VENATOR

2017 Annual Report

Dear Shareholders

It is my privilege to welcome you as a Venator shareholder and to report on 2017 as a successful year for our business, our first as a public company. We made significant progress during the year and our business is performing well; however, I believe there is much more to come given Venator's potential as a business built for long-term success. With my leadership team, and under the direction of our Board, we are committed to unlocking this value for shareholders.

Simon Turner
President and Chief Executive Officer

We achieved strong financial results in 2017, reporting a five-fold increase in adjusted EBITDA, a 14 percentage point improvement in EBITDA margin compared to 2016 and free cash in excess of $200 million. These results signpost the sustainable earnings and cash generation our business can deliver well into the future, supported by our strong balance sheet, characterized by low net debt leverage.

We captured $24 million of profit improvement in 2017 as part of our $90 million Business Improvement Program, well ahead of where we expected to be at the year-end. Together with the $200 million of synergies delivered as part of the Rockwood acquisition, our profitability has been transformed at all points in the cycle.

We completed the reshaping of our manufacturing network in 2017. Our TiO_2 network has been optimized to eight manufacturing facilities in Europe, North America and Asia and we have completed site closures in our North American color pigments business. The fire at our titanium dioxide facility in Pori, Finland in January 2017 has been a challenge for our business. The fire caused considerable damage to the plant, thankfully with no injuries, and we have been able to utilize our technical expertise and network of sites to mitigate the impact on our customers as we prioritize the rebuild of our specialty capacity at the site.

2017 was a landmark year for Venator as we successfully completed the separation from Huntsman, an initial public offering and a follow-on offering. At the same time, our business remained focused on our customers and we made great strides in establishing our new corporate identity – building on our position as the trusted experts in satisfying the most challenging and demanding requirements in pigments and additives.

We continue to invest to sustain our market leading positions in high value applications. 2017 saw the launch of a new specialty TiO_2 product that brings enhanced whiteness to food and cosmetics applications and two new TiO_2 products for demanding plastics applications. These are good examples of our approach to innovation: helping customers harness improved technology and developing products with great commercial potential. As we strengthen our portfolio of differentiated and specialty applications, we are also pioneering the broader use of TiO_2, opening new opportunities in high growth markets such as sustainable energy technology.

The strength of our market position and the achievements of 2017 are largely attributable to the talent and hard work of our people over a number of years and I would like to thank all Venator associates for their considerable efforts and their continued commitment to our business.

Looking ahead, we are excited about the growth opportunities within the business, with additional benefit from our $90 million Business Improvement Program. Industry fundamentals support an elongated titanium dioxide cycle and our market leading positions in higher value TiO_2 applications and sustained ore cost advantage should further benefit this part of our business. We are also encouraged by the improving earnings trajectory of our performance additives segment, where actions we have taken to improve our portfolio and manufacturing network are expected to result in meaningful earnings and margin improvement in 2018 and beyond.

Our priorities for 2018 focus on a "zero harm" working environment, operational excellence, financial performance and delivering on our commitments to customers, employees and shareholders. I expect our business to continue to improve in 2018.

Simon Turner
President and Chief Executive Officer

2017 At-A-Glance

	Year Ended December 31,	
$ in millions, except per share amounts	**2017**	2016
Revenues	**$2,209**	$2,139
Net income (loss) attributable to Venator	**$ 134**	$ (87)
Diluted earnings (loss) per share	**$ 1.26**	$ (0.82)
Adjusted net income (loss)(1)	**$ 186**	$ (67)
Adjusted diluted earnings (loss) per share(1)	**$ 1.74**	$ (0.63)
Adjusted EBITDA(1)	**$ 395**	$ 77
Free cash flow(2)	**$ 212**	$ (20)
Capital expenditures	**$ 197**	$ 103

	December 31,	
$ in millions	**2017**	2016
Total assets	**$2,847**	$2,661
Net debt(3)	**$ 519**	$ (6)

Reporting Segment Operating Results

Titanium Dioxide

$ in millions	**2017**
Revenue	$1,604
Adjusted EBITDA	$ 387
EBITDA Margin %	*24%*

Performance Additives

$ in millions	**2017**
Revenue	$605
Adjusted EBITDA	$ 72
EBITDA Margin %	*12%*

(1) For a reconciliation see the Results of Operations included within Management's Discussion and Analysis on pages 9–10.
(2) Free cash flow is defined as cash flows provided by (used in) operating activities from continuing operations and cash flows used in investing activities from continuing operations. For a reconciliation see the Free Cash Flow Reconciliation on page 78.
(3) Net debt is defined as total debt excluding debt to affiliates, less total cash and cash equivalents.

VENATOR

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DEFINITIONS

Each capitalized term used without definition in this report has the meaning specified in the Annual Report on Form 10-K for the year ended December 31, 2017 which was filed with the Securities and Exchange Commission on February 23, 2018.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this report contains "forward-looking statements" within the meaning the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. All statements other than historical factual information are forward-looking statements, including without limitation statements regarding: projections of revenue, expenses, profit, margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, our liquidity position or other projected financial measures; management's plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, construction cost estimates, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions, divestitures, spin-offs, or other distributions, strategic opportunities, securities offerings, share repurchases, dividends and executive compensation; growth, declines and other trends in markets we sell into; new or modified laws, regulations and accounting pronouncements; legal proceedings, environmental, health and safety matters, tax audits and assessments and other contingent liabilities; foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that we intend or believe will or may occur in the future. In some cases, forward-looking statements can be identified by terminology such as "believes," "expects," "may," "will," "should," "anticipates," "estimates" or "intends" or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements.

