired. Impairment exists when carrying value exceeds fair value. Evaluating goodwill for impairment is a two-step process. In the first step, Chemours compares the carrying value of net assets to the fair value of the related operations. If the fair value is determined to be less than the carrying value, a second step is performed to compute the amount of the impairment. Chemours estimates the fair value of its reporting units using the income approach based on the present value of estimated future cash flows, discounted at a risk-adjusted market rate, including a growth

rate to calculate the terminal value. The Company's forecasted future cash flows, which incorporate anticipated future revenue growth and related expenses to support the growth, were used to calculate fair value. The factors considered in determining the cash flows include: 1) macroeconomic conditions; 2) industry and market considerations; 3) costs of raw materials, labor or other costs having a negative effect on earnings and cash flows; 4) overall financial performance; and 5) other relevant entity-specific events. The discount rate used represents the weighted average cost of capital for the reporting units considering the risks and uncertainty inherent in the cash flows of the reporting units and in the internally developed forecasts. The implied fair value of the goodwill in step two was determined by allocating the fair value of the reporting units to all of the assets and liabilities as if the reporting units had been acquired in a business combination and its fair value was the purchase price paid to be acquired. The use of these unobservable inputs resulted in the fair value estimate being classified as a Level 3 asset measured at fair value on a nonrecurring basis subsequent to its original recognition.

The determination of whether or not goodwill is impaired involves a significant level of judgment in the assumptions underlying the approaches used to determine the estimated fair value of our reporting units. Chemours believes that assumptions and rates used in the impairment assessment are reasonable. However, these assumptions are judgmental and variations in any assumptions could result in materially different calculations of fair value. The Company will continue to evaluate goodwill on an annual basis as of October 1, and whenever events or changes in circumstances, such as significant adverse changes in operating results, market conditions or changes in management's business strategy, indicate that there may be a probable indicator of impairment. It is possible that the assumptions used by management related to the evaluation may change or that actual results may vary significantly from management's estimates.

Intangible Assets, Net: The following table summarizes the gross carrying amounts and accumulated amortization of other intangible assets by major class:

	September 30, 2016			December 31, 2015		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Customer lists	$9	$ (7)	$2	$13	$ (10)	$3
Patents	19	(17)	2	19	(17)	2
Purchased trademarks	5	(2)	3	5	(2)	3
Purchased and licensed technology	3	(2)	1	8	(6)	2
Other [1]	10	—	10	—	—	—
Total	$46	$ (28)	$18	$45	$ (35)	$10

[1] Represents non-cash favorable supply contracts acquired in connection with the sale of Sulfur business and recognized during the third quarter of 2016 based on the present value of the difference between their contractual cash flows and estimated cash flows had the contracts been executed at a determinable market price. These contract intangibles will be amortized to cost of goods sold over the remaining life of the supply contracts through 2021.

The aggregate amortization expense for definite-lived intangible assets was approximately $1 and $2 for the three and nine months ended September 30, 2016, respectively, and approximately $1 and $3 for the three and nine months ended September 30, 2015, respectively. Definite-lived intangible assets are amortized over their estimated useful lives, generally for periods ranging from 5 to 20 years. There are no material indefinite-lived intangible assets.

The estimated amortization for the remainder of 2016 and each of the succeeding four years is:

Remainder of 2016	$1
2017	3
2018	3
2019	3

2020	2

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Note 14. Other Assets

	September 30, 2016	December 31, 2015
Leases receivable - non-current [1]	$ —	$ 125
Capitalized repair and maintenance costs	106	149
Pension assets [2]	180	138
Deferred income taxes	37	47
Miscellaneous [3]	44	49
Total	$ 367	$ 508

[1] Relates to Sulfur business which was included in the assets disposed as of September 30, 2016. See Direct Financing Leases below.
[2] Pension assets represent the funded status of certain of the Company's long-term employee benefit plans.
[3] Miscellaneous includes deferred financing fees related to the Revolving Credit Facility of $14 and $19 as of September 30, 2016 and December 31, 2015, respectively.

Direct Financing Leases

Prior to the sale of the Sulfur business, Chemours had constructed fixed assets on land that it leased from third parties at two of its facilities in the U.S. (Borderland and Morses Mill). Management has analyzed these arrangements and determined these assets represent direct financing leases, whereby Chemours was the lessor of this equipment. Lease receivables were recorded, which represent the balance of the minimum future lease payments. The current portion of lease receivables was previously included in accounts and notes receivable - trade, net, as shown in Note 10 and the long-term portion was previously included in other assets, as shown above. These lease receivables were included in the sale of the Sulfur business that was completed as of September 30, 2016 (see Note 6).

Note 15. Debt

Long-term debt was comprised of the following at September 30, 2016 and December 31, 2015:

	September 30, 2016	December 31, 2015
Long-term debt:		
Senior secured term loan	$ 1,431	$ 1,493
Senior unsecured notes:		
6.625%, due May 2023	1,234	1,350
7.00%, due May 2025	750	750
6.125%, due May 2023 (€322 at September 30, 2016 and €360 at December 31, 2015)	362	395
Other	19	26
Total	3,796	4,014
Less: Unamortized issue discount on senior secured term loan	6	7
Less: Unamortized debt issuance costs	45	53
Less: Current maturities	32	39
Total long-term debt	$ 3,713	$ 3,915

Senior Secured Credit Facilities

During the first quarter of 2016, Chemours and its Revolving Credit Facility lenders entered into a second amendment to the credit agreement that (a) replaced the total net leverage ratio financial covenant with a senior secured net leverage ratio financial covenant; (b) reduced the minimum levels required by the interest expense coverage ratio covenant; (c) increased the limits and extended

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the period of adding back the benefits of announced cost reduction initiatives in the determination of Consolidated EBITDA for the purposes of calculating the financial maintenance covenants; and (d) reduced the revolver commitment from $1,000 to $750. As a result of the amendment, the Company recorded a charge of approximately $4 to write off a proportionate amount of unamortized debt issuance costs attributable to the reduction in revolver commitment, which was included in "Interest expense, net". Fees and expenses of approximately $2 incurred in connection with the amendment were capitalized in "Other assets" of the Interim Consolidated Balance Sheets, which will be amortized to interest expense on a straight-line basis over the remaining term of the Revolving Credit Facility.
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 September 30, 2016.

Senior Unsecured Notes

Chemours entered into a registration rights agreement in connection with the issuance on May 12, 2015 of $1,350 aggregate principal amount of its 6.625% Senior Notes due 2023 (the "2023 Notes"), $750 aggregate principal amount of its 7.000% Senior Notes due 2025 (the "2025 Notes") and €360 aggregate principal amount of its 6.125% Senior Notes due 2023 (the "Euro Notes," and together with the 2023 Notes and the 2025 Notes, the "Notes"). Under the registration rights agreement, Chemours agreed to file with the SEC, a registration statement for the exchange of the Notes for new registered notes with identical terms. On March 18, 2016, Chemours filed a registration statement on Form S-4 with respect to the exchange offer. The registration statement was declared effective on April 12, 2016, and the exchange offer was completed on May 19, 2016. In addition, on May 5, 2016, the Euro Notes were listed for trading on the Global Exchange Market of the Irish Stock Exchange.

