FMC CORP
Form 10-Q
November 06, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

---

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2018
or
o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _______ to _______
Commission File Number 1-2376

FMC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	94-0479804
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2929 Walnut Street Philadelphia, Pennsylvania	19104
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 215-299-6000

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS YES x NO o
INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS SUBMITTED ELECTRONICALLY EVERY INTERACTIVE DATA FILE REQUIRED TO BE SUBMITTED AND POSTED PURSUANT TO RULE 405 OF REGULATION S-T DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO SUBMIT SUCH FILES) YES x NO o
INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, A NON-ACCELERATED FILER, A SMALLER REPORTING COMPANY, OR AN EMERGING GROWTH COMPANY. SEE THE DEFINITIONS OF "LARGE ACCELERATED FILER," "ACCELERATED FILER," "SMALLER REPORTING COMPANY," AND "EMERGING GROWTH COMPANY" IN RULE 12B-2 OF THE EXCHANGE ACT. (CHECK ONE):

LARGE ACCELERATED FILER	x	ACCELERATED FILER	o
NON-ACCELERATED FILER	o	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 o

OR REVISED FINANCIAL ACCOUNTING STANDARDS PROVIDED
PURSUANT TO SECTION 13(A) OF THE EXCHANGE ACT.

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT) YES o NO x

Class	Outstanding at September 30, 2018
Common Stock, par value $0.10 per share	134,657,913

FMC CORPORATION
INDEX

	Page No.
Part I - FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Condensed Consolidated Statements of Income (Loss) - Three and nine months ended September 30, 2018 and 2017 (unaudited)	3
Condensed Consolidated Statements of Comprehensive Income (Loss) - Three and nine months ended September 30, 2018 and 2017 (unaudited)	4
Condensed Consolidated Balance Sheets - September 30, 2018 and December 31, 2017 (unaudited)	5
Condensed Consolidated Statements of Cash Flows - Nine months ended September 30, 2018 and 2017 (unaudited)	6
Notes to Condensed Consolidated Financial Statements (unaudited)	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	43
Item 3. Quantitative and Qualitative Disclosures About Market Risk	60
Item 4. Controls and Procedures	60
Part II - OTHER INFORMATION	62
Item 1. Legal Proceedings	62
Item 1A. Risk Factors	62
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	63
Item 5. Other Information	63
Item 6. Exhibits	63
Signatures	64

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(in Millions, Except Per Share Data)	(unaudited)		(unaudited)	
Revenue	$1,035.6	$646.2	$3,508.6	$1,899.0
Costs and Expenses				
Costs of sales and services	$589.4	$380.3	$1,963.6	$1,182.5
Gross margin	$446.2	$265.9	$1,545.0	$716.5
Selling, general and administrative expenses	207.6	154.5	619.4	399.3
Research and development expenses	70.9	30.2	213.8	90.4
Restructuring and other charges (income)	25.9	7.1	29.2	22.3
Total costs and expenses	$893.8	$572.1	$2,826.0	$1,694.5
Income from continuing operations before equity in (earnings) loss of affiliates, non-operating pension and postretirement charges (income), interest expense, net and income taxes	$141.8	$74.1	$682.6	$204.5
Equity in (earnings) loss of affiliates	—	—	(0.1)	(0.2)
Non-operating pension and postretirement charges (income)	(1.2)	(3.6)	(0.5)	(12.3)
Interest expense, net	33.4	18.4	101.7	51.3
Income (loss) from continuing operations before income taxes	$109.6	$59.3	$581.5	$165.7
Provision (benefit) for income taxes	30.1	(11.6)	100.4	1.1
Income (loss) from continuing operations	$79.5	$70.9	$481.1	$164.6
Discontinued operations, net of income taxes	(4.7)	(15.1)	(4.2)	(157.3)
Net income (loss)	$74.8	$55.8	$476.9	$7.3
Less: Net income (loss) attributable to noncontrolling interests	2.0	0.6	7.2	1.6
Net income (loss) attributable to FMC stockholders	$72.8	$55.2	$469.7	$5.7
Amounts attributable to FMC stockholders:				
Continuing operations, net of income taxes	$77.5	$70.4	$473.9	$163.1
Discontinued operations, net of income taxes	(4.7)	(15.2)	(4.2)	(157.4)
Net income (loss) attributable to FMC stockholders	$72.8	$55.2	$469.7	$5.7
Basic earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.57	$0.52	$3.50	$1.21
Discontinued operations	(0.03)	(0.11)	(0.03)	(1.17)
Net income (loss) attributable to FMC stockholders	$0.54	$0.41	$3.47	$0.04
Diluted earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.57	$0.52	$3.48	$1.20
Discontinued operations	(0.03)	(0.11)	(0.03)	(1.16)
Net income (loss) attributable to FMC stockholders	$0.54	$0.41	$3.45	$0.04

The accompanying notes are an integral part of these condensed consolidated financial statements.

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(in Millions)	(unaudited)		(unaudited)	
Net income (loss)	$74.8	$55.8	$476.9	$7.3
Other comprehensive income (loss), net of tax:				
Foreign currency adjustments:				
Foreign currency translation gain (loss) arising during the period	$(3.6)	$45.6	$(72.0)	$162.2
Reclassification of foreign currency translation (gains) losses [2]	—	17.0	—	17.0
Total foreign currency translation adjustments [1]	$(3.6)	$62.6	$(72.0)	$179.2
Derivative instruments:				
Unrealized hedging gains (losses) and other, net of tax of $3.8 and $4.0 for the three and nine months ended September 30, 2018 and $0.2 and ($2.6) for the three and nine months ended September 30, 2017, respectively	$2.6	$(1.7)	$12.0	$(3.2)
Reclassification of deferred hedging (gains) losses and other, included in net income, net of tax of ($4.6) and ($5.0) for the three and nine months ended September 30, 2018 and $1.0 and $0.9 for the three and nine months ended September 30, 2017, respectively [2]	(9.2)	1.5	(10.9)	1.3
Total derivative instruments, net of tax of ($0.8) and ($1.0) for the three and nine months ended September 30, 2018 and $1.2 and ($1.7) for the three and nine months ended September 30, 2017, respectively	$(6.6)	$(0.2)	$1.1	$(1.9)
Pension and other postretirement benefits:				
Unrealized actuarial gains (losses) and prior service (costs) credits, net of tax of zero and zero for the three and nine months ended September 30, 2018 and ($0.1) and $2.7 for the three and nine months ended September 30, 2017, respectively [3]	$—	$(1.3)	$—	$1.3
Reclassification of net actuarial and other (gain) loss and amortization of prior service costs, included in net income, net of tax of $0.9 and $2.7 for the three and nine months ended September 30, 2018 and $1.7 and $5.7 for the three and nine months ended September 30, 2017, respectively [2]	3.6	3.2	10.4	11.0
Total pension and other postretirement benefits, net of tax of $0.9 and $2.7 for the three and nine months ended September 30, 2018 and $1.6 and $8.4 for the three and nine months ended September 30, 2017, respectively	$3.6	$1.9	$10.4	$12.3
Other comprehensive income (loss), net of tax	$(6.6)	$64.3	$(60.5)	$189.6
Comprehensive income (loss)	$68.2	$120.1	$416.4	$196.9
Less: Comprehensive income (loss) attributable to the noncontrolling interest	1.7	0.1	5.9	1.4
Comprehensive income (loss) attributable to FMC stockholders	$66.5	$120.0	$410.5	$195.5

---

(1) Income taxes are not provided on the equity in undistributed earnings of our foreign subsidiaries or affiliates since it is our intention that such earnings will remain invested in those affiliates indefinitely. Note, in the first quarter of 2017, we changed our assertion on unremitted earnings for certain foreign subsidiaries as a result of the sale of our FMC Health and Nutrition segment.

(2) For more detail on the components of these reclassifications and the affected line item in the condensed consolidated statements of income (loss) see Note 14.

(3)

At December 31 of each year, we remeasure our pension and postretirement plan obligations at which time we record any actuarial gains (losses) and prior service (costs) credits to other comprehensive income. The interim adjustments noted above typically reflect the foreign currency translation impacts from the unrealized actuarial gains (losses) and prior service (costs) credits related to our foreign pension and postretirement plans. During the nine months ended September 30, 2017, due to the announced plans to divest of FMC Health and Nutrition business, we triggered a curtailment of our U.S. pension plans. As a result, we revalued our pension plans which resulted in adjustments to comprehensive income. See Note 15 for more information.

The accompanying notes are an integral part of these condensed consolidated financial statements.

FMC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in Millions, Except Share and Par Value Data)	September 30, 2018	December 31, 2017
ASSETS	(unaudited)	
Current assets		
Cash and cash equivalents	$176.5	$ 283.0
Trade receivables, net of allowance of $20.0 in 2018 and $38.7 in 2017	1,901.9	2,043.5
Inventories	995.4	992.5
Prepaid and other current assets	417.4	326.4
Current assets of discontinued operations held for sale	—	7.3
Total current assets	$3,491.2	$ 3,652.7
Investments	0.7	1.4
Property, plant and equipment, net	1,002.7	1,025.2
Goodwill	1,466.4	1,198.9
Other intangibles, net	2,739.9	2,631.8
Other assets including long-term receivables, net	416.4	443.6
Deferred income taxes	289.6	252.7
Total assets	$9,406.9	$ 9,206.3
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt and current portion of long-term debt	$149.4	$ 192.6
Accounts payable, trade and other	784.2	714.2
Advance payments from customers	30.1	380.6
Accrued and other liabilities	572.1	497.7
Accrued customer rebates	562.8	266.6
Guarantees of vendor financing	37.0	51.5
Accrued pension and other postretirement benefits, current	5.7	5.7
Income taxes	130.2	99.2
Current liabilities of discontinued operations held for sale	—	1.3
Total current liabilities	$2,271.5	$ 2,209.4
Long-term debt, less current portion	2,593.3	2,993.0
Accrued pension and other postretirement benefits, long-term	15.5	59.3
Environmental liabilities, continuing and discontinued	310.0	346.2
Deferred income taxes	330.6	173.2
Other long-term liabilities	807.7	718.1
Commitments and contingent liabilities (Note 18)		
Equity		
Preferred stock, no par value, authorized 5,000,000 shares; no shares issued in 2018 or 2017	$—	$ —
Common stock, $0.10 par value, authorized 260,000,000 shares; 185,983,792 issued shares in 2018 and 2017	18.6	18.6
Capital in excess of par value of common stock	471.5	450.7
Retained earnings	4,355.1	3,952.4
Accumulated other comprehensive income (loss)	(299.5)	(240.3)
Treasury stock, common, at cost - 2018: 51,325,879 shares, 2017: 51,653,236 shares	(1,499.3)	(1,499.6)
Total FMC stockholders' equity	$3,046.4	$ 2,681.8
Noncontrolling interests	31.9	25.3
Total equity	$3,078.3	$ 2,707.1
Total liabilities and equity	$9,406.9	$ 9,206.3

The accompanying notes are an integral part of these condensed consolidated financial statements.

