Chemours Co
Form 10-Q
May 03, 2019

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-36794

The Chemours Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware	46-4845564
(State or other Jurisdiction of 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 No

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

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Exchange on Which Registered
Common Stock ($.01 par value)	CC	New York Stock Exchange

The registrant had 163,963,626 shares of common stock, $0.01 par value, outstanding at April 29, 2019.

The Chemours Company

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PART I. FINANCIAL INFORMATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Chemours Company

Interim Consolidated Statements of Operations (Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
Net sales	$1,376	$1,730
Cost of goods sold	1,080	1,193
Gross profit	296	537
Selling, general, and administrative expense	156	143
Research and development expense	22	20
Restructuring, asset-related, and other charges	8	10
Total other operating expenses	186	173
Equity in earnings of affiliates	8	12
Interest expense, net	(51)	(52)
Other income, net	40	57
Income before income taxes	107	381
Provision for income taxes	13	84
Net income	94	297
Net income attributable to Chemours	$94	$297
Per share data		
Basic earnings per share of common stock	$0.56	$1.63
Diluted earnings per share of common stock	0.55	1.58

See accompanying notes to the interim consolidated financial statements.

The Chemours Company

Interim Consolidated Statements of Comprehensive Income (Unaudited)

(Dollars in millions)

	Three Months Ended March 31,					
	2019			2018		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Net income	$ 107	$ (13)	$ 94	$ 381	$ (84)	$ 297
Other comprehensive income (loss):						
Hedging activities:						
Unrealized gain (loss) on net investment hedge	10	(3)	7	(34)	8	(26)
Unrealized gain on cash flow hedge	2	—	2	—	—	—
Reclassifications to net income - cash flow hedge	(3)	—	(3)	—	—	—
Hedging activities, net	9	(3)	6	(34)	8	(26)
Cumulative translation adjustment	7	—	7	108	—	108
Defined benefit plans:						
Additions to accumulated other comprehensive loss:						
Effect of foreign exchange rates	3	—	3	(9)	—	(9)
Reclassifications to net income:						
Amortization of actuarial loss	5	(1)	4	4	(1)	3
Settlement loss	1	—	1	—	—	—
Defined benefit plans, net	9	(1)	8	(5)	(1)	(6)
Other comprehensive income	25	(4)	21	69	7	76
Comprehensive income	132	(17)	115	450	(77)	373
Comprehensive income attributable to Chemours	$ 132	$ (17)	$ 115	$ 450	$ (77)	$ 373

See accompanying notes to the interim consolidated financial statements.

The Chemours Company

Interim Consolidated Balance Sheets

(Dollars in millions, except per share amounts)

	(Unaudited) March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 697	$ 1,201
Accounts and notes receivable, net	847	861
Inventories	1,218	1,147
Prepaid expenses and other	85	84
Total current assets	2,847	3,293
Property, plant, and equipment	9,089	8,992
Less: Accumulated depreciation	(5,710)	(5,701)
Property, plant, and equipment, net	3,379	3,291
Operating lease right-of-use assets	323	—
Goodwill and other intangible assets, net	180	181
Investments in affiliates	166	160
Other assets	430	437
Total assets	$ 7,325	$ 7,362
Liabilities		
Current liabilities:		
Accounts payable	$ 1,042	$ 1,137
Current maturities of long-term debt	13	13
Other accrued liabilities	517	559
Total current liabilities	1,572	1,709
Long-term debt, net	3,965	3,959
Operating lease liabilities	265	—
Deferred income taxes	212	217
Other liabilities	495	457
Total liabilities	6,509	6,342
Commitments and contingent liabilities		
Equity		
Common stock (par value $0.01 per share; 810,000,000 shares authorized; 188,693,084 shares issued and 164,990,989 shares outstanding at March 31, 2019; 187,204,567 shares issued and 170,780,474 shares outstanding at December 31, 2018)	2	2
Treasury stock, at cost (23,702,095 shares at March 31, 2019; 16,424,093 shares at December 31, 2018)	(1,011)	(750)
Additional paid-in capital	845	860
Retained earnings	1,517	1,466
Accumulated other comprehensive loss	(543)	(564)
Total Chemours stockholders' equity	810	1,014

Non-controlling interests	6	6
Total equity	816	1,020
Total liabilities and equity	$ 7,325	$ 7,362

See accompanying notes to the interim consolidated financial statements.

The Chemours Company

Interim Consolidated Statements of Stockholders' Equity (Unaudited)

(Dollars in millions)

	Common Stock			Treasury Stock				Accumulated		
	Shares	Amount	Dividends per Share	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Other Comprehensive (Loss) Income	Non-controlling Interests	Total Equity
Balance at January 1, 2018	185,343,034	$ 2	$ —	2,386,406	$ (116)	$ 837	$ 579	$ (442)	$ 5	$ 865
Common stock issued - compensation plans	286,618	—	—	—	—	—	—	—	—	—
Exercise of stock options, net	273,460	—	—	—	—	5	—	—	—	5
Purchases of treasury stock, at cost	—	—	—	4,979,152	(245)	—	—	—	—	(245)
Stock-based compensation expense	—	—	—	—	—	9	—	—	—	9
Cancellation of unissued stock awards withheld to cover taxes	—	—	—	—	—	(5)	—	—	—	(5)
Net income	—	—	—	—	—	—	297	—	—	297
Other comprehensive income	—	—	—	—	—	—	—	76	—	76
Balance at March 31, 2018	185,903,112	$ 2	$ —	7,365,558	$ (361)	$ 846	$ 876	$ (366)	$ 5	$ 1,002
Balance at January 1, 2019	187,204,567	$ 2	$ —	16,424,093	$ (750)	$ 860	$ 1,466	$ (564)	$ 6	$ 1,020
Common stock issued - compensation plans	1,078,034	—	—	—	—	1	(1)	—	—	—
Exercise of stock options, net	410,483	—	—	—	—	6	—	—	—	6
	—	—	—	7,278,002	(261)	—	—	—	—	(261)

Purchases of treasury stock, at cost										
Stock-based compensation expense	—	—	—	—	—	8	—	—	—	8
Cancellation of unissued stock awards withheld to cover taxes	—	—	—	—	—	(30)	—	—	—	(30)
Net income	—	—	—	—	—	—	94	—	—	94
Dividends	—	—	0.25	—	—	—	(42)	—	—	(42)
Other comprehensive income	—	—	—	—	—	—	—	21	—	21
Balance at March 31, 2019	188,693,084	$ 2	$ 0.25	23,702,095	$ (1,011)	$ 845	$ 1,517	$ (543)	$ 6	$ 816

See accompanying notes to the interim consolidated financial statements.

The Chemours Company

Interim Consolidated Statements of Cash Flows (Unaudited)

(Dollars in millions)

	Three Months Ended March 31,	
	2019	2018
Cash flows from operating activities		
Net income	$94	$297
Adjustments to reconcile net income to cash (used for) provided by operating activities:		
Depreciation and amortization	76	70
Gain on sales of assets and businesses	—	(42)
Equity in earnings of affiliates, net	(7)	17
Amortization of debt issuance costs and issue discounts	3	3
Deferred tax (benefit) provision	(7)	35
Stock-based compensation expense	8	9
Net periodic pension cost (income)	1	(3)
Defined benefit plan contributions	(6)	(4)
Other operating charges and credits, net	4	(1)
Decrease (increase) in operating assets:		
Accounts and notes receivable, net	16	(150)
Inventories and other operating assets	(49)	(18)
(Decrease) increase in operating liabilities:		
Accounts payable and other operating liabilities	(177)	(17)
Cash (used for) provided by operating activities	(44)	196
Cash flows from investing activities		
Purchases of property, plant, and equipment	(133)	(102)
Proceeds from sales of assets and businesses, net	—	39
Foreign exchange contract settlements, net	(1)	5
Cash used for investing activities	(134)	(58)
Cash flows from financing activities		
Debt repayments	(3)	(4)
Purchases of treasury stock, at cost	(255)	(240)
Proceeds from exercised stock options, net	6	5
Payments related to tax withholdings on vested stock awards	(30)	(1)
Payments of dividends	(42)	(31)
Cash used for financing activities	(324)	(271)
Effect of exchange rate changes on cash and cash equivalents	(2)	11
Decrease in cash and cash equivalents	(504)	(122)
Cash and cash equivalents at January 1,	1,201	1,556
Cash and cash equivalents at March 31,	$697	$1,434

Supplemental cash flows information

Non-cash investing and financing activities:

Changes in property, plant, and equipment included in accounts payable	$(11)	$(1)
Obligations incurred under build-to-suit lease arrangement	17	11
Purchases of treasury stock not settled by quarter-end	6	15
Tax payments accrued for withholdings on vested restricted stock units	—	4

See accompanying notes to the interim consolidated financial statements.