Term Loans and Notes Repayments

During the three and nine months ended September 30, 2016, the Company repurchased portions of its senior secured term loans ("Term Loans"), 2023 Notes and Euro Notes with aggregate principal and cash payment amounts as follows:

	Three Months Ended September 30, 2016		Nine months ended September 30, 2016	
	Aggregate Principal	Cash Payment	Aggregate Principal	Cash Payment
Term Loans	$—	$ —	$50	$ 49
2023 Notes	73	70	116	107
Euro Notes	42	$ 39	42	$ 39
	$115	$ 109	$208	$ 195

For the three and nine months period ended September 30, 2016, we recorded in "Interest expense, net" of the Consolidated Statements of Operations a net gain on extinguishment of debt of $4 and $10, respectively, net of approximately $1 and $3 charges related to the write-off of deferred financing costs associated with the extinguished debt, respectively.

Subsequent to September 30, 2016, the Company repurchased additional 2023 Notes with an aggregate principal amount of $76 for $75 in cash and additional Euro Notes with an aggregate principal amount of $31 for $29 in cash, completing approximately $315 in total long-term debt repurchases to date.

Maturities

There are no debt maturities prior to 2022, except, in accordance with the credit agreement, Chemours has required quarterly

principal payments related to the Term Loan Facility equivalent to 1.00% per annum through March 2022, with the balance due at maturity. Term Loan principal maturities over the next five years are $4 for the remainder of 2016 and $15 in each year from 2017 to 2021. Debt maturities related to the Term Loans and the Notes in 2022 and beyond will be $3,698.

In addition, following the end of each fiscal year commencing on the year ended December 31, 2016, 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 3.00 to 1.00 leverage target.

Debt Fair Value

The fair values of the Term Loans, the 2023 Notes, the 2025 Notes and the Euro Notes at September 30, 2016 were approximately $1,423, $1,208, $736 and $333, respectively. The estimated fair values of the 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 16. Commitments and Contingent Liabilities

Guarantees

Chemours has directly guaranteed various obligations of customers, suppliers and other third parties. At September 30, 2016 and December 31, 2015, the maximum potential amount of future (undiscounted) payments that Chemours could be required to make under the guarantees in the event of default by the guaranteed parties is approximately $8 and $8, respectively. No amounts were accrued at September 30, 2016 and December 31, 2015.

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 the Chemours business including product liability, intellectual property, commercial, environmental and antitrust lawsuits. It is not possible to predict the outcome of these various proceedings. Except for the PFOA litigation for which a separate assessment is provided in this Note, 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 litigation, 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. Disputes between Chemours and DuPont may also arise with respect to indemnification matters, including disputes based on matters of law or contract interpretation, or related to the type of damages or liabilities for which indemnification may be sought. If and to the extent these disputes arise, they could materially adversely affect Chemours.

(a) Asbestos

At September 30, 2016 and December 31, 2015, there were approximately 1,982 lawsuits and 2,212 lawsuits, respectively, pending 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. A limited number of the cases were brought by household members of contractors or DuPont employees. Finally, certain lawsuits allege personal injury as a result of exposure to DuPont products.

At September 30, 2016 and December 31, 2015, Chemours had an accrual of $44 related to this matter. Chemours reviews this estimate and related assumptions quarterly and annually updates the results of an approximate 20-year projection. Management believes that the likelihood is remote that Chemours would incur losses in excess of the amounts accrued in connection with this matter.

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(b) Benzene
In the separation, DuPont assigned its Benzene docket to Chemours. At September 30, 2016 and December 31, 2015, there are 26 and 29 cases, respectively, pending against DuPont alleging benzene-related illnesses. 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.
Through DuPont, Chemours has received a claim by Phillips66 for indemnity and defense for two matters arising at a former DuPont / Conoco Texas site. Phillips66 seeks reimbursement for its settlement and fees in one matter and assumption of the defense in another.
A benzene case (Hood v. DuPont) was tried to a verdict in Texas state court in October 2015. Plaintiffs alleged that Mr. Hood’s Acute Myelogenous Leukemia (AML) 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 (collectively, perfluorooctanoic acids and its salts, including the ammonium salt) at its Fayetteville plant (Fayetteville, North Carolina) 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 had accruals of $17 and $20 related to the PFOA matters discussed below at September 30, 2016 and December 31, 2015, respectively. The accruals 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 (NJDEP). 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 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 (the 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

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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 has begun and associated payments to service providers are being disbursed from the escrow account. As of September 30, 2016, less than $1 has been disbursed from the escrow account related to medical monitoring.

In addition, under the 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 September 30, 2016.

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 September 30, 2016 and December 31, 2015, 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 multi-district litigation (MDL) in Ohio federal court. Based on the information currently available to the Company, the majority of the lawsuits allege personal injury claims associated with high cholesterol and thyroid disease from exposure to PFOA in drinking water. There are 30 lawsuits alleging wrongful death.

Although the majority of the plaintiffs in the MDL allege multiple diseases, the table below approximates the number of plaintiffs in each of the six probable link disease categories.

Alleged Injury	Approximate Number of Plaintiffs
Kidney cancer	200
Testicular cancer	70
Ulcerative colitis	300
Preeclampsia	200
Thyroid disease	1,430
High cholesterol	1,340

In the third quarter of 2014, six plaintiffs from the MDL were selected for individual bellwether trials.

All six bellwether cases in the MDL have now been tried, resolved, appealed or otherwise addressed. Two bellwether cases have been tried. The first case (Bartlett v. DuPont / kidney cancer) was tried to a verdict in October 2015. The jury found in favor of the plaintiff, awarding $1.1 in damages for negligence and $0.5 for emotional distress. The jury found that DuPont's conduct did not warrant punitive damages. A second case (Freeman v. DuPont / testicular cancer) was tried to verdict in July 2016. The jury found in favor of the plaintiff awarding $5.1 in compensatory damages and $0.5 in punitive damages and attorneys' fees. Plaintiff's counsel alleges that they are entitled to at least $6.9 in attorneys' fees and costs for the Freeman trial. The Court will make a determination after post-trial submissions by the parties. The Court's determination will be subject to appeal. Court rulings made before and during both trials resulted in several significant grounds for appeal and an appeal to the Sixth Circuit has been filed for the first case. This appeal is scheduled for oral arguments on December 9, 2016. The Company, through DuPont, is pursuing post-trial motions and appeals for the second case.

Three bellwether PFOA cases were settled in 2016 as trial approached. These cases (Wolf v. DuPont / ulcerative colitis, Dowdy v. DuPont / kidney cancer, Baker v. DuPont / kidney cancer) were settled for amounts well below the incremental cost of preparing for trials. To date, the settlements have been individually and in aggregate immaterial to the Company. The final case (Pugh v. DuPont / ulcerative colitis) was removed from the bellwethers when it was determined that the plaintiff did not suffer from the alleged disease.

The trial court announced that, starting in May 2017, 40 individual plaintiff trials will be scheduled for a 12-month period. Following the conclusion of the six bellwether cases, on July 19, 2016, the court moved two of the 40 matters (Vigneron v. DuPont / testicular cancer and Moody v. DuPont / testicular cancer) forward and set the cases for trial on November 14, 2016 and January 17, 2017, respectively. The trial court's multi-year plan pertains only to the approximately 270 cases claiming cancer. Based on the current plan, the remaining cases, comprising approximately 93% of the docket, will remain inactive.

A confidential mediation process that the court established early in this MDL is ongoing and expected to continue as the litigation proceeds.

Chemours, through DuPont, denies the allegations in these lawsuits and is defending itself vigorously. No other claims have been settled or resolved during the periods presented. DuPont is the named defendant in each of these cases and is directly liable for any judgment. If DuPont were to claim that it is entitled to indemnification from Chemours as to some or all of any judgment, Chemours retains its defenses to such claims.