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in Millions)	Nine Months Ended September 30, 2018 (unaudited)	2017
Cash provided (required) by operating activities of continuing operations:		
Net income (loss)	$476.9	$7.3
Discontinued operations, net of income taxes	4.2	157.3
Income (loss) from continuing operations	$481.1	$164.6
Adjustments from income from continuing operations to cash provided (required) by operating activities of continuing operations:		
Depreciation and amortization	$124.7	$71.2
Equity in (earnings) loss of affiliates	(0.1)	(0.2)
Restructuring and other charges (income)	29.2	22.3
Deferred income taxes	(42.9)	4.6
Pension and other postretirement benefits	4.0	(6.3)
Share-based compensation	17.3	16.3
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
Trade receivables, net	91.7	286.8
Guarantees of vendor financing	(14.6)	(48.5)
Inventories	(110.5)	(108.1)
Accounts payable, trade and other	92.7	104.6
Advance payments from customers	(350.0)	(233.6)
Accrued customer rebates	304.4	123.6
Income taxes	24.6	(4.3)
Pension and other postretirement benefit contributions	(34.1)	(51.1)
Environmental spending, continuing, net of recoveries	(9.2)	(11.5)
Restructuring and other spending	(17.0)	(4.2)
Transaction-related charges	(89.1)	(35.2)
Change in other operating assets and liabilities, net [1]	(41.3)	(18.5)
Cash provided (required) by operating activities of continuing operations	$460.9	$272.5
Cash provided (required) by operating activities of discontinued operations:		
Environmental spending, discontinued, net of recoveries	$(18.0)	$(19.2)
Other discontinued spending	(20.1)	(22.4)
Operating activities of discontinued operations, net of divestiture costs	(8.8)	88.6
Cash provided (required) by operating activities of discontinued operations	$(46.9)	$47.0

(1) Changes in all periods primarily represent timing of payments associated with all other operating assets and liabilities.

The accompanying notes are an integral part of these condensed consolidated financial statements.
(continued)

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Nine Months Ended September 30,	
	2018	2017
(in Millions)	(unaudited)	
Cash provided (required) by investing activities of continuing operations:		
Capital expenditures	$(88.6)	$(37.3)
Proceeds from sale of product portfolios	88.0	—
Proceeds from disposal of property, plant and equipment	1.1	1.6
Acquisitions, net (2)	19.6	—
Other investing activities	(42.6)	(34.3)
Cash provided (required) by investing activities of continuing operations	$(22.5)	$(70.0)
Cash provided (required) by investing activities of discontinued operations:		
Proceeds from divestitures	$—	$38.0
Other discontinued investing activities	(15.0)	(17.8)
Cash provided (required) by investing activities of discontinued operations	$(15.0)	$20.2
Cash provided (required) by financing activities of continuing operations:		
Increase (decrease) in short-term debt	$(18.8)	14.1
Repayments of long-term debt	(401.4)	(301.9)
Financing fees	(2.4)	(11.0)
Proceeds from borrowings of long-term debt	—	103.3
Issuances of common stock, net	9.4	20.1
Transactions with noncontrolling interests	—	(0.5)
Dividends paid (3)	(66.9)	(66.6)
Other repurchases of common stock	(5.4)	(1.8)
Cash provided (required) by financing activities of continuing operations	$(485.5)	$(244.3)
Effect of exchange rate changes on cash and cash equivalents	2.5	4.2
Increase (decrease) in cash and cash equivalents	$(106.5)	$29.6
Cash and cash equivalents, beginning of period	283.0	64.2
Cash and cash equivalents, end of period	$176.5	$93.8

(2) Represents the cash received as a result of the working capital settlement associated with the consideration paid for the DuPont Crop Protection Business. See Note 4 for more information on the non-cash consideration transferred to DuPont.

(3) See Note 14 regarding quarterly cash dividend.

Supplemental disclosure of cash flow information: Cash paid for interest, net of capitalized interest was $98.4 million and $72.7 million, and income taxes paid were $103.3 million and $21.0 million for the nine months ended September 30, 2018 and 2017, respectively. Net interest payments of $15.1 million and tax payments, net of refunds of $8.1 million were allocated to discontinued operations for the nine months ended September 30, 2017, respectively. Non-cash additions to property, plant and equipment were $7.2 million and $4.4 million for the nine months ended September 30, 2018 and 2017, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1: Financial Information and Accounting Policies
In our opinion the condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) applicable to interim period financial statements and reflect all adjustments necessary for a fair statement of results of operations for the three and nine months ended September 30, 2018 and 2017, cash flows for the nine months ended September 30, 2018 and 2017, and our financial positions as of September 30, 2018 and December 31, 2017. All such adjustments included herein are of a normal, recurring nature unless otherwise disclosed in the Notes. The results of operations for the three and nine months ended September 30, 2018 and 2017 are not necessarily indicative of the results of operations for the full year. The condensed consolidated balance sheets as of September 30, 2018 and December 31, 2017, and the related condensed consolidated statements of income (loss) and condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2018 and 2017 and condensed consolidated statements of cash flows for the nine months ended September 30, 2018 and 2017, have been reviewed by our independent registered public accountants. The review is described more fully in their report included herein. Our accounting policies are set forth in detail in Note 1 to the consolidated financial statements included with our Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2017 (the “2017 10-K”).

Certain prior year amounts have been reclassified to conform to current year's presentation. Refer to the discussion within Note 2 for the impact of adopting guidance related to the presentation of net benefit cost.

Note 2: Recently Issued and Adopted Accounting Pronouncements and Regulatory Items
New accounting guidance and regulatory items
In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-15, Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The amendments in this ASU align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard is effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date). We are evaluating the effect the guidance will have on our consolidated financial statements.

In March 2018, the FASB issued ASU No. 2018-05, Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 related to the Tax Cuts and Jobs Act. This update amends several paragraphs in ASC 740, Income Taxes, that contain SEC guidance related to SAB 118, which was previously issued in December 2017 by the SEC. These amendments are effective upon inclusion in the codification. As discussed in our 2017 Form 10-K, we will continue to refine our calculations and finalize the accounting for the changes in tax law within the measurement period of up to one year. Refer to Note 16 for more information.

In February 2018, the FASB issued ASU No. 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. This new standard permits a company to reclassify the income tax effects of the change in the U.S federal corporate income tax rate on the gross deferred tax amounts and related valuation allowances as well as other income tax effects related to the application of the Tax Cuts and Jobs Act (the "Act") within Accumulated other comprehensive income ("AOCI") to retained earnings. There are also new required disclosures such as a description of the accounting policy for releasing income tax effects from AOCI as well as certain disclosures in the period of adoption if a company elects to reclassify the income tax effects. The new standard is effective for fiscal years beginning after December 15, 2018 (i.e. a January 1, 2019 effective date), and interim periods within those fiscal years, with early adoption permitted. We are evaluating the effect the guidance will have on our consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815). This ASU amends and simplifies existing hedge accounting guidance and allows for more hedging strategies to be eligible for hedge accounting. In addition, the ASU amends disclosure requirements and how hedge effectiveness is assessed. The new standard is effective for fiscal years beginning after December 15, 2018 (i.e. a January 1, 2019 effective date), with early adoption permitted in any interim period after issuance of this ASU. We are evaluating the effect the guidance will have on our consolidated financial statements.

Table of Contents

In January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This ASU changes the subsequent measurement of goodwill impairment by eliminating Step 2 from the impairment test. Under the new guidance, an entity will measure impairment using the difference between the carrying amount and the fair value of the reporting unit. The new standard is effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date), with early adoption permitted for goodwill impairment tests with measurement dates after January 1, 2017. We believe the adoption will not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses. The update is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The new standard is effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date), with early adoption permitted for fiscal years beginning after December 15, 2018. We are evaluating the effect the guidance will have on our consolidated financial statements.

In February 2016, the FASB issued its new lease accounting guidance in ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e. a January 1, 2019 effective date). In July 2018, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases to make technical corrections and clarify the application of the new lease standard. We are utilizing the amendments to ASC 842 in our implementation of the new lease standard. When implemented, we will be required to recognize and measure leases using a modified retrospective approach, with optional practical expedients. We have established an overall project plan to support the implementation of the new lease standard. As part of our impact assessment, we have performed a scoping exercise and determined our current lease population. We continue to update this population as new leases are entered or modified and reassess the impact, accordingly. A framework for the embedded lease identification process has been developed and we are currently evaluating non-lease contracts for embedded lease considerations. Additionally, we are implementing a lease accounting software to assist in the quantification of the expected impact on the consolidated balance sheets and to facilitate the calculations of the related accounting entries and disclosures. We are in the process of assessing any potential impacts on our internal controls, business processes, and accounting policies related to both the implementation and ongoing compliance of the new guidance. We are also in the process of developing our new footnote disclosures required under the new standard. We expect total assets and total liabilities will materially increase in the period of adoption.

Recently adopted accounting guidance

In May 2017, the FASB issued ASU No. 2017-09, Stock Compensation - Scope of Modification Accounting. This ASU provides guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The new standard is effective for fiscal years beginning after December 15, 2017 (i.e. a January 1, 2018 effective date). We adopted this standard beginning in 2018. We will apply the new guidance for any non-substantive changes in our share-based awards in future periods. There was no impact to our consolidated financial statements upon adoption.

In March 2017, the FASB issued ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This ASU provides requirements for the presentation and disclosure of net benefit cost on the financial statements. The service cost component of net benefit cost is required to be presented in the income statement line item where the associated compensation cost is reported, while the other components of net benefit cost are required to be presented outside of operating income. The new standard is effective for fiscal years beginning after December 15, 2017 (i.e. a January 1, 2018 effective date). We adopted this standard on a retrospective basis. As a result, we have reclassified non-operating pension and postretirement charges (income) from "Selling, general and administrative expenses" to "Non-operating pension and postretirement charges (income)" within the condensed consolidated statements of income (loss). For the three and nine months ended September 30, 2017, we reclassified $3.6 million and $12.3 million, respectively, of non-operating pension and postretirement income. There was no impact to our net income. Refer to the table below.

