DUPONT E I DE NEMOURS & CO
Form 10-K
February 11, 2019

2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
(Mark One)
ý ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-815
E. I. DU PONT DE NEMOURS AND COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	51-0014090
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

974 Centre Road
Wilmington, Delaware 19805
(Address of principal executive offices)
Registrant's telephone number, including area code: 302-774-1000

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

Title of each class	Name of exchange on which registered
Preferred Stock $4.50 Series, no par value, cumulative	New York Stock Exchange
Preferred Stock $3.50 Series, no par value, cumulative	New York Stock Exchange

No securities are registered pursuant to Section 12(g) of the Act.

Indicate by check mark whether the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act).
Yes ý No o
Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý
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 ý No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

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

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. o

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

The aggregate market value of voting stock held by nonaffiliates of the registrant (excludes outstanding shares beneficially owned by directors and officers and treasury shares) as of June 30, 2018 was none.

As of December 31, 2018, and as of the date of this filing, all of the company's issued and outstanding common stock, comprised of 100 shares, $0.30 par value per share, is held by DowDuPont Inc.

The Registrant meets the conditions set forth in General Instruction I(1)(a), (b) and (d) of Form 10-K (as modified by a grant of no-action relief dated February 12, 2018) and is therefore filing this form with reduced disclosure format.

E. I. du Pont de Nemours and Company
Form 10-K
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Part I

ITEM 1. BUSINESS

Historical DuPont was founded in 1802 and was incorporated in Delaware in 1915. Today, Historical DuPont is helping customers find solutions to capitalize on areas of growing global demand — enabling more, safer, nutritious food; creating high-performance, cost-effective and energy efficient materials for a wide range of industries; and increasingly delivering renewably sourced bio-based materials and fuels. Total worldwide employment at December 31, 2018 was about 44,000 people. The company has subsidiaries in about 90 countries worldwide and manufacturing operations in about 50 countries. See Note 22 to the Consolidated Financial Statements for details on the location of the company's sales and property.

DowDuPont Merger of Equals
DowDuPont Inc. ("DowDuPont") was formed on December 9, 2015 to effect an all-stock, merger of equals strategic combination between The Dow Chemical Company ("Historical Dow") and Historical DuPont (the "Merger Transaction"). On August 31, 2017 at 11:59 pm ET, (the "Merger Effectiveness Time") pursuant to the Agreement and Plan of Merger, dated as of December 11, 2015, as amended on March 31, 2017 (the "Merger Agreement"), Historical Dow and Historical DuPont each merged with wholly owned subsidiaries of DowDuPont ("Mergers") and, as a result of the Mergers, Historical Dow and Historical DuPont became subsidiaries of DowDuPont (collectively, the "Merger"). Prior to the Merger, DowDuPont did not conduct any business activities other than those required for its formation and matters contemplated by the Merger Agreement.

As a condition of the regulatory approval for the Merger Transaction, the company was required to divest certain assets related to its crop protection business and research and development ("R&D") organization, specifically the company's Cereal Broadleaf Herbicides and Chewing Insecticides portfolios, including Rynaxypyr®, Cyazypyr® , and Indoxacarb as well as the Crop Protection R&D pipeline and organization, excluding seed treatment, nematicides, and late-stage R&D programs (the "Divested Ag Business"). On March 31, 2017, the company entered into a definitive agreement (the "FMC Transaction Agreement") with FMC Corporation ("FMC"). Under the FMC Transaction Agreement, and effective upon the closing of the transaction on November 1, 2017, FMC acquired the Divested Ag Business that Historical DuPont was required to divest in order to obtain European Commission ("EC") approval for the Merger Transaction, and Historical DuPont acquired certain assets relating to FMC's Health and Nutrition segment (the "H&N Business") (collectively, the "FMC Transactions"). On November 1, 2017, the company completed the FMC Transactions through the disposition of the Divested Ag Business and the acquisition of the Acquired H&N Business. See Note 3 and Note 4 to the Consolidated Financial Statements for further information regarding the acquisition and divestiture, respectively. The sale of the Divested Ag Business meets the criteria for discontinued operations and as such, earnings are included within income from discontinued operations after income taxes in the Consolidated Statements of Operations for all periods presented.

DowDuPont has announced its intent to pursue, subject to the receipt of approval by the Board of Directors of DowDuPont and customary closing conditions, the separation of the combined company's agriculture business, specialty products business and materials science business through a series of tax-efficient transactions (collectively, the "Intended Business Separations" and the transactions to accomplish the Intended Business Separations, the "separations"). DowDuPont anticipates materials science separating about April 1, 2019, and expects agriculture and specialty products to separate about June 1, 2019.

Basis of Presentation
For purposes of DowDuPont's financial statement presentation, Historical Dow was determined to be the accounting acquirer in the Merger and Historical DuPont's assets and liabilities are reflected at fair value as of the Merger

Effectiveness Time. In connection with the Merger and the related accounting determination, Historical DuPont has elected to apply push-down accounting and reflect in its financial statements, the fair value of its assets and liabilities. Historical DuPont's Consolidated Financial Statements for periods following the close of the Merger are labeled “Successor” and reflect DowDuPont’s basis in the fair values of the assets and liabilities of Historical DuPont. All periods prior to the closing of the Merger reflect the historical accounting basis in Historical DuPont's assets and liabilities and are labeled “Predecessor.” The Consolidated Financial Statements and Footnotes include a black line division between the columns titled "Predecessor" and "Successor" to signify that the amounts shown for the periods prior to and following the Merger are not comparable. In addition, the company has elected to make certain changes in presentation to harmonize its accounting and reporting with that of DowDuPont in the Successor periods. See Note 1 to the Consolidated Financial Statements for further discussion of these changes and Note 3 to the Consolidated Financial Statements for additional information on the Merger.

Part I
ITEM 1. BUSINESS, continued

The Intended Business Separations
DowDuPont has formed two wholly owned subsidiaries: Dow Holdings Inc., to serve as a holding company for its materials science business, and Corteva, Inc., to serve as a holding company for its agriculture business.

In furtherance of the Intended Business Separations, DowDuPont is engaged in a series of internal reorganization and realignment steps (the “Internal Reorganization”) to realign its businesses into three subgroups: agriculture, materials science and specialty products. As part of the Internal Reorganization, the assets and liabilities aligned with the materials science business will be transferred or conveyed to legal entities that will ultimately be subsidiaries of Dow Holdings Inc. and the assets and liabilities aligned with the agriculture business will be transferred or conveyed to legal entities that will ultimately be subsidiaries of Corteva Inc.

Following the Internal Reorganization, DowDuPont expects to distribute its materials science and agriculture businesses through two separate U.S. federal tax-free spin-offs in which DowDuPont stockholders, at the time of such spin-offs, will receive a pro rata dividend of the shares of the capital stock of Dow Holdings Inc. and of Corteva, Inc., as applicable (the “distributions”). The materials science business after the consummation of the applicable Internal Reorganization will be referred to as “Dow” and the agriculture business after the consummation of the applicable Internal Reorganization will be referred to as “Corteva”. Following the separation and distribution of Dow, which is targeted to occur on April 1, 2019, DowDuPont, as the remaining company, will continue to hold the agriculture and specialty products businesses. DowDuPont is then targeted to complete the separation and distribution of Corteva on June 1, 2019, resulting in DowDuPont holding the specialty products businesses of the combined Company. After the distribution of Corteva, it is expected that DowDuPont will become known as "DuPont". Historical DuPont after the separations and distributions will hold the agriculture business and be a subsidiary of Corteva Inc.

Agriculture Reporting Unit Goodwill and Indefinite-lived Asset Impairments
During the third quarter of 2018, the company was required to perform an interim impairment test of its goodwill and indefinite-lived intangible assets for the agriculture reporting unit. As a result of the analysis performed, the company recorded pre-tax, non-cash impairment charges of $4,503 million for goodwill and $85 million for certain indefinite-lived assets for the year ended December 31, 2018. The charges were recognized in goodwill impairment charge and restructuring and asset related charges - net, respectively, in the Consolidated Statement of Operations.

DowDuPont Contribution and Historical DuPont’s Offer to Purchase Debt Securities
On November 13, 2018, Historical DuPont launched a tender offer (the “Tender Offer”) to purchase $6.2 billion aggregate principal amount of its outstanding debt securities (the “Tender Notes”). At December 1, 2018, the expiration date for the Tender Offer, $4,409 million aggregate principal amount of the Tender Notes had been validly tendered and was accepted for payment. Additional details related to this plan can be found in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 18 of this report and Note 15 to the Consolidated Financial Statements.

Tax Reform
On December 22, 2017, the Tax Cuts and Jobs Act (“The Act”) was enacted. The Act reduces the US federal corporate income tax rate from 35 percent to 21 percent, requires companies to pay a one-time transition tax (“transition tax”) on earnings of foreign subsidiaries that were previously tax deferred, creates new provisions related to foreign sourced earnings, eliminates the domestic manufacturing deduction and moves to a territorial system. At December 31, 2017, the company had not yet completed its accounting for the tax effects of enactment of The Act. However, the Company made a reasonable estimate of the effects on its existing deferred tax balances and the one-time transition tax. In accordance with Staff Accounting Bulletin 118 ("SAB 118"), income tax effects of The Act were refined upon

obtaining, preparing, or analyzing additional information during the measurement period. At December 31, 2018, the Company had completed its accounting for the tax effects of The Act. Additional details related to The Act can be found in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 18 of this report and Note 9 to the Consolidated Financial Statements.

DowDuPont Cost Synergy Program

In September and November 2017, DowDuPont and the company approved post-merger restructuring actions to achieve targeted cost synergies under the DowDuPont Cost Synergy Program (the "Synergy Program"), adopted by the DowDuPont Board of Directors. The Synergy Program is designed to integrate and optimize the organization following the Merger and in preparation for the Intended Business Separations. Based on all actions approved to date under the Synergy Program, Historical DuPont expects to record total pre-tax restructuring charges of $575 million to $675 million, comprised of approximately $370 million to $400 million of severance and related benefits costs; $80 million to $100 million of costs related to contract terminations; and $125 million to $175 million of asset related charges. The company anticipates including savings associated with these actions within DowDuPont's cost synergy commitment of $3.6 billion associated with the Merger Transaction. Additional details related to this plan can be found in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 18 of this report and Note 6 to the Consolidated Financial Statements.

2017 Restructuring Program

During the first quarter 2017, Historical DuPont committed to take actions to improve plant productivity and better position its product lines for productivity and growth before and after the anticipated closing of the Merger Transaction (the "2017 restructuring program"). In connection with these actions, the company incurred pre-tax charges of $313 million for the period January 1 through August 31, 2017 recognized in restructuring and asset related charges - net in the company's Consolidated Statements of Operations. The charge is comprised of $279 million of asset related charges and $34 million in severance and related benefit costs. These charges primarily relate to the second quarter closure of the safety and construction product line at the Cooper River manufacturing site located near Charleston, South Carolina. The asset related charges mainly consist of accelerated depreciation associated with the closure. The actions associated with this plan are substantially complete. The company anticipates including savings associated with these actions within the targeted cost synergies associated with the Merger Transaction. Additional details related to this plan can be found in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 18 of this report and Note 6 to the Consolidated Financial Statements.

Spin-off of Performance Chemicals

On July 1, 2015, Historical DuPont completed the separation of its Performance Chemicals segment through the spin-off of all of the issued and outstanding stock of The Chemours Company. In connection with the separation, the company and Chemours entered into a Separation Agreement and a Tax Matters Agreement as well as certain ancillary agreements. In accordance with generally accepted accounting principles in the U.S. ("GAAP"), the results of operations of its former Performance Chemicals segment are presented as discontinued operations and, as such, are included within (loss) income from discontinued operations after income taxes in the Consolidated Statements of Operations for all periods presented. Additional details regarding the separation and other related agreements can be found in Note 4 to the Consolidated Financial Statements.

Segment Information

Effective with the Merger, Historical DuPont's business activities are components of its parent company's business operations. Historical DuPont's business activities, including the assessment of performance and allocation of resources, are reviewed and managed by DowDuPont. Information used by the chief operating decision maker of Historical DuPont relates to the company in its entirety. Accordingly, there are no separate reportable business segments for Historical DuPont under Accounting Standards Codification ("ASC") Topic 280 "Segment Reporting" and Historical DuPont's business results are reported in this Form 10-K as a single operating segment.

Principal Product Information

Subsidiaries and affiliates of Historical DuPont conduct manufacturing, seed production and/or selling activities and some are distributors of products manufactured by the company. The following describes the company's principal product lines including major brands and technologies:

Agriculture

The agriculture product line offers a broad portfolio of products and services that are specifically targeted to achieve gains in crop yields and productivity for the global production agriculture industry. The agriculture product line includes hybrid corn seed and soybean seed varieties, primarily under the Pioneer® brand name, as well as canola, sunflower, sorghum, wheat and rice seed, silage inoculants, weed, insect and disease control products, as well as agronomic software. Seed sales amounted to 27 percent, 15 percent, 34 percent and 29 percent of the company's total consolidated net sales for the year ended December 31, 2018, the period September 1 through December 31, 2017, the period January 1 through August 31, 2017, and the year ended December 31, 2016, respectively.

Part I
ITEM 1. BUSINESS, continued

Packaging and Specialty Plastics
The packaging and specialty plastics product line specializes in resins and films used in packaging and industrial polymer applications, sealants and adhesives and sporting goods. Key brands and technologies include DuPont™ Surlyn® ionomer resins, Bynel® coextrudable adhesive resins, Elvax® EVA resins, Nucrel® Elvaloy®polymer modifiers and Elvaloy® copolymer resins.

Electronics and Imaging
The electronics and imaging product line supplies differentiated materials and systems for consumer electronics, photovoltaics ("PV"), displays and advanced printing that enable superior performance and lower total cost of ownership for customers. The company targets growth opportunities in circuit and semiconductor fabrication and packaging materials, PV materials, display materials, packaging graphics, and digital printing.

Industrial Biosciences
The industrial biosciences product line offers a broad portfolio of bio-based products, including enzymes that add value and functionality to processes and products across a broad range of markets such as animal nutrition, detergents, food manufacturing, ethanol production and industrial applications. The product line also includes DuPont™ Sorona® PTT renewably sourced polymer for use in carpet and apparel fibers and clean technologies offerings to help reduce sulfur and other emissions, formulate cleaner fuels, and dispose of liquid waste.

Nutrition and Health
The nutrition and health product line offers a wide range of sustainable, bio-based ingredients, providing innovative solutions including the wide-range of DuPont™ Danisco® food ingredients such as cultures and probiotics, notably Howaru®, pharmaceutical excipients, emulsifiers, texturants, natural sweeteners such as Xivia®, Supro® soy-based food ingredients, and pharmaceutical ingredients for the formulation of excipients. These ingredients hold leading market positions based on industry leading innovation, knowledge and experience, relevant product portfolios and close-partnering with the world's food manufacturers and pharmaceutical companies. In November 2016, Historical DuPont announced an investment to expand probiotics production capacity in the United States, due to the rapidly growing global demand for probiotics. Phase one was complete as of the end of 2017. The second phase represents an investment of approximately $100 million to increase Historical DuPont's probiotics production capacity by an additional 70 percent and is expected to be complete in the first quarter of 2019.

Safety and Construction
The safety and construction product line offers innovation engineered products and integrated systems for a number of industry verticals including construction, worker safety, energy, oil and gas and transportation. The product line addresses the growing global needs of businesses, governments, and consumers for solutions that make life safer, healthier and better. Key brands and technologies include DuPont™ Kevlar® fiber, DuPont™ Nomex® fiber and paper, DuPont™ Tyvek® protective materials, DuPont™ Tychem® protective suits and DuPont™ Corian® solid and quartz surfaces.

Transportation and Advanced Polymers
The transportation and advanced polymers product line offers a broad range of polymer-based materials and expert application development assistance to enhance the performance, reduce the total system cost and optimize the sustainability of their products. The portfolio of high performance renewably-sourced and sustainable polymers includes engineering resins, adhesives, lubricants and parts used by customers to fabricate components for mechanical, chemical and electrical systems. Key brands and technologies include DuPont™ Zytel® long chain nylon polymers, Zytel® HTN nylon resins, Zytel® nylon resins, Crastin® PBT polymer resins, Rynite® PET polymer resins, Delrin® acetal resins, Hytrel® polyester thermoplastic elastomer resins, Vespel® parts and shapes, Vamac® ethylene

acrylic elastomer and Kalrez® perfluoroelastomer.

See Note 5 to the Consolidated Financial Statements for net sales by major product line.

Sales by geographic region are included within Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Analysis of Operations" and Note 22 to the Consolidated Financial Statements.

Part I
ITEM 1. BUSINESS, continued

Principal Markets
The company's principal markets include: agriculture, automotive and transportation, packaging for food and beverages, electrical/electronic components, material handling, healthcare, construction, semiconductor, aerospace/aircraft, dietary supplements, specialty food ingredients, food nutrition, health and safety, industrial, consumer electronics, photovoltaics, displays, consumer, military and law enforcement, aircraft, energy, animal nutrition, detergents, food and beverage, carpet and apparel fiber.

Sources and Availability of Major Raw Materials
The company utilizes numerous suppliers as well as internal sources to supply a wide range of raw materials, energy, supplies, services and equipment. To ensure availability, the company maintains multiple sources for fuels and many raw materials, including hydrocarbon feedstocks. Large volume purchases are generally procured under competitively priced supply contracts.

The following are the company's major commodities, raw materials and supplies:
Corn and soybean seeds, soy white flakes, soybean, adipic acid, hexamethylene diamine, meta-phenylene diamine, terephthaloyl chloride, ethane, thermoplastic polyester elastomer and thermoplastic copolyester elastomer.

Competition
As a science and technology based company, Historical DuPont competes on a variety of factors such as product quality and performance or specifications, continuity of supply, price, customer service and breadth of product line, depending on the characteristics of the particular market involved and the product or service provided. The company competes globally with other seed and plant biotechnology companies on the basis of technology and trait leadership, price, quality and cost competitiveness. Key competitors for the company's agriculture product line include BASF, Bayer and ChemChina, as well as regional seed companies. The company's remaining product lines compete with many companies depending on the applicable market segment; peer multi-industrial competitors include The 3M Company and Honeywell.

Distribution
Most products are marketed primarily through the company's sales organization, although in some regions, more emphasis is placed on sales through distributors. The company has a diverse worldwide network which markets and distributes the company's brands to customers globally. This network consists of the company's sales and marketing organization partnering with distributors, independent retailers and farmers, cooperatives and agents throughout the world. In the corn and soybean markets of the U.S. Corn Belt, the company sells Pioneer® brand products primarily through a specialized force of independent sales representatives. Outside of North America, the company markets Pioneer® brand products primarily through a network of subsidiaries, joint ventures and independent producer-distributors.

Seasonality
Sales of the company's agriculture product line are affected by the seasonality of global agriculture markets and weather patterns. Sales and earnings performance are significantly stronger in the first versus second half of the year, reflecting the northern hemisphere planting season. As a result of this seasonality, the agriculture product line inventory is at its highest level at the end of the calendar year and is sold down in the first and second quarters. Trade receivables for seeds are at a low point at year-end and increase through the northern hemisphere selling season to peak at the end of the second quarter.

Backlog

In general, the company does not manufacture its products against a backlog of orders and does not consider backlog to be a significant indicator of the level of future sales activity. Production and inventory levels are based on the level of incoming orders as well as projections of future demand. Therefore, the company believes that backlog information is not meaningful to understanding its overall business and should not be considered a reliable indicator of the company's ability to achieve any particular level of revenue or financial performance.

Intellectual Property

Trade secrets are an important element of the company's intellectual property. Many of the processes used to make Historical DuPont products are kept as trade secrets which, from time to time, may be licensed to third parties. Historical DuPont vigilantly protects all of its intellectual property including its trade secrets. When the company discovers that its trade secrets have been unlawfully taken, it reports the matter to governmental authorities for investigation and potential criminal action, as appropriate. In addition, the company takes measures to mitigate any potential impact, which may include civil actions seeking redress, restitution and/or damages based on loss to the company and/or unjust enrichment.