PFOA Summary

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. Chemours believes that it is probable that it could incur losses related to the MDL in Ohio federal court discussed above but a range of such losses cannot be reasonably estimated at this time. Given the wide range of outcomes associated with the six initial cases in the MDL as discussed above, including two cases that have been or will be appealed, the Company does not believe activity to date provides a reasonable basis to derive a range of loss for the remaining lawsuits still pending in the MDL in total or by category of claim. The possible range of loss is unpredictable and involves significant uncertainty due to the uniqueness of the individual MDL plaintiff's 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 two bellwether cases tried to verdict to date did not inform of the many salient facts and legal issues needed for assessment of the other cases. The appellate courts will rule on both matters that have been tried. The Company believes there are strong common and individual grounds for appealing these verdicts and, if any such verdict is overturned, any subsequent verdict relying on such overturned ruling would likely also be overturned. In addition, as noted above, Chemours retains its defenses to related indemnification claims that may be received from DuPont. The trials and appeals of the MDL matters will 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 liquidity.

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

In October 2016, a putative class action was filed against Chemours by area residents concerning the U.S. Smelter and Lead Refinery multi-party Superfund site in East Chicago, Indiana under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") with trespass and negligence causes of action seeking reimbursement for temporary housing, relocation, loss of use and other costs and damages. DuPont has requested that Chemours defend and indemnify it on this matter and a second matter alleging claims including personal injury to 13 area residents. Management believes a loss is reasonably possible but not estimable at this time.

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.

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. Chemours accrues for environmental remediation activities consistent with the policy set forth in Note 3 to the consolidated

financial statements in our Annual Report on Form 10-K. Much of this liability results from the CERCLA (often referred to as Superfund), the Resource Conservation and Recovery Act ("RCRA") 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.

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At September 30, 2016 and December 31, 2015, the Interim Consolidated Balance Sheets included a liability relating to these matters of $281 and $290, respectively, which, in management's opinion, is appropriate based on existing facts and circumstances. The average time frame over which the accrued or presently unrecognized amounts may be paid, based on past history, is estimated to be 15 to 20 years. Remediation 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 agencies and enforcement policies, as well as the presence or absence of other potentially responsible parties. Therefore, considerable uncertainty exists with respect to environmental remediation costs and, under adverse changes in circumstances, the potential liability may range up to approximately $600 above the amount accrued at September 30, 2016. Based on existing facts and circumstances, management does not believe that any loss related to remediation activities at any individual site, in excess of amounts accrued, will have a material impact on the financial position, liquidity or results of operations of Chemours.

Pompton Lakes

At September 30, 2016 and December 31, 2015, included in the environmental remediation liabilities recorded on the balance sheet are accruals related to activities at Chemours' site in Pompton Lakes, New Jersey of $84 and $87, respectively. Management believes that it is reasonably possible that remediation activities at this site could range up to $119 including previously accrued amounts. During the twentieth century, blasting caps, fuses and related materials were manufactured at Pompton Lakes. Operating activities at the site were ceased in the mid-1990s. Primary contaminants in the soil and sediments are lead and mercury. Ground water contaminants include volatile organic compounds.

Under the authority of the EPA and the NJDEP, remedial actions at the site are focused on investigating and cleaning up the area. Ground water monitoring at the site is ongoing and Chemours, through DuPont, has installed and continues to install vapor mitigation systems at residences within the ground water plume. In addition, Chemours is further assessing ground water conditions. In June 2015, the EPA issued a modification to the site's RCRA permit that requires Chemours to dredge mercury contamination from a 36 acre area of the lake and remove sediment from two other areas of the lake near the shoreline. Chemours expects to spend about $50 over the next two to three years, which is included in the remediation accrual as of September 30, 2016, in connection with remediation activities at Pompton Lakes, including activities related to the EPA's final plan. The remediation activities commenced when permits and implementation plans were approved in May 2016.

Note 17. 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 the 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 statements of operations during the period in which they occurred.

At September 30, 2016, there were 61 foreign currency forward contracts outstanding with an aggregate gross notional value of $444. Chemours recognized in "Other income, net" of the Interim Consolidated Statements of Operations net loss of $2 and $2 for the three and nine month periods ended September 30, 2016, respectively, and net gains of $66 and $78 for the three and nine months ended September 30, 2015, respectively.

Net Investment Hedge - Foreign Currency Borrowings

Beginning July 1, 2015, Chemours designated its €360 Euro Notes (see Note 15) 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. Under this method, for each reporting period, the change in the carrying value of the Euro Notes due to remeasurement of the effective portion is reported in accumulated other comprehensive income on the balance sheet and the remaining change in the carrying value of the ineffective portion, if any, is recognized in "other income

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(expense), net" in the statements of operations. Chemours evaluates the effectiveness of its net investment hedge quarterly. Chemours did not record any ineffectiveness for the three and nine months ended September 30, 2016. The Company recognized a loss of $6 and $9 for the three and nine months ended September 30, 2016, respectively, and a gain of less than $1 for the three and nine months ended September 30, 2015 on its net investment hedges in accumulated other comprehensive income (loss) ("AOCI"). The amount of net investment hedge gains (loss) released from AOCI and charged to "Other income, net" of the Interim Consolidated Statement of Operations, in connection with the repurchase of portion of the Euro Notes in the third quarter of 2016, was insignificant.

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 September 30, 2016	December 31, 2015
Asset derivatives:			
Foreign currency forward contracts	Accounts and notes receivable - trade, net	$ 1	$ 2
Total asset derivatives		$ 1	$ 2
Liability derivatives			
Foreign currency forward contracts	Other accrued liabilities	$ 2	$ 2
Total liability derivatives		$ 2	$ 2

We classify our foreign currency forward contracts as Level 2 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 18. Long-Term Employee Benefits

The components of net periodic benefit cost (income) for all significant pension plans were as follows:

	Three months ended September 30, 2016	2015	Nine months ended September 30, 2016	2015
Service cost	$ 3	$ 5	$ 10	$ 11
Interest cost	5	5	15	14
Expected return on plan assets	(16)	(21)	(49)	(61)
Amortization of actuarial net loss	9	1	20	8
Amortization of prior service cost (gain)	—	4	(1)	6
Curtailment gain	—	—	(2)	—
Net periodic benefit cost (income)	$ 1	$ (6)	$ (7)	$ (22)

The net periodic benefit cost (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.

Chemours made cash contributions of $4 and $14 to its pension plans during the three and nine months ended September 30, 2016, respectively, and expects to make additional cash contributions of $4 to the pension plan during the remainder of 2016.

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Participation in the DuPont Plans

Prior to July 1, 2015, Chemours participated in DuPont's U.S. and non-U.S. benefit plans, except in the Netherlands and Taiwan, as though its employees were participants in a multi-employer plan with the other businesses of DuPont. As a result, for the three and nine months ended September 30, 2015, Chemours recognized $0 and $53, respectively, of pension and other long-term benefit expenses allocated by DuPont based on Chemours' active employee headcount prior to separation.

Note 19. Stock-based Compensation

Total stock-based compensation cost included in the Interim Consolidated Statements of Operations was $6 and $16 for the three and nine months ended September 30, 2016, respectively, and $8 and $13 for the three and nine months ended September 30, 2015, respectively. The income tax benefits related to stock-based compensation arrangements were $2 and $6 for the three and nine months ended September 30, 2016, respectively, and $3 and $5 for the three and nine months ended September 30, 2015, respectively.