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

	Three Months Ended September 30, 2017		
(in Millions)	As Reported	Reclassification	As adjusted
Selling, general and administrative expenses	$ 150.9	$ (3.6)	$ 154.5
Non-operating pension and postretirement charges (income)	—	3.6	(3.6)

	Nine Months Ended September 30, 2017		
(in Millions)	As Reported	Reclassification	As adjusted
Selling, general and administrative expenses	$ 387.0	$ (12.3)	$ 399.3
Non-operating pension and postretirement charges (income)	—	12.3	(12.3)

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations. This new ASU clarified the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new standard is effective for fiscal years beginning after December 15, 2017 (i.e. a January 1, 2018 effective date) and will be applied prospectively. We adopted this standard beginning in 2018. We expect these provisions to impact future transactions of acquisitions or disposals. However, there was no impact to our consolidated financial statements upon adoption.

In October 2016, the FASB issued ASU No. 2016-16, Income Taxes (Topic 740), Intra-Entity Transfers of Assets Other Than Inventory. Under the new guidance, an entity will recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new standard is effective for fiscal years beginning after December 15, 2017 (i.e. a January 1, 2018 effective date), with early adoption permitted only in the first quarter of a fiscal year. We adopted this standard beginning in 2018. There was no material impact to our consolidated financial statements upon adoption.

In August 2016, the FASB issued ASU No. 2016-15, Statements of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments. This ASU addresses eight specific cash flow issues with the goal of reducing the existing diversity in practice in how certain cash receipts and cash payments are both presented and classified in the statement of cash flows. The new standard is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years (i.e. a January 1, 2018 effective date), with early adoption permitted. We adopted this standard beginning in 2018. Based on our review of the eight cash flow issues, there were no significant changes to our presentation of certain cash receipts and payments within our consolidated cash flow statement.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017 (i.e. a January 1, 2018 effective date), and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. We adopted this standard beginning in 2018. There was no material impact on our consolidated financial statements upon adoption.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers as a new topic, Accounting Standards Codification Topic 606. This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance replaced most existing revenue recognition guidance in U.S. GAAP. On January 1, 2018, we adopted ASU 2014-09 and its related amendments (collectively known as ASC 606) using the modified retrospective adoption method.

In order to adopt this standard, we performed an impact assessment by analyzing revenue transactions and arrangements that are representative of our business segments and their revenue streams. Additionally, we assessed any potential impacts on our internal controls and processes related to both the implementation and ongoing compliance of the new guidance. Our assessment procedures included the DuPont Crop Protection Business, which was acquired on November 1, 2017.

The standard impacted our disclosures including disclosures presenting further disaggregation of revenue. Refer to Note 3 for further information. Based on our assessment, there was no cumulative catchup effect of initially applying ASC 606 that required

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

an adjustment to our retained earnings; however, we have recognized balance sheet adjustments related to the presentation of sales returns liabilities and corresponding refund assets. The comparative information has not been adjusted and continues to be reported under ASC 605.
Utilizing the practical expedients and exemptions allowed under the modified retrospective method, ASC 606 was only applied to existing contracts (i.e. those for which FMC has remaining performance obligations) as of January 1, 2018, and new contracts entered into after January 1, 2018. ASC 606 was not applied to contracts that were completed prior to December 31, 2017. The impacts of the adoption of ASC 606 are set out below.
The cumulative effect of the changes made to our consolidated January 1, 2018 balance sheet for the adoption of ASC 606, Revenue from Contracts with Customers, was as follows:

	Balance at December 31, 2017	Adjustments due to ASC 606	Balance at January 1, 2018
(in Millions)	Amounts as originally reported	Adjustment	Amounts as adjusted
Assets			
Prepaid and other current assets	$ 326.4	$ 84.8	$ 411.2
Liabilities and Equity			
Accrued and other liabilities	$ 497.7	$ 84.8	$ 582.5

In accordance with the new revenue standard requirements, the disclosure of the impact of adoption on our consolidated balance sheet was as follows:

	September 30, 2018		
(in Millions)	Amounts as reported	Adjustment due to ASC 606	Amounts without ASC 606 adjustment
Balance Sheet			
Assets			
Prepaid and other current assets	$417.4	$ (57.2)	$ 360.2
Liabilities and Equity			
Accrued and other liabilities	$572.1	$ (57.2)	$ 514.9

The adoption of ASC 606 requires FMC to record its estimated product returns gross on the balance sheet. Therefore, a refund liability is recognized for the consideration paid by a customer to which FMC does not expect to be entitled, together with a corresponding asset to recover the product from the customer. Presenting estimated product returns gross on the balance sheet resulted in impacts to the above asset and liability line items.

Note 3: Revenue Recognition

Disaggregation of revenue
FMC disaggregates revenue from contracts with customers by business segment and by geographical areas. Our FMC Agricultural Solutions segment is further disaggregated into three major pesticide product categories - Insecticides,

Herbicides, and Fungicides - and our FMC Lithium segment is disaggregated into four product categories - Lithium Hydroxide, Butyllithium, High Purity Lithium Metal and Other Specialty Compounds, and Lithium Carbonate and Lithium Chloride. The disaggregated revenue tables below are reconciled to FMC's reportable segments, as defined in Note 19, for the three and nine months ended September 30, 2018.

The following table provides information about disaggregated revenue by major geographical region:

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

(in Millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
FMC Agricultural Solutions		
North America	$ 201.8	$ 842.0
Latin America	379.0	737.3
Europe, Middle East & Africa	133.5	826.1
Asia Pacific	209.3	780.5
Total FMC Agricultural Solutions Revenue	$ 923.6	$ 3,185.9
FMC Lithium		
North America	$ 39.3	$ 81.6
Latin America	0.4	1.4
Europe, Middle East & Africa	17.6	55.1
Asia Pacific	54.7	184.6
Total FMC Lithium Revenue	$ 112.0	$ 322.7
Total FMC Revenue	$ 1,035.6	$ 3,508.6

The following table provides information about disaggregated revenue by major product category:

(in Millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
FMC Agricultural Solutions		
Insecticides	$ 572.7	$ 1,816.4
Herbicides	220.1	948.7
Fungicides	49.2	192.9
Other	81.6	227.9
Total FMC Agricultural Solutions Revenue	$ 923.6	$ 3,185.9
FMC Lithium		
Lithium Hydroxide	$ 52.8	$ 155.5
Butyllithium	26.3	75.5
High Purity Lithium Metal and Other Specialty Compounds	14.5	47.8
Lithium Carbonate and Lithium Chloride	18.4	43.9
Total FMC Lithium Revenue	$ 112.0	$ 322.7
Total FMC Revenue	$ 1,035.6	$ 3,508.6

FMC Agricultural Solutions
We earn revenue from the sale of a wide range of products to a diversified base of customers around the world. FMC Agricultural Solutions' portfolio is comprised of three major pesticide categories: insecticides, herbicides and

fungicides. These products are used in agriculture to enhance crop yield and quality by controlling a broad spectrum of insects, weeds and disease, as well as in non-agricultural markets for pest control. The majority of our product lines consist of insecticides and herbicides, and we have a small but fast-growing portfolio of fungicides mainly used in high value crop segments. Our insecticides are used to control a wide spectrum of pests, while our herbicide portfolio primarily targets a large variety of difficult-to-control weeds. Products in the other category include various agricultural products such as smaller classes of pesticides, growth promoters, and soil enhancements.

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

FMC Lithium
The FMC Lithium segment manufactures lithium for use in a wide range of products, which are used primarily in portable energy storage, specialty polymers and chemical synthesis applications. FMC's Lithium segment focuses on producing specialty products - Lithium hydroxide and Butyllithium. These products are developed and sold to global and regional customers in the electronic vehicle, polymer and specialty alloy metals market. Lithium hydroxide products are used in advanced batteries for hybrid electric, plug-in hybrid, and all-electric vehicles as well as other products that require portable energy storage such as smart phones, tablets, laptop computers, and military devices. Butyllithium products are primarily used as polymer initiators and in the synthesis of pharmaceuticals. High purity lithium metal and other specialty products include lithium phosphate, pharmaceutical-grade lithium carbonate, high purity lithium chloride and specialty organics. Additionally, FMC sells whatever Lithium carbonate and Lithium chloride it does not use internally to its customers for various applications.
Sale of Goods
Revenue from product sales is recognized when (or as) FMC satisfies a performance obligation by transferring the promised goods to a customer, that is, when control of the good transfers to the customer. The customer is then invoiced at the agreed-upon price with payment terms generally ranging from 30 to 90 days, with some regions providing terms longer than 90 days. We do not typically give payment terms that exceed 360 days; however, in certain geographical regions such as Latin America, these terms may be given in limited circumstances. Additionally, a timing difference of over one year can exist between when products are delivered to the customer and when payment is received from the customer in these regions; however, the effect of these sales is not material to the financial statements as a whole. Furthermore, we have assessed the circumstances and arrangements in these regions and determined that the contracts with these customers do not contain a significant financing component.
In determining when the control of goods is transferred, we typically assess, among other things, the transfer of risk and title and the shipping terms of the contract. The transfer of title and risk typically occurs either upon shipment to the customer or upon receipt by the customer. As such, FMC typically recognizes revenue when goods are shipped based on the relevant incoterm for the product order, or in some regions, when delivery to the customer's requested destination has occurred. When we perform shipping and handling activities after the transfer of control to the customer (e.g., when control transfers prior to delivery), they are considered as fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized. For FOB shipping point terms, revenue is recognized at the time of shipment since the customer gains control at this point in time.
We record amounts billed for shipping and handling fees as revenue. Costs incurred for shipping and handling are recorded as costs of sales and services. Amounts billed for sales and use taxes, value-added taxes, and certain excise and other specific transactional taxes imposed on revenue-producing transactions are presented on a net basis and excluded from sales in the consolidated income statements. We record a liability until remitted to the respective taxing authority.
Sales Incentives and Other Variable Considerations
As a part of its customary business practice, we offer a number of sales incentives to our customers including volume discounts, retailer incentives, and prepayment options. The variable considerations given can differ by products, support levels and other eligibility criteria. For all such contracts that include any variable consideration, we estimate the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Although determining the transaction price for these considerations requires significant judgment, we have significant historical experience with incentives provided to customers and estimate the expected consideration considering historical patterns of incentive payouts. These estimates are re-assessed each reporting period as required.