The Chemours Company

Notes to the Interim Consolidated Financial Statements (Unaudited)

(Dollars in millions, except per share amounts)

Note 1. Background, Description of the Business, and Basis of Presentation

The Chemours Company ("Chemours," or "the Company") is a leading, global provider of performance chemicals that are key inputs in end-products and processes in a variety of industries. 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, electronics, mining, and oil refining. The Company's principal products include refrigerants, industrial fluoropolymer resins, sodium cyanide, performance chemicals and intermediates, and titanium dioxide ("TiO_2") pigment. Chemours' business consists of three reportable segments: Fluoroproducts, Chemical Solutions, and Titanium Technologies. The Fluoroproducts segment is a leading, global provider of fluoroproducts, including refrigerants and industrial fluoropolymer resins. The Chemical Solutions segment is a leading, North American provider of industrial chemicals used in gold production, industrial, and consumer applications. The Titanium Technologies segment is a leading, global provider of TiO_2 pigment, a premium white pigment used to deliver whiteness, brightness, opacity, and protections in a variety of applications.

Chemours separated from E. I. du Pont de Nemours and Company ("DuPont") on July 1, 2015. On August 31, 2017, DuPont completed a merger with The Dow Chemical Company ("Dow"), pursuant to which, Dow and DuPont became subsidiaries of DowDuPont, Inc. ("DowDuPont") with the intent to form three independent, publicly-traded companies. On April 1, 2019, Dow separated from DuPont as part of their planned reorganization. At this time, the agreements related to Chemours' separation remain between Chemours and DuPont.

The accompanying interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). In the opinion of management, all adjustments (consisting of normal, recurring adjustments) considered necessary for a fair statement of the Company's results for interim periods have been included. The notes that follow are an integral part of the Company's interim consolidated financial statements. The Company's results for interim periods should not be considered indicative of its results for a full year, and the year-end consolidated balance sheet does not include all of the disclosures required by GAAP. As such, these interim consolidated financial statements should be read in conjunction with the *Consolidated Financial Statements* and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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

Certain prior period amounts have been reclassified to conform to the current period presentation, the effect of which, was not material to the Company's interim consolidated financial statements.

Note 2. Recent Accounting Pronouncements

Accounting Guidance Issued and Not Yet Adopted

Changes to Disclosure Requirements for Defined Benefit Plans

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-14, *Compensation –Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans* ("ASU No. 2018-14"). This update removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of certain disclosures, and adds new disclosure requirements that are considered relevant for employers that sponsor defined benefit pension or other postretirement plans. ASU No. 2018-14 is effective for fiscal years ending after December 15, 2020 with retrospective application to all periods presented, and early adoption is permitted. The Company is currently evaluating the impacts of adopting this guidance, which it does not expect to be material.

Recently Adopted Accounting Guidance

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU No. 2016-02"), which supersedes the leases requirements in Topic 840. The core principle of ASU No. 2016-02 is that a lessee should recognize on the balance sheet the lease assets and lease liabilities that arise from all lease arrangements with terms greater than 12 months. Recognition of these lease assets and lease liabilities represents a change from previous GAAP, which did not require lease assets and lease liabilities to be recognized for operating leases.

The Company adopted ASU No. 2016-02 on January 1, 2019 using the modified retrospective transition method, which did not require the Company to adjust comparative periods. Operating leases are included in operating lease right-of-use assets, other accrued liabilities, and operating lease liabilities on the consolidated balance sheets. Finance leases are included in property, plant, and equipment, net, current maturities of long-term debt, and long-term debt, net, on the consolidated balance sheets. The Company's lease assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments. The Company's incremental borrowing rate, which is based on information available at the adoption date for existing leases and the commencement date for leases commencing after the adoption date, is used to determine the present value of lease payments.

The most significant impact of the Company's adoption of ASU No. 2016-02 was the recognition of $333 of operating lease right-of-use assets and $349 of operating lease liabilities on its consolidated balance sheets at January 1, 2019. Operating lease right-of-use assets were reduced by $16 due to a tenant improvement allowance on a lease of office space. The Company's adoption of ASU No. 2016-02 did not have any impact to the Company's consolidated statements of operations, or its consolidated statements of cash flows. Further, there was no impact on the Company's covenant compliance under its current debt agreements as a result of the adoption of ASU No. 2016-02.

The Company elected the package of practical expedients included in this guidance, which allowed it to not reassess: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and, (iii) the initial direct costs for existing leases. The Company also elected the practical expedient to not assess whether existing or expired land easements contain a lease.

The Company does not recognize short-term leases on its consolidated balance sheets, and will recognize those lease payments in the consolidated statements of operations on a straight-line basis over the lease term. Leases with the options to extend their term or terminate early are reflected in the lease term when it is reasonably certain that the Company will exercise such options.

Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU No. 2018-15"), which aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. Pursuant to the amendments, the Company, when acting as a customer to a cloud computing arrangement that is a service contract, is required to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. ASU No. 2018-15 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted in any interim period. Upon adoption, the Company had the option to elect whether it applies the amendments under ASU No. 2018-15 retrospectively, or prospectively to all implementation costs incurred after the date of adoption. The Company adopted ASU No. 2018-15 on January 1, 2019 using the prospective adoption method, the effect of which, was not material to its financial position, results of operations, or cash flows for the three months ended March 31, 2019.

Note 3. Significant Transaction

Sale of Land in Linden, New Jersey

In March 2016, the Company entered into an agreement to sell a 210-acre plot of land that formerly housed a DuPont manufacturing site in Linden, New Jersey. The land was assigned to Chemours in connection with its separation from DuPont, and the Company completed the sale in March 2018 for a gain of $42 and net cash proceeds of $39. As part of the sales agreement, the buyer agreed to assume certain costs associated with ongoing environmental remediation activities at the site amounting to $3, which have been reflected as a component of prepaid expenses and other on the consolidated balance sheets. Chemours remains responsible for certain other ongoing environmental remediation activities at the site, which were previously accrued as a component of other liabilities on the consolidated balance sheets.

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(Dollars in millions, except per share amounts)

Note 4. Net Sales

Disaggregation of Net Sales

The following table sets forth a disaggregation of the Company's net sales by geographic region, product group, and segment for the three months ended March 31, 2019.

	Three Months Ended March 31, 2019			
	Fluoroproducts	Chemical Solutions	Titanium Technologies	Total
Net sales by geographic region (1)				
North America	$288	$ 74	$ 197	$559
Asia Pacific	163	16	166	345
Europe, the Middle East, and Africa	186	5	113	304
Latin America (2)	50	39	79	168
Total net sales	$687	$ 134	$ 555	$1,376
Net sales by product group				
Fluorochemicals	$349	$ —	$ —	$349
Fluoropolymers	338	—	—	338
Mining solutions	—	68	—	68
Performance chemicals and intermediates	—	66	—	66
Titanium dioxide and other minerals	—	—	555	555
Total net sales	$687	$ 134	$ 555	$1,376

(1) Net sales are attributed to countries based on customer location.

(2) Latin America includes Mexico.

The following table sets forth a disaggregation of the Company's net sales by geographic region, product group, and segment for the three months ended March 31, 2018.

	Three Months Ended March 31, 2018			
	Fluoroproducts	Chemical Solutions	Titanium Technologies	Total
Net sales by geographic region (1)				

North America	$303	$ 81	$ 233	$617
Asia Pacific	153	19	242	414
Europe, the Middle East, and Africa	222	5	247	474
Latin America (2)	54	39	132	225
Total net sales	$732	$ 144	$ 854	$1,730
Net sales by product group				
Fluorochemicals	$395	$ —	$ —	$395
Fluoropolymers	337	—	—	337
Mining solutions	—	66	—	66
Performance chemicals and intermediates	—	78	—	78
Titanium dioxide and other minerals	—	—	854	854
Total net sales	$732	$ 144	$ 854	$1,730

(1) Net sales are attributed to countries based on customer location.

(2) Latin America includes Mexico.

Substantially all of the Company’s net sales are derived from goods and services transferred at a point in time.

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Contract Balances

The Company's assets and liabilities from contracts with customers constitute accounts receivable - trade, deferred revenue, and customer rebates. An amount for accounts receivable - trade is recorded when the right to consideration under a contract becomes unconditional. An amount for deferred revenue is recorded when consideration is received prior to the conclusion that a contract exists, or when a customer transfers consideration prior to the Company satisfying its performance obligations under a contract. Customer rebates represent an expected refund liability to a customer based on a contract. In contracts with customers where a rebate is offered, it is generally applied retroactively based on the achievement of a certain sales threshold. As revenue is recognized, the Company estimates whether or not the sales threshold will be achieved to determine the amount of variable consideration to include in the transaction price.

The following table sets forth the Company's contract balances from contracts with customers at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Accounts receivable - trade, net (1)	$ 776	$ 790
Customer rebates	42	79

(1) Accounts receivable - trade, net includes trade notes receivable of $3 and $2 and is net of allowances for doubtful accounts of $5 at March 31, 2019 and December 31, 2018, respectively. Such allowances are equal to the estimated uncollectible amounts.

The Company's deferred revenue balances at March 31, 2019 and December 31, 2018 were not significant. Additionally, changes in the Company's deferred revenue balances resulting from additions for advance payments and deductions for amounts recognized in net sales during the three months ended March 31, 2019 were not significant. For the three months ended March 31, 2019, the amount of net sales recognized from performance obligations satisfied in prior periods (e.g., due to changes in transaction price) was not significant.

There were no other contract asset balances or capitalized costs associated with obtaining or fulfilling customer contracts as of March 31, 2019 or December 31, 2018.