Stock-based compensation expense in prior years and until separation on July 1, 2015 was allocated to Chemours based on the portion of DuPont's incentive stock program in which Chemours employees participated. Adopted at separation, the Chemours Equity and Incentive Plan grants certain employees, independent contractors, or non-employee directors of the Company different forms of awards, including stock options, performance share units (PSUs) and restricted stock units (RSUs). The Equity and Incentive Plan has a maximum shares reserve of 13,500,000 for the grant of equity awards plus the number of shares of DuPont equity awards that converted into new Chemours equity awards. The Chemours Compensation Committee determines the long-term incentive mix, including stock options, PSUs and RSUs, and may authorize new grants annually. As of September 30, 2016, 8,537,692 shares of the Equity and Incentive Plan reserve are still available for grants. Subject to vesting conditions of the award, a retirement eligible employee retains any granted awards upon retirement provided the employee has rendered at least six months of service following the grant date.

Stock Options

During 2016, 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 nine months ended September 30, 2016 was based on the weighted-average assumptions shown in the table below:

Weighted-Average Assumptions	2016 Grants	
Risk-free interest rate	1.46	%
Expected term (years)	6.00	
Volatility	80.90	%
Dividend yield	2.14	%
Fair value per stock option	$3.41	

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 vesting period and the contractual life of the award.

The following table summarizes Chemours stock option activity for the nine months ended September 30, 2016.

	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, 2015	8,284	$ 14.66	4.82	$ —
Granted	1,435	5.73		
Exercised	(165)	8.38		
Forfeited	(342)	15.27		
Expired	(356)	5.82		
Outstanding, September 30, 2016	8,856	$ 13.68	5.12	$ 26,608
Exercisable, September 30, 2016	4,680	$ 13.84	3.40	$ 12,150

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 of September 30, 2016 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. Total intrinsic value of options exercised for the nine months ended September 30, 2016 was insignificant.

As of September 30, 2016, $5 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 1.80 years.

RSUs

During 2016, 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 September 30, 2016 are shown below.

	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Nonvested, December 31, 2015	2,349	$ 14.87
Granted	1,003	6.58
Vested	(682)	15.39
Forfeited	(193)	15.11
Nonvested, September 30, 2016	2,477	$ 11.28

As of September 30, 2016, there was $16 of unrecognized stock-based compensation expense related to nonvested awards, which is expected to be recognized over a weighted-average period of 1.77 years.

Performance Share Units

During 2016, 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 the performance goals. During the three and nine months ended September 30, 2016, the Company recorded stock-based compensation related to PSUs as a component of selling, general and administrative expense of approximately less than $1 and $1, respectively. There were no PSUs granted prior to 2016.

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The following table provides compensation costs for stock-based compensation related to PSUs.

	Number of Share Units (in thousands)	Weighted Average Grant Date Fair Value (per share)
Nonvested, December 31, 2015	—	$ —
Granted	825	6.10
Vested	—	—
Forfeited	(22)	6.10
Nonvested, September 30, 2016	803	$ 6.10

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 period ended September 30, 2016 was $6.10. The fair value of each PSU grant is amortized monthly into compensation expense on a straight-line basis over their respective vesting periods over 36 months. 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.

Note 20. 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 environment. Chemours' reportable segments are Titanium Technologies, Fluoroproducts and Chemical Solutions. Corporate costs and certain legal and environmental expenses that are not aligned with 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. Segment net assets include net working capital, net property, plant and equipment, and other non-current operating assets and liabilities of the segment. As of September 30, 2016, the Chemical Solutions net assets were reduced by approximately $415 in connection with the sale of the C&D and Sulfur businesses during the period ended September 30, 2016. See Note 6 for further details.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), is the primary measure of segment profitability used by the Chief Operating Decision Maker ("CODM") and is defined as income (loss) before income taxes excluding the following:

- interest expense, depreciation and amortization,
- non-operating pension and other postretirement employee benefit costs, which represent the components of net periodic pension costs (income) excluding service cost component,
- exchange losses (gains),
- employee separation, asset-related charges and other charges, net,
- asset impairments,

- losses (gains) on sale of business or assets, and
- other items not considered indicative of our ongoing operational performance and expected to occur infrequently.

The tables presented below reflect the reclassification of certain corporate costs, certain legal and environmental expenses that are not aligned with our reportable segments, and foreign exchange gains and losses from our reportable segments into Corporate and Other. All periods presented reflect the current definition of Adjusted EBITDA.

Three months ended September 30,	Titanium Technologies	Fluoroproducts	Chemical Solutions	Corporate and Other	Total
2016					
Net sales to external customers	$ 625	$ 591	$ 182	$ —	$1,398
Adjusted EBITDA	144	143	9	(28)	$268
Depreciation and amortization	32	26	6	9	73
2015					
Net sales to external customers	$ 616	$ 575	$ 295	$ —	$1,486
Adjusted EBITDA	80	91	8	(10)	169
Depreciation and amortization	32	23	14	1	70

Nine months ended September 30,	Titanium Technologies	Fluoroproducts	Chemical Solutions	Corporate and Other	Total
2016					
Net sales to external customers	$ 1,742	$ 1,695	$ 641	$ —	$4,078
Adjusted EBITDA	309	333	30	(89)	583
Depreciation and amortization	87	75	24	26	212
2015					
Net sales to external customers	$ 1,803	$ 1,715	$ 839	$ —	$4,357
Adjusted EBITDA	264	220	13	(56)	441
Depreciation and amortization	95	65	40	1	201

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Income (loss) before income taxes	$234	$(107)	$262	$(67)
Interest expense, net	51	51	157	79
Depreciation and amortization	73	70	212	201
Non-operating pension and other postretirement employee benefit (income) costs	(5)	(10)	(19)	5
Exchange losses (gains)	17	(44)	37	(47)
Restructuring charges	14	139	41	200
Asset related charges [1]	46	70	109	70
Gain on sale of assets or business	(169)	—	(258)	—
Transaction costs [2]	2	—	18	—
Legal and other charges [3]	5	—	24	—
Adjusted EBITDA	$268	$169	$583	441

[1] The three and nine months ended September 30, 2016 includes $46 asset impairment of our Pascagoula Aniline facility (see Note 12) and other asset write-offs. The nine months ended September 30, 2016 also includes the $58 asset impairment in connection with the sale of the Sulfur business (see Note 6) and other asset write-offs, which were recorded in the second quarter of 2016. The three and nine months ended September 30, 2015 includes $25 of goodwill impairment (see Note 13) and $45 asset impairment of RMS facility (see Note 12). All of these charges are recorded in the Chemical Solutions segment.

[2] Includes accounting, legal and bankers transaction fees incurred related to the Company's strategic initiatives, which includes pre-sale transaction costs incurred in connection with the sale of the C&D and Sulfur businesses (see Note 6).

[3] Includes litigation settlements, water treatment accruals related to PFOA and lease termination charges.

Note 21. 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 (the “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, the “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, the “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 Consolidating Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2016 and 2015;
- the Consolidating Balance Sheets as of September 30, 2016 and December 31, 2015; and
- the Consolidating Statements of Cash Flows for the nine months ended September 30, 2016 and 2015.

As discussed in Note 2, Chemours did not operate as a separate, stand-alone entity for the full period covered by consolidated financial statements. Prior to our separation on July 1, 2015, Chemours operations were included in DuPont’s financial results in different legal forms, including, but not limited to, wholly-owned subsidiaries for which Chemours was the sole business, components of legal entities in which Chemours operated in conjunction with other DuPont businesses and a majority owned joint venture. For periods prior to July 1, 2015, the condensed consolidating financial information have been prepared from DuPont’s historical accounting records and are presented on a stand-alone basis as if the business operations had been conducted independently from DuPont.