In addition to the variable considerations describe above, in certain instances, we may require our customers to meet certain volume thresholds within their contract term. We estimate what amount of variable consideration should be included in the transaction price at contract inception and continually reassess this estimation each reporting period to determine situations when the minimum volume thresholds will not be met. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. In those circumstances, we apply the guidance on breakage and estimate the amount of the shortfall and recognize it over the remaining performance obligations in the contract.

Right of Return

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

FMC extends an assurance warranty offering customers a right of refund or exchange in case delivered product does not conform to specifications. Additionally, in certain regions and arrangements, we may offer a right of return for a specified period. Both instances are accounted for as a right of return and transaction price is adjusted for an estimate of expected returns. Replacement product are accounted for under the warranty guidance if the customer exchanges one product for another of the same kind, quality, and price. We have significant experience with historical return patterns and use this experience to include returns in the estimate of transaction price.

Contract asset and contract liability balances

FMC satisfies its obligations by transferring goods and services in exchange for consideration from customers. The timing of performance sometimes differs from the timing the associated consideration is received from the customer, thus resulting in the recognition of a contract liability. FMC recognizes a contract liability if the customer's payment of consideration is received prior to completion of FMC's related performance obligation.

The following table presents the opening and closing balances of FMC's receivables (net of allowances) and contract liabilities from contracts with customers.

(in Millions)	Balance as of December 31, 2017	Balance as of September 30, 2018	Increase (Decrease)
Receivables from contracts with customers, net of allowances	$ 2,150.2	$ 1,983.1	$ (167.1)
Contract liabilities: Advance payments from customers	380.6	30.1	(350.5)

The amount of revenue recognized in the nine months ended September 30, 2018 that was included in the opening contract liability balance is $350.5 million, which primarily relates to revenue from prepayment contracts with customers in the FMC Agricultural Solutions segment.

The balance of receivables from contracts with customers listed in the table above include both current trade receivables and long-term receivables, net of allowance for doubtful accounts. The allowance for receivables represents our best estimate of the probable losses associated with potential customer defaults. We determine the allowance based on historical experience, current collection trends, and external business factors such as economic factors, including regional bankruptcy rates, and political factors. The change in allowance for doubtful accounts for both current trade receivables and long-term receivables is representative of the impairment of receivables as of September 30, 2018. Refer to Note 6 for further information.

FMC periodically enters into prepayment arrangements with customers, and receives advance payments for product to be delivered in future periods. Prepayment terms are extended to customers/distributors in order to capitalize on surplus cash with growers. Growers receive bulk payments for their produce, which they leverage to buy FMC products from distributors through prepayment options. This in turn creates opportunity for distributors to make large prepayments to FMC for securing the future supply of products to be sold to growers. Prepayments are typically received in the fourth quarter of the fiscal year and are for the following marketing year indicating that the time difference between prepayment and performance of corresponding performance obligations does not exceed one year. FMC recognizes these prepayments as a liability under “Advance Payments from customers” on the condensed consolidated balance sheets when they are received. Revenue associated with advance payments is recognized as shipments are made and transfer of control to the customer takes place. Advance payments from customers was $380.6 million as of December 31, 2017 and $30.1 million as of September 30, 2018.

Performance obligations

At contract inception, FMC assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer a good or service (or bundle of goods or services) that is distinct.

To identify the performance obligations, we consider all the goods or services promised in the contract, whether explicitly stated or implied based on customary business practices. Based on our evaluation, we have determined that our current contracts do not contain more than one performance obligation. Revenue is recognized when (or as) the performance obligation is satisfied, which is when the customer obtains control of the good or service.

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

Periodically, in both FMC Agricultural Solutions and FMC Lithium, FMC may enter into contracts with customers which require them to submit a forecast of non-binding purchase obligations to us. These forecasts are typically provided by the customer to FMC in good faith, and there are no penalties or obligations if the forecasts are not met. Accordingly, we have determined that these are optional purchases and do not represent material rights and are not considered as unsatisfied (or partially satisfied) performance obligations for the purposes of this disclosure.
In separate and less common circumstances, FMC may have contracts with customers which have binding purchase requirements for just one quarter of their annual forecasts. Additionally, as noted in the Contract Liabilities section above, FMC periodically enters into agricultural prepayment arrangements with customers, and receives advance payments for product to be delivered in future periods within one year. We have elected not to disclose the aggregate amount of the transaction price allocated to remaining performance obligations for these two types of contracts as they have an expected duration of one year or less and the revenue is expected to be recognized within the next year.
Occasionally, our FMC Lithium business may enter into multi-year take or pay supply agreements with customers. The aggregate amount of revenue expected to be recognized related to these contracts' performance obligations that are unsatisfied or partially satisfied is approximately $14 million for the remainder of 2018, $62 million in 2019, and $49 million in 2020. These approximate revenues do not include amounts of variable consideration attributable to contract renewals or contract contingencies. Based on our past experience with the customers under these arrangements, we expect to continue recognizing revenue in accordance with the contracts as we transfer control of the product to the customer (refer to the sales of goods section for our determination of transfer of control). However, in the case a shortfall of volume purchases occurs, we will recognize the amount payable by the customer ratably over the contract term.

Other arrangements
Data Licensing
FMC sometimes grants to third parties a license and right to rely upon pesticide regulatory data filed with government agencies. Such licenses allow a licensee to cite and rely upon FMC's data in connection with the licensee's application for pesticide registrations as required by law; these licenses can be granted through contract or through a mandatory statutory license, depending on circumstances. In the most common occurrence, when a license is embedded in a contract for supply of pesticide active ingredient from FMC to the licensee, the license grant is not considered as distinct from other promised goods or services. Accordingly, all promises are treated as a single performance obligation and revenue is recognized at a point when the control of the pesticide products is transferred to the licensee-customer. In the less frequent occurrence, when the license and right to use data is granted without a supply contract, FMC accounts for the revenue attributable to the data license as a performance obligation satisfied at a single point in time and recognizes revenue on the effective date of such contract. Finally, in those circumstance of mandatory data licensing by statute, such as under U.S. pesticide law, FMC recognizes the data compensation upon the effective date of the data compensation settlement agreement. Payment terms for these arrangements may vary by contract.
Service Arrangements
In limited cases, FMC engages in providing certain tolling services, such as filling and packing services using raw and packing materials supplied by the customer. However, as a result of the DuPont Crop Protection Business Acquisition, on November 1, 2017 DuPont and FMC entered into an agreement to provide tolling services to one another for up to five years from the acquisition date. Depending on the nature of the tolling services, FMC determines the appropriate method of satisfaction of the performance obligation, which may be the input or output method. Compared to other goods and services provided by FMC, service arrangements do not represent a significant portion of sales each year. Payment terms for service arrangements may vary by contract; however, payment is typically due within 30 days of the invoice date.

Practical Expedients and Exemptions

FMC incurs certain costs such as sales commissions which are incremental to obtaining the contract. FMC has elected the following practical expedients following the adoption of ASC 606:

a. Costs of obtaining a contract: FMC incurs certain costs such as sales commissions which are incremental to obtaining the contract. We have taken the practical expedient of expensing such costs to obtain a contract, as and when they are incurred, as their expected amortization period is one year or less.

15

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

b. Significant financing component: We elected not to adjust the promised amount of consideration for the effects of a significant financing component if FMC expects, at contract inception, that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.
c. Remaining performance obligations: We elected not to disclose the aggregate amount of the transaction price allocated to remaining performance obligations for its contracts that are one year or less, as the revenue is expected to be recognized within one year. Additionally, we have elected not to disclose information about variable considerations for remaining, wholly unsatisfied performance obligations for which the criteria in paragraph 606-10-32-40 have been met.
d. Shipping and handling costs: We elected to account for shipping and handling activities that occur after the customer has obtained control of a good as fulfillment activities (i.e., an expense) rather than as a promised service.
e. Measurement of transaction price: We have elected to exclude from the measurement of transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer.

Note 4: Acquisitions
DuPont Crop Protection
On November 1, 2017, pursuant to the terms and conditions set forth in the Transaction Agreement entered into with E. I. du Pont de Nemours and Company (“DuPont"), we completed the acquisition of certain assets relating to DuPont's Crop Protection business and research and development ("R&D") organization (the "DuPont Crop Protection Business") (collectively, the "DuPont Crop Protection Business Acquisition"). In connection with this transaction, we sold to DuPont our FMC Health and Nutrition segment and paid DuPont $1.2 billion in cash which was funded with the 2017 Term Loan Facility which was secured for the purposes of the acquisition. See Note 10 for more details.
The following table illustrates each component of the consideration paid as part of the DuPont Crop Protection Business Acquisition:

(in Millions)	Amount
Cash purchase price, net [(1)]	$1,225.6
Cash proceeds from working capital and other adjustments	(21.5)
Fair value of FMC Health and Nutrition sold to DuPont	1,968.6
Total purchase consideration	$3,172.7

---

(1) Represents the cash portion of the total purchase consideration paid for the DuPont Crop Protection Business Acquisition.

As part of the DuPont Crop Protection Business Acquisition, we acquired various manufacturing contracts. The manufacturing contracts have been recognized as an asset or liability to the extent the terms of the contract are favorable or unfavorable compared with market terms of the same or similar items at the date of the acquisition.
We also entered into supply agreements with DuPont, with terms of up to five years, to supply technical insecticide products required for their retained seed treatment business at cost. The unfavorable liability is recorded within both "Accrued and other liabilities" and "Other long-term liabilities" on the condensed consolidated balance sheets and is reduced and recognized to revenues within earnings as sales are made. The amount recognized in revenue for the three and nine months ended September 30, 2018 was approximately $23 million and $66 million, respectively.
Certain manufacturing sites and R&D sites will be transferred to us at a later date due to various local timing constraints; however, we will still obtain the economic benefit from these sites during the period from November 1, 2017 to when the sites legally transfer. No additional consideration will be paid at the date of transfer. All sites except for one that did not transfer on November 1, 2017 legally transferred to us on July 1, 2018.

The DuPont Crop Protection Business is being integrated into our FMC Agricultural Solutions segment and has been included within our results of operations since the date of acquisition.