Part I
ITEM 1. BUSINESS, continued

Patents & Trademarks: Historical DuPont continually applies for and obtains U.S. and foreign patents and has access to a large patent portfolio, both owned and licensed. Historical DuPont's rights under these patents and licenses, as well as the products made and sold under them, are important to the company in the aggregate. The protection afforded by these patents varies based on country, scope of individual patent coverage, as well as the availability of legal remedies in each country. This significant patent estate may be leveraged to align with the company's strategic priorities within and across product lines. At December 31, 2018, the company owned about 6,500 active U.S. patents and about 10,500 active patents outside of the U.S. Information on the importance of intellectual property rights to the company's agriculture product line is included in the Research and Development discussion below.
Remaining life of granted patents owned as of December 31, 2018:

	Approximate U.S.	Approximate Other Countries
Within 5 years	1,600	3,100
6 to 10 years	2,000	4,700
11 to 16 years	2,300	2,600
16 to 20 years	600	100
Total	6,500	10,500

In addition to its owned patents, the company owns over 9,000 patent applications.

The company owns or licenses many trademarks that have significant recognition at the consumer retail level and/or product line to product line level. Ownership rights in trademarks do not expire if the trademarks are continued in use and properly protected.

Research and Development
Historical DuPont conducts R&D activities to renew its portfolio, create new product lines, and transform markets to deliver results in the short, mid and long term. The company protects its R&D investment through its intellectual property strategy. See discussion under "Intellectual Property" above.

R&D expense related to the agriculture product line accounted for 56 percent of the company's total R&D expense for the year ended December 31, 2018. R&D for the agriculture product line requires long-term commitment of resources, extensive regulatory efforts and collaborations, partnerships and business arrangements to successfully bring products to market. To protect its investment, the company employs the use of patents covering germplasm and native and biotechnology traits in accordance with country laws. The company holds multiple long-term biotechnology trait licenses from third parties as a normal course of business. The biotechnology traits licensed by the company from third parties are contained in a variety of Pioneer seeds, including corn hybrids and soybean varieties. The majority of Pioneer's corn hybrids and soybean varieties sold to customers contain biotechnology traits licensed from third parties under these long-term licenses.

Environmental Matters
Information related to environmental matters is included in several areas of this report: (1) Environmental Proceedings beginning on page 16, (2) Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on pages 35, 42-44 and (3) Notes 1 and 16 to the Consolidated Financial Statements.

Available Information

The company is subject to the reporting requirements under the Securities Exchange Act of 1934. Consequently, the company is required to file reports and information with the Securities and Exchange Commission ("SEC"), including reports on the following forms: annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

The SEC maintains an Internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, from which the public may obtain any materials the company files with the SEC.

The company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are also accessible on DowDuPont's website at http://www.dow-dupont.com/home by clicking on the section labeled "Investors", then on "DuPont SEC Filings." These reports are made available, without charge, as soon as is reasonably practicable after the company files or furnishes them electronically with the SEC.

Part I
ITEM 1A. RISK FACTORS

The company's operations could be affected by various risks, many of which are beyond its control. Based on current information, the company believes that the following identifies the most significant risk factors that could affect its operations. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

The Benefits of the Merger and the Intended Business Separations May Not be Fully Realized. Combining the Businesses of Historical DuPont and Historical Dow May Be More Difficult, Costly or Time-Consuming than Expected, Which May Adversely Affect Historical DuPont's Results.
The success of the Merger ultimately depends on, among other things, DowDuPont's ability to combine and separate the Historical DuPont and Historical Dow businesses in a manner that facilitates the Intended Business Separations, and realizes anticipated synergies.

Since the Merger, Historical DuPont has benefited from and expects to continue to benefit from significant cost synergies at both the product line and corporate levels through the Synergy Program which is designed to integrate and optimize the organization, including through the achievement of production cost efficiencies, enhancement of the agricultural supply chain, elimination of duplicative agricultural research and development programs, optimization of the combined company’s global footprint across manufacturing, sales and research and development in the materials science business, optimizing manufacturing processes in the electronics space, the reduction of corporate and leveraged services costs, and the realization of significant procurement synergies. In connection with the Synergy Program, Historical DuPont expects to record total pretax restructuring charges of $575 million to $675 million, comprised of approximately $370 million to $400 million of severance and related benefit costs; $80 million to $100 million of costs related to contract terminations; and $125 million to $175 million of asset related charges.

Management also expects the combined company will achieve growth synergies and other meaningful savings and benefits as a result of the Intended Business Separations.

Combining Historical DuPont and Historical Dow's independent businesses and preparing for the Intended Business Separations, including the Internal Reorganization, are complex, costly and time-consuming processes and the company's management as well as that of Historical Dow and DowDuPont may face significant implementation challenges, many of which may be beyond the control of management, including, without limitation:

- ongoing diversion of the attention of management from the operation of the combined company’s business as a result of the Intended Business Separations;
- impact of portfolio changes between materials science and specialty products on integration and separation preparation activities;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects;
- the possibility of faulty assumptions underlying expectations regarding the integration or separation process, including with respect to the intended tax efficient transactions;
- unanticipated issues in integrating, replicating or separating information technology, communications programs, financial procedures and operations, and other systems, procedures and policies;
- difficulties in managing a larger combined company, addressing differences in business culture and retaining key personnel;
- unanticipated changes in applicable laws and regulations;
- managing tax costs or inefficiencies associated with integrating the operations of the combined company and the intended tax efficient separation transactions; and
- coordinating geographically separate organizations.

Some of these factors will be outside of the control of DowDuPont, Historical DuPont and Historical Dow, and any one of them could result in increased costs and diversion of management's time and energy, as well as decreases in the amount of expected revenue which could materially impact business, financial condition and results of operations. The Internal Reorganization and Intended Businesses Separation processes and other disruptions may also adversely affect the combined company's relationships with employees, suppliers, customers, distributors, licensors and others with whom Historical DuPont and Historical Dow have business or other dealings, and difficulties in integrating the businesses or regulatory functions of Historical DuPont and Historical Dow could harm the reputation of DowDuPont, Historical DuPont and Historical Dow.

A variety of factors may adversely affect the company's ability to fully and timely realize the currently expected synergies, savings and other benefits of the Merger (including the Intended Business Separations), including failure to successfully optimize the combined company's facilities footprint, the failure to take advantage of the combined company's global supply chain, the failure to identify and eliminate duplicative programs, and the failure to otherwise integrate Historical DuPont's or Historical Dow's respective businesses, including their technology platforms.

Historical DuPont Has Incurred Significant Transaction Costs in Connection with the Integration of Historical Dow and Historical DuPont.
There are many processes, policies, procedures, operations, technologies and systems that were integrated following the Merger and must be replicated, transferred or separated in connection with the Intended Business Separations. While Historical DuPont has assumed a certain level of expenses would be incurred in connection with these activities, there are many factors beyond the combined company’s control that could affect the total amount of, and/or the timing of, these anticipated expenses. These expenses primarily consist of financial advisory, information technology, legal, consulting and other professional advisory fees associated with preparation and execution of these activities.

There may also be additional unanticipated significant costs in connection with the Intended Business Separations that Historical DuPont may not recoup that could reduce the benefits and additional income Historical DuPont expects to achieve from the Merger. Although Historical DuPont expects that these benefits will offset the transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

Inability to Access the Debt Capital Markets Could Impair Historical DuPont's Liquidity, Business or Financial Condition.
DowDuPont’s primary sources of liquidity to finance operations, including dividends on its common stock, are through Historical DuPont and Historical Dow and their respective consolidated subsidiaries, (collectively, the “Subsidiaries”). Each of Historical DuPont and Historical Dow has relied and continues to rely on access to the debt capital markets to finance their day-to-day and long-term operations. Any limitation on the part of either Historical DuPont’s or Historical Dow's ability to raise money in the debt markets could have a substantial negative effect on their respective liquidity and the liquidity of DowDuPont. Access to the debt capital markets in amounts adequate to finance each company’s activities could be impaired as a result of the existence of material nonpublic information about the Intended Business Separations and other potential factors, including factors that are not specific to the companies, such as a severe disruption of the financial markets and interest rate fluctuations.

Prior to the Intended Business Separations, the level and quality of the respective earnings, operations, business and management, among other things, of each of Historical DuPont and Historical Dow will impact their respective credit ratings, costs and availability of financing and those of the combined company. A decrease in the ratings assigned to Historical DuPont or Historical Dow by the ratings agencies may negatively impact their access to the debt capital markets and increase the combined company’s cost of borrowing. There can be no assurance that Historical DuPont and Historical Dow will maintain their current credit worthiness or prospective credit ratings. Any actual or anticipated changes or downgrades in such credit ratings may have a negative impact on the liquidity, capital position or access to capital markets of Historical DuPont and Historical Dow and, therefore, DowDuPont.

The Company’s Business, Results of Operations and Reputation Could be Adversely Affected by Industry-specific Risks Including Process Safety and Product Stewardship/Regulatory Compliance Issues.
The Company is subject to industry-specific risks, concerns and claims which include, but are not limited to, product safety or quality; shifting consumer preferences that include a growing trend in societal demands for increasing levels

of product safety and environmental protection; federal, state, and local regulations on manufacturing or labeling; environmental, health and safety regulations; and customer product liability claims. In the agriculture product line, industry-specific risks include those associated with concerns and claims regarding the safe use of seeds with biotechnology traits, crop protection products, and chemicals, their potential impact on health and the environment, and the perceived impacts of biotechnology on health and the environment. The latter includes concerns and claims that increased use of crop protection products, drift, inversion, volatilization, and the use of biotechnology traits meant to reduce the resistance of weeds or pests to control by crop protection products, could increase or accelerate such resistance and otherwise negatively impact health and the environment. Also, the detection of biotechnology traits or chemical residues from a crop protection product not approved in the country to which the Company sells or imports it, in which the product is cultivated or to which it exports may impact the Company's ability to supply or export agricultural products, result in crop destruction, product recalls or trade disruption.

Part I
ITEM 1A. RISK FACTORS, continued

The risks, concerns and claims affecting the industries in which the Company competes could manifest themselves in stockholder proposals, preferred purchasing, delays or failures in obtaining or retaining regulatory approvals, delayed product launches, lack of market acceptance, product discontinuation, continued pressure for and adoption of more stringent regulatory intervention and litigation, termination of raw material supply agreements and legal claims. These and other concerns or claims could also influence public perceptions, the viability or continued sales of certain of the Company's products, the Company's reputation and the cost to comply with regulations and could adversely affect the Company’s business, results of operations, financial condition and cash flows.
In most jurisdictions, the Company must test the safety, efficacy and environmental impact of its products to satisfy regulatory requirements and obtain the necessary approvals. In certain jurisdictions, the Company must periodically renew its approvals which may require it to demonstrate compliance with then-current standards. The regulatory environment is lengthy, complex and in some markets unpredictable, with requirements that can vary by product, technology, industry and country. The regulatory environment may be impacted by the activities of non-governmental organizations and special interest groups and stakeholder reaction to actual or perceived impacts of new technology, products or processes on safety, health and the environment. Obtaining and maintaining regulatory approvals requires submitting a significant amount of information and data, which may require participation from technology providers. Regulatory standards and trial procedures are continuously changing. The pace of change together with the lack of regulatory harmony could result in unintended noncompliance. Responding to these changes and meeting existing and new requirements may involve significant costs or capital expenditures or require changes in business practice that could result in reduced profitability. The failure to receive necessary permits or approvals could have near- and long-term effects on the Company’s ability to produce and sell some current and future products.
An Impairment of Goodwill or Intangibles Assets Could Negatively Impact the Company's Financial Results.
As a result of the Merger and the related accounting determination, Historical DuPont elected to apply push-down accounting and has reflected the acquisition date fair value of assets and liabilities in its Successor Consolidated Financial Statements, including a significant amount of goodwill and intangible assets. The company assesses both goodwill and indefinite-lived intangible assets for impairment on an annual basis, or more frequently if conditions indicate that an impairment may have occurred. The company has the option to first perform qualitative testing to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the company chooses not to complete a qualitative assessment for a given reporting unit or if the initial assessment indicates that it is more likely than not that the estimated fair value of a reporting unit is less than its carrying value, additional quantitative testing is required. If quantitative testing indicates that the carrying value of a reporting unit exceeds its fair value, a goodwill impairment is recorded equal to the amount by which the carrying value of the reporting unit exceeds its fair value. Accordingly, any determination requiring the write-off of a significant portion of goodwill or intangible assets could negatively impact the company's results of operations.

Since the company utilizes a discounted cash flow methodology to calculate the fair value of its reporting units, changes in risk-adjusted discount rates and continued weak demand for a specific product line could result in an impairment. As a result of the application of push-down accounting, the carrying value of the company’s assets approximated fair value as of the date of the merger, therefore increasing the risk of impairments. During the third quarter of 2018, in connection with strategic business reviews and assembling updated financial projections, the company was required to perform an interim test of goodwill for its agriculture reporting unit. Based on the analysis performed, the company determined that the carrying amount of the agriculture reporting unit exceeded its fair value resulting in a $4.5 billion pre-tax (and after-tax) non-cash goodwill impairment charge. The company also performed an impairment test on indefinite-lived intangibles and determined that the fair value of certain in-process research and development (“IPR&D”) assets had declined as a result of delays in timing of commercialization and increases to expected R&D costs. This resulted in a pre-tax non-cash impairment charge of $85 million ($66 million after-tax). Refer to Critical Accounting Estimates and Notes 6, 14 and 21 to the Consolidated Financial Statements for further

information.

The Determination to Proceed with the Intended Business Separations is a Decision of the DowDuPont Board of Directors and the Expected Benefits of Such Transactions, if They Occur, Will Be Uncertain.
In the event that the DowDuPont board determines to proceed with the Intended Business Separations, it is currently anticipated that any such Intended Business Separation transaction would be effectuated through the distribution of Dow followed by the distribution of Corteva in separate pro-rata spin-off transactions, in which DowDuPont stockholders, at such time, would receive shares of capital stock of Dow Holdings, Inc. and Corteva, Inc., resulting in three independent, public companies. The DowDuPont board may ultimately determine to abandon one or more of the Intended Business Separation transactions, and such determination could have an adverse impact on DowDuPont, Historical DuPont, and Historical Dow. There are many factors that could, prior to the determination by the DowDuPont board to proceed with the Intended Business Separations, impact the structure or timing of, the anticipated benefits from, or determination to ultimately proceed with, the Intended Business Separations, including, among others, global economic conditions, instability in credit markets, declining consumer and business confidence, fluctuating commodity prices and interest rates, volatile foreign currency exchange rates, tax considerations, a full or partial shutdown of the U.S. federal government, and other challenges that could affect the global economy, specific market conditions in one or more of the industries of the businesses proposed to be separated, and changes in the regulatory or legal environment. Such changes could adversely impact the value of one or more of the Intended Business Separation transactions to the combined company’s stockholders. Additionally, to the extent the DowDuPont board determines to proceed with the Intended Business Separations, the consummation of such transactions is a complex, costly and time-consuming process, and there can be no guarantee that the intended benefits of such transactions will be achieved. An inability to realize the full extent of the anticipated benefits of the Intended Business Separations, as well as any delays encountered in the process, could have an adverse effect upon the revenues, level of expenses and operating results of the agriculture business, the specialty products business, the materials science business and/or the combined company.

The Company’s Operations Outside the United States are Subject to Risks and Restrictions, Which Could Negatively Affect Our Results of Operations, Financial Condition, and Cash Flows.
The company’s operations outside the United States are subject to risks and restrictions, including fluctuations in currency values and foreign-currency exchange rates; exchange control regulations; changes in local political or economic conditions; import and trade restrictions; import or export licensing requirements and trade policy and other potentially detrimental domestic and foreign governmental practices or policies affecting U.S. companies doing business abroad. Although Historical DuPont has operations throughout the world, sales outside the U.S. in 2018 were principally to customers in Eurozone countries, China, Brazil, and Japan. Further, the company’s largest currency exposures are the European euro, the Chinese yuan, the Brazilian real, and the Japanese yen. Market uncertainty or an economic downturn in these geographic areas could reduce demand for the company’s products and result in decreased sales volume, which could have a negative impact on Historical DuPont’s results of operations. In addition, changes in exchange rates may affect the company’s results from operations, financial condition and cash flows in future periods. The company actively manages currency exposures that are associated with net monetary asset positions, committed currency purchases and sales, foreign currency-denominated revenues and other assets and liabilities created in the normal course of business.

Volatility in Energy and Raw Materials Costs Could Have a Significant Impact on the Company's Sales and Earnings.
The company's manufacturing processes consume significant amounts of energy and raw materials, the costs of which are subject to worldwide supply and demand as well as other factors beyond the control of the company. Significant variations in the cost of energy, which primarily reflect market prices for oil, natural gas, and raw materials affect the company's operating results from period to period. Legislation to address climate change by reducing greenhouse gas emissions and establishing a price on carbon could create increases in energy costs and price volatility.

When possible, the company purchases raw materials through negotiated long-term contracts to minimize the impact of price fluctuations. Additionally, the company enters into over-the-counter and exchange traded derivative commodity instruments to hedge its exposure to price fluctuations on certain raw material purchases. The company takes actions to offset the effects of higher energy and raw material costs through selling price increases, productivity improvements and cost reduction programs. Success in offsetting higher raw material costs with price increases is largely influenced by competitive and economic conditions and could vary significantly depending on the market served. If the company is not able to fully offset the effects of higher energy and raw material costs, it could have a significant impact on the company's financial results.

Part I
ITEM 1A. RISK FACTORS, continued

The Company's Results of Operations and Financial Condition Could be Seriously Impacted by Business Disruptions and Security Breaches, Including Cybersecurity Incidents.
Business and/or supply chain disruptions, plant and/or power outages and information technology system and/or network disruptions, regardless of cause including acts of sabotage, employee error or other actions, geo-political activity, weather events and natural disasters could seriously harm the company's operations as well as the operations of its customers and suppliers. In addition, terrorist attacks and natural disasters have increased stakeholder concerns about the security and safety of chemical production and distribution. Failure to effectively prevent, detect and recover from security breaches, including attacks on information technology and infrastructure by hackers; viruses; breaches due to employee error or actions; or other disruptions could result in misuse of the company's assets, business disruptions, loss of property including trade secrets and confidential business information, legal claims or proceedings, reporting errors, processing inefficiencies, negative media attention, loss of sales and interference with regulatory compliance. Like most major corporations, the company is the target of industrial espionage, including cyber-attacks, from time to time. The company has determined that these attacks have resulted, and could result in the future, in unauthorized parties gaining access to at least certain confidential business information. However, to date, the company has not experienced any material financial impact, changes in the competitive environment or business operations that it attributes to these attacks. Although management does not believe that the company has experienced any material losses to date related to security breaches, including cybersecurity incidents, there can be no assurance that it will not suffer such losses in the future. The company actively manages the risks within its control that could lead to business disruptions and security breaches. As these threats continue to evolve, particularly around cybersecurity, the company may be required to expend significant resources to enhance its control environment, processes, practices and other protective measures. Despite these efforts, such events could have a material adverse effect on the company's business, financial condition or results of operations.

Climate change and unpredictable seasonal and weather factors could impact sales and earnings from the Company’s Agriculture Product Line.
The agriculture industry is subject to seasonal and weather factors, which can vary unpredictably from period to period. Weather factors can affect the presence of disease and pests on a regional basis and, accordingly, can positively or adversely affect the demand for crop protection products, including the mix of products used. The weather also can affect the quality, volume and cost of seed produced for sale as well as demand and product mix. Seed yields can be higher or lower than planned, which could lead to higher inventory and related write-offs. Climate change may increase the frequency or intensity of extreme weather such as storms, floods, heat waves, droughts and other events that could affect the quality, volume and cost of seed produced for sale as well as demand and product mix. Climate change may also affect the availability and suitability of arable land and contribute to unpredictable shifts in the average growing season and types of crops produced.

Inability to Discover, Develop and Protect New Technologies and Enforce the Company's Intellectual Property Rights, and to Respond to New Technologies Could Adversely Affect the Company's Financial Results.
The company competes with major global companies that have strong intellectual property rights, including rights supporting the use of biotechnology to enhance products, particularly agricultural and bio-based products. Speed in discovering, developing, protecting, and responding to new technologies, including new technology-based distribution channels that could impede the company's ability to engage with customers and end users, and bringing related products to market is a significant competitive advantage. Failure to predict and respond effectively could cause the company's existing or candidate products to become less competitive, adversely affecting sales. Competitors are increasingly challenging intellectual property positions and the outcomes can be highly uncertain. If challenges are resolved adversely, it could negatively impact the company's ability to obtain licenses on competitive terms, commercialize new products and generate sales from existing products.