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 interim consolidated financial statements presented and other notes related thereto contained in this quarterly report.

As discussed in Note 6, the Company entered into a stock and asset purchase agreement with Lanxess, pursuant to which Lanxess acquired the Company’s C&D business comprise of certain assets and subsidiaries of the Company, including International Dioxcide, Inc., which was a guarantor subsidiary.

The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended September 30, 2016				
	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Adjustments	Consolidated
Net sales	$—	$ 961	$ 847	$ (410)	$ 1,398
Cost of goods sold	—	791	656	(391)	1,056
Gross profit	—	170	191	(19)	342
Selling, general and administrative expense	5	115	34	(6)	148
Research and development expense	—	19	—	—	19
Restructuring and asset related charges, net	—	60	—	—	60
Total expenses	5	194	34	(6)	227
Equity in earnings of affiliates	—	1	8	—	9
Equity in earnings of subsidiaries	226	—	—	(226)	—
Interest expense, net	(50)	(1)	—	—	(51)
Intercompany interest income (expense), net	15	1	(16)	—	—
Other income, net	5	70	94	(8)	161
Income before income taxes	191	47	243	(247)	234
(Benefit from) provision for income taxes	(13)	29	29	(15)	30
Net income	204	18	214	(232)	204
Less: Net income attributable to noncontrolling interests	—	—	—	—	—
Net income attributable to Chemours	$204	$ 18	$ 214	$ (232)	$ 204
Comprehensive income attributable to Chemours	$210	$ 18	$ 226	$ (244)	$ 210

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Condensed Consolidating Statements of Comprehensive Income (Loss)

	Three Months Ended September 30, 2015				
	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Adjustments	Consolidated
Net sales	$—	$ 1,073	$ 852	$ (439)	$ 1,486
Cost of goods sold	—	957	710	(445)	1,222
Gross profit	—	116	142	6	264
Selling, general and administrative expense	8	115	42	(8)	157
Research and development expense	—	18	—	—	18
Restructuring and asset related charges, net	—	182	2	—	184
Goodwill impairment	—	25	—	—	25
Total expenses	8	340	44	(8)	384
Equity in earnings of affiliates	—	1	6	—	7
Equity in earnings of subsidiaries	(8)	—	—	8	—
Interest expense, net	(51)	—	—	—	(51)
Intercompany interest income (expense), net	16	—	(16)	—	—
Other income, net	8	72	(19)	(4)	57
(Loss) income before income taxes	(43)	(151)	69	18	(107)
(Benefit from) provision for income taxes	(14)	(80)	16	—	(78)
Net (loss) income	(29)	(71)	53	18	(29)
Less: Net income attributable to noncontrolling interests	—	—	—	—	—
Net (loss) income attributable to Chemours	$(29)	$ (71)	$ 53	$ 18	$ (29)
Comprehensive (loss) income attributable to Chemours	$(62)	$ (71)	$ 20	$ 51	$ (62)

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Condensed Consolidating Statements of Comprehensive Income (Loss)

	Nine Months Ended September 30, 2016				
	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Adjustments	Consolidated
Net sales	$—	$ 2,898	$ 2,367	$ (1,187)	$ 4,078
Cost of goods sold	—	2,506	1,921	(1,160)	3,267
Gross profit	—	392	446	(27)	811
Selling, general and administrative expense	17	350	103	(16)	454
Research and development expense	—	58	2	—	60
Restructuring and asset related charges, net	—	147	(2)	—	145
Total expenses	17	555	103	(16)	659
Equity in earnings of affiliates	—	(2)	19	—	17
Equity in earnings of subsidiaries	307	—	—	(307)	—
Interest expense, net	(155)	(2)	—	—	(157)
Intercompany interest income (expense), net	44	4	(48)	—	—
Other income, net	15	178	72	(15)	250
Income before income taxes	194	15	386	(333)	262
(Benefit from) provision for income taxes	(43)	25	53	(10)	25
Net income (loss)	237	(10)	333	(323)	237
Less: Net income attributable to noncontrolling interests	—	—	—	—	—
Net income (loss) attributable to Chemours	$237	$ (10)	$ 333	$ (323)	$ 237
Comprehensive income (loss) attributable to Chemours	$250	$ (10)	$ 355	$ (345)	$ 250

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Condensed Consolidating Statements of Comprehensive Income (Loss)

	Nine Months Ended September 30, 2015				
	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Adjustments	Consolidated
Net sales	$—	$ 3,187	$ 2,484	$ (1,314)	$ 4,357
Cost of goods sold	—	2,850	2,092	(1,327)	3,615
Gross profit	—	337	392	13	742
Selling, general and administrative expense	8	324	157	(8)	481
Research and development expense	—	66	2	—	68
Restructuring and asset related charges, net	—	221	24	—	245
Goodwill impairment	—	25	—	—	25
Total expenses	8	636	183	(8)	819
Equity in earnings of affiliates	—	1	17	—	18
Equity in earnings of subsidiaries	27	—	—	(27)	—
Interest expense, net	(79)	—	—	—	(79)
Intercompany interest income (expense), net	28	—	(28)	—	—
Other income (expense), net	8	90	(23)	(4)	71
(Loss) income before income taxes	(24)	(208)	175	(10)	(67)
(Benefit from) provision for income taxes	(20)	(72)	29	—	(63)
Net (loss) income	(4)	(136)	146	(10)	(4)
Less: Net income attributable to noncontrolling interests	—	—	—	—	—
Net (loss) income attributable to Chemours	$(4)	$ (136)	$ 146	$ (10)	$ (4)
Comprehensive loss attributable to Chemours	$(243)	$ (136)	$ (93)	$ 229	$ (243)

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Condensed Consolidating Balance Sheets

	September 30, 2016				
	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Adjustments	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$—	$ 380	$ 577	$ —	$ 957
Accounts and notes receivable - trade, net	—	333	548	—	881
Intercompany receivable	19	886	41	(946)	—
Inventories	—	365	531	(50)	846
Prepaid expenses and other	—	42	41	(10)	73
Total current assets	19	2,006	1,738	(1,006)	2,757
Property, plant and equipment	—	6,258	1,960	—	8,218
Less: Accumulated depreciation	—	(4,414)	(979)	—	(5,393)
Net property, plant and equipment	—	1,844	981	—	2,825
Goodwill	—	139	14	—	153
Other intangible assets, net	—	18	—	—	18
Investments in affiliates	—	7	162	—	169
Investment in subsidiaries	3,512	—	—	(3,512)	—
Intercompany notes receivable	1,150	—	—	(1,150)	—
Other assets	14	109	244	—	367
Total assets	$4,695	$ 4,123	$ 3,139	$ (5,668)	$ 6,289
Liabilities and equity					
Current liabilities:					
Accounts payable	$—	$ 553	$ 282	$ —	$ 835
Short-term borrowings and current maturities of long-term debt	15	17	—	—	32
Intercompany payable	529	41	376	(946)	—
Other accrued liabilities	63	388	118	—	569
Total current liabilities	607	999	776	(946)	1,436
Long-term debt	3,711	2	—	—	3,713
Intercompany notes payable	—	—	1,150	(1,150)	—
Deferred income taxes	—	162	59	(20)	201
Other liabilities	—	454	104	—	558
Total liabilities	4,318	1,617	2,089	(2,116)	5,908
Commitments and contingent liabilities					
Equity					
Total Chemours stockholders' equity	377	2,506	1,046	(3,552)	377
Noncontrolling interests	—	—	4	—	4
Total equity	377	2,506	1,050	(3,552)	381
Total liabilities and equity	$4,695	$ 4,123	$ 3,139	$ (5,668)	$ 6,289