Forward-looking statements are based on certain assumptions and expectations of future events which may not be accurate or realized. Forward-looking statements also involve risks and uncertainties, many of which are beyond our control. Important factors that may materially affect such forward-looking statements and projections include:

- volatile global economic conditions;
- cyclical and volatile titanium dioxide products markets;
- highly competitive industries and the need to innovate and develop new products;
- increased manufacturing regulations for some of our products, including the outcome of the pending potential classification of TiO_2 as a carcinogen in the European Union ("EU") or any increased regulatory scrutiny;
- disruptions in production at our manufacturing facilities and our ability to cover resulting costs, including construction costs, and lost revenue with insurance proceeds, including at our TiO_2 manufacturing facility in Pori, Finland;
- fluctuations in currency exchange rates and tax rates;
- price volatility or interruptions in supply of raw materials and energy;
- changes to laws, regulations or the interpretation thereof;
- significant investments associated with efforts to transform our business;
- differences in views with our joint venture participants;
- high levels of indebtedness;
- EHS laws and regulations;
- our ability to obtain future capital on favorable terms;
- seasonal sales patterns in our product markets;
- legal claims against us, including antitrust claims;
- our ability to adequately protect our critical information technology systems;
- economic conditions and regulatory changes following the likely exit of the United Kingdom from the EU;
- failure to maintain effective internal controls over financial reporting and disclosure;

- our indemnification of Huntsman and other commitments and contingencies;
- financial difficulties and related problems experienced by our customers, vendors, suppliers and other business partners;
- failure to enforce our intellectual property rights;
- our ability to effectively manage our labor force;
- conflicts, military actions, terrorist attacks and general instability; and
- our ability to realize the expected benefits of our separation from Huntsman.

All forward-looking statements, including, without limitation, management's examination of historical operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management's expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements whether because of new information, future events or otherwise, except as required by securities and other applicable law.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this report. Any forward-looking statements should be considered in light of the risks set forth in our annual report on Form 10-K filed on February 23, 2018.

SELECTED FINANCIAL DATA

The selected historical financial data set forth below presents our historical financial data as of and for the dates and periods indicated. You should read the selected financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated and combined financial statements and accompanying notes.

(in millions, except per share amounts)	2017	2016	2015	2014	2013
Statements of Operations Data:					
Revenues	$ 2,209	$ 2,139	$ 2,162	$ 1,549	$ 1,269
Income (loss) from continuing operations	136	(85)	(362)	(171)	(46)
Income (loss) per share from continuing operations attributable to Venator ordinary shareholders	$ 1.19	$ (0.89)	$ (3.47)	$ (1.63)	$ (0.43)
Balance Sheet Data (at period end):					
Total assets	$ 2,847	$ 2,661	$ 3,413	$ 3,933	$ 2,313
Total long-term liabilities	1,083	1,309	1,477	1,579	548
Total assets from continuing operations(a)	2,847	2,535	3,205	3,722	2,131
Total long-term liabilities from continuing operations(b)	1,083	1,231	1,359	1,447	430

(a) Defined as total assets less current assets of discontinued operations and noncurrent assets of discontinued operations.

(b) Defined as total long-term liabilities less noncurrent liabilities of discontinued operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a leading global manufacturer and marketer of chemical products that improve the quality of life for downstream consumers and promote a sustainable future. Our products comprise a broad range of innovative chemicals and formulations that bring color and vibrancy to buildings, protect and extend product life, and reduce energy consumption. We market our products globally to a diversified group of industrial customers through two segments: Titanium Dioxide, which consists of our TiO_2 business, and Performance Additives, which consists of our functional additives, color pigments, timber treatment and water treatment businesses. We are a leading global producer in many of our key product lines, including TiO_2, color pigments and functional additives, a leading North American producer of timber treatment products and a leading European producer of water treatment products. We operate 26 facilities, employ approximately 4,500 associates worldwide and sell our products in more than 110 countries.

We operate in a variety of end markets, including industrial and architectural coatings, construction materials, plastics, paper, printing inks, pharmaceuticals, food, cosmetics, fibers and films and personal care. Within these end markets, our products serve approximately 6,900 customers globally. Our production capabilities allow us to manufacture a broad range of functional TiO_2 products as well as specialty TiO_2 products that provide critical performance for our customers and sell at a premium for certain end-use applications. Our color pigments, functional additives and timber treatment products provide essential properties for our customers' end-use applications by enhancing the color and appearance of construction materials and delivering performance benefits in other applications such as corrosion and fade resistance, water repellence and flame suppression. We believe that our global footprint and broad product offerings differentiate us from our competitors and allow us to better meet our customers' needs.

For the year ended December 31, 2017, we had total revenues of $2,209 million. Adjusted EBITDA for the year ended December 31, 2017 was $387 million for our Titanium Dioxide segment and $72 million for our Performance Additives segment.