Intellectual property rights, including patents, plant variety protection, trade secrets, confidential information, trademarks, tradenames and other forms of trade dress, are important to the company's business. The company endeavors to protect its intellectual property rights in jurisdictions in which its products are produced or used and in jurisdictions into which its products are imported. However, the company may be unable to obtain protection for its intellectual property in key jurisdictions. Further, changes in government policies and regulations, including changes made in reaction to pressure from non-governmental organizations, could impact the extent of intellectual property protection afforded by such jurisdictions.

The majority of the company’s corn hybrids and soybean varieties sold to customers contain biotechnology traits that are licensed from third parties under long-term licenses. If the company loses its rights under such licenses, it could negatively impact the company's ability to obtain future licenses on competitive terms, commercialize new products and generate sales from existing products.

Part I
ITEM 1A. RISK FACTORS, continued

The company has designed and implemented internal controls to restrict access to and distribution of its intellectual property. Despite these precautions, the company's intellectual property is vulnerable to unauthorized access through employee error or actions, theft and cybersecurity incidents, and other security breaches. When unauthorized access and use or counterfeit products are discovered, the company reports such situations to governmental authorities for investigation, as appropriate, and takes measures to mitigate any potential impact. Protecting intellectual property related to biotechnology is particularly challenging because theft is difficult to detect and biotechnology can be self-replicating. Accordingly, the impact of such theft can be significant.

Failure to Effectively Manage Acquisitions, Divestitures, Alliances and Other Portfolio Actions Could Adversely Impact Our Future Results.
The company made certain divestitures, primarily related to its agriculture product line, in connection with obtaining regulatory approval for the Merger. In addition, the company had a recent acquisition and from time to time evaluates acquisition candidates that may strategically fit its business and/or growth objectives. If the company is unable to successfully integrate and develop acquired businesses, the company could fail to achieve anticipated synergies and cost savings, including any expected increases in revenues and operating results, which could have a material adverse effect on the company’s financial results. The company continually reviews its portfolio of assets for contributions to the company’s objectives and alignment with its growth strategy. However, the company may not be successful in separating underperforming or non-strategic assets and gains or losses on the divestiture of, or lost operating income from, such assets may affect the company’s earnings. Moreover, the company might incur asset impairment charges related to acquisitions or divestitures that reduce its earnings. In addition, if the execution or implementation of acquisitions, divestitures, alliances, joint ventures and other portfolio actions is not successful, it could adversely impact the company’s financial condition, cash flows and results of operations.

Historical DuPont’s Results of Operations Could Be Adversely Affected by Environmental, Litigation and Other Commitments and Contingencies.
The company is subject to various laws and regulations around the world governing the environment, including the discharge of pollutants and the management and disposal of hazardous substances. As a result of its operations, including its past operations and operations of divested businesses, the company could incur substantial costs, including remediation and restoration costs. The costs of complying with complex environmental laws and regulations, as well as internal voluntary programs, are significant and will continue to be so for the foreseeable future. The ultimate costs under environmental laws and the timing of these costs are difficult to predict. The company's accruals for such costs and liabilities may not be adequate because the estimates on which the accruals are based depend on a number of factors including the nature of the matter, the complexity of the site, site geology, the nature and extent of contamination, the type of remedy, the outcome of discussions with regulatory agencies and other Potentially Responsible Parties ("PRPs") at multi-party sites and the number and financial viability of other PRPs.

At December 31, 2018, the company had accrued obligations of $381 million for probable environmental remediation and restoration costs, although it is reasonably possible that the ultimate cost could range up to $750 million above that amount. This includes matters with an aggregate estimated liability range from $193 million up to $310 million above that amount for which the company is indemnified by Chemours. At December 31, 2018, the company had recognized a liability of $381 million and an indemnification asset of $193 million for environmental contingencies. If the company could no longer continue to recognize the related indemnification asset due to potential disputes related to recovery or solvency of Chemours, it could adversely impact Historical DuPont’s financial position and results of operations.

The company faces risks arising from various unasserted and asserted litigation matters, including, but not limited to, product liability, patent infringement, antitrust claims, and claims for third party property damage or personal injury stemming from alleged environmental torts. The company has noted a nationwide trend in purported class actions against chemical manufacturers generally seeking relief such as medical monitoring, property damages, off-site remediation and punitive damages arising from alleged environmental torts without claiming present personal injuries. The company also has noted a trend in public and private suits being filed on behalf of states, counties, cities and utilities alleging harm to the general public and the environment, including waterways and watersheds. An adverse outcome in any one or more of these matters could be material to the company's financial results. Various factors or developments can lead to changes in current estimates of liabilities such as a final adverse judgment, significant settlement or changes in applicable law. A future adverse ruling or unfavorable development could result in future charges that could have a material adverse effect on the company.

In the ordinary course of business, the company may make certain commitments, including representations, warranties and indemnities relating to current and past operations, including those related to divested businesses and issue guarantees of third party obligations. If the company were required to make payments as a result, they could exceed the amounts accrued, thereby adversely affecting the company's results of operations.

Pursuant to the Separation Agreement, Chemours indemnifies Historical DuPont against certain litigation, environmental, workers' compensation and other liabilities that arose prior to the distribution. The term of this indemnification is indefinite and includes defense costs and expenses, as well as monetary and non-monetary settlements and judgments. If the company could no longer continue to recognize the related indemnification asset due to potential disputes related to recovery or solvency of Chemours, it could adversely impact Historical DuPont’s financial position and results of operations.

See Note 16 to the Consolidated Financial Statements for additional information on environmental, litigation and other commitments and contingencies faced by the company.

Part I

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The company's corporate headquarters are located in Wilmington, Delaware. The company's manufacturing, processing, marketing and research and development facilities, as well as regional purchasing offices and distribution centers are located throughout the world. Additional information with respect to the company's property, plant and equipment and leases is contained in Notes 13, 16 and 22 to the Consolidated Financial Statements.

The company has investments in property, plant and equipment related to global manufacturing operations. The number of principal manufacturing sites by major geographic area around the world at December 31, 2018 is as follows:

	Number of Sites
Asia Pacific	57
EMEA [1]	73
Latin America	36
U.S. & Canada	111
	277

[1]. Europe, Middle East, and Africa ("EMEA").

The company's principal sites include facilities which, in the opinion of management, are suitable and adequate for their use and have sufficient capacity for the company's current needs and expected near-term growth. Properties are primarily owned by the company; however, certain properties are leased. No title examination of the properties has been made for the purpose of this report and certain properties are shared with other tenants under long-term leases.

Part I
ITEM 3. LEGAL PROCEEDINGS

The company is subject to various litigation matters, including, but not limited to, product liability, patent infringement, antitrust claims, and claims for third party property damage or personal injury stemming from alleged environmental torts. Information regarding certain of these matters is set forth below and in Note 16 to the Consolidated Financial Statements.

Litigation
PFOA: Environmental and Litigation Proceedings
For purposes of this report, the term PFOA means collectively perfluorooctanoic acid and its salts, including the ammonium salt
and does not distinguish between the two forms. Information related to this matter is included in Note 16 to the Consolidated Financial Statements under the heading PFOA.

Fayetteville Works Facility, Fayetteville, North Carolina
In August 2017, the U.S. Attorney’s Office for the Eastern District of North Carolina served the company with a grand jury subpoena for testimony and the production of documents related to alleged discharges of GenX from the Fayetteville Works facility into the Cape Fear River. Historical DuPont has been served with additional subpoenas relating to the same issue and in the second quarter 2018, received a subpoena expanding the scope to any PFCs discharged from the Fayetteville Works facility into the Cape Fear River. Additional information related to this matter is included in Note 16 to the Consolidated Financial Statements under the heading Fayetteville Works Facility, North Carolina.

La Porte Plant, La Porte, Texas - Crop Protection - Release Incident Investigations
On November 15, 2014, there was a release of methyl mercaptan at the company’s La Porte facility. The release occurred at the site’s Crop Protection unit resulting in four employee fatalities inside the unit. Historical DuPont continues to cooperate with governmental agencies, including the U.S. Environmental Protection Agency ("EPA"), the Chemical Safety Board and the Department of Justice ("DOJ"), which are still conducting investigations. These investigations could result in sanctions and civil or criminal penalties against the company. In the second quarter 2018, Historical DuPont, the DOJ and EPA reached a resolution-in-principle, for $3.1 million, regarding certain EPA civil claims. The resolution-in-principle was approved by the court in the third quarter 2018 and has been paid.

Environmental Proceedings
The company believes it is remote that the following matters will have a material impact on its financial position, liquidity or results of operations. The descriptions are included per Regulation S-K, Item 103(5)(c) of the Securities Exchange Act of 1934.

La Porte Plant, La Porte, Texas - EPA Multimedia Inspection
The EPA conducted a multimedia inspection at the La Porte facility in January 2008. Historical DuPont, the EPA and the DOJ began discussions in the Fall 2011 relating to the management of certain materials in the facility's waste water treatment system, hazardous waste management, flare and air emissions. These discussions continue.

Sabine Plant, Orange, Texas - EPA Multimedia Inspection
In June 2012, Historical DuPont began discussions with the EPA and the DOJ related to a multimedia inspection that the EPA conducted at the Sabine facility in March 2009 and December 2015. The discussions involve the management of materials in the facility's waste water treatment system, hazardous waste management, flare and air emissions, including leak detection and repair. These discussions continue.

Divested Neoprene Facility, La Place, Louisiana - EPA Compliance Inspection
In 2016, the EPA conducted a focused compliance investigation at the Denka Performance Elastomer LLC (“Denka”) neoprene manufacturing facility in La Place, Louisiana. Historical DuPont sold the neoprene business, including this manufacturing facility, to Denka in the fourth quarter of 2015. Subsequent to this inspection, the EPA, the DOJ, the Louisiana Department of Environmental Quality ("LDEQ"), Historical DuPont and Denka began discussions in the spring of 2017 relating to the inspection conclusions and allegations of noncompliance arising under the Clean Air Act, including leak detection and repair. These discussions, which include potential settlement options, continue.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Registrant's Common Equity and Related Stockholder Matters

Prior to the Merger, shares of Historical DuPont Common Stock were registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended and listed on the New York Stock Exchange (the "NYSE") under the ticker symbol DD. As a result of the Merger, on August 31, 2017, the company requested that the NYSE withdraw the shares of Historical DuPont Common Stock from listing on the NYSE and filed a Form 25 with the SEC to report that Historical DuPont Common Stock is no longer listed on the NYSE. The number of record holders of Historical DuPont common stock was approximately 57,000 at August 31, 2017. The closing price of Historical DuPont common stock on the NYSE on August 31, 2017 was $83.93. DowDuPont is the sole record holder of Historical DuPont Common Stock. Historical DuPont continues to have preferred stock outstanding and it remains listed on the NYSE. DowDuPont Common Stock is listed and trades on the NYSE, ticker symbol DWDP.

ITEM 6. SELECTED FINANCIAL DATA

The Registrant meets the conditions set forth in General Instruction I(1)(a), (b) and (d) of Form 10-K (as modified by a grant of no-action relief dated February 12, 2018) and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENTS ABOUT FORWARD-LOOKING STATEMENTS

This communication contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek "see," "will," "would," "target," similar expressions, and variations or negatives of these words.

Forward-looking statements by their nature address matters that are, to varying degrees, uncertain, including statements about the Intended Business Separations, the separations and distributions. Forward-looking statements, including those related to the ability of Historical DuPont, Historical Dow and DowDuPont to complete, or to make any filing or take any other action required to be taken to complete, the separations and distributions, are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statements. Forward-looking statements also involve risks and uncertainties, many of which are beyond the control of Historical DuPont, Historical Dow and DowDuPont. Some of the important factors that could cause DowDuPont's, Historical Dow's or Historical DuPont's actual results (including DowDuPont's agriculture business, materials science business or specialty products business as conducted by and through Historical Dow and Historical DuPont) to differ materially from those projected in any such forward-looking statements include, but are not limited to: (i) ability and costs to achieve all the expected benefits, including anticipated cost and growth synergies, from the integration of Historical Dow and Historical DuPont and the Intended Business Separations, (either directly or as conducted through Historical Dow and Historical DuPont); (ii) the incurrence of significant costs in connection with the integration of Historical Dow and Historical DuPont and the Intended Business Separations; (iii) risks outside the control of DowDuPont, Historical Dow and Historical DuPont which could impact the decision of the DowDuPont Board of Directors to proceed with the Intended Business Separations, including, among others, global economic conditions, instability in credit markets, declining consumer and business confidence, fluctuating commodity prices and interest rates, volatile foreign currency exchange rates, tax considerations, a full or partial shutdown of the U.S. federal government, and other challenges that could affect the global economy, specific market conditions in one or more of the industries of the businesses proposed to be separated, and changes in the regulatory or legal environment and the requirement to redeem $12.7 billion of DowDuPont notes if the Intended Business Separations are abandoned or delayed beyond May 1, 2020; (iv) potential liability arising from fraudulent conveyance and similar laws in connection with the separations and distributions; (v) disruptions or business uncertainty, including from the Intended Business Separations, could adversely impact financial performance and ability to retain and hire key personnel; (vii) potential inability to access the capital markets; and (viii) risks to DowDuPont's, Historical Dow's and Historical DuPont's business, operations and results of operations from: the availability of and fluctuations in the cost of feedstocks and energy; balance of supply and demand and the impact of balance on prices; failure to develop and market new products and optimally manage product life cycles; ability, cost and impact on business operations, including the supply chain, of responding to changes in market acceptance, rules, regulations and policies and failure to respond to such changes; outcome of significant litigation, environmental matters and other commitments and contingencies; failure to appropriately manage process safety and product stewardship issues; global economic and capital market conditions, including the continued availability of capital and financing, as well as inflation, interest and currency exchange rates; changes in political conditions, including trade disputes and retaliatory actions; business or supply disruptions; security threats, such as acts of sabotage, terrorism or war, natural disasters and weather events and patterns which could result in a significant operational event, adversely impact demand or production; ability to discover, develop and protect new technologies and to protect and enforce intellectual property rights; failure to effectively manage acquisitions,

divestitures, alliances, joint ventures and other portfolio changes; unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, as well as management's response to any of the aforementioned factors. A detailed discussion of some of the significant risks and uncertainties which may cause results and events to differ materially from such forward-looking statements is included in the section titled "Risk Factors" (Part I, Item 1A of this Form 10-K).

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Overview

DowDuPont Merger of Equals

DowDuPont Inc. ("DowDuPont") was formed on December 9, 2015 to effect an all-stock, merger of equals strategic combination between The Dow Chemical Company ("Historical Dow") and Historical DuPont (the "Merger Transaction"). On August 31, 2017 at 11:59 pm ET, (the "Merger Effectiveness Time") pursuant to the Merger Agreement, Historical Dow and Historical DuPont each merged with wholly owned subsidiaries of DowDuPont (the "Mergers") and, as a result of the Mergers, Historical Dow and Historical DuPont became subsidiaries of DowDuPont (collectively, the "Merger"). Prior to the Merger, DowDuPont did not conduct any business activities other than those required for its formation and matters contemplated by the Merger Agreement.

DowDuPont intends to pursue, subject to the receipt of approval by the Board of Directors of DowDuPont and customary closing conditions, the separation of the combined company's agriculture business, specialty products business and materials science business through a series of tax-efficient transactions (collectively, the "Intended Business Separations" and the transactions to accomplish the Intended Business Separations, the “separations”). DowDuPont anticipates materials science separating about April 1, 2019, and expects agriculture and specialty products to separate about June 1, 2019.

The Intended Business Separations

DowDuPont has formed two wholly owned subsidiaries: Dow Holdings Inc., to serve as a holding company for its materials science business, and Corteva, Inc., to serve as a holding company for its agriculture business.

In furtherance of the Intended Business Separations, DowDuPont is engaged in a series of internal reorganization and realignment steps (the “Internal Reorganization”) to realign its businesses into three subgroups: agriculture, materials science and specialty products. As part of the Internal Reorganization, the assets and liabilities aligned with the materials science business will be transferred or conveyed to legal entities that will ultimately be subsidiaries of Dow Holdings Inc. and the assets and liabilities aligned with the agriculture business will be transferred or conveyed to legal entities that will ultimately be subsidiaries of Corteva Inc.

Following the Internal Reorganization, DowDuPont expects to distribute its materials science and agriculture businesses through two separate U.S. federal tax-free spin-offs in which DowDuPont stockholders, at the time of such spin-offs, will receive a pro rata dividend of the shares of the capital stock of Dow Holdings, Inc. and of Corteva, Inc., as applicable (the “distributions”). The materials science business after the consummation of the applicable Internal Reorganization will be referred to as “Dow” and the agriculture business after the consummation of the applicable Internal Reorganization will be referred to as “Corteva”. Following the separation and distribution of Dow, which is targeted to occur on April 1, 2019, DowDuPont, as the remaining company, will continue to hold the agriculture and specialty products businesses. DowDuPont is then targeted to complete the separation and distribution of Corteva on June 1, 2019, resulting in DowDuPont holding the specialty products businesses of the combined Company. After the distribution of Corteva, it is expected that DowDuPont will become known as DuPont (“DuPont”). Historical DuPont after the separations and distributions will hold the agriculture business and be a subsidiary of Corteva Inc. In November 2018, Historical DuPont entered into a $3.0 billion five-year revolving credit facility and a $3.0 billion three-year revolving credit facility, (the “2018 Revolving Credit Facilities”). Availability of funds is subject to a number of conditions, including Corteva becoming a party to the 2018 Credit Revolving Facilities and the consummation of the separation and distribution of Corteva.

During the year ended December 31, 2018 and the period September 1 through December 31, 2017, the company incurred $1,375 million and $314 million, respectively, of costs in connection with the Merger and the Intended Business Separations, including costs relating to integration and separation planning. During the period January 1 through August 31, 2017 and the year ended December 31, 2016, the company incurred $581 million and $386 million, respectively of costs in connection with the Merger and the Intended Business Separations, including costs relating to integration and separation planning. These costs are recorded within integration and separation costs in the Successor periods and the costs are recorded within selling, general and administrative expenses in the Predecessor periods within the company's Consolidated Statements of Operations. These costs have primarily consisted of financial advisory, information technology, legal, accounting, consulting and other professional advisory fees associated with the preparation and execution of activities related to the Merger and Intended Business Separations.

See the discussion of this report entitled DowDuPont Merger of Equals under Part 1, Item 1 Business; Part 1, Item 1A, Risk Factors; and Note 3 to the Consolidated Financial Statements for further details and a discussion of some of the risks related to the transaction.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Note on Financial Presentation
In connection with the Merger Transaction, the company applied the acquisition method of accounting as of September 1, 2017 and the Consolidated Financial Statements reflect the related adjustments. Historical DuPont's Consolidated Financial Statements for periods following the close of the Merger are labeled “Successor” and reflect DowDuPont’s basis in the fair values of the assets and liabilities of Historical DuPont. All periods prior to the closing of the Merger reflect the historical accounting basis in Historical DuPont's assets and liabilities and are labeled “Predecessor.” The Consolidated Financial Statements and Notes to the Consolidated Financial Statements include a black line division between the columns titled "Predecessor" and "Successor" to signify that the amounts shown for the periods prior to and following the Merger are not comparable. In addition, the company has elected to make certain changes in presentation to harmonize its accounting and reporting with that of DowDuPont in the Successor periods. See Note 1 to the Consolidated Financial Statements for further discussion of these changes and Note 3 to the Consolidated Financial Statements for additional information regarding the Merger Transaction.

Results
Net sales were $26.3 billion for the year ended December 31, 2018, compared to $7.1 billion for the period September 1 through December 31, 2017, and $17.3 billion for the period January 1 through August 31, 2017. The $1.9 billion increase was primarily driven by local pricing and portfolio gains across all regions. (Loss) income from continuing operations before taxes was $(4.8) billion, $(1.6) billion and $1.8 billion for the year ended December 31, 2018 and for the periods September 1 through December 31, 2017 and January 1 through August 31, 2017, respectively. The year ended December 31, 2018 results include a goodwill impairment charge of $4.5 billion, increased transaction costs related to the Merger and Intended Business Separations, higher amortization related to the fair value step up of other intangible assets, and higher depreciation related to the fair value step up of property, plant and equipment. These increased costs are partially offset by higher sales and benefits from cost synergies. Pension and other post employment benefits ("OPEB") (benefits) costs for the year ended December 31, 2018 were $(228) million, as compared to $(83) million and $373 million for the period September 1 through December 31, 2017 and January 1 through August 31, 2017, respectively. Activity in the Successor periods benefited from significantly lower amortization of net losses from accumulated other comprehensive loss ("AOCL").