In the third quarter of 2017, both the European Commission and Competition Commission of India had conditionally approved our acquisition of certain assets of DuPont's Crop Protection business. The DuPont Crop Protection Business Acquisition was conditioned upon us divesting the portfolio of products required by the respective regulatory bodies. These divestitures are expected to impact FMC Agricultural Solutions' annual 2018 operating profit by approximately $20 million. On February 1, 2018, we completed the sale of a portion of FMC's European herbicide portfolio to Nufarm Limited and received proceeds of $85.0 million

16

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

plus $2.0 million of working capital. We recorded a gain on sale of approximately $85 million. This divestiture satisfied FMC's commitments to the European Commission related to the DuPont Crop Protection Business Acquisition. In December 2017, the Competition Commission of India issued its final order describing the required Indian remedy. We received anti-trust approval from the Competition Commission of India on August 1, 2018 to complete the sale of the products to Crystal Crop Protection Limited in compliance with that final order. The sale closed on August 16, 2018 and satisfied our commitments to the Competition Commission of India related to the DuPont Crop Protection Business Acquisition. We recorded a gain of approximately $3 million.

Purchase Price Allocation

We applied acquisition accounting under the U.S. GAAP business combinations guidance. Acquisition accounting requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The net assets of the DuPont Crop Protection Business Acquisition will be recorded at the estimated fair values using primarily Level 2 and Level 3 inputs (see Note 17 for an explanation of Level 2 and Level 3 inputs). In valuing acquired assets and assumed liabilities, valuation inputs include an estimate of future cash flows and discount rates based on the internal rate of return and the weighted average rate of return.

The purchase price allocation is considered complete. The allocation was subject to change within the measurement period (up to one year from the acquisition date) as additional information concerning final asset and liability valuations was obtained. Any changes to the initial allocation are referred to as measurement-period adjustments. Measurement-period adjustments since our initial preliminary estimates reported in our 2017 10-K were primarily related to increases in the estimated fair values of intangible assets, deferred tax liabilities, and the unfavorable supply contract. The cumulative effect of all measurement-period adjustments resulted in an increase to recognized goodwill of approximately $281 million.

The following table summarizes the consideration paid for the DuPont Crop Protection Business and the amounts of the assets acquired and liabilities assumed.

Purchase Price Allocation

(in Millions)	As of 9/30/2018
Trade receivables [1]	$ 45.8
Inventories [2]	379.8
Other current assets	53.4
Property, plant and equipment	424.3
Intangible assets:	
Indefinite-lived brands	1,301.2
Customer relationships [3]	763.7
Goodwill [4]	972.9
Deferred tax assets	79.7
Other noncurrent assets	14.2
Total fair value of assets acquired	$ 4,035.0
Accounts payable, trade and other [1]	$ 32.9
Accrued and other current liabilities [5]	156.2
Accrued pension and other postretirement benefits, long-term	9.1
Environmental liabilities [6]	2.6
Deferred tax liabilities	196.0
Other long-term liabilities [5]	452.3
Total fair value of liabilities assumed	$ 849.1

Total net assets acquired	$ 3,185.9
Less: Noncontrolling interest	(13.2)
Total purchase consideration	$ 3,172.7

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

---

(1) Represents the accounts receivable and accounts payable of the legal entity stock sales as part of the DuPont Crop Protection Acquisition. As part of the Transaction Agreement, these balances will be settled subsequent to the closing date through reimbursement between FMC and DuPont. The offsetting amounts due from and due to DuPont are recorded within Other current assets and Accrued and other current liabilities, respectively.
(2) Fair value of finished goods inventory acquired included a step-up in the value of $89.8 million, of which $1.3 million and $69.6 million was amortized in the three and nine months ended September 30, 2018 and included in "Cost of sales and services" on the condensed consolidated statements of income (loss). The remaining amount was amortized during 2017.
(3) The weighted average useful life of the acquired customer relationships is approximately 20 years.
(4) Goodwill largely consists of expected cost synergies and economies of scale resulting from the business combination.
(5) Includes the short-term and long-term portions of the unfavorable supply contract with Dupont of approximately $495 million recorded in "Accrued and other current liabilities" and "Other long-term liabilities", respectively.
(6) Represents both the short-term and long-term portion of the environmental obligations at certain sites of the acquired DuPont Crop Protection Business that is indemnified by DuPont as part of the Transaction Agreement. The indemnification asset was recorded within Other current assets and Other noncurrent assets.

Unaudited Pro Forma Financial Information
The following unaudited pro forma results of operations assume that the DuPont Crop Protection Business Acquisition occurred at the beginning of the periods presented. The pro forma amounts include certain adjustments, including interest expense on the borrowings used to complete the acquisition, depreciation and amortization expense and income taxes. The pro forma amounts for the three and nine month periods below exclude transaction-related charges. The pro forma results do not include adjustments related to cost savings or other synergies that are anticipated as a result of the acquisition. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations would have been if the acquisitions had occurred as of January 1, 2017, nor are they indicative of future results of operations.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions)	2018	2017	2018	2017
Pro forma Revenue [1]	$1,035.6	$974.6	$3,508.6	$3,160.7
Pro forma Diluted earnings per share from continuing operations [1]	0.57	1.15	3.48	4.09

---

(1) For the three and nine months ended September 30, 2018, pro forma results and actual results are the same.

Transaction-related charges
Pursuant to U.S. GAAP, costs incurred associated with acquisition and separation activities are expensed as incurred. Historically, these costs have primarily consisted of legal, accounting, consulting, and other professional advisory fees associated with the preparation and execution of these activities. Given the significance and complexity around the integration of the DuPont Crop Protection Business Acquisition, we have incurred to date, and expect to incur, costs associated with integrating the DuPont Crop Protection Business, planning for the exit of the transitional service agreement as well as implementation of a new worldwide ERP system as a result of the transitional service agreement exit, the majority of which will be capitalized in accordance with the relevant accounting literature. These costs have been and are expected to be significant. Additionally, we expect to continue to incur costs associated with the

previously announced separation of FMC Lithium. Costs incurred to date are primarily comprised of advisory and other professional fees. The following table summarizes the costs incurred associated with these activities.

18

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions)	2018	2017	2018	2017
Transaction-related charges				
Acquisition-related charges - DuPont Crop				
Legal and professional fees [1]	$16.9	$48.8	$64.7	$78.7
Inventory fair value amortization [2]	1.3	—	69.6	—
Separation-related charges - FMC Lithium				
Legal and professional fees [1]	$6.8	$—	$14.8	$—
Total Transaction-related charges	$25.0	$48.8	$149.1	$78.7
Restructuring charges				
DuPont Crop restructuring	$20.0	$—	$92.5	$—
Total DuPont Crop restructuring charges [3]	$20.0	$—	$92.5	$—

(1) Represents transaction costs, costs for transitional employees, other acquired employees related costs, and transactional-related costs such as legal and professional third-party fees. These charges are recorded as a component of “Selling, general and administrative expense" on the condensed consolidated statements of income (loss).

(2) These charges are recorded as a component of "Costs of sales and services" on the condensed consolidated statements of income (loss).

(3) See Note 9 for more information. These charges are recorded as a component of “Restructuring and other charges (income)” on the condensed consolidated statements of income (loss).

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

Note 5: Goodwill and Intangible Assets
The changes in the carrying amount of goodwill by business segment are presented in the table below:

(in Millions)	FMC Agricultural Solutions	FMC Lithium	Total
Balance, December 31, 2017	$ 1,198.9	$ —	$1,198.9
Purchase price allocation adjustments (See Note 4)	281.1	—	281.1
Foreign currency and other adjustments	(13.6)	—	(13.6)
Balance, September 30, 2018	$ 1,466.4	$ —	$1,466.4

We perform our goodwill and indefinite-lived intangible asset impairment tests at least annually. Our fiscal year 2018 annual goodwill and indefinite-lived intangible asset impairment test was performed during the three months ended September 30, 2018. As a result, we determined no goodwill impairment existed and that the fair value was substantially in excess of the carrying value for each of our goodwill reporting units. However, we recorded an immaterial impairment charge in our generic brand portfolio which is part of our FMC Agricultural Solutions segment. Refer to Note 17 for further details.

Our intangible assets, other than goodwill, consist of the following:

	September 30, 2018			December 31, 2017		
(in Millions)	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization (finite-lived)						
Customer relationships	$1,156.3	$ (116.3)	$1,040.0	$1,122.5	$ (73.3)	$1,049.2
Patents	2.0	(0.7)	1.3	2.0	(0.6)	1.4
Brands [1] [3]	14.5	(5.8)	8.7	15.7	(6.2)	9.5
Purchased and licensed technologies	61.9	(31.4)	30.5	57.3	(28.9)	28.4
Other intangibles	2.9	(2.0)	0.9	2.9	(2.0)	0.9
	$1,237.6	$ (156.2)	$1,081.4	$1,200.4	$ (111.0)	$1,089.4
Intangible assets not subject to amortization (indefinite-lived)						
Crop Protection Brands [2]	$1,259.1		$1,259.1	$1,136.1		$1,136.1
Brands [1] [3]	398.7		398.7	405.6		405.6
In-process research & development	0.7		0.7	0.7		0.7
	$1,658.5		$1,658.5	$1,542.4		$1,542.4
Total intangible assets	$2,896.1	$(156.2)	$2,739.9	$2,742.8	$(111.0)	$2,631.8

(1) Represents trademarks, trade names and know-how.
(2) Represents the proprietary brand portfolios, consisting of trademarks, trade names and know-how, acquired from the DuPont Crop Protection Business Acquisition.
(3) The majority of the Brands relate to our proprietary brand portfolios acquired from the Cheminova acquisition.

At September 30, 2018, the finite-lived and indefinite-lived intangibles were allocated among our business segments as follows:

(in Millions)	Finite-lived	Indefinite-lived
FMC Agricultural Solutions	$ 1,080.5	$ 1,658.5
FMC Lithium	0.9	—
Total	$ 1,081.4	$ 1,658.5

20

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions)	2018	2017	2018	2017
Amortization expense	$15.9	$5.6	$47.0	$15.9

The full year estimated pre-tax amortization expense for the year ended December 31, 2018 and each of the succeeding five years is approximately $63 million.

Note 6: Receivables

The following table displays a roll forward of the allowance for doubtful trade receivables.

(in Millions)	
Balance, December 31, 2016	$17.6
Additions - charged to expense	8.4
Transfer from (to) allowance for credit losses (see below)	9.5
Net recoveries, write-offs and other	3.2
Balance, December 31, 2017	$38.7
Additions - charged to expense	13.0
Transfer from (to) allowance for credit losses (see below)	(16.8)
Net recoveries, write-offs and other [(1)]	(14.9)
Balance, September 30, 2018	$20.0

---

(1) Includes write-offs of $5.2 million associated with the accounts receivables written off as part of the restructuring in India. Refer to Note 9 for further information.