Remaining Performance Obligations

Certain of the Company's master services agreements or other arrangements contain take-or-pay clauses, whereby customers are required to purchase a fixed minimum quantity of product during a specified period, or pay the Company for such orders, even if not requested by the customer. The Company considers these take-or-pay clauses to be an enforceable contract, and as such, the legally-enforceable minimum amounts under such an arrangement are considered to be outstanding performance obligations on contracts with an original expected duration greater than one year. At March 31, 2019, Chemours had $132 of remaining performance obligations. The Company expects to recognize approximately 40% of its remaining performance obligations as revenue in 2019, an approximate additional 40% in 2020, and the balance thereafter. The Company applies the allowable practical expedient and does not include remaining performance obligations that have original expected durations of one year or less, or amounts for variable consideration allocated to wholly-unsatisfied performance obligations or wholly-unsatisfied distinct goods that form part of a single performance obligation, if any. Amounts for contract renewals that are not yet exercised by March 31, 2019 are also excluded.

Note 5. Restructuring, Asset-related, and Other Charges

The following table sets forth the components of the Company's restructuring, asset-related, and other charges for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31,	
	2019	2018
Restructuring and other charges:		
Employee separation charges	$ —	$ 3
Decommissioning and other charges	8	7
Total restructuring, asset-related, and other charges	$ 8	$ 10

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The following table sets forth the impacts of the Company’s restructuring programs to segment earnings for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31,	
	2019	2018
Restructuring and other charges:		
Plant and product line closures:		
Chemical Solutions	$ —	$ 1
Corporate and Other	6	—
Total plant and product line closures	6	1
2017 Restructuring Program:		
Fluoroproducts	1	3
Chemical Solutions	—	1
Corporate and Other	1	5
Total 2017 Restructuring Program	2	9
Total restructuring, asset-related, and other charges	$ 8	$ 10

Plant and Product Line Closures

In the fourth quarter of 2015, the Company announced its completion of the strategic review of its Reactive Metals Solutions business and the decision to stop production at its Niagara Falls, New York manufacturing plant. For the three months ended March 31, 2018, the Company recorded additional decommissioning and dismantling-related charges of $1. The Company expects to incur approximately $10 in additional restructuring charges for similar activities through 2021, which will be reflected in Chemical Solutions, and will be expensed as incurred. As of March 31, 2019, the Company incurred, in the aggregate, $36 in restructuring charges related to these activities, excluding asset-related charges.

In the first quarter of 2018, the Company began a project to demolish and remove several dormant, unused buildings at its Chambers Works site in Deepwater, New Jersey, which were assigned to Chemours in connection with its separation from DuPont. For the three months ended March 31, 2019, the Company incurred $6 in decommissioning and dismantling-related charges associated with these efforts. The Company expects to incur approximately $15 to $20 in additional restructuring charges related to its Chambers Works site through the end of 2020, which will be reflected in Corporate and Other, and will be expensed as incurred. As of March 31, 2019, the Company incurred, in the aggregate, $15 in restructuring charges related to these activities.

2017 Restructuring Program

In 2017, the Company announced certain restructuring activities designed to further the cost savings and productivity improvements outlined under management's transformation plan. These activities include, among other efforts: (i) outsourcing and further centralizing certain business process activities; (ii) consolidating existing, outsourced third-party information technology ("IT") providers; and, (iii) implementing various upgrades to the Company's current IT infrastructure. In connection with these corporate function efforts, the Company recorded $2 and $6 in restructuring-related charges for the three months as of March 31, 2019 and 2018, respectively.

In 2017, the Company also announced a voluntary separation program ("VSP") for certain eligible U.S. employees in an effort to better manage the anticipated future changes to its workforce. Employees who volunteered for and were accepted under the VSP received certain financial incentives above the Company's customary involuntary termination benefits to end their employment with Chemours after providing a mutually agreed-upon service period. Approximately 300 employees separated from the Company through the end of 2018. An accrual representing the majority of these termination benefits, amounting to $18, was recognized in the fourth quarter of 2017. The remaining incremental, one-time financial incentives under the VSP were recognized over the period that each participating employee continued to provide service to Chemours, and amounted to $3 for the three months ended March 31, 2018.

The Company recorded charges of $2 and $9 for its 2017 program during the three months ended March 31, 2019 and 2018, respectively. The cumulative amount incurred, in the aggregate, for the Company's 2017 program amounted to $61 at March 31, 2019. The Company has substantially completed all actions related to this program, and the remaining amounts accrued at March 31, 2019 are expected to be paid during the first half of 2019.

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2018 Restructuring Program

In the fourth quarter of 2018, management initiated a restructuring program of the Company's corporate functions and recorded the related estimated severance costs of $5. The program is expected to be completed in the first half of 2019.

The following table sets forth the change in the Company's employee separation-related liabilities associated with its restructuring programs for the three months ended March 31, 2019.

	2015 Global Restructuring Program	2017 Restructuring Program	2018 Restructuring Program	Total
Balance at December 31, 2018	$ 1	$ 10	$ 5	$ 16
Credits to income	—	—	(1)	(1)
Payments	—	(9)	—	(9)
Balance at March 31, 2019	$ 1	$ 1	$ 4	$ 6

At March 31, 2019, there were no significant outstanding liabilities related to the Company's decommissioning and other restructuring-related charges.

Note 6. Other Income, Net

The following table sets forth the components of the Company's other income, net for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31,	
	2019	2018

Leasing, contract services, and miscellaneous income (1)	$ 26	$ 3
Royalty income (2)	5	5
Gain on sales of assets and businesses (3)	—	42
Exchange gains, net (4)	6	—
Non-operating pension and other post-retirement employee benefit income	3	7
Total other income, net	$ 40	$ 57

(1) Leasing, contract services, and miscellaneous income includes European Union fluorinated greenhouse gas quota authorization sales of $24 and $2 for the three months ended March 31, 2019 and 2018, respectively.

(2) Royalty income is primarily from technology licensing.

(3) For the three months ended March 31, 2018, gain on sale includes a $42 gain associated with the sale of the Company's Linden, New Jersey site.

(4) Exchange gains, net includes gains and losses on foreign currency forward contracts.

Note 7. Income Taxes

For the three months ended March 31, 2019 and 2018, Chemours recorded provisions for income taxes of $13 and $84, resulting in effective income tax rates of approximately 12% and 22%, respectively. The Company's provision for income taxes for the three months ended March 31, 2019 included $9 of income tax benefits related to legal settlements and restructuring costs, and $6 of income tax benefits related to windfalls on share-based payments. The Company's provision for income taxes for the three months ended March 31, 2018 included $10 of income tax expenses related to certain asset sales and $8 of income tax expenses related to the impact of certain U.S. tax reform provisions, which were somewhat offset by $5 of income tax benefits related to windfalls on share-based payments. The remaining change in the Company's effective tax rate from the prior year is primarily attributable to changes in its geographic mix of earnings.

With respect to U.S. tax reform, while management has completed its analysis within the applicable measurement period, pursuant to the U.S. Securities and Exchange Commission's Staff Accounting Bulletin No. 118, the Company is accounting for the tax impact of new provisions based on an interpretation of existing statutory law, including proposed regulations issued by the U.S. Treasury and the Internal Revenue Service. While there can be no assurances as to the effect of any final regulations on the Company's provision for income taxes, management will continue to evaluate the impact as any regulations issued become final during 2019.

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Note 8. Earnings Per Share of Common Stock

The following table sets forth the reconciliations of the numerators and denominators for the Company's basic and diluted earnings per share ("EPS") calculations for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31, 2019	2018
Numerator:		
Net income attributable to Chemours	$94	$297
Denominator:		
Weighted-average number of common shares outstanding - basic	167,866,468	182,069,982
Dilutive effect of the Company's employee compensation plans	4,194,432	6,263,215
Weighted-average number of common shares outstanding - diluted	172,060,900	188,333,197
Basic earnings per share of common stock	$0.56	$1.63
Diluted earnings per share of common stock	0.55	1.58

The following table sets forth the average number of stock options that were anti-dilutive and, therefore, were not included in the Company's diluted EPS calculations for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31, 2019	2018
Average number of stock options	683,135	—

Note 9. Accounts and Notes Receivable, Net

The following table sets forth the components of the Company's accounts and notes receivable, net at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Accounts receivable - trade, net (1)	$ 776	$ 790
VAT, GST, and other taxes (2)	59	56
Other receivables (3)	12	15
Total accounts and notes receivable, net	$ 847	$ 861

(1) Accounts receivable - trade, net includes trade notes receivable of $3 and $2 and is net of allowances for doubtful accounts of $5 at March 31, 2019 and December 31, 2018, respectively. Such allowances are equal to the estimated uncollectible amounts.

(2) Value added tax ("VAT") and goods and services tax ("GST") for various jurisdictions.

(3) Other receivables consist of derivative instruments, advances, and other deposits.

Accounts and notes receivable are carried at amounts that approximate fair value. Bad debt expense was less than $1 and $1 for the three months ended March 31, 2019 and 2018, respectively.