Analysis of Operations
DowDuPont Contribution and Historical DuPont’s Offer to Purchase Debt Securities
In contemplation of the Intended Business Separations and to achieve the respective credit profiles of each of the intended future companies, DowDuPont completed a series of financing transactions in the fourth quarter of 2018, which included an offering of senior unsecured notes and the establishment of new term loan facilities (the “financing transactions”).

On November 13, 2018, Historical DuPont launched a tender offer (the “Tender Offer”) to purchase $6.2 billion aggregate principal amount of its outstanding debt securities (the “Tender Notes”). The Tender Offer expired on December 11, 2018 (the “Expiration Date”). At the Expiration Date, $4,409 million aggregate principal amount of the Tender Notes had been validly tendered and was accepted for payment. In exchange for such validly tendered Tender Notes, Historical DuPont paid a total of $4,849 million, which included breakage fees and all applicable accrued and unpaid interest on such Tender Notes. DowDuPont contributed cash (generated from its notes offering) to Historical DuPont to fund the settlement of the Tender Offer and payment of associated fees. Historical DuPont recorded a loss from early extinguishment of debt of $81 million, primarily related to the difference between the redemption price and the par value of the notes, mostly offset by the write-off of unamortized step-up related to the fair value step-up of

Historical DuPont's debt. DowDuPont has announced its intent to use a portion of the remaining proceeds from the financing transaction to further reduce outstanding liabilities of Historical DuPont that would otherwise be attributable to Corteva.

Agriculture Reporting Unit Goodwill and Indefinite-lived Asset Impairments
During the third quarter of 2018, the company was required to perform an interim impairment test of its goodwill and indefinite-lived intangible assets for the agriculture reporting unit. As a result of the analysis performed, the company recorded pre-tax, non-cash impairment charges of $4,503 million for goodwill and $85 million for certain indefinite-lived assets for the year ended December 31, 2018. The charges were recognized in goodwill impairment charge and restructuring and asset related charges - net, respectively, in the Consolidated Statement of Operations.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Impact From Recently Enacted Tariffs
Certain countries where the company’s products are manufactured, distributed or sold have recently enacted or are considering imposing new tariffs on certain products. The tariffs contributed to an expected shift to soybeans from corn in Latin America and pressured North American farmer margins. These expectations were reflected in the revised long-term cash flow projections for the company's agriculture reporting unit, as discussed in Note 14 to the Consolidated Financial Statements.

Capacity Expansions Tyvek®
In June 2018, Historical DuPont announced plans to invest more than $400 million in its safety and construction product line to increase capacity for the manufacture of Tyvek® nonwoven materials at its Luxembourg site due to growing global demand. The production expansion, which includes investment in a new building and a third operating line at the site, is scheduled to occur over the next three years, with commercial production expected to begin in 2021.

Tax Reform
On December 22, 2017, the Tax Cuts and Jobs Act (“The Act”) was enacted. The Act reduces the U.S. federal corporate income tax rate from 35 percent to 21 percent, requires companies to pay a one-time transition tax (“transition tax”) on earnings of foreign subsidiaries that were previously tax deferred, creates new provisions related to foreign sourced earnings, eliminates the domestic manufacturing deduction and moves to a territorial system. As of December 31, 2018, the company had completed its accounting for the tax effects of The Act. As a result of The Act, the company remeasured its U.S. federal deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21 percent. The company recorded a cumulative benefit of $2,755 million ($2,716 million benefit during 2017 and $39 million benefit during 2018) to provision for (benefit from) income taxes on continuing operations in the company's Consolidated Statement of Operations with respect to the remeasurement of the company's deferred tax balances. Additionally, the company recorded a cumulative charge of $859 million ($715 million charge during 2017 and $144 million charge during 2018 to provision for (benefit from) income taxes on continuing operations with respect to the one-time transition tax. For tax years beginning after December 31, 2017, The Act introduced new provisions for U.S. taxation of certain global intangible low-taxed income (“GILTI”). The Company has made the policy election to record any liability associated with GILTI in the period in which it is incurred. Additional details related to The Act can be found in Note 9 to the Consolidated Financial Statements.

DowDuPont Agriculture Division Restructuring Program
During the fourth quarter of 2018 and in connection with the ongoing integration activities, DowDuPont approved restructuring actions to simplify and optimize certain organizational structures within the agriculture product line in preparation for the Intended Business Separations. As a result of these actions, Historical DuPont expects to record total pre-tax charges of approximately $65 million, comprised of approximately $55 million of severance and related benefits costs; $5 million of asset related charges, and $5 million of costs related to contract terminations. For the year ended December 31, 2018, Historical DuPont recorded a pre-tax charge of $59 million, recognized in restructuring and asset related charges - net in the company's Consolidated Statement of Operations comprised of $54 million of severance and related benefit costs and $5 million related to asset related charges.

Future cash payments related to this charge are anticipated to be approximately $60 million, primarily related to the payment of severance and related benefits and contract termination costs. The company expects actions related to this program to be substantially complete by mid-2019.

DowDuPont Cost Synergy Program

In September and November 2017, DowDuPont and the company approved post-merger restructuring actions to achieve targeted cost synergies under the DowDuPont Cost Synergy Program (the “Synergy Program”), adopted by the DowDuPont Board of Directors. The Synergy Program is designed to integrate and optimize the organization following the Merger and in preparation for the Intended Business Separations. Based on all actions approved to date under the Synergy Program, Historical DuPont expects to record total pre-tax restructuring charges of $575 million to $675 million, comprised of approximately $370 million to $400 million of severance and related benefits costs; $80 million to $100 million of costs related to contract terminations; and $125 million to $175 million of asset related charges. The company anticipates including savings associated with these actions within DowDuPont's cost synergy commitment of $3.6 billion associated with the Merger Transaction.

For the year ended December 31, 2018, Historical DuPont recorded a pre-tax charge of $322 million, of which $318 million was recognized in restructuring and asset related charges - net and $4 million was recognized in sundry income (expense) - net in the company's Consolidated Statements of Operations. This charge consisted of severance and related benefit costs of $219 million, contract termination costs of $40 million and asset related charges of $63 million. For the period September 1 through December 31, 2017, Historical DuPont recorded a pre-tax charge of $187 million, recognized in restructuring and asset related charges - net in the company's Consolidated Statements of Operations. This charge consisted of severance and related benefit costs of $153 million, contract termination costs of $31 million and asset related charges of $3 million. Actions associated with the Synergy Program, including employee separations, are expected to be substantially complete by the end of 2019. Additional details related to this plan can be found on page 25 of this report and Note 6 to the Consolidated Financial Statements.

Future cash payments related to this program are anticipated to be approximately $255 million to $305 million, primarily related to the payment of severance and related benefits and contract termination costs. It is possible that additional charges and future cash payments could occur in relation to the restructuring actions. The company anticipates including savings associated with these actions within DowDuPont's cost synergy commitment of $3.6 billion associated with the Merger Transaction. Additional details related to this plan can be found in Note 6 to the Consolidated Financial Statements.

2017 Restructuring Program

During the first quarter 2017, Historical DuPont committed to take actions to improve plant productivity and better position its product lines for productivity and growth before and after the anticipated closing of the Merger Transaction (the "2017 restructuring program"). In connection with these actions, the company incurred pre-tax charges of $313 million during the period from January 1 through August 31, 2017 recognized in restructuring and asset related charges - net in the company's Consolidated Statements of Operations. The charges primarily relate to the second quarter closure of the safety and construction product line at the Cooper River manufacturing site located near Charleston, South Carolina. The actions associated with this plan were substantially complete as of December 31, 2017. Additional details related to this plan can be found on page 25 of this report and Note 6 to the Consolidated Financial Statements.

FMC Transactions

On March 31, 2017, the company and FMC Corporation ("FMC") entered into a definitive agreement (the "FMC Transaction Agreement"). Under the FMC Transaction Agreement, and effective upon the closing of the transaction on November 1, 2017, FMC acquired the crop protection business and R&D assets that Historical DuPont was required to divest in order to obtain European Commission approval of the Merger Transaction, (the "Divested Ag Business") and Historical DuPont agreed to acquire certain assets relating to FMC’s Health and Nutrition segment, excluding its Omega-3 products (the "H&N Business") (collectively, the "FMC Transactions"). The sale of the Divested Ag Business meets the criteria for discontinued operations and as such, earnings are included within (loss) income from discontinued operations after income taxes for all periods presented.

On November 1, 2017, the company completed the FMC Transactions through the disposition of the Divested Ag Business and the acquisition of the H&N Business. The fair value as determined by the company of the H&N Business was $1,970 million. The FMC Transactions included a cash consideration payment to Historical DuPont of approximately $1,200 million, which reflects the difference in value between the Divested Ag Business and the H&N Business, as well as favorable contracts with FMC of $495 million. The carrying value of the Divested Ag Business

approximated the fair value of the consideration received, thus no resulting gain or loss was recognized on the sale. Refer to Note 3 and 4 to the Consolidated Financial Statements for further information.

Separation of Performance Chemicals

On July 1, 2015, Historical DuPont completed the separation of its Performance Chemicals segment through the spin-off of all of the issued and outstanding stock of The Chemours Company. In connection with the separation, the company and Chemours entered into a Separation Agreement and a Tax Matters Agreement as well as certain ancillary agreements. In accordance with generally accepted accounting principles in the U.S. ("GAAP"), the results of operations of its former Performance Chemicals segment are presented as discontinued operations and, as such, are included within (loss) income from discontinued operations after income taxes in the Consolidated Statements of Operations for all periods presented. Additional details regarding the separation and other related agreements can be found in Note 4 to the Consolidated Financial Statements.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Settlement of PFOA MDL
As previously reported, approximately 3,550 lawsuits were consolidated in multi-district litigation (“MDL”); these lawsuits alleged personal injury from exposure to perfluorooctanoic acid and its salts, including the ammonium salt ("PFOA"), in drinking water as a result of the historical manufacture or use of PFOA. The plant operating units involved in the allegations are owned and operated by The Chemours Company ("Chemours"). The MDL was settled in early 2017 for $670.7 million in cash, with Chemours and DuPont (without indemnification from Chemours) each paying half. See Note 16 to the Consolidated Financial Statements for additional information

Net Sales
2018 versus 2017
Net sales were $26.3 billion for the year ended December 31, 2018, compared to $7.1 billion for the period September 1 through December 31, 2017 and $17.3 billion for the period January 1 through August 31, 2017. The $1.9 billion increase was primarily driven by local pricing gains across all regions, principally in the agriculture and transportation and advanced polymers product lines, as well as portfolio gains in the nutrition and health product line relating to the acquired H&N Business. Sales also increased on volume growth in Latin America and Asia Pacific.

In the Consolidated Statement of Operations, royalty income is included within net sales in the Successor periods and is included in sundry income (expense) - net in the Predecessor periods. Royalty income does not have a significant impact on any period presented. See Note 1 to the Consolidated Financial Statements for further discussion of the changes in presentation.

2017 versus 2016
Net sales were $7.1 billion for the period September 1 through December 31, 2017 and $17.3 billion for the period January 1 through August 31, 2017, compared to $23.2 billion for the year ended December 31, 2016. The $1.1 billion increase was primarily driven by 4 percent higher sales volume. In Asia Pacific sales volume increased 10 percent primarily driven by the electronics and imaging product line and the transportation and advanced polymers product line. In Europe, Middle East, and Africa ("EMEA") sales volume increased 5 percent driven by the agriculture product line and the safety and construction product line. In U.S. and Canada net sales increased 1 percent, principally reflecting volume growth in the agriculture product line. In Latin America net sales increased 4 percent, driven by a positive currency impact due to stronger Brazilian real, as well as higher volume, partially offset by lower local prices.

	Successor				Predecessor			
	For the Year Ended December 31, 2018		For the Period September 1 through December 31, 2017		For the Period January 1 through August 31, 2017		For the Year Ended December 31, 2016	
	Net sales ($ billions)	% of Net sales	Net sales ($ billions)	% of Net sales	Net sales ($ billions)	% of Net sales	Net sales ($ billions)	% of Net sales
Worldwide	$26.3	100.0	$7.1	100.0	$17.3	100.0	$23.2	100.0
U.S. & Canada	10.9	41.4	2.2	31.0	8.1	47.0	10.1	43.8
EMEA	6.3	23.9	1.7	24.1	3.9	22.8	5.3	22.7
Asia Pacific	6.5	24.6	2.1	29.3	3.9	22.2	5.4	23.3

Latin America	2.6	10.1	1.1	15.6	1.4	8.0	2.4	10.2

Cost of Goods Sold ("COGS")

2018 versus 2017

COGS was $18.2 billion for the year ended December 31, 2018 compared to $6.2 billion and $10.1 billion for the period September 1 through December 31, 2017 and the period January 1 through August 31, 2017, respectively. The increase was primarily driven by increased sales, the elimination of the other operating charges financial statement line item in the Successor periods, higher depreciation related to the fair value step-up of property, plant and equipment and increased raw material costs, specifically in the agriculture product line. The increase was also partially driven by the amortization of the inventory step-up of $1.6 billion for the year ended December 31, 2018 compared with $1.5 billion for the period September 1 through December 31, 2017.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

COGS as a percentage of net sales was 69 percent, 88 percent, and 58 percent for the year ended December 31, 2018, for the period September 1 through December 31, 2017 and for the period January 1 through August 31, 2017, respectively. The amortization of inventory step-up was 6 percent of net sales for the year ended December 31, 2018. The remaining COGS change as a percentage of net sales for the year ended December 31, 2018 was related to the items discussed above.

See Note 3 to the Consolidated Financial Statements for additional information regarding the Merger, including the valuation of inventory and see Note 1 to the Consolidated Financial Statements for further discussion of the changes in presentation.

2017 versus 2016
COGS was $6.2 billion for the period September 1 through December 31, 2017 and $10.1 billion for the period January 1 through August 31, 2017 compared to $13.9 billion for the year ended December 31, 2016. The increase was primarily driven by the amortization of the inventory step-up of $1.5 billion for the period September 1 through December 31, 2017 as well as higher sales volume, increased expenses due to the elimination of the other operating charges financial statement line item in the Successor periods and higher depreciation related to the fair value step up of property, plant and equipment.

COGS as a percentage of net sales was 88 percent, 58 percent, and 60 percent for the period September 1 through December 31, 2017, for the period January 1 through August 31, 2017 and for the year ended December 31, 2016, respectively. The amortization of the inventory step-up was 22 percent of net sales in the Successor periods. The remaining COGS increase as a percentage of net sales in the Successor periods is due to the items discussed above. The elimination of the other operating charges financial statement line item would have increased COGS as a percentage of net sales by 3 percent for the period January 1 through August 31, 2017 and for the year ended December 31, 2016.

See Note 3 to the Consolidated Financial Statements for additional information regarding the Merger, including the valuation of inventory and see Note 1 to the Consolidated Financial Statements for further discussion of the changes in presentation.

Other Operating Charges
2017 versus 2016
Other operating charges were $504 million for the period January 1 through August 31, 2017 and $667 million for the year ended December 31, 2016. In the Successor periods, other operating charges are included primarily in cost of goods sold, as well as selling, general and administrative expenses and amortization of intangibles. See Note 1 to the Consolidated Financial Statements for further discussion of the changes in presentation.

Research and Development Expense ("R&D")
2018 versus 2017
R&D expense was $1.5 billion for the year ended December 31, 2018, $492 million for the period September 1 through December 31, 2017, and $1 billion for the period January 1 through August 31, 2017. R&D expense remained flat as the increases in R&D expense for the agriculture product line related to investments to support new product launches and for the nutrition and health product line were offset by lower performance-based compensation.

R&D as a percentage of net sales was 6 percent, 7 percent, and 6 percent for the year ended December 31, 2018, for the period September 1 through December 31, 2017 and for the period January 1 through August 31, 2017, respectively.

2017 versus 2016

R&D expense was $492 million for the period September 1 through December 31, 2017, $1.0 billion for the period January 1 through August 31, 2017, and $1.5 billion for the year ended December 31, 2016. The change was primarily driven by an increase in R&D expense related to the agriculture product line, partially offset with lower costs related to the DowDuPont Cost Synergy Program.

R&D as a percentage of net sales was 7 percent, 6 percent, and 6 percent for the period September 1 through December 31, 2017, for the period January 1 through August 31, 2017 and for the year ended December 31, 2016, respectively. R&D as a percentage of net sales is slightly higher in the Successor periods, primarily due to an increase in R&D for new product introductions and higher depreciation, partially offset by cost savings and the absence of amortization expense.

Selling, General and Administrative Expenses ("SG&A")
2018 versus 2017
SG&A was $3.9 billion for the year ended December 31, 2018, $1.1 billion for the period September 1 through December 31, 2017, and $3.2 billion for the period January 1 through August 31, 2017. In the Successor periods, integration and separation costs and amortization of intangibles are presented as line items on the Consolidated Statement of Operations. For the period January 1 through August 31, 2017, the company incurred $581 million of transaction costs in connection with the Merger and the Intended Business Separations. The remaining change was primarily driven by increases in expense to support growth investments for new products in the agriculture and nutrition and health product lines, higher costs due to inclusion of a full year of results from the acquisition of the H&N Business from FMC, certain costs that are included in other operating charges for the Successor period, partially offset by cost synergies and by lower performance-based compensation. See Note 1 to the Consolidated Financial Statements for further discussion of the changes in presentation.

SG&A as a percentage of net sales was 15 percent, 16 percent, and 19 percent for the year ended December 31, 2018, for the period September 1 through December 31, 2017 and for the period January 1 through August 31, 2017, respectively. Transaction costs were 3 percent of net sales for the period January 1 through August 31, 2017.

2017 versus 2016
SG&A was $1.1 billion for the period September 1 through December 31, 2017, $3.2 billion for the period January 1 through August 31, 2017, and $4.1 billion for the year ended December 31, 2016. The change was primarily driven by higher transaction costs, increased selling expense and commissions, primarily for agriculture products and higher compensation, partially offset with lower costs related to the 2016 global cost savings and restructuring plan and the absence of amortization expense in the Successor periods. During the year ended December 31, 2016 and the period January 1 through August 31, 2017, the company incurred $386 million and $581 million, respectively, of transaction costs in connection with the Merger and the Intended Business Separations.

SG&A as a percentage of net sales was 16 percent, 19 percent, and 18 percent for the period September 1 through December 31, 2017, for the period January 1 through August 31, 2017 and for the year ended December 31, 2016, respectively. Transaction costs were 3 percent and 2 percent of net sales for the period January through August 31, 2017 and for the year ended December 31, 2016. The remaining net sales increase as a percentage of net sales in the Successor periods is due to the items discussed above.

Amortization of Intangibles
2018 versus 2017
Intangible asset amortization was $1.3 billion for the year ended December 31, 2018 and $389 million for the period September 1 through December 31, 2017. In the Predecessor periods, amortization of intangibles was included within SG&A; other operating charges; R&D; and COGS. See Note 3 to the Consolidated Financial Statements for further information regarding the Merger, including the valuation of intangible assets.

Restructuring and Asset Related Charges - Net
Restructuring and asset related charges - net were $485 million for the year ended December 31, 2018, $180 million for the period September 1 through December 31, 2017, $323 million for the period January 1 through August 31, 2017 and $556 million for the year ended December 31, 2016.

2018

The activity for the year ended December 31, 2018 was related to a $318 million charge related to the Synergy Program, a $126 million of asset related charges (discussed in the "Asset Impairment" section, below), a $59 million charge related to the DowDuPont Agriculture Division Restructuring Program and an ($18) million benefit from reversals of prior year programs.

2017

The charge for the period September 1 through December 31, 2017 was primarily severance and related benefit costs as part of the Synergy Program.

The charge for the period January 1 through August 31, 2017 was comprised of $279 million of asset related charges and $34 million in severance and related benefit costs. The asset related charges primarily relate to the second quarter closure of the safety and construction product line at the Cooper River manufacturing site located near Charleston, South Carolina as part of the 2017 restructuring program.

2016
The $556 million charge for 2016 consisted of $593 million of asset related charges (discussed in the “Asset Impairment” section, below) and a $68 million charge related to the decision to not re-start the company's insecticide manufacturing facility at the La Porte site located in La Porte, Texas. These charges were partially offset by a net $84 million benefit related to the 2016 restructuring plan, primarily due to a reduction in severance and related benefit costs driven by the elimination of positions at a lower cost than expected, and a $21 million benefit related to the 2014 restructuring plan for adjustments to the previously recognized severance costs.