Our Titanium Dioxide and Performance Additives segments have been transformed in recent years and we have established ourselves as a market leader in each of the industries in which we operate. We invested approximately $1.3 billion in our Titanium Dioxide and Performance Additives segments from January 1, 2014 to December 31, 2017 on acquisitions, restructuring and integration. We continue to implement additional business improvements within our Titanium Dioxide and Performance Additives businesses. As a result of these efforts, we believe we are well-positioned to capitalize on the continued strength of the TiO_2 market and related growth opportunities.

Recent Developments

Initial Public Offering and Separation

On August 8, 2017, we completed our IPO of 26,105,000 ordinary shares, par value $0.001 per share (the "ordinary shares") which included 3,405,000 ordinary shares issued upon the exercise in full by the underwriters of their option to purchase additional shares, at a public offering price of $20.00 per share. All of the ordinary shares were sold by Huntsman, and we did not receive any proceeds from the offering. In conjunction with our IPO, Venator assumed the Titanium Dioxide and Performance Additives businesses of Huntsman and the related assets, liabilities and obligations and operations and entered into the separation agreement to effect the separation of this business from Huntsman. Prior to our IPO, Venator was a wholly-owned subsidiary of Huntsman. The ordinary shares began trading August 3, 2017 on the New York Stock Exchange under the symbol "VNTR."

In connection with our IPO and the separation, Venator and Huntsman entered into certain agreements that allocated between Venator and Huntsman the various assets, employees, liabilities and obligations that were previously part of Huntsman and that govern various interim and ongoing relationships between the parties.

On August 15, 2017, we registered 14,025,000 ordinary shares on Form S-8 which are reserved for issuance in connection with awards under our 2017 Stock Incentive Plan.

On December 4, 2017, we completed a secondary public offering of 21,764,800 ordinary shares. On January 3, 2018, the underwriters purchased an additional 1,948,955 ordinary shares pursuant to their over-allotment option. All of the ordinary shares were sold by Huntsman through HHN, and we did not receive any proceeds from the offering. Following our secondary public offering, including the partial exercise of the underwriters' option to purchase additional shares, Huntsman owns approximately 53% of Venator's outstanding ordinary shares.

Senior Credit Facilities and Senior Notes

On August 8, 2017, in connection with the IPO and the separation, we entered into new financing arrangements and incurred new debt, including borrowings of $375 million under a new senior secured term loan facility with a maturity of seven years (the "Term Loan Facility"). In addition to the Term Loan Facility, we entered into a $300 million asset-based revolving lending facility with a maturity of five years (the "ABL Facility" and, together with the Term Loan Facility, the "Senior Credit Facilities"). On July 14, 2017, in connection with the IPO and the separation, our subsidiaries Venator Finance S.à.r.l. and Venator Materials LLC (the "Issuers"), issued $375 million in aggregate principal amount of 5.75% of Senior Notes due 2025 (the "Senior Notes"). Promptly following consummation of the separation, the proceeds of the Senior Notes were released from escrow and Venator used the net proceeds of the Senior Notes and borrowings under the Term Loan Facility to repay approximately $732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of approximately $18 million.

Pori Fire

On January 30, 2017, our TiO_2 manufacturing facility in Pori, Finland experienced fire damage and we continue to repair the facility. Prior to the fire, 60% of the site capacity produced specialty products which, on average, contributed greater than 75% of the site EBITDA from January 1, 2015 through January 30, 2017. The Pori facility had a nameplate capacity of 130,000 metric tons per year, which represented approximately 17% of our total TiO_2 nameplate capacity and approximately 2% of total global TiO_2 demand. We are currently operating at 20% of total prior capacity producing specialty products, and we intend to restore manufacturing of the balance of these more profitable specialty products by the end of 2018. The remaining 40% of site capacity is more commoditized and, based on current market and economic conditions, associated costs and projected returns, we currently expect to rebuild this portion of the facility, but do not expect it to be reintroduced into the market prior to 2020.

We have recorded a loss of $31 million for the write-off of fixed assets and lost inventory in cost of goods sold in our consolidated and combined statements of operations for the year ended December 31, 2017. In addition, we recorded a loss of $21 million of costs for cleanup of the facility in cost of goods sold through December 31, 2017. The site is insured for property damage as well as business interruption losses subject to retained deductibles of $15 million and 60 days, respectively, with an aggregate limit of $500 million. Due to prevailing strong market conditions, our TiO_2 selling prices continue to improve and our business is benefitting from the resulting improved profitability and cash flows. This also has the effect of increasing our total anticipated business interruption losses from the Pori site. We currently believe the combination of increased TiO_2 profitability and recently estimated reconstruction costs will result in combined business interruption losses and reconstruction costs in excess of our $500 million aggregate insurance limit. We currently estimate that the total cost to rebuild the Pori facility (including the commodity portion) will exceed the limits of our insurance policy by as much as $325 million, or up to $375 million when providing additional contingency for the upper limits of our current design and construction cost estimates. This amount results from the increased contribution from insurance towards business interruption together with increased costs associated with the faster than normal build schedule of the specialty products portion of the facility, and greater equipment replacement costs as compared to lower equipment repair costs than previously estimated. We expect to account for our uncovered costs as capital expenditures and fund them from cash from operations, which will decrease our liquidity in the periods those costs in excess of our insurance limits are incurred. Based on current and anticipated market conditions, we currently expect our business interruption losses to be fully reimbursed within our insurance policy limits through 2019. However, these are preliminary estimates based on a number of significant assumptions, and as a result uninsured costs could exceed current estimates. Factors that could materially impact our current estimates include our actual future TiO_2 profitability and related impact on our business interruption losses; the accuracy of our current property damage estimates; the actual costs and timing of our reconstruction efforts; market and other factors impacting our reconstruction of the commoditized portion of the facility; our ability to secure government subsidies related to our reconstruction efforts; and a number of other significant market and facility-related assumptions. We have established a process with