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Note 10. Inventories

The following table sets forth the components of the Company's inventories at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Finished products	$ 724	$ 701
Semi-finished products	206	195
Raw materials, stores, and supplies	514	476
Inventories before LIFO adjustment	1,444	1,372
Less: Adjustment of inventories to LIFO basis	(226)	(225)
Total inventories	$ 1,218	$ 1,147

Inventory values, before last-in, first-out ("LIFO") adjustment are generally determined by the average cost method, which approximates current cost. Inventories are valued under the LIFO method at substantially all of the Company's U.S. locations, which comprised $694 and $622 (or 48% and 45%) of inventories before the LIFO adjustments at March 31, 2019 and December 31, 2018, respectively. The remainder of the Company's inventory held in international locations and certain U.S. locations is valued under the average cost method.

Note 11. Property, Plant, and Equipment, Net

The following table sets forth the components of the Company's property, plant, and equipment, net at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Equipment	$ 7,382	$ 7,344
Buildings	918	914
Construction-in-progress	634	579
Land	119	119
Mineral rights	36	36
Property, plant, and equipment	9,089	8,992
Less: Accumulated depreciation	(5,710)	(5,701)

Total property, plant, and equipment, net	$ 3,379	$ 3,291

Depreciation expense amounted to $74 and $69 for the three months ended March 31, 2019 and 2018, respectively. Property, plant, and equipment, net includes a build-to-suit lease asset of $72 and $55 at March 31, 2019 and December 31, 2018, respectively.

Note 12. Leases

The Company leases certain office space, equipment, railcars, tanks, barges, tow boats, and warehouses. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets and lease expense is recognized over the term of these leases on a straight-line basis. The Company's leases have remaining terms of up to 18 years. Some leases of equipment contain immaterial amounts of residual value guarantees.

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The following table sets forth the Company's lease assets and lease liabilities and their balance sheet location at March 31, 2019.

	Balance Sheet Location	March 31, 2019
Lease assets:		
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 323
Finance lease assets	Property, plant, and equipment, net	2
Total lease assets		$ 325
Lease liabilities:		
Current:		
Operating lease liabilities	Other accrued liabilities	$ 76
Non-current:		
Operating lease liabilities	Operating lease liabilities	265
Finance lease liabilities	Long-term debt, net	2
Total non-current lease liabilities		267
Total lease liabilities		$ 343

The following table sets forth the components of the Company's lease cost for the three months ended March 31, 2019.

	Three Months Ended March 31, 2019
Operating lease cost	$ 25
Short-term lease cost	1
Variable lease cost	4
Total lease cost	$ 30

The total cost associated with the Company's finance leases amounted to less than $1 for the three months ended March 31, 2019.

The following table sets forth the cash flows related to the Company’s leases for the three months ended March 31, 2019.

	Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 25
Non-cash operating lease liabilities activity:	
Leased assets obtained in exchange for new operating lease liabilities	$ 19

The total cash flows associated with the Company’s finance leases amounted to less than $1 for the three months ended March 31, 2019.

The following table sets forth the weighted-average term and weighted-average discount rate for the Company’s leases at March 31, 2019.

	March 31, 2019
Weighted-average remaining lease term (years):	
Operating leases	8.50
Finance leases	2.80
Weighted-average discount rate:	
Operating leases	5.10 %
Finance leases	4.90 %

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The following table sets forth the Company’s lease liabilities’ maturities for the next five years and thereafter.

	As of March 31, 2019		
	Operating Leases	Finance Leases	Total
Remainder of 2019	$72	$ —	$72
2020	73	2	75
2021	62	—	62
2022	44	—	44
2023	29	—	29
Thereafter	135	—	135
Total lease payments	415	2	417
Less: Imputed interest	74	—	74
Present value of lease liabilities	$341	$ 2	$343

The following table sets forth the Company’s lease liabilities’ maturities for the next five years and thereafter under the previous lease accounting standard.

	As of December 31, 2018		
	Operating Leases	Finance Leases	Total
2019	$92	$ —	$92
2020	70	2	72
2021	59	—	59
2022	42	—	42
2023	27	—	27
Thereafter	134	—	134
Total lease payments	$424	$ 2	$426

Build-to-suit Lease Obligation

In October 2017, Chemours executed a build-to-suit lease agreement to construct a new 312,000-square-foot research and development facility on the Science, Technology, and Advanced Research campus of the University of Delaware (“UD”) in Newark, Delaware (“The Chemours Discovery Hub”). The land on which The Chemours Discovery Hub will be located is leased to a third-party owner-lessor by UD, and Chemours will act as the construction agent and ultimate lessee of the facility based on the Company’s agreement with the owner-lessor. Project costs paid by the owner-lessor are reflected on the Company’s consolidated balance sheets as construction-in-progress within property, plant, and equipment, net, and a corresponding build-to-suit lease liability within long-term debt, net. Through March 31, 2019 and December 31, 2018, project costs paid by the owner-lessor amounted to $72 and $55, respectively. Construction of The Chemours Discovery Hub is expected to be completed by the end of 2019.

Note 13. Investments in Affiliates

The Company engages in transactions with its equity method investees in the ordinary course of business. For the three months ended March 31, 2019 and 2018, net sales to the Company’s equity method investees amounted to $32 and $27, respectively, and purchases from the Company’s equity method investees amounted to $44 and $37, respectively. The Company also received $1 and $30 in dividends from its equity method investees for the three months ended March 31, 2019 and 2018, respectively.

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Note 14. Other Assets

The following table sets forth the components of the Company’s other assets at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Capitalized repair and maintenance costs	$ 160	$ 178
Pension assets (1)	183	174
Deferred income taxes	46	46
Miscellaneous	41	39
Total other assets	$ 430	$ 437

(1) Pension assets represent the funded status of certain of the Company's long-term employee benefit plans.

Note 15. Accounts Payable

The following table sets forth the components of the Company’s accounts payable at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Trade payables	$ 1,010	$ 1,111
VAT and other payables	32	26
Total accounts payable	$ 1,042	$ 1,137

Note 16. Other Accrued Liabilities

The following table sets forth the components of the Company’s other accrued liabilities at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Compensation and other employee-related costs	$ 70	$ 108
Employee separation costs (1)	6	16
Accrued litigation (2)	31	76
Environmental remediation (2)	69	74
Income taxes	63	87
Customer rebates	42	79
Deferred income	7	6
Accrued interest	62	21
Operating lease liabilities (3)	76	—
Miscellaneous (4)	91	92
Total other accrued liabilities	$ 517	$ 559

(1) Represents the current portion of accrued employee separation costs related to the Company's restructuring activities.

(2) Represents the current portions of accrued litigation and environmental remediation, which are discussed further in "Note 19 – Commitments and Contingent Liabilities."

(3) Represents the current portion of the Company's operating lease liabilities, which is discussed further in "Note 2 – Recent Accounting Pronouncements" and "Note 12 – Leases."

(4) Miscellaneous primarily includes accrued utility expenses, property taxes, an accrued indemnification liability, the current portion of the Company's asset retirement obligations, and other miscellaneous expenses.

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Note 17. Debt

The following table sets forth the components of the Company's debt at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Senior secured term loans:		
Tranche B-2 U.S. dollar term loan due May 2025	$ 891	$ 893
Tranche B-2 euro term loan due May 2025 (€347 at March 31, 2019 and December 31, 2018)	391	396
Senior unsecured notes:		
6.625% due May 2023	908	908
7.000% due May 2025	750	750
4.000% due May 2026 (€450 at March 31, 2019 and December 31, 2018)	507	513
5.375% due May 2027	500	500
Finance lease liabilities	2	2
Build-to-suit lease obligation	72	55
Total debt	4,021	4,017
Less: Unamortized issue discounts	(10)	(10)
Less: Unamortized debt issuance costs	(33)	(35)
Less: Current maturities of long-term debt	(13)	(13)
Total long-term debt, net	$ 3,965	$ 3,959

Senior Secured Credit Facilities

The Company's credit agreement, as amended, provides for seven-year, senior secured term loans and a five-year, $800 senior secured revolving credit facility ("Revolving Credit Facility"). No borrowings were outstanding under the Revolving Credit Facility at March 31, 2019 or December 31, 2018; however, Chemours had $103 and $104 in letters of credit issued and outstanding under this facility at March 31, 2019 and December 31, 2018, respectively. At March 31, 2019, the effective interest rates on the class of term loans denominated in U.S. dollars ("Dollar Term Loan") and the class of term loans denominated in euros ("Euro Term Loan") were 4.25% and 2.50%, respectively. Also, at March

31, 2019, commitment fees on the Revolving Credit Facility were assessed at a rate of 0.10% per annum.

Maturities

The following table sets forth the Company’s debt principal maturities for the next five years and thereafter.

	Year Ended December 31,
Remainder of 2019	$ 10
2020	13
2021	13
2022	13
2023	921
Thereafter	2,977
Total principal maturities on senior debt	$ 3,947

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Debt Fair Value

The following table sets forth the estimated fair values of the Company's senior debt issues, which are based on quotes received from third-party brokers, and are classified as Level 2 financial instruments in the fair value hierarchy.