See Note 6 to the Consolidated Financial Statements for additional information.

Asset Impairment
For the year ended December 31, 2018, the company recognized an $85 million pre-tax ($66 million after-tax) impairment charge in restructuring and asset related charges - net in the company's Consolidated Statements of Operations related to certain IPR&D assets within the agriculture reporting unit. See Notes 6 and 14 to the Consolidated Financial Statements for additional information.

For the year ended December 31, 2018, management determined the fair values of investments in nonconsolidated affiliates in China were below the carrying values and had no expectation the fair values would recover. As a result, management concluded the impairment was other than temporary and recorded an impairment charge of $41 million in restructuring and asset related charges - net in the company's Consolidated Statements of Operations, none of which is tax-deductible, for the year ended December 31, 2018. See Notes 6 and 21 to the Consolidated Financial Statements for additional information.

For the year ended December 31, 2016, the company recorded an asset impairment charge of $435 million related to its uncompleted enterprise resource planning ("ERP") system. Given the uncertainties related to timing of completion as well as potential developments and changes to technologies in the market place at the time of restart, use of the ERP system can no longer be considered probable. Additionally, the company recorded a $158 million impairment charge related to indefinite-lived intangible trade names as a result of the realignment of brand marketing strategies and a determination to phase out the use of certain acquired trade names. See Notes 6 and 21 to the Consolidated Financial Statements for additional details related to these charges.

Integration and Separation Costs
2018 versus 2017
Integration and separation costs were $1,375 million for the year ended December 31, 2018 and $314 million in the period September 1 through December 31, 2017. In the Predecessor periods, integration and separation costs were included within SG&A. See Note 1 to the Consolidated Financial Statements for further discussion of the changes in presentation.

The company expects Integration and separation costs to continue to be significant in 2019.

Goodwill Impairment Charge
The company recorded a goodwill impairment charge of $4,503 million in the year ended December 31, 2018 related to an interim goodwill impairment test for its agriculture reporting unit. See Note 14 to the Consolidated Financial Statements for additional information regarding the company’s goodwill impairment charge.

Sundry Income (Expense) - Net

2018 versus 2017

Sundry income (expense) - net was income of $543 million for the year ended December 31, 2018. Sundry income (expense) - net was an income of $224 million and expense of ($113) million for the period September 1 through December 31, 2017 and for the period January 1 through August 31, 2017, respectively. The year ended December 31, 2018 includes a non-operating pension and other post employment credit of $368 million, interest income of $92 million, and other miscellaneous income offset by net exchange loss of $110 million and other miscellaneous expenses. The period September 1 through December 31, 2017 includes a non-operating pension and other post employment benefit credit of $134 million, interest income of $41 million, and a net exchange gain of $8 million. The period January 1 through August 31, 2017 includes a net exchange loss of $394 million, a non-operating pension and other post employment cost of $278 million, a pre-tax gain of $162 million associated with the sale of the global food safety diagnostic business, and royalty income of $84 million.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

2017 versus 2016
Sundry income (expense) - net was an income of $224 million and expense of ($113) million for the period September 1 through December 31, 2017 and for the period January 1 through August 31, 2017, respectively. Sundry income (expense) - net was income of $667 million for the year ended December 31, 2016. The 2017 charges are described above. The year ended December 31, 2016 included a pre-tax gain of $369 million associated with the sale of Historical DuPont ("Shenzhen") Manufacturing Limited entity, royalty income of $170 million, a net exchange loss of $106 million and a non-operating pension and other post employment cost of $40 million. In the Successor periods, royalty income is included in net sales. See Note 1 to the Consolidated Financial Statements for further discussion of the changes in presentation.

See Note 8 to the Consolidated Financial Statements for additional information.

Loss on Early Extinguishment of Debt
The company recorded a loss from early extinguishment of debt of $81 million for the year ended December 31, 2018, primarily related to the difference between the redemption price and the aggregate amount of the Tender Notes purchased in the Tender Offer, mostly offset by the write-off of unamortized step-up related to the fair value step-up of Historical DuPont's debt. Additional information regarding the company's Early Tender Settlement can be found on pages 20 and 29 of this report and Note 15 to the Consolidated Financial Statements for additional.

Interest Expense
2018 versus 2017
Interest expense was $331 million for the year ended December 31, 2018, $107 million for the period September 1 through December 31, 2017, and $254 million for the period January 1 through August 31, 2017. The change was primarily driven by amortization of the step-up of debt as a result of push-down accounting, partially offset by higher borrowing rates.

2017 versus 2016
Interest expense was $107 million for the period September 1 through December 31, 2017, $254 million for the period January 1 through August 31, 2017, and $370 million for the year ended December 31, 2016. The change was primarily driven by amortization of the step-up of debt as a result of push-down accounting, partially offset by higher debt balances.

Provision for Income Taxes on Continuing Operations
2018
For the year ended December 31, 2018, the company's effective tax rate of (4.6) percent on pre-tax loss from continuing operations of $4,793 million was unfavorably impacted by the non-tax-deductible impairment charge for the agriculture reporting unit and corresponding $75 million tax charge associated with a valuation allowance recorded against the net deferred tax asset position of a legal entity in Brazil, costs associated with the Merger with Dow (including a $74 million net tax charge on repatriation activities to facilitate the Intended Business Separations), a $121 million net tax charge related to completing its accounting for the tax effects of the Act (see Note 9 of the Consolidated Financial Statements for additional detail), and the impacts related to the non-tax-deductible amortization of the fair value step-up in DuPont's inventories as a result of the Merger.

2017

For the period September 1 through December 31, 2017, the company's effective tax rate of 168.5 percent on pre-tax loss from continuing operations of $1,586 million was favorably impacted by a provisional net benefit of $2,001 million that the company recognized due to the enactment of The Act, a net benefit of $261 million related to an internal legal entity restructuring associated with the Intended Business Separations, as well as geographic mix of earnings. Those impacts were partially offset by the non-tax deductible amortization of the fair value step-up in Historical DuPont's inventories as a result of the Merger, certain net exchange losses recognized on the remeasurement of the net monetary asset positions which were not tax deductible in their local jurisdictions, as well as the tax impact of costs associated with the Merger with Historical Dow and restructuring and asset related charges.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

For the period January 1 through August 31, 2017, the company's effective tax rate was 8.3 percent on pre-tax income from continuing operations of $1,791 million. For the period January 1 through August 31, 2017, the company's effective tax rate was favorably impacted by geographic mix of earnings, certain net exchange gains recognized on the remeasurement of the net monetary asset positions which were not taxable in their local jurisdictions, net favorable tax consequences of the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-09, Compensation - Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting, tax benefits related to a reduction in the company's unrecognized tax benefits due to the closure of various tax statutes of limitations, as well as tax benefits on costs associated with the Merger with Historical Dow and restructuring and asset related charges. Those tax benefits were partially offset by the unfavorable tax consequences of non-deductible goodwill associated with the gain on the sale of the global food safety diagnostic business in the first quarter of 2017.

2016

For the year ended December 31, 2016, the company's effective tax rate of 23.5 percent on pre-tax income from continuing operations of $2,723 million was impacted by geographic mix of earnings as well as certain net exchange gains recognized on the remeasurement of the net monetary asset positions which were not taxable in their local jurisdictions. Those benefits were partially offset by the tax consequences of the gain on the sale of Historical DuPont (Shenzhen) Manufacturing Limited in the first quarter of 2016.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Recent Accounting Pronouncements
See Note 2 to the Consolidated Financial Statements for a description of recent accounting pronouncements.

Liquidity & Capital Resources

The company continually reviews its sources of liquidity and debt portfolio and occasionally may make adjustments to one or both to ensure adequate liquidity.

(Dollars in millions)	December 31, 2018	December 31, 2017
Cash, cash equivalents and marketable securities	$ 4,500	$ 8,202
Total debt	$ 7,972	$ 13,070

In the fourth quarter of 2018, Historical DuPont offered to purchase for cash approximately $6.2 billion of outstanding debt securities from each registered holder of the applicable series of debt securities (the “Tender Offers”). The company has retired $4.4 billion aggregate principal amount of such debt securities in connection with the Tender Offers, which expired on December 11, 2018. The retirement of these debt securities was funded with cash contributions from DowDuPont.

In July 2018, Historical DuPont fully repaid $1,250 million of 6.0 percent coupon bonds at maturity.

The company's credit ratings impact its access to the debt capital markets and cost of capital. The company remains committed to a strong financial position and strong investment-grade rating. The company's long-term and short-term credit ratings are as follows:

	Long-term	Short-term	Outlook
Standard & Poor's	A-	A-2	Stable
Moody’s Investors Service	A3	P-2	Stable
Fitch Ratings	A	F1	Stable

The company believes its ability to generate cash from operations and access to capital markets will be adequate to meet anticipated cash requirements to fund its working capital, capital spending, debt maturities in the ordinary course as well as distributions and other intercompany transfers to DowDuPont which relies primarily on Historical DuPont and Historical Dow to fund payment of its operating costs and expenses. Historical DuPont’s current strong financial position, liquidity and credit ratings continue to provide access as needed to the capital markets. The company's liquidity needs can be met through a variety of sources, including cash provided by operating activities, cash and cash equivalents, marketable securities, commercial paper, syndicated credit lines, bilateral credit lines, long-term debt markets, bank financing, committed receivable repurchase facilities and asset sales.

The company has access to approximately $6.1 billion in committed and uncommitted unused credit lines with several major financial institutions including unused commitments of $2.5 billion under the Term Loan Facility described below and a $3.0 billion revolving credit facility to support its commercial paper program. These unused credit lines provide support to meet the company's short-term liquidity needs and for general corporate purposes which may include funding of discretionary and non-discretionary contributions to certain benefit plans, severance payments, repayment and refinancing of debt, working capital, capital expenditures and repurchases and redemptions of securities.

In May 2017, the company completed an underwritten public offering of $1.25 billion of the company's 2.20 percent Notes due 2020 and $750 million of the company's Floating Rate Notes due 2020 (the "May 2017 Debt Offering"). The proceeds of this offering were used to make a discretionary pension contribution to the company's principal U.S. pension plan, as discussed below.

The company's indenture covenants include customary limitations on liens, sale and leaseback transactions, and mergers and consolidations affecting manufacturing plants, mineral producing properties or research facilities located in the U.S. and the consolidated subsidiaries owning such plants, properties and facilities subject to certain limitations. The outstanding long-term debt also contains customary default provisions. In addition, the company will be required to redeem all of the Notes associated with the May 2017 Debt Offering at a redemption price equal to 100 percent of the aggregate principal amount plus any accrued and unpaid interest upon the announcement of the record date for the separation of either the agriculture or specialty products business, or the entry into an agreement to sell all or substantially all of the assets of either business to a third party.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

In March 2016, the company entered into a credit agreement that provides for a three-year, senior unsecured term loan facility in the aggregate principal amount of $4.5 billion (as amended, from time to time, the "Term Loan Facility") under which Historical DuPont may make up to seven term loan borrowings and amounts repaid or prepaid are not available for subsequent borrowings. The proceeds from the borrowings under the Term Loan Facility will be used for the company's general corporate purposes including debt repayment, working capital and funding a portion of DowDuPont's costs and expenses. The Term Loan Facility was amended in 2018 to extend the maturity date to June 2020, at which time all outstanding borrowings, including accrued but unpaid interest, become immediately due and payable, and to extend the date on which the commitment to lend terminates to June 2019. At December 31, 2018, the company had made four term loan borrowings in an aggregate principal amount of $2.0 billion and had unused commitments of $2.5 billion under the Term Loan Facility. In addition, in 2018 the company amended its $3.0 billion revolving credit facility to extend the maturity date to June 2020.

The Term Loan Facility and the amended revolving credit facility (the "Facilities") contain customary representations and warranties, affirmative and negative covenants, and events of default that are typical for companies with similar credit ratings and generally consistent with those applicable to Historical DuPont’s long-term public debt. The Facilities contain a financial covenant requiring that the ratio of Total Indebtedness to Total Capitalization for Historical DuPont and its consolidated subsidiaries not exceed 0.6667. At December 31, 2018, the company was in compliance with this financial covenant.

The Facilities impose additional affirmative and negative covenants on Historical DuPont and its subsidiaries after the closing of the Merger, subject to certain limitations, including to:

- not sell, lease or otherwise convey to DowDuPont, its shareholders or its non-Historical DuPont subsidiaries, any assets or properties of Historical DuPont or its subsidiaries unless the aggregate amount of revenues attributable to all such assets and properties so conveyed after the merger does not exceed 30 percent of the consolidated revenues of Historical DuPont and its subsidiaries as of December 31, 2015; and
- not guarantee any indebtedness or other obligations of DowDuPont, Historical Dow or their respective subsidiaries (other than of Historical DuPont and its subsidiaries).

The Facilities will terminate, and the loans and other amounts thereunder would become due and payable, upon the sale, transfer, lease or other disposition of all or substantially all of the assets of the agriculture product line to DowDuPont, its shareholders or any of its non-Historical DuPont subsidiaries.

In February 2018, in line with seasonal agricultural working capital requirements, the company entered into a committed receivable repurchase agreement of up to $1.3 billion (the "2018 Repurchase Facility") which expired in December 2018. Under the 2018 Repurchase Facility, the company sold a portfolio of available and eligible outstanding customer notes receivables within the agriculture product line to participating institutions and simultaneously agreed to repurchase at a future date.

In February 2019, the company entered into a new committed receivable repurchase facility of up to $1.3 billion (the "2019 Repurchase Facility") which expires in December 2019. See further discussion of the 2019 Repurchase Facility in Note 24 to the Consolidated Financial Statements.

During the period January 1 through August 31, 2017, the company made total contributions of $2.9 billion to its principal U.S. pension plan, including approximately $2.7 billion reflecting discretionary contributions. The discretionary contribution was funded through the May 2017 Debt Offering, as discussed above; short-term borrowings, including commercial paper issuance; and cash. The $2.9 billion contribution was taken as a deduction on the company's 2016 federal tax return and resulted in a net operating loss for tax purposes. This loss resulted in an overpayment of taxes paid of approximately $800 million. A portion of the overpayment was applied against the 2017 tax liability. The remainder of the loss generated a refund of approximately $700 million which was received during the fourth quarter of 2017. At the end of 2017, the company did not anticipate making contributions to its principal U.S. pension plan in 2018. The company made a discretionary contribution of $1.1 billion in the third quarter of 2018 to its principal U.S. pension plan, primarily through cash balances. The decision to make the discretionary contribution took into account tax deductible limits as well as capital structure considerations.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

The company entered into a trust agreement in 2013 (as amended and restated in 2017) that established and requires Historical DuPont to fund a trust (the "Trust") for cash obligations under certain nonqualified benefit and deferred compensation plans upon a change in control event as defined in the Trust agreement. Under the Trust agreement, the consummation of the Merger was a change in control event. As a result, in November 2017, the company contributed $571 million to the Trust. In the fourth quarter of 2017, $13 million was distributed to Historical DuPont according to the Trust agreement and at December 31, 2017, the balance in the Trust was $558 million. During the year ended December 31, 2018, $68 million was distributed to Historical DuPont according to the Trust agreement and at December 31, 2018, the balance in the Trust was $500 million.

The company's cash, cash equivalents and marketable securities at December 31, 2018 and 2017 are $4.5 billion and $8.2 billion, respectively, of which $3.9 billion at December 31, 2018 and $7.9 billion at December 31, 2017 was held by subsidiaries in foreign countries, including United States territories. The decrease in cash held by subsidiaries in foreign countries is due to the repatriation activities discussed below. For each of its foreign subsidiaries, the company makes an assertion regarding the amount of earnings intended for permanent reinvestment, with the balance available to be repatriated to the United States.

The Act requires companies to pay a one-time transition tax on earnings of foreign subsidiaries, a majority of which were previously considered permanently reinvested by the company (see Note 9 to the Consolidated Financial Statements for further details of The Act). A tax liability was accrued for the estimated U.S. federal tax on all accumulated unrepatriated earnings through December 31, 2017 in accordance with The Act (i.e., "transition tax"). The cash held by foreign subsidiaries for permanent reinvestment is generally used to finance the subsidiaries' operational activities and future foreign investments. At December 31, 2018, management believed that sufficient liquidity is available in the United States. The company has the ability to repatriate additional funds to the US, which could result in an adjustment to the tax liability for foreign withholding taxes, foreign and/or U.S. state income taxes and the impact of foreign currency movements. It is not practicable to calculate the unrecognized deferred tax liability on undistributed foreign earnings due to the complexity of the hypothetical calculation. During 2018, in connection with the Intended Business Separations, the company repatriated certain funds from its non-U.S. subsidiaries that were not needed to finance local operations. During the year ended December 31, 2018, the company recorded net tax expense of $74 million associated with foreign withholding tax incurred in connection with these repatriation activities.

(Dollars in millions)	Successor		Predecessor	
	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Cash provided by (used for) operating activities	$848	$ 4,196	$(3,949)	$ 3,357

Cash provided by operating activities was $848 million for the year ended December 31, 2018, primarily driven by earnings after goodwill impairment and inventory step-up amortization offset by transaction costs, pension contributions, changes in working capital and tax payments. Cash provided by operating activities was $4,196 million

for the period September 1 through December 31, 2017, primarily driven by seasonal cash flows related to the agriculture product line and a tax refund related to voluntary pension contributions made in the Predecessor period, partially offset by transaction costs and the PFOA multi-district litigation settlement, which was primarily paid in September. Cash used for operating activities was $3,949 million for the period January 1 through August 31, 2017, primarily driven by pension contributions of $3,024 million, seasonal cash flows related to the agriculture product line, transaction costs and tax payments, partially offset by earnings. Cash provided by operating activities was $3,357 million for the year ended December 31, 2016, primarily due to earnings offset by tax payments, pension contributions and transaction costs.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

(Dollars in millions)	Successor		Predecessor	
	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Cash (used for) provided by investing activities	$(334)	$ 2,768	$(2,382)	$ (1,514)

Cash used for investing activities was $334 million for the year ended December 31, 2018, primarily driven by increased capital expenditures partially offset by net proceeds from investments. Cash provided by investing activities was $2,768 million for the period September 1 through December 31, 2017, primarily driven by approximately $1,200 million of cash received for the FMC transactions and net proceeds from investments, partially offset by capital expenditures. Cash used for investing activities was $2,382 million for the period January 1 through August 31, 2017, primarily due to increased net purchases of investments, capital expenditures, payments for the acquisition of Granular and net payments from foreign currency contracts, partially offset by proceeds from the sale of property and businesses. Cash used for investing activities of $1,514 million during the year ended December 31, 2016 was primarily due to $1,019 million of capital expenditures, net purchases of investments and net payments from foreign currency contracts, partially offset by proceeds from the sale of property and businesses.

Capital expenditures totaled $1,311 million for the year ended December 31, 2018, $426 million for the period September 1 through December 31, 2017, $687 million for the period January 1 through August 31, 2017, and $1,019 million in 2016. The company expects 2019 capital expenditures to be about $1,800 million, of which approximately $500 million is related to the targeted cost synergies associated with the Merger and execution of the Intended Business Separations.

(Dollars in millions)	Successor		Predecessor	
	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Cash (used for) provided by financing activities	$(3,112)	$ (3,227)	$5,632	$ (2,385)

Cash used for financing activities was $3,112 million for the year ended December 31, 2018, primarily driven by the retirement of $4,409 million aggregate principal amount of Tender Notes as part of DuPont 's Tender Offer, an increase in distributions to DowDuPont of $1,977 million and repayments of $1,250 million on bonds at maturity, partially offset by contributions from DowDuPont of $4,849 million. Cash used for financing activities was $3,227 million for the period September 1 through December 31, 2017, primarily driven by a decrease in borrowings from commercial paper, distributions to DowDuPont and dividends paid to stockholders, partially offset by increased

borrowings under the Term Loan. Cash provided by financing activities was $5,632 million for the period January 1 through August 31, 2017, primarily driven by the May 2017 Debt Offering as well as increased borrowings from commercial paper, the Repurchase Facility, and the Term Loan Facility, partially offset by dividends paid to stockholders. Cash used for financing activities of $2,385 million during the year ended December 31, 2016 was primarily driven by dividend payments to stockholders, repurchases of common stock, and repayments of long-term debt.