our insurer to receive timely advance payments for the continued reconstruction of the facility as well as lost profits for business interruption losses, subject to policy limits. We expect to have pre-funded cash on our balance sheet resulting from these advance insurance payments. We have agreed with our insurer to have monthly meetings to review relevant site activities and interim claims as well as regular progress payments.

The fire at our Pori facility did not have a material impact on our 2017 fourth quarter operating results as losses incurred were offset by insurance proceeds. We received $253 million of non-refundable partial progress payments from our insurer through December 31, 2017 and we received an additional $62 million payment on January 10, 2018. During 2017, we recorded $187 million of income related to property damage and business interruption insurance recoveries in cost of goods sold in our consolidated and combined statements of operations to offset property damage and business interruption losses recorded during the period. In addition, we recorded $68 million as deferred income in accrued liabilities as of December 31, 2017 for insurance proceeds received for costs not yet incurred. The difference between payments received from our insurers of $253 million and the sum of income of $187 million and deferred income of $68 million is related to the foreign exchange movements of the U.S. Dollar against the Euro during 2017.

If we experience delays in construction or equipment procurement relative to the expected restart of the Pori facility, or we lose customers to alternative suppliers or our insurance proceeds do not timely cover our property damage and other losses, or if our actual costs exceed our estimates, our business may be adversely impacted.

Recent Trends and Outlook

We expect the following factors to impact our operating results in the near term:

- Favorable environment for TiO_2 price increases in the first quarter of 2018.
- Seasonal improvement in sales volumes in the first quarter of 2018 compared with the fourth quarter of 2017.
- We have established a process to receive timely advance insurance payments for the continued reconstruction of the Pori facility as well as for business interruption losses, subject to policy limits.
- Manageable increases in raw material costs in the near term.

We expect that our corporate and other costs will be approximately $50 million per year, consisting of $40 million of recurring selling, general and administrative costs to operate our business as a standalone public company, which is lower than expenses historically allocated to us from Huntsman, and approximately $10 million of costs that were previously embedded in the Huntsman Pigments and Additives division.

We continue to implement business improvements which we expect to be completed by the end of 2018 and continue to provide contributions to adjusted EBITDA. Of the $60 million we previously estimated for annualized savings, we have already realized approximately $23 million of savings through the fourth quarter of 2017 as a result of these programs, including approximately $9 million of savings realized in the fourth quarter of 2017. If successfully implemented, we expect the general cost reductions and optimization of our manufacturing network to result in additional contributions to our adjusted EBITDA of approximately $37 million per year by the first quarter of 2019, with additional projected contributions to adjusted EBITDA from volume growth (primarily via the launch of new products).

In 2018, we expect to spend approximately $120 million on capital expenditures, excluding reconstruction of our Pori, Finland facility.

In 2017, our adjusted effective tax rate was 18%. Our tax expense is significantly affected by the mix of income and losses in tax jurisdictions in which we operate. We expect our adjusted long-term effective tax rate will be approximately 15% to 20%. We believe the impact of the 2017 Tax Act on our adjusted long-term effective tax rate will not be material, given the low percentage of our global pre-tax income earned in the United States. As a result of the 2017 Tax Act we have recorded a provisional decrease of $3 million to our net deferred tax assets with a corresponding net tax expense of $3 million. Additionally, also due to the 2017 Tax Act, other income for the quarter and year ended December 31, 2017 increased by $34 million as a result of the decrease in the future expected payments to Huntsman pursuant to the tax matters agreement entered into as part of our separation. We expect our cash tax rate will be between 10% to 15% in 2018.

Results of Operations

The following table sets forth our consolidated and combined results of operations for the years ended December 31, 2017, 2016 and 2015.