	March 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior secured term loans:				
Tranche B-2 U.S. dollar term loan due May 2025	$891	$892	$893	$862
Tranche B-2 euro term loan due May 2025 (€347 at March 31, 2019 and December 31, 2018)	391	392	396	394
Senior unsecured notes:				
6.625% due May 2023	908	942	908	918
7.000% due May 2025	750	793	750	761
4.000% due May 2026 (€450 at March 31, 2019 and December 31, 2018)	507	515	513	487
5.375% due May 2027	500	497	500	454
Total senior debt	3,947	$4,031	3,960	$3,876
Less: Unamortized issue discounts	(10)		(10)	
Less: Unamortized debt issuance costs	(33)		(35)	
Total senior debt, net	$3,904		$3,915	

Note 18. Other Liabilities

The following table sets forth the components of the Company's other liabilities at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Environmental remediation (1)	$ 164	$ 152

Employee-related costs (2)	118	130
Accrued litigation (1)	91	53
Asset retirement obligations	50	51
Deferred revenue	6	7
Miscellaneous (3)	66	64
Total other liabilities	$ 495	$ 457

(1) The Company's accrued environmental remediation and accrued litigation liabilities are discussed further in "Note 19 – Commitments and Contingent Liabilities."

(2) Employee-related costs primarily represent liabilities associated with the Company's long-term employee benefits plans.

(3) Miscellaneous primarily includes an accrued indemnification liability of $46 at March 31, 2019 and December 31, 2018.

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Note 19. Commitments and Contingent Liabilities

Litigation

In addition to the matters discussed below, the Company and certain of its subsidiaries, from time to time, are subject to various lawsuits, claims, assessments, and proceedings with respect to product liability, intellectual property, personal injury, commercial, contractual, employment, governmental, environmental, anti-trust, and other such matters that arise in the ordinary course of business. In addition, 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. It is not possible to predict the outcomes of these various lawsuits, claims, assessments, or proceedings. 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 the Company's consolidated financial position, results of operations, or cash flows. Disputes between Chemours and DuPont may also arise with respect to indemnification matters, including disputes based on matters of law or contract interpretation. If and to the extent these disputes arise, they could materially adversely affect Chemours.

Asbestos

In the separation, DuPont assigned its asbestos docket to Chemours. At March 31, 2019 and December 31, 2018, there were approximately 1,300 lawsuits 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 of the U.S. Most of the actions were brought by contractors who worked at sites between the 1950s and the 1990s. A small number of cases involve similar allegations by DuPont employees or household members of contractors or DuPont employees. Finally, certain lawsuits allege personal injury as a result of exposure to DuPont products.

At March 31, 2019 and December 31, 2018, Chemours had an accrual of $37 related to these matters.

Benzene

In the separation, DuPont assigned its benzene docket to Chemours. At March 31, 2019 and December 31, 2018, there were 21 and 19 cases pending against DuPont alleging benzene-related illnesses, respectively. These cases consist of premises matters involving contractors and deceased former employees who claim exposure to benzene while working at DuPont sites primarily in the 1960s through the 1980s, and product liability claims based on alleged exposure to benzene found in trace amounts in aromatic hydrocarbon solvents used to manufacture DuPont products such as paints, thinners, and reducers.

Management believes that a loss is reasonably possible as to the docket as a whole; 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.

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

Chemours maintained accruals of $22 related to the PFOA matters discussed below at March 31, 2019 and December 31, 2018. These accruals relate 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 (“NJ DEP”). 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 state or the national health advisory. The Company will continue to work with the EPA regarding the extent of work that may be required with respect to these matters.

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Leach Settlement

In 2004, DuPont settled a class action captioned *Leach v. DuPont*, filed in West Virginia state court, alleging that approximately 80,000 residents living near the Washington Works facility had suffered, or may suffer, deleterious health effects from exposure to PFOA in drinking water. Among the settlement terms, DuPont funded a series of health studies by an independent science panel of experts ("C8 Science Panel") to evaluate available scientific evidence on whether any probable link exists, as defined in the settlement agreement, between exposure to PFOA and disease.

The C8 Science Panel found probable links, as defined in the settlement agreement, between exposure to PFOA and pregnancy-induced hypertension, including preeclampsia, kidney cancer, testicular cancer, thyroid disease, ulcerative colitis, and diagnosed high cholesterol. Under the terms of the settlement, DuPont is obligated to fund up to $235 for a medical monitoring program for eligible class members and pay the administrative cost associated with the program, including class counsel fees. The court-appointed Director of Medical Monitoring implemented the program and testing is ongoing with associated payments to service providers disbursed from an escrow account which the Company replenishes pursuant to the settlement agreement. As of March 31, 2019, approximately $1.6 has been disbursed from escrow related to medical monitoring. While it is reasonably possible that the Company will incur additional costs related to the medical monitoring program, such costs cannot be reasonably estimated due to uncertainties surrounding the level of participation by eligible class members and the scope of testing.

In addition, under the Leach settlement agreement, DuPont must continue to provide water treatment designed to reduce the level of PFOA in water to six area water districts and private well users. At separation, this obligation was assigned to Chemours and is included in the $22 accrued for these matters at March 31, 2019 and December 31, 2018.

PFOA Leach Class Personal Injury

Further, under the Leach settlement, class members may pursue personal injury claims against DuPont only for those diseases for which the C8 Science Panel determined a probable link exists. Approximately 3,500 lawsuits were subsequently filed in various federal and state courts in Ohio and West Virginia and consolidated in multi-district litigation ("MDL") in Ohio federal court. These were resolved in March 2017 when DuPont entered into an agreement settling all MDL cases and claims, including all filed and unfiled personal injury cases and claims that were part of the plaintiffs' counsel's claims inventory, as well as cases tried to a jury verdict ("MDL Settlement") for $670.7 in cash, with half paid by Chemours, and half paid by DuPont.

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

While all MDL lawsuits were dismissed or resolved through the MDL Settlement, the MDL Settlement did not resolve PFOA personal injury claims of plaintiffs who did not have cases or claims in the MDL or personal injury claims based on diseases first diagnosed after February 11, 2017. Since the resolution of the MDL, approximately 54 personal injury cases have been filed and are pending in West Virginia or Ohio courts alleging status as a Leach class member. These cases are consolidated before the MDL court.

State of Ohio

In February 2018, the State of Ohio initiated litigation against DuPont regarding historical PFOA emissions from the Washington Works site. Chemours is an additional named defendant. Ohio alleges damage to natural resources and seeks damages including remediation and other costs and punitive damages.

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PFAS

DuPont and Chemours have been named in other litigations brought by individuals, water districts, businesses, and a putative national medical monitoring putative class action alleging exposure to and/or contamination from perfluorinated and polyfluorinated compounds (“PFAS”), including PFOA.

Aqueous Film Forming Foam Matters

DuPont and Chemours have been named in four matters involving aqueous film forming foam (“AFFF”), which is used to extinguish hydrocarbon-based (i.e., Class B) fires and subject to U.S. military specifications. Some matters have been transferred to a multidistrict litigation (“AFFF MDL”) in South Carolina federal court.

In February 2019, two commercial dairy farms near Cannon Air Force Base in New Mexico filed lawsuits in federal court in New Mexico against DuPont and Chemours, as well as against several manufacturers of AFFF. These cases allege that decades of use of AFFF for firefighting practice at the nearby Air Force base contaminated the groundwater, the aquifer, and the property with PFAS, including PFOA and “PFOS” (perfluorooctane sulfonic acid) and threatens their milk and crop production. These cases allege that DuPont and Chemours manufactured AFFF and its non-defined “constituents.” Plaintiffs seek to recover damages for investigating, monitoring, remediating, treating, and otherwise responding to the contamination, and punitive damages.

Also in February 2019, the City of Dayton, Ohio (“City”) filed an amended complaint to add DuPont and Chemours as defendants to a lawsuit filed in Ohio federal court against numerous AFFF manufacturers. The City alleges that decades of AFFF use in firefighting practice at Wright-Patterson Air Force Base in Ohio and at the City’s own firefighting practice center contaminated the drinking water supply. The City alleges that DuPont and Chemours manufactured AFFF and its non-defined “constituents.” The City seeks to recover damages for investigating, monitoring, remediating, treating, and otherwise responding to the PFAS contamination and punitive damages. The case was transferred to the AFFF MDL.

In April 2019, the Atlantic City Municipal Utilities Authority filed a complaint in New Jersey federal court against AFFF manufacturers, the Federal Aviation Administration (“FAA”), DuPont, and Chemours regarding use of AFFF at William J. Hughes Technical Center in New Jersey, an FAA-owned site. Plaintiffs allege that DuPont manufactured, marketed, sold, or otherwise promoted the use of AFFF and that Chemours is responsible for sharing DuPont liabilities. The plaintiff seeks to recover damages including clean-up costs, compensatory, and punitive damages regarding contamination of its drinking water wells.

Other PFAS Matters

DuPont has also been named in approximately 51 lawsuits pending in New York courts, which are not part of the Leach class, brought by individual plaintiffs alleging negligence and other claims in the release of PFAS, including PFOA, into drinking water, and seeking medical monitoring, compensatory, and punitive damages against current and former owners and suppliers of a manufacturing facility in Hoosick Falls, New York. Two other lawsuits in New York have been filed by a business seeking to recover its losses and by nearby property owners and residents in a putative class action seeking medical monitoring, compensatory and punitive damages, and injunctive relief.