We have non-current receivables that represent long-term customer receivable balances related to past due accounts which are not expected to be collected within the current year. The net long-term customer receivables were $81.2 million as of September 30, 2018. These long-term customer receivable balances and the corresponding allowance are included in "Other assets including long-term receivables, net" on the condensed consolidated balance sheet.

A portion of these long-term receivables have payment contracts. We have no reason to believe payments will not be made based upon the credit quality of these customers. Additionally, we also hold significant collateral against these customers including rights to property or other assets as a form of credit guarantee. If the customer does not pay or gives indication that they will not pay, these guarantees allow us to start legal action to block the sale of the customer’s harvest. On an ongoing basis, we continue to evaluate the credit quality of our non-current receivables using aging of receivables, collection experience and write-offs, as well as evaluating existing economic conditions, to determine if an additional allowance is necessary.

The following table displays a roll forward of the allowance for credit losses related to long-term customer receivables.

Table of Contents
FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

(in Millions)	
Balance, December 31, 2016	$49.1
Additions - charged to expense	13.7
Transfer from (to) allowance for doubtful accounts (see above)	(9.5)
Net recoveries, write-offs and other	(6.2)
Balance, December 31, 2017	$47.1
Additions - charged to expense	11.8
Transfer from (to) allowance for doubtful accounts (see above)	16.8
Foreign currency adjustments	(4.4)
Net recoveries, write-offs and other	(8.7)
Balance, September 30, 2018	$62.6

Note 7: Inventories
Inventories consisted of the following:

(in Millions)	September 30, 2018	December 31, 2017
Finished goods	$ 260.5	$ 353.7
Work in process	609.4	542.4
Raw materials, supplies and other	256.2	224.1
First-in, first-out inventory	$ 1,126.1	$ 1,120.2
Less: Excess of first-in, first-out cost over last-in, first-out cost	(130.7)	(127.7)
Net inventories	$ 995.4	$ 992.5

Note 8: Property, Plant and Equipment
Property, plant and equipment consisted of the following:

(in Millions)	September 30, 2018	December 31, 2017
Property, plant and equipment	$ 1,469.0	$ 1,461.1
Accumulated depreciation	(466.3)	(435.9)
Property, plant and equipment, net	$ 1,002.7	$ 1,025.2

Note 9: Restructuring and Other Charges (Income)
Our restructuring and other charges (income) are comprised of restructuring, asset disposals and other charges (income) as noted below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions)	2018	2017	2018	2017
Restructuring charges	$25.1	$4.4	$106.6	$7.1
Other charges (income), net	0.8	2.7	(77.4)	15.2
Total restructuring and other charges (income)	$25.9	$7.1	$29.2	$22.3

Restructuring charges

For detail on restructuring activities which commenced prior to 2018, see Note 7 to our consolidated financial statements included with our 2017 Form 10-K.

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

(in Millions)	Restructuring Charges			
	Severance and Employee Benefits [1]	Other Charges (Income) [2]	Asset Disposal Charges [3]	Total
DuPont Crop restructuring	$2.4	$ 12.4	$ 5.2	$20.0
Lithium restructuring	—	—	0.3	0.3
Other items	0.5	1.2	3.1	4.8
Three Months Ended September 30, 2018	$2.9	$ 13.6	$ 8.6	$25.1
Other items	$—	$ —	$ 4.4	$4.4
Three Months Ended September 30, 2017	$—	$ —	$ 4.4	$4.4
DuPont Crop restructuring	$10.7	$ 15.5	$ 66.3	$92.5
FMC Lithium restructuring	—	1.9	0.5	2.4
Other items	3.3	2.8	5.6	11.7
Nine Months Ended September 30, 2018	$14.0	$ 20.2	$ 72.4	$106.6
Other Items	$—	$ —	$ 7.1	$7.1
Nine Months Ended September 30, 2017	$—	$ —	$ 7.1	$7.1

(1) Represents severance and employee benefit charges.
(2) Primarily represents costs associated with lease payments, contract terminations, and other miscellaneous exit costs.
(3) Primarily represents asset write-offs, accelerated depreciation and impairment charges on long-lived assets, which were or are to be abandoned. To the extent incurred, the acceleration effect of re-estimating settlement dates and revised cost estimates associated with asset retirement obligations due to facility shutdowns, are also included within the asset disposal charges.

2018 Restructuring Activities

DuPont Crop Restructuring

On November 1, 2017, we completed the acquisition of the DuPont Crop Protection Business. See Note 4 for more details. As we integrate the DuPont Crop Protection Business into our existing FMC Agricultural Solutions segment, we have started to and continue to expect to engage in various restructuring activities. These restructuring activities may include workforce reductions, relocation of current operating locations, lease and other contract termination costs and fixed asset accelerated depreciation as well as other asset disposal charges at several of our FMC Agricultural Solutions' operations. Details of key activities to date are as follows.

Subsequent to the acquisition, we conducted an in-depth analysis of key competitive capabilities of the combined business in India which resulted in a significant change to how we operate in the market and therefore a restructuring of our business in India. On July 3, 2018, we announced the adoption of an innovation-focused product strategy that uses a unique market access model anchored by our key, large scale distributors rather than the vast customer base we served prior to the DuPont Crop Protection Acquisition. Additionally, we rationalized our product portfolio and decisively exited a vast majority of the low margin product range. As a result of the change to our market access, we incurred charges of approximately $2 million and $57 million for the three and nine months ended September 30,

2018, which primarily included the write-off of stranded accounts receivables and inventory. We also had workforce reductions which resulted in severance and other employee benefit charges of $1 million and $4 million for the three and nine months ended September 30, 2018.

As part of the acquisition, we acquired the Stine R&D facilities ("Stine") from DuPont. Due to its proximity to our previously existing Ewing R&D center ("Ewing"), in March 2018, we decided to migrate our Ewing R&D activities and employees into the newly acquired Stine facilities. As a result of this decision, we are accelerating the depreciation of certain fixed assets that will no longer be used when we exit the facility. We incurred $9.1 million and $17.4 million of accelerated depreciation charges in the three and nine months ended September 30, 2018, respectively. The cease use criteria was met as of September 30, 2018 as all employees had exited the Ewing facility and the facility became available for use. We record the estimated future liability associated with the rental obligation on the cease use date which resulted in a charge of $11.2 million in the three months ended September 30,

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

2018. This charge was offset by the reduction of the capital lease liability previously recorded in "Other long-term liabilities" of $6.0 million. In addition to lease termination costs, we incurred severance, relocation and other employee related charges of $4.3 million for the nine months ended September 30, 2018.

FMC Lithium Restructuring
In 2018, we implemented a formal plan to restructure our operations at the FMC Lithium manufacturing site located in Bessemer City, North Carolina. The objective of this restructuring plan was to optimize both the assets and cost structure by reducing certain production lines at the plant. The restructuring decision resulted in primarily shutdown costs which are reflected in the table above.

Roll forward of restructuring reserves
The following table shows a roll forward of restructuring reserves, continuing and discontinued, that will result in cash spending. These amounts exclude asset retirement obligations.

(in Millions)	Balance at 12/31/17 (2)	Change in reserves (3)	Cash payments	Other	Balance at 9/30/18 (2)
DuPont Crop restructuring	$ —	$ 26.2	$ (9.2)	$(1.5)	$ 15.5
Cheminova restructuring	1.2	—	(1.2)	—	—
FMC Lithium restructuring	3.0	1.9	(0.8)	—	4.1
Other workforce related and facility shutdowns (1)	2.3	6.1	(5.8)	(1.5)	1.1
Total	$ 6.5	$ 34.2	$ (17.0)	$(3.0)	$ 20.7

(1) Primarily severance costs related to workforce reductions and facility shutdowns.
(2) Included in "Accrued and other liabilities" on the condensed consolidated balance sheets.
(3) Primarily severance, exited lease, contract termination and other miscellaneous exit costs. Any accelerated depreciation and impairment charges noted above that impacted our property, plant and equipment balances or other long-term assets are not included in the above tables.

Other charges (income), net

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions)	2018	2017	2018	2017
Environmental charges, net	$2.4	$2.7	$9.2	$8.3
Product portfolio sales	(2.2)	—	(87.2)	—
Other items, net	0.6	—	0.6	6.9
Other charges (income), net	$0.8	$2.7	$(77.4)	$15.2

Environmental charges, net
Environmental charges represent the net charges associated with environmental remediation at continuing operating sites. See Note 12 for additional details. Environmental obligations for continuing operations primarily represent obligations at shut down or abandoned facilities within businesses that do not meet the criteria for presentation as discontinued operations.

Product Portfolio Sales

On February 1, 2018, we sold a portion of our European herbicide portfolio to Nufarm Limited. Additionally, on August 16, 2018, we completed the sale of certain products of our India portfolio to Crystal Crop Protection Limited. Both sales were required by regulatory authorities as part of closing conditions for the DuPont acquisition. Refer to Note 4 for more information. The gain on these sales are recorded within "Restructuring and other charges (income)" on the condensed consolidated statements of income (loss). Proceeds from these sales are included in investing activities on the condensed consolidated statements of cash flows.

Other items, net

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

Other items, net for the three and nine months ended September 30, 2018 relate to the loss associated with the divestment of a joint venture within FMC Agricultural Solutions. Other items, net for the nine months ended September 30, 2017 primarily relate to exit costs resulting from the termination and deconsolidation of our interest in a variable interest entity that was previously consolidated and was part of our FMC Agricultural Solutions segment.

Note 10: Debt
Debt maturing within one year:

(in Millions)	September 30, 2018	December 31, 2017
Short-term foreign debt (1)	$ 65.8	$ 91.4
Total short-term debt	$ 65.8	$ 91.4
Current portion of long-term debt	83.6	101.2
Total short-term debt and current portion of long-term debt	$ 149.4	$ 192.6

(1) At September 30, 2018, the average effective interest rate on the borrowings was 7.4%.