(Dollars in millions)	Year Ended December 31, 2017	2016	2015	Percent Change Year Ended December 31, 2017 vs. 2016	2016 vs. 2015
Revenues	**$ 2,209**	**$ 2,139**	**$ 2,162**	**3 %**	**(1)%**
Cost of goods sold	1,738	1,987	2,046	(13)%	(3)%
Operating expenses	228	180	262	27 %	(31)%
Restructuring, impairment and plant closing and transition costs	52	35	220	49 %	(84)%
Operating income (loss)	**191**	**(63)**	**(366)**	**NM**	**(83)%**
Interest expense, net	(40)	(44)	(30)	(9)%	47 %
Other income (loss)	35	(1)	—	NM	NM
Income (loss) from continuing operations before income taxes	**186**	**(108)**	**(396)**	**NM**	**(73)%**
Income tax (expense) benefit from continuing operations	(50)	23	34	NM	(32)%
Income (loss) from continuing operations	**136**	**(85)**	**(362)**	**NM**	**(77)%**
Income from discontinued operations	8	8	10	— %	(20)%
Net income (loss)	**144**	**(77)**	**(352)**	**NM**	**(78)%**
Reconciliation of net income (loss) to adjusted EBITDA:					
Interest expense, net	40	44	30	(9)%	47 %
Income tax expense (benefit) from continuing operations	50	(23)	(34)	NM	(32)%
Depreciation and amortization	127	114	100	11 %	14 %
Net income attributable to noncontrolling interests	(10)	(10)	(7)	— %	43 %
Other adjustments:					
Business acquisition and integration expenses	5	11	44		
Separation (gain) expense, net	7	—	—		
U.S. income tax reform	(34)	—	—		
Loss (gain) on disposition of businesses/assets	—	(22)	1		
Net income of discontinued operations, net of tax	(8)	(8)	(10)		
Certain legal settlements and related expenses	1	2	3		
Amortization of pension and postretirement actuarial losses	17	10	9		
Net plant incident costs	4	1	4		
Restructuring, impairment and plant closing and transition costs	52	35	220		
Adjusted EBITDA(1)	**$ 395**	**$ 77**	**$ 8**	**413 %**	**863 %**
Net cash provided by (used in) operating activities from continuing operations	$ 337	$ 80	$ (57)	321 %	NM
Net cash used in investing activities from continuing operations	(11)	(96)	(100)	(89)%	(4)%
Net cash (used in) provided by financing activities from continuing operations	(123)	32	185	NM	(83)%
Capital expenditures	(197)	(103)	(203)	91 %	(49)%

(Dollars in millions)	Year Ended December 31, 2017			Year Ended December 31, 2016			Year Ended December 31, 2015		
	Gross	Tax(3)	Net	Gross	Tax(3)	Net	Gross	Tax(3)	Net
Reconciliation of net income (loss) to adjusted net income (loss):									
Net income (loss)			**$ 144**			**$ (77)**			**$ (352)**
Net income attributable to noncontrolling interests			(10)			(10)			(7)
Other adjustments:									
Business acquisition and integration expenses	$ 5	$ (2)	3	$ 11	$ (5)	6	$ 44	$ (8)	36
Separation (gain) expense, net	7	—	7	—	—	—	—	—	—
U.S. income tax reform	(34)	16	(18)	—	—	—	—	—	—
Loss (gain) on disposition of businesses/assets	—	—	—	(22)	5	(17)	1	—	1
Net income of discontinued operations	(11)	3	(8)	(9)	1	(8)	(13)	3	(10)
Certain legal settlements and related expenses	1	—	1	2	(1)	1	3	(1)	2
Amortization of pension and postretirement actuarial losses	17	—	17	10	—	10	9	—	9
Net plant incident (credits) costs	4	(1)	3	1	(1)	—	4	(1)	3
Restructuring, impairment and plant closing and transition costs	52	(5)	47	35	(7)	28	220	(20)	200
Adjusted net income (loss)(2)			**$ 186**			**$ (67)**			**$ (118)**
Weighted-average shares-basic			106.3			106.3			106.3
Weighted-average shares-diluted			106.7			106.3			106.3
Net income (loss) attributable to Venator Materials PLC ordinary shareholders:									
Basic			$ 1.26			$ (0.82)			$ (3.38)
Diluted			1.26			(0.82)			(3.38)
Other non-GAAP measures:									
Adjusted net income (loss) per share:(2)									
Basic			$ 1.75			$ (0.63)			$ (1.11)
Diluted			1.74			(0.63)			(1.11)

NM—Not meaningful

(1) Our management uses adjusted EBITDA to assess financial performance. Adjusted EBITDA is defined as net income (loss) before interest expense, net, income tax (expense) benefit, depreciation and amortization, and net income attributable to noncontrolling interests, as well as eliminating the following adjustments: (a) business acquisition and integration expenses; (b) separation (gain) expense, net; (c) U.S. income tax reform; (d) (gain) loss on disposition of businesses/assets; (e) net income of discontinued operations, net of tax; (f) certain legal settlements and related expenses; (g) amortization of pension and postretirement actuarial losses; (h) net plant incident (credits) costs; and (i) restructuring, impairment and plant closing and transition costs. We believe that net income (loss) is the performance measure calculated and presented in accordance with U.S. GAAP that is most directly comparable to adjusted EBITDA.

We believe adjusted EBITDA is useful to investors in assessing our ongoing financial performance and provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of our operational profitability and that may obscure underlying business results and trends. However, this measure should not be considered in isolation or viewed as a substitute for net income or other measures of performance determined in accordance with U.S. GAAP. Moreover, adjusted EBITDA as used herein is not necessarily comparable to other similarly titled measures of other companies due to potential inconsistencies in the methods of calculation. Our management believes this measure is useful to compare general operating performance from period to period and to make certain related management decisions. Adjusted EBITDA is also used by securities analysts, lenders and others in their evaluation of different companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be highly dependent on a company's capital structure, debt levels and credit ratings. Therefore, the

impact of interest expense on earnings can vary significantly among companies. In addition, the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the various jurisdictions in which they operate. As a result, effective tax rates and tax expense can vary considerably among companies. Finally, companies employ productive assets of different ages and utilize different methods of acquiring and depreciating such assets. This can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies.