Dividend payments to shareholders of Historical DuPont common and preferred stock totaled $0.3 billion during the period September 1 through December 31, 2017, $0.7 billion during the period January 1 through August 31, 2017, and $1.3 billion in 2016. Dividends per share of common stock were $1.14 for the period January 1 through August 31, 2017 and $1.52 in 2016.

In the first quarter 2015, Historical DuPont announced its intention to buy back about $4.0 billion of shares of Historical DuPont common stock using the distribution proceeds received from Chemours. During 2016, the company purchased and retired 13.2 million shares in the open market at a cost of $916 million.

As of the consummation of the Merger, shares of Historical DuPont common stock held publicly were redeemed and Historical DuPont's common stock is owned solely by its parent company, DowDuPont. Historical DuPont's preferred stock remains issued and outstanding, and Historical DuPont continues to be responsible for dividends on its preferred stock; however, the obligation is not material to the company's liquidity. Dividend payments to shareholders of Historical DuPont preferred stock totaled $10 million for the year ended December 31, 2018, $3 million during the period September 1 through December 31, 2017, $7 million during the period January 1 through August 31, 2017, and $10 million in 2016.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

DowDuPont primarily relies on distributions and other intercompany transfers from Historical DuPont and Historical Dow to fund payment of its operating costs and expenses. In November 2017, DowDuPont's Board of Directors (the "Board") declared a fourth quarter dividend per share of DowDuPont common stock payable on December 15, 2017 and authorized an initial $4 billion share repurchase program to buy back shares of DowDuPont common stock. The $4 billion share repurchase program was completed in the third quarter of 2018. In 2018, the Board declared and paid quarterly dividends per share of DowDuPont common stock. For the year ended December 31, 2018 and the period September 1 through December 31, 2017, Historical DuPont declared and paid distributions in cash to DowDuPont of about $2,806 million and $829 million, respectively, primarily to fund a portion of DowDuPont's share repurchases and dividend payments for these periods.

See Note 17 to the Consolidated Financial Statements for additional information relating to the above Historical DuPont share buyback plan.

Critical Accounting Estimates

The company's significant accounting policies are more fully described in Note 1 to the Consolidated Financial Statements. Management believes that the application of these policies on a consistent basis enables the company to provide the users of the financial statements with useful and reliable information about the company's operating results and financial condition.

The preparation of the Consolidated Financial Statements in conformity with generally accepted accounting principles ("GAAP") in the United States of America requires management to make estimates and assumptions that affect the reported amounts, including, but not limited to, receivable and inventory valuations, impairment of tangible and intangible assets, long-term employee benefit obligations, income taxes, restructuring liabilities, environmental matters and litigation. Management's estimates are based on historical experience, facts and circumstances available at the time and various other assumptions that are believed to be reasonable. The company reviews these matters and reflects changes in estimates as appropriate. Management believes that the following represent some of the more critical judgment areas in the application of the company's accounting policies which could have a material effect on the company's financial position, liquidity or results of operations.

Pension Plans and Other Post Employment Benefits

Accounting for employee benefit plans involves numerous assumptions and estimates. Discount rate and expected return on plan assets are two critical assumptions in measuring the cost and benefit obligation of the company's pension and OPEB plans. Management reviews these two key assumptions when plans are re-measured. These and other assumptions are updated periodically to reflect the actual experience and expectations on a plan specific basis as appropriate. As permitted by GAAP, actual results that differ from the assumptions are accumulated on a plan by plan basis and to the extent that such differences exceed 10 percent of the greater of the plan's benefit obligation or the applicable plan assets, the excess is amortized over the average remaining service period of active employees or the average remaining life expectancy of the inactive participants if all or almost all of a plan's participants are inactive.

About 80 percent of the company's benefit obligation for pensions and essentially all of the company's OPEB obligations are attributable to the benefit plans in the U.S. In the U.S., the discount rate is developed by matching the expected cash flow of the benefit plans to a yield curve constructed from a portfolio of high quality fixed-income instruments provided by the plans' actuaries as of the measurement date. The company measures the service and interest cost components utilizing a full yield curve approach by applying the specific spot rates along the yield curve

used in the determination of the benefit obligation to the relevant projected cash flows. For non-U.S. benefit plans, historically the company utilized prevailing long-term high quality corporate bond indices to determine the discount rate, applicable to each country, at the measurement date. For the 2018 measurement date, the company adopted the Aon AA corporate bond rates to determine the discount rate, applicable to each country.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Within the U.S., the company establishes strategic asset allocation percentage targets and appropriate benchmarks for significant asset classes with the aim of achieving a prudent balance between return and risk. Strategic asset allocations in other countries are selected in accordance with the laws and practices of those countries. Where appropriate, asset-liability studies are also taken into consideration. The long-term expected return on plan assets in the U.S. is based upon historical real returns (net of inflation) for the asset classes covered by the investment policy, expected performance, and projections of inflation and interest rates over the long-term period during which benefits are payable to plan participants. Consistent with prior years, the long-term expected return on plan assets in the U.S. reflects the asset allocation of the plan and the effect of the company's active management of the plan's assets. In connection with pension contributions of $2,900 million to its principal U.S. pension plan for the period of January 1, 2017 through August 31, 2017, an investment policy study was completed for the principal U.S. pension plan. The study resulted in new target asset allocations for the U.S. pension plan with resulting changes to the expected return on plan assets. The long-term rate of return on assets decreased from 8.00 percent for the Predecessor period to 6.25 percent for the Successor periods in 2017.

In determining annual expense for the principal U.S. pension plan, the company uses a market-related value of assets rather than its fair value. Accordingly, there may be a lag in recognition of changes in market valuation. As a result, changes in the fair value of assets are not immediately reflected in the company's calculation of net periodic pension cost. Generally, the market-related value of assets is calculated by averaging market returns over 36 months, however, as a result of the Merger, for the Successor periods, the market-related value of assets was calculated by averaging market returns from September 1, 2017 through the respective year ends.

The following table shows the market-related value and fair value of plan assets for the principal U.S. pension plan:

	Successor		Predecessor
(Dollars in billions)	December 31, 2018	December 31, 2017 [1]	December 31, 2016 [1]
Market-related value of assets	$ 16.6	$ 16.6	$ 13.5
Fair value of plan assets	15.7	16.7	13.5

1. During the fourth quarter of 2017 and 2016, the plan's trust fund paid approximately $140 million and $550 million, respectively, to a group of separated, vested plan participants who elected a limited-time opportunity to receive a lump sum payout. See further discussion under "Long-term Employee Benefits" beginning on page 40.

For plans other than the principal U.S. pension plan, pension expense is determined using the fair value of assets.

The following table highlights the potential impact on the company's pre-tax earnings due to changes in certain key assumptions with respect to the company's pension and OPEB plans, based on assets and liabilities at December 31, 2018:

Pre-tax Earnings Benefit (Charge)	1/4 Percentage Point	1/4 Percentage Point
(Dollars in millions)	Increase	Decrease
Discount rate	$ (31)	$ 32
Expected rate of return on plan assets	48	(48)

Additional information with respect to pension and OPEB expenses, liabilities and assumptions is discussed under "Long-term Employee Benefits" beginning on page 40 and in Note 18 to the Consolidated Financial Statements.

Environmental Matters

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. At December 31, 2018, the company had accrued obligations of $381 million for probable environmental remediation and restoration costs, including $54 million for the remediation of Superfund sites. As remediation activities vary substantially in duration and cost from site to site, it is difficult to develop precise estimates of future site remediation costs. The company's estimates are based on a number of factors, including the complexity of the geology, the nature and extent of contamination, the type of remedy, the outcome of discussions with regulatory agencies and other Potentially Responsible Parties ("PRPs") at multi-party sites and the number of and financial viability of other PRPs. Therefore, considerable uncertainty exists with respect to environmental remediation and costs, and, under adverse changes in circumstances, it is reasonably possible that the ultimate cost with respect to these particular matters could range up to $750 million above that amount. Consequently, it is reasonably possible that environmental remediation and restoration costs in excess of amounts accrued could have a material impact on the company’s results of operations, financial condition and cash flows. It is the opinion of the company’s management, however, that the possibility is remote that costs in excess of the range disclosed will have a material impact on the company’s results of operations, financial condition or cash flows. For further discussion, see Environmental Matters in Management’s Discussion and Analysis of Financial Condition and Results of Operations and Notes 1 and 16 to the Consolidated Financial Statements.

Legal Contingencies

The company's results of operations could be affected by significant litigation adverse to the company, including product liability claims, patent infringement and antitrust claims, and claims for third party property damage or personal injury stemming from alleged environmental torts. The company records accruals for legal matters when the information available indicates that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Management makes adjustments to these accruals to reflect the impact and status of negotiations, settlements, rulings, advice of counsel and other information and events that may pertain to a particular matter. Predicting the outcome of claims and lawsuits and estimating related costs and exposure involves substantial uncertainties that could cause actual costs to vary materially from estimates. In making determinations of likely outcomes of litigation matters, management considers many factors. These factors include, but are not limited to, the nature of specific claims including unasserted claims, the company's experience with similar types of claims, the jurisdiction in which the matter is filed, input from outside legal counsel, the likelihood of resolving the matter through alternative dispute resolution mechanisms, and the matter's current status. Considerable judgment is required in determining whether to establish a litigation accrual when an adverse judgment is rendered against the company in a court proceeding. In such situations, the company will not recognize a loss if, based upon a thorough review of all relevant facts and information, management believes that it is probable that the pending judgment will be successfully overturned on appeal. A detailed discussion of significant litigation matters is contained in Note 16 to the Consolidated Financial Statements.

Indemnification Assets

On July 1, 2015, Historical DuPont completed the separation of its Performance Chemicals segment through the spin-off of all of the issued and outstanding stock of The Chemours Company (the "Chemours Separation"). In connection with the Chemours Separation, the company and Chemours entered into a Separation Agreement (as amended, the "Chemours Separation Agreement"). Pursuant to the Chemours Separation Agreement discussed in Note 4 to the Consolidated Financial Statements, the company is indemnified by Chemours against certain litigation, environmental, workers' compensation, and other liabilities that arose prior to the separation. The term of this

indemnification is indefinite and includes defense costs and expenses, as well as monetary and non-monetary settlements and judgments. In connection with the recognition of liabilities related to these indemnified matters, the company records an indemnification asset when recovery is deemed probable. In assessing the probability of recovery, the company considers the contractual rights under the Chemours Separation Agreement and any potential credit risk. Future events, such as potential disputes related to recovery as well as the solvency of Chemours, could cause the indemnification assets to have a lower value than anticipated and recorded. The company evaluates the recovery of the indemnification assets recorded when events or changes in circumstances indicate the carrying values may not be fully recoverable.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Income Taxes

The breadth of the company's operations and the global complexity of tax regulations require assessments of uncertainties and judgments in estimating taxes the company will ultimately pay. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes arising from federal, state and international tax audits in the normal course of business. The resolution of these uncertainties may result in adjustments to the company's tax assets and tax liabilities. It is reasonably possible that changes to the company’s global unrecognized tax benefits could be significant; however, due to the uncertainty regarding the timing of completion of audits and possible outcomes, a current estimate of the range of increases or decreases that may occur within the next twelve months cannot be made.

Deferred income taxes result from differences between the financial and tax basis of the company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Significant judgment is required in evaluating the need for and magnitude of appropriate valuation allowances against deferred tax assets. The realization of these assets is dependent on generating future taxable income, as well as successful implementation of various tax planning strategies. For example, changes in facts and circumstances that alter the probability that the company will realize deferred tax assets could result in recording a valuation allowance, thereby reducing the deferred tax asset and generating a deferred tax expense in the relevant period. In some situations, these changes could be material. See Note 9 to the Consolidated Financial Statements for additional information.

At December 31, 2018, the company had a net deferred tax liability balance of $5.1 billion, net of a valuation allowance of $1.1 billion. Realization of deferred tax assets is expected to occur over an extended period of time. As a result, changes in tax laws, assumptions with respect to future taxable income, and tax planning strategies could result in adjustments to deferred tax assets. See Note 9 to the Consolidated Financial Statements for additional details related to the deferred tax liability balance.

Valuation of Assets and Impairment Considerations

The assets and liabilities of acquired businesses are measured at their estimated fair values at the dates of acquisition. The excess of the purchase price over the estimated fair value of the net assets acquired, including identified intangibles, is recorded as goodwill. The determination and allocation of fair value to the assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment, including estimates based on historical information, current market data and future expectations. The principal assumptions utilized in the company's valuation methodologies include revenue growth rates, operating margin estimates, royalty rates, and discount rates. Although the estimates are deemed reasonable by management based on information available at the dates of acquisition, those estimates are inherently uncertain.

Assessment of the potential impairment of goodwill, other intangible assets, property, plant and equipment, investments in nonconsolidated affiliates, and other assets is an integral part of the company's normal ongoing review of operations. Testing for potential impairment of these assets is significantly dependent on numerous assumptions and reflects management's best estimates at a particular point in time. The dynamic economic environments in which the company's diversified product lines operate, and key economic and product line assumptions with respect to projected selling prices, market growth and inflation rates, can significantly affect the outcome of impairment tests. Estimates based on these assumptions may differ significantly from actual results. Changes in factors and assumptions used in assessing potential impairments can have a significant impact on the existence and magnitude of impairments,

as well as the time in which such impairments are recognized. In addition, the company continually reviews its diverse portfolio of assets to ensure they are achieving their greatest potential and are aligned with the company's growth strategy. Strategic decisions involving a particular group of assets may trigger an assessment of the recoverability of the related assets. Such an assessment could result in impairment losses.

The company performs goodwill impairment testing at the reporting unit level which is defined as the operating segment or one level below the operating segment. One level below the operating segment, or component, is a business in which discrete financial information is available and regularly reviewed by segment management. The company aggregates certain components into reporting units based on economic similarities. Subsequent to the Merger, the company identified nine reporting units, of which eight have goodwill assigned. In connection with the Merger Transaction, the company adopted the policy of the parent company and performs its annual goodwill impairment test in the fourth quarter.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

For purposes of the annual goodwill impairment test, the company has the option to first perform qualitative testing to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. Qualitative factors assessed at the company level include, but are not limited to, GDP growth rates, long-term commodity prices, equity and credit market activity, discount rates, foreign exchange rates, and overall financial performance. Qualitative factors assessed at the reporting unit level include, but are not limited to, changes in industry and market structure, competitive environments, planned capacity and new product launches, cost factors such as raw material prices, and financial performance of the reporting unit. If the company chooses not to complete a qualitative assessment for a given reporting unit or if the initial assessment indicates that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative testing is required.

If additional quantitative testing is required, the reporting unit’s fair value is compared with its carrying amount, and an impairment charge, if any, is recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value. The company determined fair values for each of the reporting units using the income approach.

Under the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. The company uses its internal forecasts to estimate future cash flows and includes an estimate of long-term future growth rates based on its most recent views of the long-term outlook for each reporting unit. Actual results may differ from those assumed in the company’s forecasts. The company derives its discount rates using a capital asset pricing model and analyzing published rates for industries relevant to its reporting units to estimate the cost of equity financing. The company uses discount rates that are commensurate with the risks and uncertainty inherent in the respective reporting units and in its internally developed forecasts. Discount rates used in the company’s reporting unit valuations ranged from 7.25% to 13.75%.

Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. It is reasonably possible that the judgments and estimates described above could change in future periods. The company’s assets and liabilities were measured at fair value as of the date of the Merger, and as a result, any declines in projected cash flows or increases in discount rates could have a material, negative impact on the fair value of the company's reporting units and assets and therefore result in an impairment.

During the third quarter of 2018, and in connection with strategic business reviews, the company assembled updated financial projections. The revised financial projections of the agriculture reporting unit assessed and quantified the impacts of developing market conditions, events and circumstances that have evolved throughout 2018, resulting in a reduction in the forecasts of sales and profitability as compared to prior forecasts. The reduction in financial projections was principally driven by lower growth in sales and margins in North America and Latin America and unfavorable currency impacts related to the Brazilian real. The lower growth expectation is driven by reduced planted area, an expected unfavorable shift to soybeans from corn in Latin America, and delays in expected product registrations. In addition, decreases in commodity prices and higher than anticipated industry grain inventories are expected to impact farmers’ income and buying choices resulting in shifts to lower technologies and pricing pressure. The company considered the combination of these factors and the resulting reduction in its forecasted projections for the agriculture reporting unit and determined it was more likely than not that the fair value of the agriculture reporting unit was less than the carrying value, thus requiring the performance of an updated goodwill and intangible asset impairment analysis for the agriculture reporting unit as of September 30, 2018.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

The company performed an interim impairment analysis for the agriculture reporting unit using a discounted cash flow model (a form of the income approach), utilizing Level 3 unobservable inputs. The company's significant estimates in this analysis include, but are not limited to, future cash flow projections, Merger-related cost and growth synergies, the weighted average cost of capital, the terminal growth rate, and the tax rate. The company believes the current assumptions and estimates utilized are both reasonable and appropriate. The key assumption driving the change in fair value was the lower financial projections discussed above. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from the company's estimates. If the company's ongoing estimates of future cash flows are not met, the company may have to record additional impairment charges in future periods. The company's estimates of future cash flows are based on current regulatory and economic climates, recent operating results, and planned business strategy. These estimates could be negatively affected by changes in federal, state, or local regulations or economic downturns. Based on the analysis performed, the company determined that the carrying amount of the agriculture reporting unit exceeded its fair value resulting in a $4.5 billion pre-tax (and after-tax) goodwill impairment charge. The company also performed an impairment test on indefinite-lived intangibles and determined that the fair value of certain IPR&D assets had declined as a result of delays in timing of commercialization and increases to expected R&D costs. This resulted in a pre-tax impairment charge of $85 million ($66 million after-tax). The assumptions and estimates used in determining the fair values of this reporting unit and its indefinite-lived intangibles contain uncertainties, and any changes to these assumptions and estimates could have a negative impact and result in a future impairment. For further information see Notes 6, 14 and 21 to the Consolidated Financial Statements.

In the fourth quarter of 2018, quantitative testing was performed on all of the company's reporting units. Based on the results of the step one testing, the estimated fair value of each of the reporting units exceeded their carrying values. Due to the fair value and carrying value of these reporting units being equal at the date of the Merger resulting in little, if any, margin of fair value in excess of carrying value, the company believes these reporting units are at risk to have impairment charges in future periods. The dynamic economic environments in which the company's diversified product lines operate, and key economic and product line assumptions with respect to projected selling prices, market growth and inflation rates, can significantly affect the outcome of impairment tests. Estimates based on these assumptions may differ significantly from actual results. Changes in factors, circumstances and assumptions used in assessing potential impairments can have a significant impact on the existence and magnitude of impairments, as well as the time in which such impairments are recognized.

The company's goodwill and indefinite-lived intangibles by reporting unit at December 31, 2018 is shown below (in millions):

Reporting Unit	Goodwill	Indefinite-Lived Intangible Assets
Agriculture	$ 8,849	$ 8,663
Electronics and Imaging	4,056	495
Safety and Construction	5,512	260
Nutrition and Health	8,742	1,424
Transportation and Advanced Polymers	6,366	310
Packaging and Specialty Plastics	3,587	—
Industrial Biosciences	3,113	399

Clean Tech	461	—
Total	$ 40,686	$ 11,551

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Prepaid Royalties

The company's agriculture product line currently has certain third party biotechnology trait license agreements, which require up-front and variable payments subject to the licensor meeting certain conditions. These payments are reflected as other current assets and other assets and are amortized to cost of goods sold as seeds containing the respective trait technology are utilized over the life of the license. At December 31, 2018, the balance of prepaid royalties reflected in other current assets and other assets was $239 million and $1,139 million, respectively. The company evaluates the carrying value of the prepaid royalties when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverability of the prepaid royalties and the rate of royalty amortization expense recognized are based on the company's strategic plans which include various assumptions and estimates including product portfolio, market dynamics, farmer preferences, growth rates and projected planted acres. Changes in factors and assumptions included in the strategic plans, including potential changes to the product portfolio in favor of internally developed biotechnology, could impact the recoverability and/or rate of recognition of the relevant prepaid royalty.

Off-Balance Sheet Arrangements

Certain Guarantee Contracts

Information with respect to the company's guarantees is included in Note 16 to the Consolidated Financial Statements. Historically, the company has not had to make significant payments to satisfy guarantee obligations; however, the company believes it has the financial resources to satisfy these guarantees.