Long-term debt:

(in Millions)	September 30, 2018 Interest Rate Percentage	Maturity Date	September 30, 2018	December 31, 2017
Pollution control and industrial revenue bonds (less unamortized discounts of $0.2 and $0.2, respectively)	1.8 - 6.5%	2021 - 2032	$ 51.6	$ 51.6
Senior notes (less unamortized discount of $0.9 and $1.1, respectively)	3.95 - 5.2%	2019 - 2024	999.1	998.9
2014 Term Loan Facility	3.5%	2020	150.0	450.0
2017 Term Loan Facility	3.5%	2022	1,400.0	1,500.0
Revolving Credit Facility (1)	4.8%	2022	—	—
FMC Lithium Revolving Credit Facility (2)	4.9%	2023	—	—
Foreign debt	0 - 7.2%	2018 - 2024	86.9	106.9
Debt issuance cost			(10.7)	(13.2)
Total long-term debt			$ 2,676.9	$ 3,094.2
Less: debt maturing within one year			83.6	101.2
Total long-term debt, less current portion			$ 2,593.3	$ 2,993.0

(1) Letters of credit outstanding under our Revolving Credit Facility totaled $201.7 million and available funds under this facility were $1,298.3 million at September 30, 2018.
(2) As of September 30, 2018, there were no letters of credit outstanding under our FMC Lithium Revolving Credit Facility.

Revolving Credit Agreement Amendment
On September 28, 2018, we entered into Amendment No. 1 (“Revolving Credit Amendment”) to that certain Second Amended and Restated Credit Agreement, dated as of May 2, 2017. The Revolving Credit Amendment amends the Revolving Credit Agreement in order to permit the previously disclosed separation and spin-off of FMC Lithium, as set forth in the Revolving Credit Amendment.

2017 Term Loan Agreement Amendment

On September 28, 2018, we entered into Amendment No. 1 ("2017 Term Loan Amendment") to that certain Term Loan Agreement, dated as of May 2, 2017. The 2017 Term Loan Amendment amends the 2017 Term Loan Agreement in order to permit our previously disclosed separation and spin-off of the FMC Lithium segment, as set forth in the 2017 Term Loan Amendment.

2014 Term Loan Agreement Amendment

On September 28, 2018, we entered into Amendment No. 4 ("2014 Term Loan Amendment") to that certain Term Loan Agreement, dated as of October 10, 2014. The 2014 Term Loan Amendment amends the 2014 Term Loan Agreement in order to permit our previously disclosed separation and spin-off of the FMC Lithium business, as set forth in the 2014 Term Loan Amendment.

FMC Lithium Revolving Credit Facility

On September 28, 2018, our Lithium segment entered into a credit agreement among its subsidiary, FMC Lithium USA Corp., as borrowers (the "Borrowers"), certain of FMC Lithium's wholly owned subsidiaries as guarantors, the lenders party thereto (the "Lenders"), Citibank, N.A., as administrative agent, and certain other financial institutions party thereto, as joint lead arrangers (the "Credit Agreement"). The Credit Agreement provides for a $400 million senior secured revolving credit facility, $50 million of which is available for the issuance of letters of credit for the account of the Borrowers, with an option, subject to certain conditions and limitations, to increase the aggregate amount of the revolving credit commitments to $600 million (the "Revolving Credit Facility"). The issuance of letters of credit and the proceeds of revolving credit loans made pursuant to the Revolving Credit Facility are available, and will be used, for general corporate purposes, including capital expenditures and permitted acquisitions, of the Borrowers and their subsidiaries.

Amounts under the Revolving Credit Facility may be borrowed, repaid and re-borrowed from time to time until the final maturity date of the Revolving Credit Facility, which will be the fifth anniversary of the Revolving Credit Facility's effective date. Voluntary

Table of Contents

prepayments and commitment reductions under the Revolving Credit Facility are permitted at any time without any prepayment premium upon proper notice and subject to minimum dollar amounts.

Revolving loans under the Credit Agreement will bear interest at a floating rate, which will be a base rate or a Eurodollar rate equal to the London interbank offered rate for the relevant interest period, plus, in each case, an applicable margin based on the Lithium segment's leverage ratio, as determined in accordance with the provisions of the Credit Agreement. The base rate will be the greatest of: the rate of interest announced publicly by Citibank, N.A. in New York City from time to time as its “base rate”; the federal funds effective rate plus 0.5%; and a Eurodollar rate for a one-month interest period plus 1%. Each borrower on a joint and several basis is required to pay a commitment fee quarterly in arrears on the average daily unused amount of each Lender’s revolving credit commitment at a rate equal to an applicable percentage based on the Lithium segment’s leverage ratio, as determined in accordance with the provisions of the Credit Agreement. The applicable margin and the commitment fee are subject to adjustment as provided in the Credit Agreement.

The Borrowers’ present and future domestic material subsidiaries (the “Guarantors”) will guarantee the obligations of the Borrowers under the Revolving Credit Facility. The obligations of the Borrowers and the Guarantors are secured by all of the present and future assets of the Borrowers and the Guarantors, including the Borrowers’ facility and real estate in Bessemer City, North Carolina, subject to certain exceptions and exclusions as set forth in the Credit Agreement and other security and collateral documents.

The Credit Agreement contains certain affirmative and negative covenants that are binding on the Borrowers and their subsidiaries, including, among others, restrictions (subject to exceptions and qualifications) on the ability of the Borrowers and their subsidiaries to create liens, to undertake fundamental changes, to incur debt, to sell or dispose of assets, to make investments, to make restricted payments such as dividends, distributions or equity repurchases, to change the nature of their businesses, to enter into transactions with affiliates and to enter into certain burdensome agreements.

Covenants

Among other restrictions, our Revolving Credit Facility and both 2014 and 2017 Term Loan Facilities contain financial covenants applicable to FMC and its consolidated subsidiaries related to leverage (measured as the ratio of debt to adjusted earnings) and interest coverage (measured as the ratio of adjusted earnings to interest expense). Our actual leverage for the four consecutive quarters ended September 30, 2018 was 2.4, which is below the maximum leverage of 4.5 at September 30, 2018. Our actual interest coverage for the four consecutive quarters ended September 30, 2018 was 9.3, which is above the minimum interest coverage of 3.5. We were in compliance with all covenants at September 30, 2018.

The FMC Lithium Revolving Credit Facility contains financial covenants applicable to FMC Lithium and its consolidated subsidiaries related to leverage (measured as the ratio of debt to adjusted earnings) and interest coverage (measured as the ratio of adjusted earnings to interest expense). Under the FMC Lithium Revolving Credit Facility, FMC Lithium must maintain a leverage ratio of no more than 3.50 to 1.00 and a minimum interest coverage ratio of at least 3.50 to 1.00, each as measured as of the end of each fiscal quarter. We were in compliance with all covenants at September 30, 2018.

Note 11: Discontinued Operations

FMC Health and Nutrition:

On August 1, 2017, we completed the sale of the Omega-3 business to Pelagia AS for $38 million.

On November 1, 2017, we completed the previously disclosed sale of our FMC Health and Nutrition business to DuPont. The sale resulted in a gain of approximately $918 million ($727 million, net of tax). During the nine months ended September 30, 2018, we recorded an additional gain on sale of $17 million, net of tax as a result of the working

capital settlement. In connection with the sale, we entered into a customary transitional services agreement with DuPont to provide for the orderly separation and transition of various functions and processes. These services will be provided by us to DuPont for up to an initial 24 months after closing, with an additional six months extension. These services include information technology services, accounting, human resource and facility services among other services, while DuPont assumes the operations of FMC Health and Nutrition.

As discussed in Note 4, certain sites were to transfer at a later date due to various local timing constraints. In May 2018, the last site transferred to DuPont. The results of our discontinued FMC Health and Nutrition operations are summarized below, including the results of these delayed sites included in the three and nine months ended September 30, 2018:

(in Millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	$—	$163.3	$3.8	$502.1
Costs of sales and services	—	101.7	4.0	309.0
Income (loss) from discontinued operations before income taxes [1]	$(0.4)	$33.0	$2.1	$108.2
Provision (benefit) for income taxes [2]	(0.7)	22.7	0.7	62.9
Total discontinued operations of FMC Health and Nutrition, net of income taxes, before divestiture related costs and adjustments [3]	$0.3	$10.3	$1.4	$45.3
Adjustment to gain on sale of FMC Health and Nutrition, net of income taxes	—	—	16.8	—
Divestiture related costs of discontinued operations of FMC Health and Nutrition, net of income taxes	0.6	(5.4)	0.3	(14.9)
Adjustment to FMC Health and Nutrition Omega-3 net assets held for sale, net of income taxes [4]	—	3.1	—	(147.8)
Discontinued operations of FMC Health and Nutrition, net of income taxes	$0.9	$8.0	$18.5	$(117.4)
Less: Discontinued operations of FMC Health and Nutrition attributable to noncontrolling interests	—	0.1	—	0.1
Discontinued operations of FMC Health and Nutrition, net of income taxes, attributable to FMC Stockholders	$0.9	$7.9	$18.5	$(117.5)

(1) Results for the three and nine months September 30, 2018 include an adjustment to retained liabilities of the disposed FMC Health and Nutrition business. For the three months ended September 30, 2017, amounts include $4.7 million of allocated interest expense and $3.9 million of restructuring and other charges (income). For the nine months ended September 30, 2017, amounts include $15.1 million of allocated interest expense, $7.0 million of restructuring and other charges (income), and $3.9 million of a pension curtailment charge. See Note 15 for more information of the pension curtailment charge. Interest was allocated in accordance with relevant discontinued operations accounting guidance.

(2) Includes the accrual for income taxes of $14.7 million associated with unremitted earnings of foreign FMC Health and Nutrition subsidiaries held for sale for the three and nine months ended September 30, 2017.

(3) In accordance with U.S. GAAP, effective March 2017 we stopped amortizing and depreciating all assets classified as held for sale. Assets held for sale under U.S. GAAP are required to be reported at the lower of carrying value or fair value, less costs to sell. However, the fair value of the Omega-3 business, which was previously part of the broader FMC Health and Nutrition reporting unit, was significantly less than its carrying value, which included accumulated foreign currency translation adjustments that were subsequently reclassified to earnings after completion of the sale.

(4) Represents the impairment charge for the nine months ended September 30, 2017 of approximately $168 million ($148 million, net of tax) associated with the disposal activities of the Omega-3 business to write down the carrying value to its fair value.