Nevertheless, our management recognizes that there are limitations associated with the use of adjusted EBITDA in the evaluation of us as compared to net income. Our management compensates for the limitations of using adjusted EBITDA by using this measure to supplement U.S. GAAP results to provide a more complete understanding of the factors and trends affecting the business rather than U.S. GAAP results alone.

In addition to the limitations noted above, adjusted EBITDA excludes items that may be recurring in nature and should not be disregarded in the evaluation of performance. However, we believe it is useful to exclude such items to provide a supplemental analysis of current results and trends compared to other periods because certain excluded items can vary significantly depending on specific underlying transactions or events, and the variability of such items may not relate specifically to ongoing operating results or trends and certain excluded items, while potentially recurring in future periods, may not be indicative of future results. For example, while EBITDA from discontinued operations is a recurring item, it is not indicative of ongoing operating results and trends or future results.

(2) Adjusted net income (loss) is computed by eliminating the after-tax amounts related to the following from net income attributable to Venator Materials PLC ordinary shareholders: (a) business acquisition and integration expenses; (b) separation (gain) expense, net; (c) U.S. income tax reform; (d) loss (gain) on disposition of businesses/assets; (e) net income of discontinued operations; (f) certain legal settlements and related expenses; (g) amortization of pension and postretirement actuarial losses; (h) net plant incident (credits) costs; (i) restructuring, impairment and plant closing and transition costs. Basic adjusted net income (loss) per share excludes dilution and is computed by dividing adjusted net income (loss) by the weighted average number of shares outstanding during the period. Adjusted diluted net income (loss) per share reflects all potential dilutive ordinary shares outstanding during the period increased by the number of additional shares that would have been outstanding as dilutive securities. For the periods prior to our IPO, the average number of ordinary shares outstanding used to calculate basic and diluted adjusted net income (loss) per share was based on the ordinary shares that were outstanding at the time of our IPO. Adjusted net income (loss) and adjusted net income (loss) per share amounts are presented solely as supplemental information.

(3) The income tax impacts, if any, of each adjusting item represent a ratable allocation of the total difference between the unadjusted tax expense and the total adjusted tax expense, computed without consideration of any adjusting items using a with and without approach. We do not adjust for changes in tax valuation allowances because we do not believe it provides more meaningful information than is provided under U.S. GAAP.

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

For the year ended December 31, 2017, net income was $144 million on revenues of $2,209 million, compared with a net loss of $77 million on revenues of $2,139 million for the same period in 2016. The increase of $221 million in net income was the result of the following items:

- Revenues for the year ended December 31, 2017 increased by $70 million, or 3%, as compared with the same period in 2016. The increase was due to a $50 million, or 3%, increase in revenue in our Titanium Dioxide segment primarily due to increases in selling price, and a $20 million, or 3%, increase in revenue in our Performance Additives segment due to increases in selling price and volumes. See "—Segment Analysis" below.
- Our operating expenses for the year ended December 31, 2017 increased by $48 million, or 27%, as compared to the same period in 2016, primarily as a result of a $23 million gain on disposals of businesses and a $6 million gain from an insurance recovery in 2016, both of which were non-recurring. In addition, $14 million of incremental costs related to our separation from Huntsman were incurred during 2017, along with $6 million

of unfavorable foreign currency exchange losses. These increases were partially offset by $6 million in savings from our restructuring programs.

- Restructuring, impairment and plant closing and transition costs for the year ended December 31, 2017 increased to $52 million from $35 million for the same period in 2016. For more information concerning restructuring activities, see "Note 11. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.
- Other income for the year ended December 31, 2017 increased by $36 million primarily as a result of the change in the future expected payment to Huntsman pursuant to the tax matters agreement entered into as part of our separation. The change in future expected payment is due to the 2017 Tax Act's reduction of the U.S. federal corporate income tax rate from 35% to 21%.
- Our income tax expense for the year ended December 31, 2017 increased to $50 million from a $23 million income tax benefit for the same period in 2016. Our income tax expense is significantly affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by the presence of valuation allowances in certain tax jurisdictions. For further information concerning taxes, see "Note 18. Income Taxes" to our consolidated and combined financial statements.

Segment Analysis

(in millions)	Year Ended December 31, 2017	Year Ended December 31, 2016	Percent Change Favorable (Unfavorable)
Revenues			
Titanium Dioxide	$ 1,604	$ 1,554	3 %
Performance Additives	605	585	3 %
Total	**$ 2,209**	**$ 2,139**	**3 %**
Segment adjusted EBITDA			
Titanium Dioxide	$ 387	$ 61	534 %
Performance Additives	72	69	4 %
Corporate and other	(64)	(53)	(21)%
Total	**$ 395**	**$ 77**	**413 %**

	Year Ended December 31, 2017 vs. 2016			
	Average Selling Price(1)			
	Local Currency	Foreign Currency Translation Impact	Mix & Other	Sales Volumes(2)
Period-Over-Period Increase (Decrease)				
Titanium Dioxide	18 %	1 %	(2)%	(14)%
Performance Additives	1 %	— %	— %	2 %

NM—Not meaningful

(1) Excludes revenues from tolling arrangements, by-products and raw materials.