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Condensed Consolidating Balance Sheets

	December 31, 2015				
	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Adjustments	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$—	$ 95	$ 271	$ —	$ 366
Accounts and notes receivable - trade, net	—	344	515	—	859
Intercompany receivable	3	459	54	(516)	—
Inventories	—	493	501	(22)	972
Prepaid expenses and other	—	49	52	3	104
Total current assets	3	1,440	1,393	(535)	2,301
Property, plant and equipment	—	7,070	1,945	—	9,015
Less: Accumulated depreciation	—	(4,899)	(939)	—	(5,838)
Net property, plant and equipment	—	2,171	1,006	—	3,177
Goodwill	—	141	25	—	166
Other intangible assets, net	—	10	—	—	10
Investments in affiliates	—	9	127	—	136
Investments in subsidiaries	3,105	—	—	(3,105)	—
Intercompany notes receivable	1,150	—	—	(1,150)	—
Other assets	19	275	214	—	508
Total assets	$4,277	$ 4,046	$ 2,765	$ (4,790)	$ 6,298
Liabilities and equity					
Current liabilities:					
Accounts payable	$—	$ 637	$ 336	$ —	$ 973
Short-term borrowings and current maturities of long-term debt	15	24	—	—	39
Intercompany payable	202	54	260	(516)	—
Other accrued liabilities	21	287	146	—	454
Total current liabilities	238	1,002	742	(516)	1,466
Long-term debt	3,913	2	—	—	3,915
Intercompany notes payable	—	—	1,150	(1,150)	—
Deferred income taxes	—	173	61	—	234
Other liabilities	—	456	97	—	553
Total liabilities	4,151	1,633	2,050	(1,666)	6,168
Commitments and contingent liabilities					
Equity					
Total Chemours stockholders' equity	126	2,413	711	(3,124)	126
Noncontrolling interests	—	—	4	—	4
Total equity	126	2,413	715	(3,124)	130
Total liabilities and equity	$4,277	$ 4,046	$ 2,765	$ (4,790)	$ 6,298

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Condensed Consolidating Statements of Cash Flows

	Nine Months Ended September 30, 2016				
	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Adjustments	Consolidated
Operating activities					
Cash (used for) provided by operating activities	$(105)	$ 173	$ 256	$ —	$ 324
Investing activities					
Purchases of property, plant and equipment	—	(142)	(93)	—	(235)
Proceeds from sales of assets and business	—	590	117	—	707
Intercompany investing activities	—	(328)	—	328	—
Foreign exchange contract settlements	—	(1)	—	—	(1)
Investment in affiliates	—	—	(2)	—	(2)
Cash provided by investing activities	—	119	22	328	469
Financing activities					
Intercompany short-term borrowings, net	328	—	—	(328)	—
Debt repayments	(205)	(7)	—	—	(212)
Dividends paid	(16)	—	—	—	(16)
Deferred financing fees	(2)	—	—	—	(2)
Cash provided by (used for) financing activities	105	(7)	—	(328)	(230)
Effect of exchange rate changes on cash	—	—	28	—	28
Increase in cash and cash equivalents	—	285	306	—	591
Cash and cash equivalents at beginning of period	—	95	271	—	366
Cash and cash equivalents at end of period	$—	$ 380	$ 577	$ —	$ 957

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The Chemours Company
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in millions, except per share)

Condensed Consolidating Statements of Cash Flows

	Nine Months Ended September 30, 2015				
	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Adjustments	Consolidated
Operating activities					
Cash (used for) provided by operating activities	$(10)	$ (320)	$ 115	$ 95	$ (120)
Investing activities					
Purchases of property, plant and equipment	—	(226)	(166)	—	(392)
Proceeds from sales of assets and business	—	6	2	—	8
Foreign exchange contract settlements	—	61	—	—	61
Investment in affiliates	—	—	(32)	—	(32)
Cash used for investing activities	—	(159)	(196)	—	(355)
Financing activities					
Proceeds from issuance of debt, net	3,489	1	—	—	3,490
Deferred financing fees	(79)	—	—	—	(79)
Debt repayments	(5)	(1)	—	—	(6)
Dividends paid	(100)	—	—	—	(100)
Cash provided at separation by DuPont	—	87	160	—	247
Net transfers (to) from DuPont	(3,295)	454	77	(93)	(2,857)
Cash provided by financing activities	10	541	237	(93)	695
Effect of exchange rate changes on cash	—	—	(5)	—	(5)
Increase in cash and cash equivalents	—	62	151	2	215
Cash and cash equivalents at beginning of period	—	—	—	—	—
Cash and cash equivalents at end of period	$—	$ 62	$ 151	$ 2	$ 215

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

Management's discussion and analysis of our results of operations and financial condition, which we refer to as "MD&A," supplements the unaudited interim consolidated financial statements included in this quarterly report and is intended to provide an understanding of our financial condition, changes in financial condition and results of operations. The discussion and analysis presented below refers to and should be read in conjunction with the unaudited interim consolidated financial statements included in this quarterly report, as well as our audited consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2015.

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" refers 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.

Cautionary Statements About Forward-Looking Statements

This section and other parts of this quarterly report contain forward-looking statements, within the meaning of the federal securities laws, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. The words "believe," "expect," "anticipate," "plan," "estimate," "target," "project" and similar expressions, am others, generally identify "forward-looking statements," which speak only as of the date the statements were made. Forward-looking statements are based on certain assumptions and expectations of future events which may not be accurate or realized. Forward-looking statements also involve risks and uncertainties, many of which are beyond Chemours' control. Additionally, there may be other risks and uncertainties that we are unable to identify at this time or that we do not currently expect to have a material impact on our business. Factors that could cause or contribute to these differences include those discussed in the "Forward-Looking Statements" and the "Risk Factors" sections in our Annual Report on Form 10-K for the year ended December 31, 2015. The Company assumes no obligation to revise or update any forward-looking statement for any reason, except as required by law.

Overview

Chemours is a leading global provider of products that are key inputs in end-products and processes in a variety of industries. We deliver customized solutions with a wide range of industrial and specialty chemical products for markets including plastics and coatings, refrigeration and air conditioning, general industrial, mining and oil refining. Principal products include titanium dioxide ("TiO_2"), refrigerants, industrial fluoropolymer resins and a portfolio of industrial chemicals including sodium cyanide.

Chemours manages and reports operating results through three reportable segments: Titanium Technologies, Fluoroproducts and Chemical Solutions. Our position with each of these businesses reflects the strong value proposition we provide to our customers based on our long history and reputation in the chemical industry for safety, quality and reliability.

Chemours Five-Point Transformation Plan

Immediately after Chemours became an independent public company, we began to make changes to our organization, cost structure and portfolio of businesses in order to transform our company into a higher growth chemistry company. The objectives of our multi-year five-point transformation plan are to improve our financial performance, streamline and strengthen our portfolio and reduce our leverage by:

1. Reducing our costs through a simpler business model;
2. Optimizing our portfolio to focus on our businesses where we have leading positions;
3. Growing our market positions where we have competitive advantages;

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4. Refocusing our investments by concentrating our capital expenditures on our core businesses; and
5. Enhancing our organization to deliver our values and support our transformation to a higher-value chemistry company.