In May 2017, the Water Works and Sewer Board of the Town of Centre, Alabama filed suit against numerous carpet manufacturers located in Dalton, Georgia and suppliers and former suppliers, including DuPont, in Alabama state court. The complaint alleges negligence, nuisance, and trespass in the release of PFAS, including PFOA, into a river leading to the town’s water source, and seeks compensatory and punitive damages.

In February 2018, the New Jersey-American Water Company, Inc. (“NJAW”) filed suit against DuPont and Chemours in New Jersey federal court alleging that discharges in violation of the New Jersey Spill Compensation and Control Act (“Spill Act”), were made into groundwater utilized in the NJAW Penns Grove water system. NJAW alleges that damages include costs associated with remediating, operating, and maintaining its system, and attorney fees.

In October 2018, a putative class action was filed in Ohio federal court against 3M Company (“3M”), DuPont, Chemours, and other defendants seeking class action status for U.S. residents having a detectable level of PFAS in their blood serum. The complaint seeks declaratory and injunctive relief, including the establishment of a “PFAS Science Panel.”

In December 2018, the owners of a dairy farm filed a lawsuit in Maine state court against numerous defendants including DuPont and Chemours alleging that their dairy farm was contaminated by PFAS, including PFOS and PFOA present in treated municipal sewer sludge used in agricultural spreading applications on their farm. The complaint asserts negligence, trespass, and other tort and state statutory claims and seeks damages.

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In January 2019, the Town of East Hampton, New York ("Town") filed a lawsuit against DuPont, Chemours, and numerous other defendants in New York state court alleging that it has and will incur costs for assessment, remediation, and response to address PFAs contamination, including PFOA and PFOS in drinking water and the environment. As to DuPont and Chemours, the Town alleges that PFOA and/or PFOS washed from clothing or cleaning supplies to cesspools and then subsurface water. In addition to cost recovery, the Town seeks natural resource damages, compensatory and punitive damages, and injunctive relief. Other defendants, identified as manufacturers of AFFF, transferred the case to the AFFF MDL.

In February 2019, the Ridgewood City Water Department ("Ridgewood Water"), a public water supplier in Bergen County, New Jersey filed a lawsuit in New Jersey state court against DuPont, Chemours, and numerous other defendants. As to DuPont and Chemours, Ridgewood Water alleges that "PTFE" (polytetrafluoroethylene fluoropolymers) is one of the sources of alleged PFAS contamination, including PFOA and PFOS. Ridgewood Water seeks declaratory relief requiring defendants to pay for assessment, remediation, and response costs, as well as compensatory and punitive damages.

In March 2019, the NJ DEP issued two Directives and filed four lawsuits against defendants, including Chemours. Of these actions, the State-wide PFAS Directive and the lawsuits concerning the Company's Chambers Works, New Jersey and Parlin, New Jersey sites involve PFAS. All the NJ DEP matters are described further below.

PFOA and PFAS Summary

There may be additional lawsuits filed related to PFOA and/or PFAS, including DuPont's use of PFOA, its manufacture of PFOA, or its customers' use of DuPont products. Any such litigation could result in Chemours incurring additional costs and liabilities. Management believes that it is reasonably possible that the Company could incur losses related to PFOA and/or PFAS matters in excess of amounts accrued, but any such losses are not estimable at this time due to various reasons, including, among others, that such matters are in their early stages and have significant factual issues to be resolved.

New Jersey Department of Environmental Protection Directives and Litigation

In March 2019, the NJ DEP issued two Directives and filed four lawsuits against Chemours and other defendants. The Directives are: (i) a state-wide PFAS Directive issued to DuPont, DowDuPont, DuPont Specialty Products USA, LLC ("DuPont SP USA"), Solvay S.A., 3M, and Chemours seeking a meeting to discuss future costs for PFAS-related costs incurred by the NJ DEP and establishing a funding source for such costs by the Directive recipients, and information relating to historic and current use of certain PFAS compounds; and, (ii) a Pompton Lakes natural resource damage Directive to DuPont and Chemours demanding $0.1 to cover the cost of preparation of a natural resource damage assessment plan and access to related documents.

The lawsuits filed in New Jersey state courts by the NJ DEP are: (i) in Salem County, against DuPont, 3M, and Chemours, primarily alleging clean-up and removal costs and damages and natural resource damages under the Spill Act, the Water Pollution Control Act ("WPCA"), the Industrial Site Recovery Act ("ISRA"), and common law regarding past and present operations at Chambers Works, a site assigned to Chemours at separation; (ii) in Middlesex County, against DuPont, DuPont SP USA, 3M, and Chemours, primarily alleging clean-up and removal costs, and damages and natural resource damages under the Spill Act, WPCA, ISRA, and common law regarding past and present operations at Parlin, a DuPont-owned site; (iii) in Gloucester County, against DuPont and Chemours, primarily alleging clean-up and removal costs, and damages and natural resource damages under the Spill Act, WPCA, and common law regarding past operations at Repauno, a non-operating remediation site assigned to Chemours at separation, which has been sold; and, (iv) in Passaic County, against DuPont and Chemours, primarily alleging clean-up and removal costs, and damages and natural resource damages under the Spill Act, WPCA, and common law regarding past operations at Pompton Lakes, a non-operating remediation site assigned to Chemours at separation. The alleged pollutants listed in the Salem County and Middlesex County matters above include PFAS.

Management believes that a loss is reasonably possible as to these matters, but not estimable for reasons including that these matters are in their early stages, and have significant factual issues to be resolved.

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U.S. Smelter and Lead Refinery, Inc.

There are six lawsuits, including one putative class action, pending against DuPont by area residents concerning the U.S. Smelter and Lead Refinery multi-party Superfund site in East Chicago, Indiana. Several of the lawsuits allege that Chemours is now responsible for DuPont environmental liabilities. The lawsuits include allegations for personal injury damages, property diminution, and damages under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA," often referred to as "Superfund"). 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. Management believes a loss is reasonably possible, but not estimable at this time due to various reasons including, among others, that such matters are in their early stages and have significant factual issues to be resolved.

GenX and Other Perfluorinated and Polyfluorinated Compounds

At its Fayetteville, North Carolina facility, the Company continues to capture and separately dispose of process waste water containing the polymerization processing aid hexafluoropropylene oxide dimer acid ("HFPO Dimer Acid," sometimes referred to as "GenX" or "C3 Dimer Acid") and other perfluorinated and polyfluorinated compounds. The Company believes that discharges to the Cape Fear River, site surface water, groundwater, and air emissions have not impacted the safety of drinking water in North Carolina and is cooperating with a variety of ongoing inquiries and investigations from federal, state, and local authorities, regulators, and other governmental entities, including an ongoing investigation being conducted by the U.S. Attorney's Office for the Eastern District of North Carolina and the Environment and Natural Resources Division of the U.S. Department of Justice.

In September 2017, the North Carolina Department of Environmental Quality ("NC DEQ") issued a 60-day notice of intent to suspend the permit for the Fayetteville facility and the State of North Carolina filed an action in North Carolina state court regarding the discharges seeking a temporary restraining order and preliminary injunction, as well as other relief, including abatement and site correction. A partial Consent Order was entered partially resolving the State's action in return for the Company's agreement to continue and supplement the voluntary waste water disposal measures it had previously commenced and to provide certain information. In November 2017, the NC DEQ informed the Company that it was suspending the process waste water discharge permit for the Fayetteville facility. The Company thereafter commenced the capture and separate disposal of all process waste water from the Fayetteville facility related to the Company's own operations. In addition, in June 2018, the North Carolina Legislature enacted legislation (i) granting the governor the authority, in certain circumstances, to require a facility with unauthorized PFAS discharges to cease operations, and (ii) granting the governor the authority, in certain circumstances, to direct the NC DEQ secretary to order a PFAS discharger to establish permanent replacement water supplies for parties whose water was contaminated by the discharge.

On July 13, 2018, Cape Fear River Watch (“CFRW”), a non-profit organization, sued the NC DEQ in North Carolina state court, seeking to require the NC DEQ to take additional actions as to the Fayetteville facility. On August 29, 2018, CFRW sued the Company in North Carolina federal court for alleged violations of the Clean Water Act (“CWA”) and the Toxic Substances Control Act (“TSCA”), seeking declaratory and injunctive relief and penalties.

On February 25, 2019, the North Carolina Superior Court for Bladen County approved a Consent Order between NC DEQ and the Company resolving the State’s and CFRW’s lawsuits and other matters (including issues regarding the legislation referenced above and Notices of Violation (“NOVs”) issued by the State) and litigation brought by CFRW. Under its terms, Chemours paid $13 in March 2019 to cover a civil penalty and investigative costs and continues to take additional actions to address site surface water, groundwater, and air emissions, including installing technology to abate future emissions by specified dates and meeting specified emissions reductions (with stipulated penalties for failures to do so). In connection with the approved Consent Order, the Company accrued an additional $27 during the first quarter of 2019 and had total accrued liabilities of $83 for this matter at March 31, 2019, of which, $58 is treated as accrued litigation costs. The Company’s estimated liability is based on management’s assessment of the current facts and circumstances for this matter, which are subject to various assumptions that include, but are not limited to, the number of affected properties, the type of water treatment system required, the cost of proposed water treatment systems and any related operation, maintenance, and monitoring (“OM&M”) requirements, assessed fines and penalties, and other charges contemplated by the Consent Order.