(2) Excludes sales volumes of by-products and raw materials.

Titanium Dioxide

The $50 million, or 3%, increase in revenues in our Titanium Dioxide segment for the year ended December 31, 2017 compared to the same period in 2016 was primarily due to an 19% improvement in selling prices, of which 1% was due to favorable foreign currency effects, partially offset by a 14% decrease in sales volumes and a 2% decrease due to product mix and other. The improvements in selling prices were primarily as a result of continued improvement in business conditions for TiO_2, allowing for an increase in prices. Sales volumes decreased primarily as a result of the fire

at our Pori, Finland manufacturing facility. Excluding the impact of the fire at our Pori plant, sales volumes decreased by 2% as compared to the same period in 2016.

Segment adjusted EBITDA of our Titanium Dioxide segment increased by $326 million for the year ended December 31, 2017 compared to the same period in 2016 primarily as a result of an increase in revenue of $321 million related to higher selling prices and a $36 million reduction in costs, primarily due to our business improvement program, offset by an increase in other manufacturing costs of $27 million.

Performance Additives

The increase in revenues in our Performance Additives segment of $20 million, or 3%, for the year ended December 31, 2017 compared to the same period in 2016 was primarily due to a $9 million increase from higher average selling prices and a 2% increase in sales volumes. The improvement in prices was primarily in our functional additives product line where we successfully raised prices to offset increases in prices of raw materials.

Segment adjusted EBITDA in our Performance Additives segment increased by $3 million, or 4%, due to increases in revenues from higher volumes and selling prices. These increases were offset by increased costs and the release of an environmental reserve relating to a previously owned property in the third quarter of 2016, which drove a net decrease in segment adjusted EBITDA year over year.

Corporate and other

Corporate and other primarily consists of corporate selling, general and administrative expenses which are not allocated to our segments. Losses from Corporate and other are $11 million, or 21%, higher than for the same period in the prior year as the costs allocated to us by our parent in 2017 prior to the separation were higher than both the historical allocations from prior periods and our cost to operate as a stand alone company after the separation.

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

For the year ended December 31, 2016, net loss from continuing operations was $85 million on revenues of $2,139 million, compared with a net loss from continuing operations of $362 million on revenues of $2,162 million in 2015. The decrease of $277 million in net loss from continuing operations was the result of the following items:

- Revenues for the year ended December 31, 2016 decreased by $23 million, or 1%, as compared with 2015. The decrease was due to lower average selling prices in all of our segments, partially offset by higher sales volumes in all of our segments. See "—Segment Analysis" below.
- Our operating expenses for the year ended December 31, 2016 decreased by $82 million, or 31%, as compared to 2015, primarily related to a $33 million decrease in acquisition expenses, $30 million decrease in other selling, general and administrative expenses as a result of cost savings from restructuring programs and a favorable $5 million foreign currency exchange impact of the strengthening U.S. dollar against other major international currencies.
- Restructuring, impairment and plant closing and transition costs for the year ended December 31, 2016 decreased to $35 million from $220 million in 2015. For more information concerning restructuring activities, see "Note 11. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.
- Our interest expense, net for the year ended December 31, 2016 increased to $44 million from $30 million in 2015, partially due to an increase in interest expense of approximately $7 million from 2015 to 2016 as a result of higher average levels of notes payable to related parties during 2016 partially offset by a $7 million decrease in interest income for the year ended December 31, 2016 as compared with 2015 resulting from a significant decrease in notes receivable from affiliates during 2016 as compared to 2015.
- Our income tax benefit for the year ended December 31, 2016 decreased to $23 million from $34 million in 2015. Our tax benefit is significantly affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by the presence of valuation allowances in certain tax jurisdictions. For further information concerning taxes, see "Note 18. Income Taxes" to our consolidated and combined financial statements.

Segment Analysis

(in millions)	Year Ended December 31, 2016	Year Ended December 31, 2015	Percent Change Favorable (Unfavorable)
Revenues			
Titanium Dioxide	$ 1,554	$ 1,584	(2)%
Performance Additives	585	578	1 %
Total	**$ 2,139**	**$ 2,162**	**(1)%**
Segment adjusted EBITDA			
Titanium Dioxide	$ 61	$ (8)	NM
Performance Additives	69	69	— %
Corporate and other	(53)	(53)	— %
Total	**$ 77**	**$ 8**	**863 %**

	Year Ended December 31, 2016 vs. 2015			
	Average Selling Price(1)			
	Local Currency	Foreign Currency Translation Impact	Mix & Other	Sales Volumes(2)
Period-Over-Period Increase (Decrease)				
Titanium Dioxide	(6)%	(1)%	1 %	4 %
Performance Additives	— %	(1)%	(2)%	4 %

NM—Not meaningful

(1) Excludes revenues from tolling arrangements, by-products and raw materials.

(2) Excludes sales volumes of by-products and raw materials.