Contractual Obligations

Information related to the company's significant contractual obligations is summarized in the following table:

		Payments Due In			
(Dollars in millions)	Total at December 31, 2018	2019	2020-2021	2022-2023	2024 and beyond
Long-term debt and capital lease obligations[1,2]	$ 6,033	$295	$ 4,988	$ 409	$341
Expected cumulative cash requirements for interest payments through maturity	532	189	117	40	186
Operating leases	655	242	218	110	85
Purchase obligations[3]					
Information technology infrastructure & services	76	53	23	—	—
Raw material obligations	1,746	570	759	381	36
Utility obligations	79	34	22	14	9
Other	81	53	19	9	—
Total purchase obligations	1,982	710	823	404	45
Other liabilities[1,4]					
Pension and other post employment benefits	7,032	429	751	1,662	4,190
Workers' compensation	70	10	25	13	22
Environmental remediation	381	142	121	71	47
License agreements[5]	911	220	336	262	93
Other[6]	276	88	53	37	98
Total other long-term liabilities	8,670	889	1,286	2,045	4,450
Total contractual obligations[7]	$ 17,872	$2,325	$ 7,432	$ 3,008	$5,107

1. Included in the Consolidated Financial Statements.
2. Excludes unamortized debt step-up premium of $78 million and unamortized debt fees of $2 million.
3. Represents enforceable and legally binding agreements in excess of $1 million to purchase goods or services that specify fixed or minimum quantities; fixed, minimum or variable price provisions; and the approximate timing of the agreement.
4. The company's contractual obligations do not reflect an offset for recoveries associated with indemnifications by Chemours in accordance with the Chemours Separation Agreement. Refer to Notes 4 and 16 to the Consolidated Financial Statements for additional detail related to the indemnifications.
5. Represents undiscounted remaining payments under Historical DuPont Pioneer license agreements ($806 million on a discounted basis).
6. Primarily represents employee-related benefits other than pensions and other post employment benefits.
7. Due to uncertainty regarding the completion of tax audits and possible outcomes, the timing of certain payments of obligations related to unrecognized tax benefits cannot be made and have been excluded from the table above. See Note 9 to the Consolidated Financial Statements for additional detail.

The company expects to meet its contractual obligations through its normal sources of liquidity and believes it has the financial resources to satisfy the contractual obligations that arise in the ordinary course of business.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Long-term Employee Benefits
The company has various obligations to its employees and retirees. The company maintains retirement-related programs in many countries that have a long-term impact on the company's earnings and cash flows. These plans are typically defined benefit pension plans, as well as medical, dental and life insurance benefits for pensioners and survivors and disability benefits for employees (other post employment benefits or "OPEB" plans). Approximately 80 percent of the company's worldwide benefit obligation for pensions and essentially all of the company's worldwide OPEB obligations are attributable to the U.S. benefit plans.

Pension coverage for employees of the company's non-U.S. consolidated subsidiaries is provided, to the extent deemed appropriate, through separate plans. The company regularly explores alternative solutions to meet its global pension obligations in the most cost effective manner possible as demographics, life expectancy and country-specific pension funding rules change. Where permitted by applicable law, the company reserves the right to change, modify or discontinue its plans that provide pension, medical, dental, life insurance and disability benefits.

Benefits under defined benefit pension plans are based primarily on years of service and employees' pay near retirement. In November 2016, the company announced changes to the U.S. pension and OPEB plans. The company froze the pay and service amounts used to calculate pension benefits for active employees who participate in the U.S. pension plans on November 30, 2018. Therefore, as of November 30, 2018, employees participating in the U.S. pension plans no longer accrue additional benefits for future service and eligible compensation received. In addition to the changes to the U.S. pension plans, OPEB eligible employees who will be under the age of 50 as of November 30, 2018 will not receive post-retirement medical, dental and life insurance benefits. As a result of these changes, the company recognized a pre-tax curtailment gain of $382 million during the fourth quarter of 2016. The majority of employees hired in the U.S. on or after January 1, 2007 are not eligible to participate in the pension and post-retirement medical, dental and life insurance plans, but receive benefits in the defined contribution plans.
In the fourth quarter 2016, about $550 million of lump-sum payments were made from the principal U.S. pension plan trust fund to a group of separated, vested plan participants who were extended a limited-time opportunity and voluntarily elected to receive their pension benefits in a single lump-sum payment. In the fourth quarter of 2017, about $140 million of lump-sum payments were made from the principal U.S. pension plan trust fund under a similar program.

Pension benefits are paid primarily from trust funds established to comply with applicable laws and regulations of the sovereign country in which the pension plan operates. Unless required by law, the company does not make contributions that are in excess of tax deductible limits. The actuarial assumptions and procedures utilized are reviewed periodically by the plans' actuaries to provide reasonable assurance that there will be adequate funds for the payment of benefits. Thus, there is not necessarily a direct correlation between pension funding and pension expense. In general, however, improvements in plans' funded status tends to moderate subsequent funding needs.

The company contributed $2,900 million and $1,100 million to the principal U.S. pension plan for the period January 1, 2017 through August 31, 2017, and the year ended December 31, 2018, respectively.
The company contributed $103 million, $34 million, $67 million and $121 million to its funded pension plans other than the principal U.S. pension plan for the year ended December 31, 2018, for the period September 1 through December 31, 2017, for the period January 1 through August 31, 2017, and for the year ended December 31, 2016, respectively.

U.S. pension benefits that exceed federal limitations are covered by separate unfunded plans and these benefits are paid to pensioners and survivors from operating cash flows. The company's remaining pension plans with no plan assets are paid from operating cash flows. The company made benefit payments of $105 million, $34 million, $57 million and $184 million to its unfunded plans for the year ended December 31, 2018, for the period September 1 through December 31, 2017, for the period January 1 through August 31, 2017, and for the year ended December 31, 2016, respectively.

The company's OPEB plans are unfunded and the cost of the approved claims is paid from operating cash flows. Pre-tax cash requirements to cover actual net claims costs and related administrative expenses were $216 million, $59 million, $166 million, and $218 million for the year ended December 31, 2018, for the period September 1 through December 31, 2017, for the period January 1 through August 31, 2017, and for the year ended December 31, 2016, respectively. Changes in cash requirements reflect the net impact of higher per capita health care costs, demographic changes, plan amendments and changes in participant premiums, co-pays and deductibles.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

In 2019, the company expects to contribute approximately $190 million to its funded pension plans other than the principal U.S. pension plan and its remaining plans with no plan assets, and about $240 million for its OPEB plans. The company does not expect to make contributions to the principal U.S. pension plan in 2019. The amount and timing of actual future contributions will depend on applicable funding requirements, discount rates, investment performance, plan design, and various other factors, including the Internal Reorganization, separations and distributions.

The company's income can be significantly affected by pension and defined contribution charges/(benefits) as well as OPEB costs. The following table summarizes the extent to which the company's income for the year ended December 31, 2018, for the period September 1 through December 31, 2017, for the period January 1 through August 31, 2017, and for the year ended December 31, 2016 was affected by pre-tax charges related to long-term employee benefits:

	Successor		Predecessor	
(Dollars in millions)	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Long-term employee benefit plan charges (benefit) [1]	$ 6	$ (12)	$ 538	$ 442

1. The long-term employee benefit plan charges (benefit) include discontinued operations of $2 million, $8 million and $6 million for the periods September 1 through December 31, 2017 and January 1 through August 31, 2017 and for the year ended December 31, 2016, respectively.

The above charges (benefit) for pension and OPEB are determined as of the beginning of each period. Activities for the period ended December 31, 2018 and for the period September 1 through December 31, 2017 benefited from the absence of the amortization of net losses from AOCL. Long-term employee benefit expense in 2016 include a $382 million curtailment gain as a result of changes made to the U.S. Pension and OPEB benefits in 2016 described above. See "Pension Plans and Other Post Employment Benefits" under the Critical Accounting Estimates section beginning on page 33 of this report for additional information on determining annual expense.

For 2019, long term employee benefit expense from continuing operations is expected to increase by about $30 million. The increase is mainly due to lower expected return on plan assets.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Environmental Matters

The company operates global manufacturing, product handling and distribution facilities that are subject to a broad array of environmental laws and regulations. Such rules are subject to change by the implementing governmental agency, and the company monitors these changes closely. Company policy requires that all operations fully meet or exceed legal and regulatory requirements. In addition, the company implements voluntary programs to reduce air emissions, minimize the generation of hazardous waste, decrease the volume of water use and discharges, increase the efficiency of energy use and reduce the generation of persistent, bioaccumulative and toxic materials. Management has noted a global upward trend in the amount and complexity of proposed chemicals regulation. The costs to comply with complex environmental laws and regulations, as well as internal voluntary programs and goals, are significant and will continue to be significant for the foreseeable future.

Pre-tax environmental expenses charged to income from continuing operations are summarized below:

(Dollars in millions)	Successor		Predecessor	
	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Environmental operating costs	$ 240	$ 85	$ 205	$ 335
Environmental remediation costs	58	8	65	62
	$ 298	$ 93	$ 270	$ 397

About 66 percent of total pre-tax environmental expenses charged to income from continuing operations for the year ended December 31, 2018 resulted from operations in the U.S. Based on existing facts and circumstances, management does not believe that year-over-year changes, if any, in environmental expenses charged to current operations will have a material impact on the company's financial position, liquidity or results of operations. Annual expenditures in the near term are not expected to vary significantly from the range of such expenditures experienced in the past few years. Longer term, expenditures are subject to considerable uncertainty and may fluctuate significantly.

Environmental Operating Costs

As a result of its operations, the company incurs costs for pollution abatement activities including waste collection and disposal, installation and maintenance of air pollution controls and wastewater treatment, emissions testing and monitoring, and obtaining permits. The company also incurs costs related to environmental related research and development activities including environmental field and treatment studies as well as toxicity and degradation testing to evaluate the environmental impact of products and raw materials.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Remediation Accrual

Changes in the remediation accrual balance are summarized below:

(Dollars in millions)	
Balance at December 31, 2016 (Predecessor)	$457
Remediation payments	(53)
Net increase in remediation accrual [1]	65
Net change, indemnification [2]	14
Balance at August 31, 2017	$483
Balance at September 1, 2017 (Successor)	483
Remediation payments	(40)
Net increase in remediation accrual [1]	8
Net change, indemnification [2]	(18)
Balance at December 31, 2017	$433
Remediation payments	(61)
Net increase in remediation accrual [1]	58
Net change, indemnification [2]	(49)
Balance at December 31, 2018	$381

1. Excludes indemnified remediation obligations.
2. Represents the net change in indemnified remediation obligations based on activity as well as the removal from Historical DuPont's accrued remediation liabilities of obligations that have been fully transferred to Chemours. Pursuant to the Chemours Separation Agreement, as discussed below and in Note 4 to the Consolidated Financial Statements, Historical DuPont is indemnified by Chemours for certain environmental matters.

Considerable uncertainty exists with respect to environmental remediation costs, and, under adverse changes in circumstances, the potential liability may range up to $750 million above the amount accrued as of December 31, 2018. However, based on existing facts and circumstances, management does not believe that any loss, in excess of amounts accrued, related to remediation activities at any individual site will have a material impact on the financial position, liquidity or results of operations of the company.

Pursuant to the Chemours Separation Agreement discussed in Note 4 to the Consolidated Financial Statements, the company is indemnified by Chemours for certain environmental matters, included in the liability of $381 million, that have an estimated liability of $193 million at December 31, 2018 and a potential exposure that ranges up to approximately $310 million above the amount accrued. As such, the company has recorded an indemnification asset of $193 million corresponding to the company's accrual balance related to these matters at December 31, 2018.

As of December 31, 2018, the company has been notified of potential liability under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") or similar state laws at about 500 sites around the U.S., including approximately 100 sites for which Historical DuPont does not believe it has liability based on current information. Active remediation is under way at 69 of the 500 sites. In addition, the company has resolved its liability at approximately 200 sites, either by completing remedial actions with other PRPs or by participating in "de minimis buyouts" with other PRPs whose waste, like the company's, represented only a small fraction of the total waste present at a site. The company received notice of potential liability at 2 new sites during 2018 compared with 3 notices in 2017 and 1 in 2016.

Environmental Capital Expenditures

Capital expenditures for environmental projects, either required by law or necessary to meet the company’s internal environmental goals, were $29 million for the year ended December 31, 2018. The company currently estimates expenditures for environmental-related capital projects to be approximately $55 million in 2019.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

Climate Change

The company believes that climate change is an important global issue that presents risks and opportunities. For instance, the company continuously evaluates opportunities for existing and new product and service offerings to meet the anticipated demands of a low-carbon economy. The company also manages and reports its operational resource efficiency. Expanding upon significant greenhouse gas ("GHG") emissions and other environmental footprint reductions made in the period 1990-2010, in 2015, the company announced its 2020 Sustainability Goals, including a goal to achieve a 7 percent reduction in GHG emissions intensity (2015 baseline) and a 10 percent improvement in energy intensity (2010 baseline). While the company's 2017 GHG intensity held relatively flat with its 2015 goal baseline, the company has achieved a 12.7 percent reduction in GHG intensity since 2010. In addition, the company has achieved a 14.9 percent improvement in non-renewable energy intensity since 2010.

The company is actively engaged in efforts to develop constructive public policies to reduce GHG emissions and encourage lower-carbon forms of energy. Such policies may bring higher operating costs as well as greater revenue and margin opportunities. Legislative efforts to control or limit GHG emissions could affect the company's energy source and supply choices as well as increase the cost of energy and raw materials derived from fossil fuels. Such efforts are also anticipated to provide the business community with greater certainty for the regulatory future, help guide investment decisions, and drive growth in demand for low-carbon and energy-efficient products, technologies, and services. Similarly, demand is expected to grow for products that facilitate adaptation to a changing climate. However, the current unsettled policy environment in the U.S., where many company facilities are located, adds an element of uncertainty to business decisions, particularly those relating to long-term capital investments.

In addition, significant differences in regional or national approaches could present challenges in a global marketplace. An effective global climate policy framework will help drive the market changes that are needed to stimulate and efficiently deploy new innovations in science and technology, while maintaining open and competitive global markets.

Part II
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company’s global operations are exposed to financial market risks relating to fluctuations in foreign currency exchange rates, commodity prices, and interest rates. The company has established a variety of programs including the use of derivative instruments and other financial instruments to manage the exposure to financial market risks as to minimize volatility of financial results. In the ordinary course of business, the company enters into derivative instruments to hedge its exposure to foreign currency, interest rate and commodity price risks under established procedures and controls. For additional information on these derivatives and related exposures, see Note 20 to the Consolidated Financial Statements. Decisions regarding whether or not to hedge a given commitment are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility and economic trends. Foreign currency exchange contracts are also used, from time to time, to manage near-term foreign currency cash requirements.

Foreign Currency Exchange Rate Risks
The company has significant international operations resulting in a large number of currency transactions that result from international sales, purchases, investments and borrowings. The primary currencies for which the company has an exchange rate exposure are the European euro ("EUR"), Chinese yuan, Brazilian real, and Japanese yen. The company uses forward exchange contracts to offset its net exposures, by currency, related to the foreign currency denominated monetary assets and liabilities of its operations. In addition to the contracts disclosed in Note 20 to the Consolidated Financial Statements, from time to time, the company will enter into foreign currency exchange contracts to establish with certainty the U.S. dollar ("USD") amount of future firm commitments denominated in a foreign currency.

The following table illustrates the fair values of outstanding foreign currency contracts at December 31, 2018 and 2017, and the effect on fair values of a hypothetical adverse change in the foreign exchange rates that existed at December 31, 2018 and 2017. The sensitivities for foreign currency contracts are based on a 10 percent adverse change in foreign exchange rates.

	Fair Value Asset/(Liability)		Fair Value Sensitivity	
(Dollars in millions)	2018	2017	2018	2017
Foreign currency contracts	$ 51	$ (33)	$(402)	$(863)

Since the company's risk management programs are highly effective, the potential loss in value for each risk management portfolio described above would be largely offset by changes in the value of the underlying exposure.

Concentration of Credit Risk
The company maintains cash and cash equivalents, marketable securities, derivatives and certain other financial instruments with various financial institutions. These financial institutions are generally highly rated and geographically dispersed and the company has a policy to limit the dollar amount of credit exposure with any one institution.

As part of the company's financial risk management processes, it continuously evaluates the relative credit standing of all of the financial institutions that service Historical DuPont and monitors actual exposures versus established limits. The company has not sustained credit losses from instruments held at financial institutions.

The company's sales are not materially dependent on any single customer. As of December 31, 2018, no one individual customer balance represented more than five percent of the company's total outstanding receivables

balance. Credit risk associated with its receivables balance is representative of the geographic, industry and customer diversity associated with the company's global product lines.

The company also maintains strong credit controls in evaluating and granting customer credit. As a result, it may require that customers provide some type of financial guarantee in certain circumstances. Length of terms for customer credit varies by industry and region.

Part II
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this Item are included herein, commencing on page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE
None.

ITEM 9A. CONTROLS AND PROCEDURES

The company maintains a system of disclosure controls and procedures to give reasonable assurance that information required to be disclosed in the company's reports filed or submitted under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

As of December 31, 2018, the company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with management, conducted an evaluation of the effectiveness of the company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures are effective.

There has been no change in the company's internal control over financial reporting that occurred during the fourth quarter of 2018 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting. The company has completed its evaluation of its internal controls and has concluded that the company's system of internal controls over financial reporting was effective as of December 31, 2018 (see page F-2).

ITEM 9B. OTHER INFORMATION

In anticipation of and to facilitate the Intended Business Separations and the separations, Historical DuPont is planning for the internal separation of the three businesses, both domestically and internationally, through a series of transactions that are intended to be tax-efficient from both a United States and foreign perspective (collectively, the "Historical DuPont Internal Separations"). See Note 1 to the interim Consolidated Financial Statements for more information regarding the merger and the Intended Business Separations. The Historical DuPont Internal Separations are currently expected to consist of two phases: (i) a series of internal transactions undertaken by Historical DuPont to separate the businesses underneath Historical DuPont including multiple distributions intended to qualify as tax-free spinoffs for United States tax purposes under Section 355 of the Internal Revenue Code, followed by (ii) internal distributions by Historical DuPont, as a subsidiary of DowDuPont, to DowDuPont of entities owning collectively the businesses to be owned by the two intended independent companies as opposed to Historical DuPont, which distributions are intended to qualify as tax-free spinoffs for United States tax purposes under Section 355 of the Internal Revenue Code. As part of the Historical DuPont Internal Separations, through transactions that include distributions intended to qualify as tax-free spinoffs for United States tax purposes under Section 355 of the Internal Revenue Code, Historical DuPont also currently expects to separate more fully the internal legal structure of specialty products into electronics and imaging, industrial biosciences, nutrition and health, safety and construction, and transportation and advanced polymers so that each is owned by a separate intermediate corporation owned, in turn, by DowDuPont.

The Historical DuPont Internal Separations are expected to occur in the United States and in (or involving entities domiciled in) various jurisdictions, including (but not limited to) Australia, Brazil, Canada, China, Colombia, France, Hong Kong, India, Japan, Korea, Luxembourg, Mexico, Netherlands, Russia, Singapore, Spain, Switzerland, Taiwan, Thailand, and Turkey. Following the completion of the Historical DuPont Internal Separations, Historical DuPont expects that DowDuPont will effectuate the Intended Business Separations, pending DowDuPont Board approval, by means of distributions to its public shareholders of the capital stock of two entities each owning businesses currently owned by Historical DuPont, in distributions intended to qualify as tax-free spinoffs for United States tax purposes under Section 355 of the Internal Revenue Code.