In February 2019, the Company received an NOV from the EPA alleging certain TSCA violations at its Fayetteville site. Matters raised in the NOV could have the potential to affect operations at the Fayetteville site. The Company responded to the EPA in March 2019 asserting that the Company has not violated environmental laws. At this time, management does not believe that a loss is probable related to the matters in this NOV.

It is also possible that issues relating to site discharges could result in further litigation or regulatory demands with regard to the Fayetteville facility, including potential permit modifications. If such issues arise, if the Consent Order is modified, or as implementation of the obligations under the Consent Order proceed, an additional loss is reasonably possible but not estimable at this time.

The Company has responded to grand jury subpoenas, produced witnesses before a grand jury and for interviews with government investigators and attorneys, and met with the U.S. Attorney's Office for the Eastern District of North Carolina and the Environmental Natural Resources Division of the U.S. Department of Justice regarding their investigation into a potential violation of the CWA. Although the Company is not able at this point to predict the outcome of that investigation, it is reasonably possible that it could result in a criminal or civil proceeding, the imposition of fines and penalties, and/or other remedies.

Civil actions have been filed against DuPont and Chemours in North Carolina federal court relating to discharges from the Fayetteville site. These actions include a consolidated action brought by public water suppliers seeking damages and injunctive relief, a consolidated purported class action seeking medical monitoring, and property damage and/or other monetary and injunctive relief on behalf of the putative classes of property owners and residents in areas near or that draw drinking water from the Cape Fear River, and an action by private well owners seeking compensatory and punitive damages. It is possible that additional litigation may be filed against the Company and/or DuPont concerning the discharges. Ruling on the Company's motions in April 2019, the court dismissed the medical monitoring, injunctive demand, and many other alleged causes of actions in these lawsuits.

It is not possible at this point to predict the timing, course, or outcome of all governmental and regulatory inquiries and notices, and litigation, and it is possible that these matters could materially affect the Company's financial results and operations. In addition, local communities, organizations, and federal and state regulatory agencies have raised questions concerning HFPO Dimer Acid and other perfluorinated and polyfluorinated compounds at certain other manufacturing sites operated by the Company, and it is possible that similar developments to those described above and centering on the Fayetteville site could arise in other locations.

Mining Solutions Facility Construction Stoppage

In March 2018, a civil association in Mexico filed a complaint against the government authorities involved in the permitting process of the Company's new Mining Solutions facility under construction in Gomez Palacio, Durango, Mexico. The claimant sought and obtained a suspension from the district judge to stop the Company's construction work while the claim is studied and reviewed. Chemours, as the third-party affected, has filed an appeal. The Company has declared force majeure with its vendors while plant construction is idled. Chemours' project permits fully comply with the laws and regulations at the federal, state, and municipal levels, and the Company is working with local and federal authorities, along with community leaders, to address the complaint.

Management determined that these delays represented a trigger event, which required the long-lived assets under construction at the facility and the Mining Solutions reporting unit's goodwill to be tested for impairment at March 31, 2019. No impairments were noted as a result of these tests. If the Company is unable to resume construction on the facility, a significant portion of the associated long-lived assets could be impaired.

Environmental

Chemours, due to the terms of its separation-related agreements with DuPont, is subject to contingencies pursuant to environmental laws and regulations that in the future may require further action to correct the effects on the environment of prior disposal practices or releases of chemical substances by Chemours or other parties. Much of this liability results from CERCLA, the Resource Conservation and Recovery Act, and similar state and global laws. These laws require Chemours to undertake certain investigative, remediation, and restoration activities at sites where Chemours conducts or once conducted operations or at sites where Chemours-generated waste was disposed. The accrual also includes estimated costs related to a number of sites identified for which it is probable that environmental remediation will be required, but which are not currently the subject of enforcement activities.

At March 31, 2019 and December 31, 2018, the consolidated balance sheets included liabilities relating to these matters of $233 and $226, respectively, which, in management's opinion, are appropriate based on existing facts and circumstances. The time-frame for a site to go through all phases of remediation (investigation and active clean-up) may take about 15 to 20 years, followed by several years of OM&M activities. Remediation activities, including OM&M activities, vary substantially in duration and cost from site to site. These activities, and their associated costs, depend on the mix of unique site characteristics, evolving remediation technologies, diverse regulatory requirements, as well as the presence or absence of other potentially responsible parties. In addition, for claims that Chemours may be required to indemnify DuPont pursuant to the separation-related agreements, Chemours, through DuPont, has limited available information for certain sites or is in the early stages of discussions with regulators. For these sites in particular, there may be considerable variability between the clean-up activities that are currently being undertaken or planned and the ultimate actions that could be required. Therefore, considerable uncertainty exists with respect to environmental remediation costs and, under adverse changes in circumstances, although deemed remote, the potential liability may range up to approximately $450 above the amount accrued at March 31, 2019.

For the three months ended March 31, 2019 and 2018, Chemours incurred environmental remediation expenses of $15 and $11, respectively.

Note 20. Equity

2017 Share Repurchase Program

On November 30, 2017, the Company's board of directors approved a share repurchase program authorizing the purchase of shares of Chemours' issued and outstanding common stock in an aggregate amount not to exceed $500, plus any associated fees or costs in connection with the Company's share repurchase activity ("2017 Share Repurchase Program"). Under the 2017 Share Repurchase Program, shares of Chemours' common stock were purchased on the open market from time to time, subject to management's discretion, as well as general business and market conditions. The Company's 2017 Share Repurchase Program became effective on November 30, 2017. On May 31, 2018, the Company completed the aggregate $500 in authorized purchases of Chemours' issued and outstanding common stock under the 2017 Share Repurchase Program, which amounted to a cumulative 10,085,647 shares purchased at an average share price of $49.58 per share. All common shares purchased under the 2017 Share Repurchase Program are held as treasury stock and were accounted for using the cost method.

2018 Share Repurchase Program

On August 1, 2018, the Company's board of directors approved a share repurchase program authorizing the purchase of shares of Chemours' issued and outstanding common stock in an aggregate amount not to exceed $750, plus any associated fees or costs in connection with the Company's share repurchase activity ("2018 Share Repurchase Program"). On February 13, 2019, the Company's board of directors increased the authorization amount of the 2018 Share Repurchase Program from $750 to $1,000. Under the 2018 Share Repurchase Program, shares of Chemours' common stock can be purchased on the open market from time to time, subject to management's discretion, as well as general business and market conditions. The Company's 2018 Share Repurchase Program became effective on August 1, 2018 and will continue through the earlier of its expiration on December 31, 2020, or the completion of repurchases up to the approved amount. The program may be suspended or discontinued at any time. All common shares purchased under the 2018 Share Repurchase Program are expected to be held as treasury stock and accounted for using the cost method.

Under the 2018 Share Repurchase Program, the Company purchased an additional 7,278,002 shares of Chemours' issued and outstanding common stock during the first quarter of 2019, which amounted to $261 at an average share price of $35.87 per share. As of March 31, 2019, the Company has purchased a cumulative 13,628,859 shares of Chemours' issued and outstanding common stock under the 2018 Share Repurchase Program, which amounted to $511 at an average share price of $37.47 per share. The aggregate amount of Chemours' common stock that remained available for purchase under the 2018 Share Repurchase Program at March 31, 2019 was $489.

Note 21. Stock-based Compensation

The Company's total stock-based compensation expense for the three months ended March 31, 2019 and 2018 amounted to $8 and $9, respectively.

Stock Options

During the three months ended March 31, 2019, Chemours granted approximately 760,000 non-qualified stock options to certain of its employees, which will vest over a three-year period and expire 10 years from the date of grant. The fair value of the Company's stock options are based on the Black-Scholes valuation model.

The following table sets forth the assumptions used to determine the fair value of the Company's stock option awards that were granted during the three months ended March 31, 2019.

	Three Months Ended March 31, 2019	
Risk-free interest rate	2.60	%
Expected term (years)	6.00	
Volatility	48.07	%
Dividend yield	2.63	%
Fair value per stock option	$ 14.40	

The Company recorded $4 and $5 in stock-based compensation expense specific to its stock options for the three months ended March 31, 2019 and 2018, respectively. At March 31, 2019, approximately 6,980,000 stock options remained outstanding.

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Restricted Stock Units

During the three months ended March 31, 2019, Chemours granted approximately 150,000 restricted stock units ("RSUs") to certain of its employees, which will vest over a three-year period and, upon vesting, convert one-for-one to Chemours' common stock. The fair value of the RSUs is based on the market price of the underlying common stock at the grant date.

The Company recorded $2 in stock-based compensation expense specific to its RSUs for the three months ended March 31, 2019 and 2018. At March 31, 2019, approximately 270,000 RSUs remained non-vested.

Performance Share Units

During the three months ended March 31, 2019, Chemours granted approximately 200,000 performance share units ("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 250% of the target amount depending on the Company's performance against stated performance goals.