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

The following table presents the major classes of assets and liabilities of FMC Health and Nutrition:

(in Millions)	September 30, 2018	December 31, 2017
Assets		
Current assets of discontinued operations held for sale [1]	$ —	$ 7.2
Property, plant and equipment	—	0.1
Total assets of discontinued operations held for sale [2]	$ —	$ 7.3
Liabilities		
Current liabilities of discontinued operations held for sale	$ —	$ (1.3)
Total liabilities of discontinued operations held for sale [3]	$ —	$ (1.3)
Total net assets [4]	$ —	$ 6.0

(1) Primarily consists of trade receivables and inventories.
(2) Presented as "Current assets of discontinued operations held for sale" on the condensed consolidated balance sheets as of December 31, 2017.
(3) Presented as "Current liabilities of discontinued operations held for sale" on the condensed consolidated balance sheets as of December 31, 2017.
(4) In connection with the divestiture of FMC Health and Nutrition, certain sites transferred to DuPont subsequent to November 1, 2017 due to various local timing constraints. Amounts at December 31, 2017 represent the net assets of FMC Health and Nutrition ultimately transferred to DuPont subsequent to the closing date in 2018.

Discontinued operations include the results of the FMC Health and Nutrition segment as well as provisions, net of recoveries, for environmental liabilities and legal reserves and expenses related to previously discontinued operations and retained liabilities. The primary liabilities retained include environmental liabilities, other postretirement benefit liabilities, self-insurance, long-term obligations related to legal proceedings and historical restructuring activities.

Our discontinued operations comprised the following:

(in Millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Adjustment for workers' compensation, product liability, other postretirement benefits and other, net of income tax benefit (expense) of $0.6 and $0.1 for the three and nine months ended September 30, 2018 and $0.2 and ($0.2) for the three and nine months ended 2017, respectively	$0.9	$0.4	$2.0	$2.1
Provision for environmental liabilities, net of recoveries, net of income tax benefit of $1.0 and $2.4 for the three and nine months ended September 30, 2018 and $9.9 and $14.4 for the three and nine months ended 2017, respectively [1]	(4.0)	(19.3)	(9.0)	(30.0)
Provision for legal reserves and expenses, net of recoveries, net of income tax benefit of $0.7 and $4.1 for the three and nine months ended September 30, 2018 and $2.2 and $6.4 for the three and nine months ended 2017, respectively	(2.5)	(4.2)	(15.7)	(12.0)
Discontinued operations of FMC Health and Nutrition, net of income tax benefit (expense) of $0.5 and ($4.1) for the three and nine months ended September 30, 2018 and ($21.0) and ($38.6) for the three and nine months ended 2017, respectively	0.9	8.0	18.5	(117.4)

Discontinued operations, net of income taxes	$(4.7)	$(15.1)	$(4.2)	$(157.3)

____

(1) See a roll forward of our environmental reserves as well as discussion on significant environmental issues that occurred during 2018 in Note 12.

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

Note 12: Environmental Obligations
We have reserves for potential environmental obligations which management considers probable and which management can reasonably estimate. The table below is a roll forward of our total environmental reserves, continuing and discontinued:

(in Millions)	Gross	Recoveries (3)	Net
Total environmental reserves at December 31, 2017	$432.1	$ (13.9)	$418.2
Provision (Benefit)	21.0	—	21.0
(Spending) Recoveries	(31.4)	—	(31.4)
Foreign currency translation adjustments	(0.9)	—	(0.9)
Net change	$(11.3)	$ —	$(11.3)
Total environmental reserves at September 30, 2018	$420.8	$ (13.9)	$406.9
Environmental reserves, current (1)	$98.9	$ (2.0)	$96.9
Environmental reserves, long-term (2)	321.9	(11.9)	310.0
Total environmental reserves at September 30, 2018	$420.8	$ (13.9)	$406.9

___

(1) These amounts are included within "Accrued and other liabilities" on the condensed consolidated balance sheets.
(2) These amounts are included in "Environmental liabilities, continuing and discontinued" on the condensed consolidated balance sheets.
(3) These recorded recoveries represent probable realization of claims against U.S. government agencies and are recorded as an offset to our environmental reserves in the condensed consolidated balance sheets.

The estimated reasonably possible environmental loss contingencies, net of expected recoveries, exceed amounts accrued by approximately $210 million at September 30, 2018. This reasonably possible estimate is based upon information available as of the date of the filing but the actual future losses may be higher given the uncertainties regarding the status of laws, regulations, enforcement policies, the impact of potentially responsible parties, technology and information related to individual sites. Potential environmental obligations that have not been reserved may be material to any one quarter's or year's results of operations in the future. However, we believe any such liability arising from such potential environmental obligations is not likely to have a material adverse effect on our liquidity or financial condition as it may be satisfied over many years.
The table below provides a roll forward of our environmental recoveries representing probable realization of claims against insurance carriers and other third parties. These recoveries are recorded as "Other assets including long-term receivables, net" in the condensed consolidated balance sheets.

(in Millions)	12/31/2017	Increase in recoveries	Cash received	9/30/2018
Environmental recoveries	$ 32.3	0.4	(4.2)	$ 28.5

Our net environmental provisions relate to costs for the continued cleanup of both continuing and discontinued manufacturing operations from previous years. The net provisions are comprised as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in Millions)	2018	2017	2018	2017

Environmental provisions, net - recorded to liabilities [1]	$7.8	$31.9	$21.0	$53.1
Environmental provisions, net - recorded to assets [2]	(0.4)	—	(0.4)	(0.4)
Environmental provision, net	$7.4	$31.9	$20.6	$52.7
Continuing operations [3]	$2.4	$2.7	$9.2	$8.3
Discontinued operations [4]	5.0	29.2	11.4	44.4
Environmental provision, net	$7.4	$31.9	$20.6	$52.7

---

(1) See above roll forward of our total environmental reserves as presented on the condensed consolidated balance sheets.

(2) See above roll forward of our total environmental recoveries as presented on the condensed consolidated balance sheets.

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

(3) Recorded as a component of “Restructuring and other charges (income)” on the condensed consolidated statements of income (loss). See Note 9. Environmental obligations for continuing operations primarily represent obligations at shut down or abandoned facilities within businesses that do not meet the criteria for presentation as discontinued operations.
(4) Recorded as a component of “Discontinued operations, net of income taxes" on the condensed consolidated statements of income (loss). See Note 11.

A more complete description of our environmental contingencies and the nature of our potential obligations are included in Notes 1 and 10 to our consolidated financial statements in our 2017 Form 10-K. See Note 10 to our consolidated financial statements in our 2017 Form 10-K for a description of significant updates to material environmental sites. There have been no significant updates since the information included in our 2017 Form 10-K other than the update provided below.

Middleport
Middleport Litigation
In the federal court action before the United States District Court for the Western District of New York, FMC responded to the Court’s dismissal of FMC’s action by filing a Motion to Vacate Judgment and For Leave to Amend Complaint on March 2, 2017. The purpose of this motion is to allow FMC to amend its Complaint to add a citizen’s suit under RCRA against the United States for the Environmental Protection Agency's ("EPA") failure to perform its nondiscretionary duties under the 1991 Administrative Order on Consent ("AOC"). Simultaneously, FMC served the EPA with a 60-day notice letter, which is a procedural precursor to filing the citizen’s suit complaint. On June 7, 2018, the District Court denied FMC’s motion. On August 6, 2018, FMC filed a notice of appeal in the Second Circuit, appealing both the underlying dismissal and the denial of the motion, which is still pending.

Oral arguments in the New York State Department of Environmental Conservation ("NYSDEC") appeal of the Appellate Division decision was held on March 21, 2018. On May 1, 2018, the Court issued its opinion reversing the Appellate Division’s decision and holding that NYSDEC has the authority to unilaterally spend state superfund money to cleanup sites and then seek reimbursement from FMC in a separate proceeding. We will have the opportunity to dispute the liability for, and the amount of, the costs in that proceeding.

NYSDEC has elected to unilaterally implement the remedy outside of the framework of the AOC, which is also inconsistent with the National Contingency Plan, but has not yet brought a cost recovery action against FMC. FMC’s reserves continue to reflect the reasonably estimable amount necessary to perform the remedy recommended in the Corrective Measure Study report submitted pursuant to the AOC. Our estimated reasonably possible environmental loss contingencies exposure continues to reflect the additional costs that NYSDEC may claim they are entitled to in the cost recovery action.

Note 13: Earnings Per Share
Earnings per common share (“EPS”) is computed by dividing net income by the weighted average number of common shares outstanding during the period on a basic and diluted basis.
Our potentially dilutive securities include potential common shares related to our stock options, restricted stock and restricted stock units. Diluted earnings per share (“Diluted EPS”) considers the impact of potentially dilutive securities except in periods in which there is a loss from continuing operations because the inclusion of the potential common shares would have an antidilutive effect. Diluted EPS excludes the impact of potential common shares related to our stock options in periods in which the option exercise price is greater than the average market price of our common stock for the period. For the three and nine months ended September 30, 2018, there were 0.2 million and 0.2 million

potential common shares excluded from Diluted EPS, respectively. There were no potential common shares excluded from Diluted EPS for the three months ended September 30, 2017. For the nine months ended September 30, 2017 there were 0.2 million potential common shares excluded from Diluted EPS.

Our non-vested restricted stock awards contain rights to receive non-forfeitable dividends, and thus, are participating securities requiring the two-class method of computing EPS. The two-class method determines EPS by dividing the sum of distributed earnings to common stockholders and undistributed earnings allocated to common stockholders by the weighted average number of shares of common stock outstanding for the period. In calculating the two-class method, undistributed earnings are allocated to both common shares and participating securities based on the weighted average number of shares outstanding during the period.

Table of Contents

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited) — (Continued)

Earnings applicable to common stock and common stock shares used in the calculation of basic and diluted earnings per share are as follows:

(in Millions, Except Share and Per Share Data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Earnings (loss) attributable to FMC stockholders:				
Continuing operations, net of income taxes	$77.5	$70.4	$473.9	$163.1
Discontinued operations, net of income taxes	(4.7)	(15.2)	(4.2)	(157.4)
Net income (loss) attributable to FMC stockholders	$72.8	$55.2	$469.7	$5.7
Less: Distributed and undistributed earnings allocable to restricted award holders	(0.4)	(0.3)	(2.1)	(0.7)
Net income (loss) allocable to common stockholders	$72.4	$54.9	$467.6	$5.0
Basic earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.57	$0.52	$3.50	$1.21
Discontinued operations	(0.03)	(0.11)	(0.03)	(1.17)
Net income (loss) attributable to FMC stockholders	$0.54	$0.41	$3.47	$0.04
Diluted earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.57	$0.52	$3.48	$1.20
Discontinued operations	(0.03)	(0.11)	(0.03)	(1.16)
Net income (loss) attributable to FMC stockholders	$0.54	$0.41	$3.45	$0.04
Shares (in thousands):				
Weighted average number of shares of common stock outstanding - Basic	134,852			