The Historical DuPont subsidiaries, or their successors, that are anticipated to be distributing corporations in the Historical DuPont Internal Separations (each in one or more tax-free spinoffs for United States tax purposes under Section 355 of the Internal Revenue Code) include the following: New Asia Holdco B.V.; DuPont China Holding Company Limited; DuPont China, Ltd.; SP International Holding 4 BV; DuPont de Nemours (France) S.A.S.; E. I. DuPont India Private Limited; DuPont Kabushiki Kaisha; DuPont Specialty Products KK; DuPont - Toray Company, Ltd; Du Pont Company (Singapore) Pte Ltd; DuPont Taiwan Ltd; DuPont International BV; DuPont Textiles & Interiors Delaware, Ltd; DuPont (Thailand) Co, Ltd; DuPont do Brasil S.A.; DuPont Holdco Spain III SL; DuPont de Colombia, S.A ; DuPont Mexicana, S de RL de CV; DuPont Corporaciones S de RL de CV; DuPont Latin America, Inc; DuPont Science and Technologies LLC; DuPont Asturias, S.L.; DuPont de Nemours International S.a.r.l; DuPont Technology (Luxembourg) S.a.r.l; DPC (Luxembourg) S.a.r.l; DuPont Contern (Luxembourg) S.a.r.l; DuPont Acquisition (Luxembourg) S.a.r.l; DuPont Holding Netherlands BV; DuPont C.H. (f/k/a DuPont Korea Y.H).; SP Korea, LLC; DuPont Operations Inc; E&C EMEA Holding 2 BV; E&C International Holding; E&C EMEA Holding BV; SP EMEA Holding 8 BV; DuPont Chemical and Energy Operations, Inc; Danisco Holding USA Inc; E. I. du Pont de Nemours and Company; PM Diamond, Inc; 1811324 Ontario Limited, Hickory Holdings, Inc.; DuPont Asia Pacific, Inc., and Pioneer Hi-Bred International, Inc.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Registrant meets the conditions set forth in General Instruction I(1)(a), (b) and (d) of Form 10-K (as modified by a grant of no-action relief dated February 12, 2018) and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The Registrant meets the conditions set forth in General Instruction I(1)(a), (b) and (d) of Form 10-K (as modified by a grant of no-action relief dated February 12, 2018) and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The Registrant meets the conditions set forth in General Instruction I(1)(a), (b) and (d) of Form 10-K (as modified by a grant of no-action relief dated February 12, 2018) and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Registrant meets the conditions set forth in General Instruction I(1)(a), (b) and (d) of Form 10-K (as modified by a grant of no-action relief dated February 12, 2018) and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K.

Part III

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Independent Public Accountants

PricewaterhouseCoopers LLP ("PwC"), an independent registered public accounting firm, has served as the company's independent accountants continuously since 1954. PwC has issued its reports, included in the company's Form 10-K, on the audited consolidated financial statements of the company and internal control over financial reporting for the year ended December 31, 2018.

To assure that the audit and non-audit services performed by the independent registered public accounting firm do not impair its independence in appearance and/or fact, the Audit Committee (the "committee") established policies and procedures requiring its pre-approval of all such services and associated fees. These policies and procedures required the independent registered public accounting firm to submit a report annually regarding the audit, audit-related, tax and other services it expects to render in the following year and the associated, forecasted fees to the committee for its approval. Audit services include the audit of the company's Consolidated Financial Statements, separate audits of its subsidiaries, services associated with regulatory filings and attestation services regarding the effectiveness of the company's internal controls over financial reporting. Audit-related services are assurance services that are reasonably related to the audit of the company's Consolidated Financial Statements or services traditionally provided by the independent registered public accounting firm. Audit-related services include employee benefit plan audits, audits of carve-out financial statements related to divestitures, due diligence services regarding potential acquisitions or dispositions, including tax-related due diligence, and agreed-upon or expanded audit procedures related to regulatory requirements. Tax services include selected non-U.S. tax compliance services, advice and recommendation with respect to issues such as tax audits and appeals, restructurings, mergers and acquisitions, and assistance regarding appropriate handling of items on the returns, required disclosures, elections and filing positions available to the company. Other services include non-financial attestation, assessment and advisory services.

In accordance with its pre-approval policies and procedures, the committee pre-approved all services rendered by and associated fees paid to PwC, including services related to the Merger Transaction and Intended Business Separations, for calendar years 2018 and 2017. These are shown by category in the following table.

(in millions)	2018	2017
Audit Fees[1]	$21.1	$26.6
Audit-Related Fees[2]	11.4	26.2
Tax Fees	0.1	—
All Other Fees	0.7	0.1
Total	$33.3	$52.9

1. Audit Fees paid to PwC in 2018 decreased versus prior year primarily due to services related to (i) two audits being required in 2017 (Predecessor and Successor), and (ii) the Merger Transaction, including purchase accounting and other merger-related technical issues.
2. Audit-Related Fees paid to PwC in 2018 and 2017 primarily relate to the Intended Business Separations.

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Financial Statement Schedules and Exhibits:
1. Financial Statements (See the Index to the Consolidated Financial Statements on page F-1 of this report).
2. Financial Statement Schedules
Schedule II—Valuation and Qualifying Accounts
(Dollars in millions)

	Successor		Predecessor	
	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Accounts Receivable—Allowance for Doubtful Receivables				
Balance at beginning of period	$10	$ —	$287	$ 225
Additions charged to expenses	91	10	51	119
Deductions from reserves[1]	(16)	—	(33)	(57)
Balance at end of period	$85	$ 10	$305	$ 287
Inventory—Obsolescence Reserve				
Balance at beginning of period	$55	$ —	$214	$ 237
Additions charged to expenses	406	89	241	275
Deductions from reserves[2]	(283)	(34)	(181)	(298)
Balance at end of period	$178	$ 55	$274	$ 214
Deferred Tax Assets—Valuation Allowance[3]				
Balance at beginning of period	$1,140	$ 1,160	$1,145	$ 1,529
Additions charged to expenses	190	34	95	6
Deductions from reserves[4]	(243)	(54)	(20)	(390)
Balance at end of period	$1,087	$ 1,140	$1,220	$ 1,145

1. Deductions include write-offs, recoveries and currency translation adjustments.
2. Deductions include disposals and currency translation adjustments.
3. The company has corrected its valuation allowance (with a corresponding reduction in tax loss and credit carryforwards) in the amount of $238 million, $163 million, and $163 million for the period September 1 through December 31, 2017, the period January 1 through August 31, 2017, and the year ended December 31, 2016, respectively, as a result of a change in the Delaware state apportionment methodology.
4. Deductions include currency translation adjustments.

Financial Statement Schedules listed under the Securities and Exchange Commission ("SEC") rules but not included in this report are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto incorporated by reference.

Part IV
ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES, continued

3. Exhibits

The following list of exhibits includes both exhibits submitted with this Form 10-K as filed with the SEC and those incorporated by reference to other filings:

Exhibit Number	Description
3.1	Company’s Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the company’s Current Report on Form 8-K (Commission file number 1-815) dated September 1, 2017).
3.2	Company’s Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the company's Current Report on Form 8-K (Commission file number 1-815) for the period ended September 1, 2017).
4	The Company agrees to provide the Commission, on request, copies of instruments defining the rights of holders of long-term debt of the company and its subsidiaries.
10.1**	Separation Agreement by and between the Company and The Chemours Company (incorporated by reference to Exhibit 2.1 to the company's Current Report on Form 8-K (Commission file number 1-815) dated July 8, 2015).
10.2	Amendment No. 1 to Separation Agreement by and between the Company and The Chemours Company, dated August 24, 2017 (incorporated by reference to Exhibit 2.1 to the company's Current Report on Form 8-K (Commission file number 1-815) dated August 25, 2017).
10.3	Tax Matters Agreement by and between the Company and The Chemours Company (incorporated by reference to Exhibit 2.2 to the company's Current Report on Form 8-K (Commission file number 1-815) dated July 8, 2015).
10.6	Agreement and Plan of Merger by and between the Company and The Dow Chemical Company, dated as of December 11, 2015 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (Commission file number 1-815) dated December 11, 2015).
10.7	Amendment No. 1, dated March 31, 2017, to the Agreement and Plan of Merger, dated as of December 11, 2015 by and among the Company, The Dow Chemical Company, Diamond Merger Sub, Inc., Orion Merger Sub, Inc. and Diamond-Orion HoldCo, Inc. (n/k/a DowDuPont Inc.) (incorporated by reference to Exhibit 2.1 to the Company’s current report on Form 8-K (Commission file number 1-815) dated March 31, 2017).
10.8**	Transaction Agreement, dated as of March 31, 2017, by and between the Company and FMC Corporation (incorporated by reference to Exhibit 10.25 to the Company’s Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended March 31, 2017).
10.9**	Purchase Price Allocation Side Letter Agreement, dated as of May 12, 2017, by and between the Company and FMC Corporation (incorporated by reference to Exhibit 10.26 to the Company’s Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended June 30, 2017).
10.10	

	Employment Agreement by and between the Company and Edward D. Breen, dated as of August 31, 2017, (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission file number 1-815) dated September 1, 2017).
10.11*	The E. I. du Pont de Nemours and Company Equity Incentive Plan, incorporated by reference to Exhibit 4.1 to DowDuPont Inc. Registration Statement on Form S-8 filed September 1, 2017.
10.12*	The E. I. du Pont de Nemours and Company Stock Performance Plan, incorporated by reference to Exhibit 4.2 to DowDuPont Inc. Registration Statement on Form S-8 filed September 1, 2017.
10.13*	The E. I. du Pont de Nemours and Company Management Deferred Compensation Plan, incorporated by reference to Exhibit 4.3 to DowDuPont Inc. Registration Statement on Form S-8 filed September 1, 2017.
10.14*	The E. I. du Pont de Nemours and Company Stock Accumulation and Deferred Compensation Plan for Directors, incorporated by reference to Exhibit 4.4 to DowDuPont Inc. Registration Statement on Form S-8 filed September 1, 2017.
10.15*	Historical DuPont's Pension Restoration Plan, as last amended effective June 29, 2015 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended June 30, 2015).
10.16*	Historical DuPont's Supplemental Retirement Income Plan, as last amended effective December 18, 1996 (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K (Commission file number 1-815) for the year ended December 31, 2011).

Part IV
ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES, continued

10.17*	Historical DuPont's Rules for Lump Sum Payments, as last amended effective May 15, 2014 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended June 30, 2015).
10.18*	Historical DuPont's Retirement Savings Restoration Plan, as last amended effective May 15, 2014. (incorporated by reference to Exhibit 10.08 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended June 30, 2014).
10.19*	Historical DuPont's Retirement Income Plan for Directors, as last amended January 2011 (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended March 31, 2012).
10.20**	Historical DuPont's Senior Executive Severance Plan, as amended and restated effective December 10, 2015 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K (Commission file number 1-815) for the year ended December 31, 2015).
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Rule 13a-14(a)/15d-14(a) Certification of the company's Principal Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the company's Principal Financial Officer.
32.1	Section 1350 Certification of the company's Principal Executive Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
32.2	Section 1350 Certification of the company's Principal Financial Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement.

** Historical DuPont hereby undertakes to furnish supplementally a copy of any omitted schedule or exhibit to such agreement to the U.S. Securities and Exchange Commission upon request.

Signatures

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.
February 11, 2019

E. I. DU PONT DE NEMOURS AND COMPANY
By: /s/ Gregory R. Friedman
Gregory R. Friedman
Vice President and Chief Financial Officer
(As Duly Authorized Officer and Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated:

Signature	Title(s)	Date
/s/ E.D. Breen E. D. Breen	Chair of the Board of Directors and Chief Executive Officer and Director (Principal Executive Officer)	February 11, 2019
/s/ N. C. Fanandakis N. C. Fanandakis	Director	February 11, 2019

E. I. du Pont de Nemours and Company
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Management's Reports on Responsibility for Financial Statements and Internal Control over Financial Reporting

Management's Report on Responsibility for Financial Statements

Management is responsible for the Consolidated Financial Statements and the other financial information contained in this Annual Report on Form 10-K. The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and are considered by management to present fairly the company's financial position, results of operations and cash flows. The financial statements include some amounts that are based on management's best estimates and judgments. The financial statements have been audited by the company's independent registered public accounting firm, PricewaterhouseCoopers LLP. The purpose of their audit is to express an opinion as to whether the Consolidated Financial Statements included in this Annual Report on Form 10-K present fairly, in all material respects, the company's financial position, results of operations and cash flows in conformity with GAAP. Their reports are presented on the following pages.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The company's internal control over financial reporting includes those policies and procedures that:

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of the company's assets that could have a material effect on the financial statements.

Internal control over financial reporting has certain inherent limitations which may not prevent or detect misstatements. In addition, changes in conditions and business practices may cause variation in the effectiveness of internal controls.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2018, based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). Based on its assessment and those criteria, management concluded that the company maintained effective internal control over financial reporting as of December 31, 2018.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of the company's internal control over financial reporting as of December 31, 2018, as stated in their report, which is presented on the following pages.

Edward D. Breen	Gregory R. Friedman
Chair of the Board and	Vice President and
Chief Executive Officer	Chief Financial Officer

February 11, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
E. I. du Pont de Nemours and Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of E. I. du Pont de Nemours and Company and its subsidiaries (Successor) (the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive (loss) income, equity and cash flows for the year ended December 31, 2018 and for the period September 1, 2017 through December 31, 2017, including the related notes and financial statement schedule appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the year ended December 31, 2018 and for the period September 1, 2017 through December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating

the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 11, 2019

We have served as the Company’s auditor since 1954.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
E. I. du Pont de Nemours and Company

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, comprehensive income, equity and cash flows of E. I. du Pont de Nemours and Company and its subsidiaries (Predecessor) (the “Company”) for the period January 1, 2017 through August 31, 2017, and for the year ended December 31, 2016, including the related notes and financial statement schedule appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the period January 1, 2017 through August 31, 2017, and for the year ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 15, 2018, except for the change in the manner in which the Company accounts for net periodic pension and postretirement benefit costs discussed in Note 2 to the consolidated financial statements, as to which the date is February 11, 2019

We have served as the Company's auditor since 1954.

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E. I. du Pont de Nemours and Company
Consolidated Financial Statements
CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor		Predecessor	
(In millions, except per share amounts)	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Net sales	$26,279	$ 7,053	$17,281	$ 23,209
Cost of goods sold	18,182	6,240	10,052	13,937
Other operating charges			504	667
Research and development expense	1,524	492	1,022	1,496
Selling, general and administrative expenses	3,853	1,141	3,222	4,127
Amortization of intangibles	1,281	389		
Restructuring and asset related charges - net	485	180	323	556
Integration and separation costs	1,375	314		
Goodwill impairment charge	4,503	—	—	—
Sundry income (expense) - net	543	224	(113)	667
Loss on early extinguishment of debt	81	—	—	—
Interest expense	331	107	254	370
(Loss) income from continuing operations before income taxes	(4,793)	(1,586)	1,791	2,723
Provision for (benefit from) income taxes on continuing operations	220	(2,673)	149	641
(Loss) income from continuing operations after income taxes	(5,013)	1,087	1,642	2,082
(Loss) income from discontinued operations after income taxes	(5)	(77)	119	443
Net (loss) income	(5,018)	1,010	1,761	2,525
Net income attributable to noncontrolling interests	11	—	20	12
Net (loss) income attributable to Historical DuPont	$(5,029)	$ 1,010	$1,741	$ 2,513
Basic earnings per share of common stock:				
Basic earnings per share of common stock from continuing operations			$1.86	$ 2.36
Basic earnings per share of common stock from discontinued operations			0.13	0.51
Basic earnings per share of common stock			$2.00	$ 2.87
Diluted earnings per share of common stock:				
Diluted earnings per share of common stock from continuing operations			$1.85	$ 2.35
Diluted earnings per share of common stock from discontinued operations			0.13	0.50
Diluted earnings per share of common stock			$1.99	$ 2.85

See Notes to the Consolidated Financial Statements beginning on page F-13.

E. I. du Pont de Nemours and Company
Consolidated Financial Statements
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Successor		Predecessor	
(In millions)	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Net (loss) income	$(5,018)	$ 1,010	$1,761	$ 2,525
Other comprehensive (loss) income - net of tax:				
Unrealized gains on investments	—	—	—	20
Cumulative translation adjustments	(1,512)	(454)	1,042	(510)
Adjustments to pension benefit plans	(718)	128	247	323
Adjustments to other benefit plans	132	(53)	10	(379)
Derivative instruments	(24)	(2)	(10)	31
Total other comprehensive (loss) income	(2,122)	(381)	1,289	(515)
Comprehensive (loss) income	(7,140)	629	3,050	2,010
Comprehensive income attributable to noncontrolling interests - net of tax	11	—	20	12
Comprehensive (loss) income attributable to Historical DuPont	$(7,151)	$ 629	$3,030	$ 1,998

See Notes to the Consolidated Financial Statements beginning on page F-13.

E. I. du Pont de Nemours and Company
Consolidated Financial Statements
CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 4,466	$ 7,250
Marketable securities	34	952
Accounts and notes receivable - net	5,534	5,239
Inventories	7,407	8,633
Other current assets	1,165	981
Total current assets	18,606	23,055
Investment in nonconsolidated affiliates	1,381	1,595
Property, plant and equipment	13,906	12,878
Less: Accumulated depreciation	1,720	443
Net property, plant and equipment	12,186	12,435
Goodwill	40,686	45,589
Other intangible assets	26,053	27,726
Deferred income taxes	303	480
Other assets	1,810	2,084
Total Assets	$ 101,025	$ 112,964
Liabilities and Equity		
Current liabilities		
Short-term borrowings and capital lease obligations	$ 2,160	$ 2,779
Accounts payable	4,982	4,831
Income taxes payable	66	149
Accrued and other current liabilities	4,233	4,384
Total current liabilities	11,441	12,143
Long-Term Debt	5,812	10,291
Other Noncurrent Liabilities		
Deferred income tax liabilities	5,381	5,836
Pension and other post employment benefits - noncurrent	6,683	7,787
Other noncurrent obligations	1,620	1,975
Total noncurrent liabilities	19,496	25,889
Commitments and contingent liabilities		
Stockholders’ equity		
Preferred stock, without par value – cumulative; 23,000,000 shares authorized; issued at December 31, 2018 and December 31, 2017:		
$4.50 Series – 1,673,000 shares (callable at $120)	169	169
$3.50 Series – 700,000 shares (callable at $102)	70	70
Common stock, $0.30 par value; 1,800,000,000 shares authorized; issued at December 31, 2018 and December 31, 2017 – 100	—	—
Additional paid-in capital	79,790	74,727
(Accumulated deficit) retained earnings	(7,669)	175
Accumulated other comprehensive loss	(2,503)	(381)
Total Historical DuPont stockholders’ equity	69,857	74,760
Noncontrolling interests	231	172

Total equity	70,088	74,932
Total Liabilities and Equity	$ 101,025	$ 112,964

See Notes to the Consolidated Financial Statements beginning on page F-13.

E. I. du Pont de Nemours and Company
Consolidated Financial Statements
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Successor		Predecessor	
	For the Year Ended December 31, 2018	For the Period September 1 through December 31, 2017	For the Period January 1 through August 31, 2017	For the Year Ended December 31, 2016
Operating activities				
Net (loss) income	$(5,018)	$ 1,010	$1,761	$ 2,525
Adjustments to reconcile net (loss) income to cash provided by (used for) operating activities:				
Depreciation and amortization	2,589	815	749	1,258
Provision for deferred income tax	95	(3,015)		
Net periodic pension (benefit) cost	(322)	(111)	295	572
Pension contributions	(1,308)	(68)	(3,024)	(535)
Net gain on sales of property, businesses, consolidated companies, and investments	(26)	(16)	(204)	(436)
Goodwill impairment charge	4,503	—	—	—
Loss on early extinguishment of debt	81	—	—	—
Restructuring and asset related charges - net	485	180		
Asset related charges			279	682
Amortization of inventory step-up	1,628	1,573		
Other net loss	290	125	481	366
Changes in assets and liabilities, net of effects of acquired and divested companies:				
Accounts and notes receivable	(546)	2,107	(2,269)	(270)
Inventories	(522)	(1,010)		
Inventories and other operating assets			(202)	(54)
Accounts payable	309	934		
Accounts payable and other operating liabilities			(1,555)	(674)
Other assets and liabilities	(1,390)	1,672		
Accrued interest and income taxes			(260)	(77)
Cash provided by (used for) operating activities	848	4,196	(3,949)	3,357
Investing activities				
Capital expenditures	(1,311)	(426)	(687)	(1,019)
Proceeds from sales of property, businesses, and consolidated companies - net of cash divested	59	1,268	300	316
Acquisitions of businesses - net of cash acquired	—	3	(246)	—
Investments in and loans to nonconsolidated affiliates	(8)	(5)	(22)	(19)
Purchases of investments	(1,257)	(1,043)	(5,457)	(2,633)
Proceeds from sales and maturities of investments	2,186	2,938	3,977	2,181
Foreign currency exchange contract settlements			(206)	(385)

Other investing activities - net	(3)	33	(41)	45
Cash (used for) provided by investing activities	(334)	2,768	(2,382)	(1,514)
Financing activities				
Change in short-term (less than 90 days) borrowings	399	(2,541)	3,610	387
Proceeds from issuance of long-term debt	755	499	2,734	