During the three months ended March 31, 2019, approximately 1,520,000 PSUs granted in 2016 to the Company's key senior management employees vested, based on the attainment of certain performance and market-based conditions. Of the 1,520,000 PSUs that vested during the three months ended March 31, 2019, approximately 680,000 non-issued shares were cancelled to cover the employee portion of income taxes related to this award.

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 conditions are satisfied.

The Company recorded $2 in stock-based compensation expense specific to its PSUs for the three months ended March 31, 2019 and 2018. At March 31, 2019, approximately 540,000 PSUs at 100% of the target amount remained non-vested.

Employee Stock Purchase Plan

On January 26, 2017, the Company's board of directors approved The Chemours Company Employee Stock Purchase Plan ("ESPP"), which was approved by Chemours' stockholders on April 26, 2017. Under the ESPP, a total of 7,000,000 shares of Chemours' common stock are reserved and authorized for issuance to participating employees, as defined by the ESPP, which excludes executive officers of the Company. The ESPP provides for consecutive 12-month offering periods, each with two purchase periods in March and September within those offering periods. The initial offering period under the ESPP began on October 2, 2017. Participating employees are eligible to purchase the Company's common stock at a discounted rate equal to 95% of its fair value on the last trading day of each purchase period. In the first quarter of 2019, the Company executed an open market transaction to purchase the Company's common stock on behalf of its ESPP participants, which amounted to approximately 25,000 shares at $1.

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Note 22. Financial Instruments

Derivative Instruments

Objectives and Strategies for Holding Derivative Instruments

In the ordinary course of business, Chemours enters into contractual arrangements (i.e., derivatives) to reduce its exposure to foreign currency risks. The Company has established a derivative program to be utilized for financial risk management, which currently includes three distinct risk management strategies: (i) foreign currency forward contracts, which are used to minimize the volatility in the Company’s earnings related to foreign exchange gains and losses resulting from remeasuring its monetary assets and liabilities that are denominated in non-functional currencies; (ii) foreign currency forward contracts, which are also used to mitigate the risks associated with fluctuations in the euro against the U.S. dollar for forecasted U.S. dollar-denominated inventory purchases in certain of the Company’s international subsidiaries that use the euro as their functional currency; and, (iii) euro-denominated debt, which is used to reduce the volatility in stockholders’ equity caused by changes in foreign currency exchange rates of the euro with respect to the U.S. dollar for certain of its international subsidiaries that use the euro as their functional currency. The Company’s derivative program reflects varying levels of exposure coverage and time horizons based on an assessment of risk. The derivative program operates within Chemours’ financial risk management policies and guidelines, and the Company does not enter into derivative financial instruments for trading or speculative purposes.

Net Monetary Assets and Liabilities Hedge – Foreign Currency Forward Contracts

At March 31, 2019, the Company had 15 foreign currency forward contracts outstanding with an aggregate gross notional U.S. dollar equivalent of $424, and an average maturity of one month. At December 31, 2018, the Company had 20 foreign currency forward contracts outstanding with an aggregate gross notional U.S. dollar equivalent of $503, and an average maturity of one month. Chemours recognized a net loss of $2 and a net gain of $4 in other income, net for the three months ended March 31, 2019 and 2018, respectively.

Cash Flow Hedge – Foreign Currency Forward Contracts

At March 31, 2019, the Company had 95 foreign currency contracts outstanding under Chemours' cash flow hedge program with an aggregate notional U.S. dollar equivalent of $158, and an average maturity of four months. At December 31, 2018, the Company had 75 foreign currency contracts outstanding under Chemours' cash flow hedge program with an aggregate notional U.S. dollar equivalent of $143, and an average maturity of four months. The Company recognized a pre-tax gain of $2 for the three months ended March 31, 2019 on its cash flow hedge within accumulated other comprehensive loss. For the three months ended March 31, 2019, $3 of gain was reclassified to the cost of goods sold from accumulated other comprehensive loss.

The Company expects to reclassify an approximate $5 of net gain from accumulated other comprehensive loss to the cost of goods sold over the next 12 months, based on current foreign currency exchange rates.

Net Investment Hedge – Foreign Currency Borrowings

The Company recognized a pre-tax gain of $10 and a pre-tax loss of $34 for the three months ended March 31, 2019 and 2018, respectively, on its net investment hedges within accumulated other comprehensive loss. No amounts were reclassified from accumulated other comprehensive loss for the Company's net investment hedges during the three months ended March 31, 2019 and 2018.

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(Dollars in millions, except per share amounts)

Fair Value of Derivative Instruments

The following table sets forth the fair value of the Company's derivative assets and liabilities at March 31, 2019 and December 31, 2018.

		Fair Value Using Level 2 Inputs	
	Balance Sheet Location	March 31, 2019	December 31, 2018
Asset derivatives:			
Foreign currency forward contracts not designated as a hedging instrument	Accounts and notes receivable, net	$ 1	$ 1
Foreign currency forward contracts designated as a cash flow hedge	Accounts and notes receivable, net	3	3
Total asset derivatives		$ 4	$ 4
Liability derivatives:			
Foreign currency forward contracts not designated as a hedging instrument	Other accrued liabilities	$ 1	$ 1
Total liability derivatives		$ 1	$ 1

The Company's foreign currency forward contracts are classified as Level 2 financial instruments within the fair value hierarchy as the valuation inputs are based on the 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 are subjected to tolerance and/or quality checks.

Summary of Derivative Instruments

The following table sets forth the pre-tax changes in fair value of the Company's derivative assets and liabilities for the three months ended March 31, 2019 and 2018.

	Gain (Loss) Recognized In		
Three months ended March 31,	Cost of Goods Sold	Other Income, Net	Other Comprehensive Income
2019			
Foreign currency forward contracts not designated as a hedging instrument	$—	$ (2)	$ —
Foreign currency forward contracts designated as a cash flow hedge	3	—	2
Euro-denominated debt designated as a net investment hedge	—	—	10
2018			
Foreign currency forward contracts not designated as a hedging instrument	$—	$ 4	$ —
Euro-denominated debt designated as a net investment hedge	—	—	(34)

Note 23. Long-term Employee Benefits

Chemours sponsors defined benefit pension plans for certain of its employees in various jurisdictions outside of the U.S. The Company's net periodic pension income (cost) is based on estimated values and the use of assumptions about the discount rate, expected return on plan assets, and the rate of future compensation increases received by its employees.

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(Dollars in millions, except per share amounts)

The following table sets forth the Company's net periodic pension (cost) income and amounts recognized in other comprehensive income for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31,	
	2019	2018
Service cost	$ (3)	$ (4)
Interest cost	(5)	(4)
Expected return on plan assets	13	15
Amortization of actuarial loss	(5)	(4)
Settlement loss	(1)	—
Total net periodic pension (cost) income	$ (1)	$ 3
Amortization of actuarial loss	$ 5	$ 4
Settlement loss	1	—
Effect of foreign exchange rates	3	(9)
Total changes in plan assets and benefit obligations recognized in other comprehensive income	$ 9	$ (5)

The Company made cash contributions of $6 and $4 to its defined benefit pension plans during the three months ended March 31, 2019 and 2018, respectively, and expects to make additional cash contributions of $11 to its defined benefit pension plans during the remainder of 2019.

Note 24. Segment Information

Chemours' reportable segments are Fluoroproducts, Chemical Solutions, and Titanium Technologies. Corporate costs and certain legal and environmental expenses, stock-based compensation expenses, and foreign exchange gains and losses arising from the remeasurement of balances in currencies other than the functional currency of the Company's legal entities are reflected in Corporate and Other.

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

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

- interest expense, depreciation, and amortization;
- non-operating pension and other post-retirement employee benefit costs, which represents the components of net periodic pension (income) costs excluding the service cost component;
- exchange (gains) losses included in other income (expense), net;
- restructuring, asset-related, and other charges;
- asset impairments;
- (gains) losses on sales of assets and businesses; and,
- other items not considered indicative of the Company's ongoing operational performance and expected to occur infrequently.

The Chemours Company

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(Dollars in millions, except per share amounts)

The following table sets forth certain summary financial information for the Company's reportable segments and Corporate and Other for the three months ended March 31, 2019 and 2018.

Three Months Ended March 31,	Fluoroproducts	Chemical Solutions	Titanium Technologies	Corporate and Other	Total
2019					
Net sales to external customers	$ 687	$ 134	$ 555	$ —	$ 1,376
Adjusted EBITDA	159	15	126	(38)	262
Depreciation and amortization	32	6	30	8	76
2018					
Net sales to external customers	$ 732	$ 144	$ 854	$ —	$ 1,730
Adjusted EBITDA	206	11	294	(43)	468
Depreciation and amortization	28	5	30	7	70

The following table sets forth a reconciliation of Adjusted EBITDA to the Company's consolidated net income before income taxes for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31, 2019	2018
Income before income taxes	$ 107	$ 381
Interest expense, net	51	52
Depreciation and amortization	76	70
Non-operating pension and other post-retirement employee benefit income	(3)	(7)
Exchange gains, net	(6)	—
Restructuring, asset-related, and other charges (1)	8	10
Gain on sales of assets and businesses (2)	—	(42)
Legal charges (3)	29	4
Adjusted EBITDA	$ 262	$