Through cost reduction and growth, Chemours expects the transformation plan to deliver $500 million of incremental Adjusted EBITDA improvement over 2015 through 2017. Based on our anticipated cost reduction and growth initiatives, we expect that our cost savings of approximately $350 million and approximately $150 million in improvements from growth initiatives will also improve our pre-tax earnings by similar amounts through 2017. Results of our transformation actions are discussed in the Recent Developments, Results of Operations, Segment Reviews and Outlook sections of this MD&A.

Recent Developments

On June 13, 2016, the Company entered into an asset purchase agreement with Veolia North America (“Veolia”), pursuant to which Veolia agreed to acquire Chemours’ Sulfur Products business (“Sulfur business”) of its Chemical Solutions segment for a purchase price of $325 million in cash, subject to customary working capital and other adjustments, of which approximately $10 million was received in May 2016. The Company completed the sale on July 29, 2016 and received the remaining proceeds of approximately $311 million, net of estimated working capital adjustments. The sale is still subject to certain customary post-closing conditions.

On April 22, 2016, the Company entered into a Stock and Asset Purchase Agreement with LANXESS Corporation (“Lanxess”), pursuant to which Lanxess has agreed to acquire Chemours’ Clean & Disinfect product line (the “C&D business”) by acquiring certain Chemours' subsidiaries and assets comprising the C&D business for a purchase price of $230 million in cash, subject to customary working capital and other adjustments. The Company completed the sale on August 31, 2016 and received $223 million of cash, net of working capital adjustments and approximately $2 of cash transferred. The sale is still subject to certain customary post-closing conditions.

The Company expects to use the proceeds from the above sales to fund our future capital expenditures.

Our Third Quarter 2016 Results and Business Highlights

Net sales for the three months ended September 30, 2016 were $1.4 billion, a decrease of 6% from $1.5 billion for the three months ended September 30, 2015. Net sales for the nine months ended September 30, 2016 were $4.1 billion, a decrease of 6% from $4.4 billion for the nine months ended September 30, 2015. These decreases were driven primarily by the portfolio changes from divestitures in the Chemical Solutions segment described below.

We recognized net income of $204 million and $237 million for the three and nine months ended September 30, 2016, respectively, compared with a net loss of $29 million and $4 million for the three and nine months ended September 30, 2015, respectively. Our results for the quarter reflect $172 million of gain on sale of the C&D business, improvements from cost reductions initiatives, improved TiO_2 pricing, and strong Fluoroproducts performance, partially offset by asset impairment charges of $46 million and $104 million for the three and nine months ended September 30, 2016, respectively, in the Chemical Solutions segment.

Our Adjusted EBITDA was $268 million and $169 million for the three months ended September 30, 2016 and 2015, respectively, and $583 million and $441 million for the nine months ended September 30, 2016 and 2015, respectively. Our results for the 2016 periods reflect improvements in average prices in Titanium Technologies and improved profitability in Fluoroproducts, including growth in Opteon™ sales, partially offset by the impact of divestitures within the Chemical Solutions segment.

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Results of Operations

(Dollars in millions)	Three months ended September 30, 2016	2015	Nine months ended September 30, 2016	2015
Net sales	$1,398	$1,486	$4,078	$4,357
Cost of goods sold	1,056	1,222	3,267	3,615
Gross profit	342	264	811	742
Selling, general and administrative expense	148	157	454	481
Research and development expense	19	18	60	68
Restructuring and asset related charges, net	60	184	145	245
Goodwill impairment	—	25	—	25
Total expenses	227	384	659	819
Equity in earnings of affiliates	9	7	17	18
Interest expense, net	(51)	(51)	(157)	(79)
Other income, net	161	57	250	71
Income (loss) before income taxes	234	(107)	262	(67)
Provision (benefit from) for income taxes	30	(78)	25	(63)
Net income (loss)	204	(29)	237	(4)
Less: Net income attributable to noncontrolling interests	—	—	—	—
Net income (loss) attributable to Chemours	$204	$(29)	$237	$(4)

Net Sales

Net sales for the three months ended September 30, 2016 were $1.4 billion, a decrease of approximately 6% compared to $1.5 billion in the same period in 2015. Net sales for the nine months ended September 30, 2016 were $4.1 billion, a decrease of approximately 6% compared to $4.4 billion in the same period in 2015.

The decreases in net sales in the three and nine months ended September 30, 2016 were driven by portfolio changes from divestitures and lower selling prices resulting from the impact of lower raw materials costs on contractual pass-through terms in the Chemical Solutions segment. In addition, decrease in net sales for the nine months ended September 30, 2016 were also impacted by lower selling prices for TiO_2 in the Titanium Technologies segment year over year. In the Fluoroproducts segment, the growth in Opteon™ was offset by weaker demand and unfavorable product mix of fluoropolymer products.

The table below shows the impact of price, volume, currency and portfolio changes on net sales for the three and nine months ended September 30, 2016 compared with the three and nine months ended September 30, 2015:

Change in net sales from prior period	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016
Price	(1)%	(4)%
Volume	—%	1%
Currency	—%	(1)%
Portfolio / Other	(5)%	(2)%
Total Change	(6)%	(6)%

For detailed discussion of net sales, see the Segment Reviews section of this MD&A.

Cost of goods sold

Cost of goods sold (COGS) decreased by 14% and 10% for the three and nine months ended September 30, 2016, respectively, when compared to the same periods in 2015. The decreases were primarily driven by lower operating costs, including lower raw

materials and overhead costs, and improvement in plant utilization, which decreased COGS by approximately 9% and 7% for the three and nine months ended September 30, 2016, respectively. Portfolio changes primarily in our Chemical Solutions segment also decreased COGS by approximately 5% and 2% for the three and nine months ended September 30, 2016, respectively. These decreases were partially offset by inventory write-downs in the Chemical Solutions segment of $2 million and $7 million in the three and nine months ended September 30, 2016 as a result of the previously announced reactive metals solution restructuring, $5 million assets write-off related to the cyanides business of our Chemical Solutions segment in the nine months ended September 30, 2016 and a $6 million increase in performance related compensation accruals in the nine months ended September 30, 2016.

Selling, general and administrative expense

Selling, general and administrative (SG&A) expense decreased by 6% to $148 million for the three months ended September 30, 2016 and decreased by 6% to $454 million for the nine months ended September 30, 2016, when compared to the same periods in 2015.

The decrease in SG&A for the three months ended September 30, 2016 was due to our cost reduction initiatives, including a global workforce reduction and other initiatives in connection with the transformation plan, that contributed to an approximate 12% reduction in SG&A. The decrease was partially offset by increase in performance related compensation accruals by approximately $5 million, and legal settlements and related costs of $2 million.

The decrease in SG&A in the nine months ended September 30, 2016 was primarily driven by lower pension costs and cost reduction initiatives, including the global workforce reduction and other initiatives in connection with the transformation plan, which contributed to an approximate 17% reduction in SG&A. These decreases were partially offset by increased performance related compensation accruals of approximately $25 million, transaction costs incurred primarily in connection with the sale of the C&D and Sulfur businesses of $18 million and legal settlements and related costs of $11 million.

Research and development expense

Research and development (R&D) expense increased by $1 million and decreased by $8 million for the three and nine months ended September 30, 2016, respectively, when compared to the same period in 2015.

R&D spend was driven by decisions to refocus on fewer higher return projects. The global workforce reduction initiative also impacted the R&D function, which contributed to the decrease in R&D expense in the nine months ended September 30, 2016.

Restructuring and asset-related charges, net

For the three and nine months ended September 30, 2016, we recorded pre-tax charges of approximately $60 million and $145 million, respectively, compared to $184 million and $245 million for the three and nine months ended September 30, 2015, respectively, for employee separation, decommissioning and other asset-related charges in connection with several restructuring actions initiated in the second half of 2015.

Charges in the three and nine months ended September 30, 2016 consist primarily of $5 million and $24 million, respectively, of decommissioning and dismantling activities related to the closure of Edge Moor manufacturing plant in Titanium Technology segment, $1 million and $6 million, respectively, of decommissioning activities related to certain production lines in Fluoroproducts segment, and $7 million and $6 million, respectively, of contract termination and decommissioning activities related to the reactive metals solution ("RMS") manufacturing facility in Chemical Solutions segment. We also recorded in the Chemical Solutions segment $46 million of asset impairment charge in the three months ended September 30, 2016 related to the aniline facility in Pascagoula, Mississippi, and $58 million in the nine months ended September 30, 2016 of asset impairment charges in connection with the sale of the Sulfur business.

Charges for the three and nine months ended September 30, 2015 consist primarily of asset related charges of $114 million in the Titanium Technologies segment related to the write-off of substantially all of the Edge Moor plant assets' carrying value, $8 million in the Fluoroproducts segment related to property, plant and equipment accelerated depreciation, and $45 million in the Chemical Solutions segment related to the RMS manufacturing facility asset impairment. We also recorded $17 million and $78 million of employee separation costs in the three and nine months ended September 30, 2015, respectively, related to the plant and product line closures for the Titanium Technologies and Fluoroproducts segments, and the 2015 restructuring program.

For details related to the “Restructuring and asset related charges, net”, see Note 5 to the interim consolidated financial statements.

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Interest expense, net

We incurred interest expense of $51 million and $157 million for the three and nine months ended September 30, 2016, respectively, compared to $51 million and $79 million for the three and nine months ended September 30, 2015, respectively.

Interest expense for the three months ended September 30, 2016 includes approximately $4 million of gain on debt extinguishment during the third quarter of 2016, offset by lower capitalized interest due to the completion of our Altamira plant expansion in April 2016.

Interest expense is higher in the nine months ended September 30, 2016 because the related long-term debt was outstanding for the full nine months in 2016 compared to 2015 when the long-term debt was issued in May 2015. In addition, we recorded approximately $4 million of non-cash write off of unamortized debt issuance costs attributable to the reduction in our revolver commitment during the first quarter of 2016. These increases were partially offset by approximately $10 million of gain on debt extinguishment in 2016 (see Note 15 to the interim consolidated financial statements).

Other income, net

Other income, net increased by $104 million for the three months ended September 30, 2016 and increased by $179 million for the nine months ended September 30, 2016 when compared to the same periods in 2015.

For the three months ended September 30, 2016, other income primarily includes a $169 million gain on sale primarily in connection with the sale of our C&D business, partially offset by foreign currency exchange losses of $17 million driven by continued strengthening of the U.S. dollar primarily against the Mexican peso, compared to a foreign currency exchange gain of $44 million in 2015, which was mainly driven by a net gain from foreign currency forward contracts.

For the nine months ended September 30, 2016, other income primarily includes a $258 million gain on sale primarily in connection with the sale of our C&D business and the sale of our aniline facility in Beaumont, Texas, partially offset by foreign currency exchange losses of approximately $37 million driven by continued strengthening of the U.S. dollar primarily against the Mexican peso compared to a foreign currency exchange gain of $47 million in 2015, which was mainly driven by the net gain from foreign currency forward contracts.

For additional details of other income, net and foreign currency forward contracts, see Note 7 and Note 17 to the interim consolidated financial statements.

Provision for (benefit from) income taxes

For the three months ended September 30, 2016 and 2015, Chemours recorded a provision for income tax of $30 million and a benefit from income tax of $78 million, respectively, or an effective income tax rate of approximately 13% and 73%, respectively. For the nine months ended September 30, 2016 and 2015, Chemours recorded a provision for income tax of $25 million and a benefit from income tax of $63 million, respectively, or an effective income tax rate of 9% and 94%, respectively.

The $108 million and $88 million increase in provision for income tax for the three and nine months ended September 30, 2016, respectively, and the corresponding changes in the effective income tax rates were primarily due to the Company’s geographical mix of earnings. The gain on the sale of assets and business (see Note 6) resulted in an increase in tax expense and a corresponding change in the effective income tax rate for the period ended September 30, 2016 as compared to the period ended September 30, 2015. These increases in tax provision were partially offset by restructuring charges, asset impairments and foreign currency exchange losses recognized in the period ended September 30, 2016.

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Segment Reviews

The following table represents Chemours' total consolidated Adjusted EBITDA by segment:

	Three months ended September 30,		Nine months ended September 30,	
(Dollars in millions)	2016	2015	2016	2015
Titanium Technologies	144	80	309	264
Fluoroproducts	143	91	333	220
Chemical Solutions	9	8	30	13
Corporate and Other	(28)	(10)	(89)	(56)
Total	$268	$169	$583	$441

Adjusted EBITDA represents our primary measure of segment performance and is defined as income (loss) before income taxes excluding the following:

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

A tabular reconciliation of Adjusted EBITDA to net income (loss) for the three and nine months ended September 30, 2016 and 2015 is included in the Non-GAAP Financial Measures section of this Item 2.

Titanium Technologies

	Three months ended September 30,		Nine months ended September 30,	
(Dollars in millions)	2016	2015	2016	2015
Segment Net Sales	$625	$616	$1,742	$1,803
Adjusted EBITDA	144	80	309	264
Adjusted EBITDA Margin	23 %	13 %	18 %	15 %

Change in segment net sales from prior period	Three months ended September 30, 2016	Nine months ended September 30, 2016
Price	1 %	(6)%
Volume	— %	3 %
Currency	— %	— %
Portfolio / Other	— %	— %
Total Change	1 %	(3)%

Segment Net Sales: Net sales increased by 1% for the three months ended September 30, 2016 and decreased by 3% for the nine months ended September 30, 2016 when compared with the same periods in 2015.

The increase in sales in the three months ended September 30, 2016 was primarily due to improvement in global average selling prices during 2016. Our TiO_2 sales volume also increased in the third quarter by approximately 2% due to the higher demand in all regions except China, offset by lower volumes in non-TiO_2 products.

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The decrease in net sales in the nine months ended September 30, 2016 was primarily due to lower average selling prices year over year, partially offset by an increase in sales volume due to higher demand in Europe and the United States. Our sales volume in 2016 was in line with seasonal and historical trends while 2015 experienced an unusually low volume particularly in the first quarter.

Adjusted EBITDA and Adjusted EBITDA margin: Adjusted EBITDA and Adjusted EBITDA margin increased during the three and nine months September 30, 2016 when compared to the same periods in 2015.

The increase in Adjusted EBITDA of approximately 80% for the three months ended September 30, 2016 and the corresponding increase in Adjusted EBITDA margin was primarily driven by selling price increases and productivity improvement initiatives, which increased Adjusted EBITDA by approximately 14% and 68%, respectively. The productivity improvement initiatives resulted in lower raw materials and plant operating costs.

The increase in Adjusted EBITDA of approximately 17% for the nine months ended September 30, 2016 and the corresponding increase in Adjusted EBITDA margin was primarily driven by productivity improvement initiatives including the impact of the Edge Moor plant shut-down and global headcount reductions, which increased Adjusted EBITDA by approximately 56%. The productivity improvement initiatives resulted in lower raw materials and lower plant operating costs. The increase was partially offset by lower average selling price year-over-year, which decreased adjusted EBITDA by approximately 42%.

Fluoroproducts

Three months ended September 30,	Nine months ended September 30,