Titanium Dioxide

The decrease in revenues of $30 million, or 2%, in our Titanium Dioxide segment for the year ended December 31, 2016 compared to the same period of 2015 was due to a $105 million, or 7%, decrease in average selling prices, partially offset by a $76 million, or 4%, increase in sales volumes. Average selling prices decreased primarily as a result of competitive pressure and the foreign currency exchange impact of a stronger U.S. dollar primarily against the euro. Sales volumes increased primarily due to increased end-use demand.

Segment adjusted EBITDA increased by approximately $69 million primarily due to the decrease in cost of sales of $68 million, a decrease in selling, general and administrative costs of $19 million, primarily as a result of restructuring savings and a decrease in other operating expenses of $11 million due to insurance proceeds received relating to the 2015 nitrogen tank explosion at our Uerdingen, Germany manufacturing facility, partially offset by a $30 million decrease in revenue. The change in cost of sales was primarily related to a $115 million decrease due to restructuring savings offset by a $47 million increase in cost of sales due to increased volumes.

Performance Additives

The increase in revenues in our Performance Additives segment of $7 million, or 1%, for the year ended December 31, 2016 compared to the same period of 2015 was due to an increase of $12 million, or 2%, due to changes in sales volumes and product mix offset by a $4 million, or 1%, decrease in average selling prices. Segment adjusted EBITDA remained unchanged as the benefit of higher sales volumes and restructuring savings were offset by lower average selling prices.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

For the year ended December 31, 2015, net loss from continuing operations was $362 million on revenues of $2,162 million, compared with a net loss from continuing operations of $171 million on revenues of $1,549 million for the same period in 2014. The increase of $191 million in net loss was the result of the following items:

- Revenues for the year ended December 31, 2015 increased by $613 million, or 40%, as compared with 2014. The increase was due principally to higher sales volumes due to the impact of the Rockwood acquisition, partially offset by lower average selling prices in both of our segments. See "—Segment Analysis" below.
- Our operating expenses for the year ended December 31, 2015 increased by $70 million, or 36%, as compared to 2014, primarily related to the inclusion of $65 million of operating expenses due to the Rockwood acquisition, offset by an unfavorable $3 million foreign currency exchange impact of the strengthening U.S. dollar against other major international currencies.
- Restructuring, impairment and plant closing and transition costs for the year ended December 31, 2015 increased to $220 million from $60 million in 2014. For more information concerning restructuring activities, see "Note 11. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.
- Interest expense, net for the year ended December 31, 2015 increased to $30 million from $2 million. The increase was primarily due to the increase in notes payable to related parties.
- Our income tax benefit for the year ended December 31, 2015 increased to $34 million from $18 million in 2014. Our tax benefit is significantly affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by the presence of valuation allowances in certain tax jurisdictions. For further information concerning taxes, see "Note 18. Income Taxes" to our consolidated and combined financial statements.

Segment Analysis

(in millions)	Year Ended December 31, 2015	Year Ended December 31, 2014	Percent Change Favorable (Unfavorable)
Revenues			
Titanium Dioxide	$ 1,584	$ 1,411	12 %
Performance Additives	578	138	319 %
Total	**$ 2,162**	**$ 1,549**	**40 %**
Segment adjusted EBITDA			
Titanium Dioxide	$ (8)	$ 62	NM
Performance Additives	69	14	393 %
Corporate and other	(53)	(49)	(8)%
Total	**$ 8**	**$ 27**	**(70)%**

	Year Ended December 31, 2015 vs. 2014			
	Average Selling Price(1)			
	Local Currency	Foreign Currency Translation Impact	Mix & Other	Sales Volumes(2),(3)
Period-Over-Period Increase (Decrease)				
Titanium Dioxide	(7)%	(12)%	36 %	(5)%
Performance Additives	(10)%	(4)%	337 %	(5)%

NM—Not meaningful

(1) Excludes revenues from tolling arrangements, by-products and raw materials.
(2) Includes the impact from the Rockwood acquisition.
(3) Excludes sales volumes of by-products and raw materials.

Titanium Dioxide

The increase in revenues in our Titanium Dioxide segment for 2015 compared to 2014 was primarily due to the impact of the Rockwood acquisition which added $411 million to revenue and $373 million to cost of sales. Fixed costs increased by $27 million due to recognizing a full year of Rockwood costs. Other than the impact of the Rockwood acquisition, average selling prices decreased 19% primarily as a result of high TiO_2 industry inventory levels and the foreign currency exchange impact of a stronger U.S. dollar against major European currencies; these factors reduced revenues by $235 million. Sales volumes decreased 5% in 2015 primarily as a result of lower end-use demand. Other than the impact of the Rockwood acquisition, fixed costs decreased by $18 million primarily due to the foreign currency exchange impact of a stronger U.S. dollar against major European currencies and $4 million in cost synergies from restructuring initiatives. The impact of a nitrogen tank explosion owned and operated by a third party at our Uerdingen, Germany facility disrupted our manufacturing during the third quarter of 2015 and reduced segment adjusted EBITDA by approximately $6 million, the impact of which is included in the above figures. The decrease in segment adjusted EBITDA was primarily due to lower average selling prices, partially offset by the decrease in operating expenses resulting from restructuring savings, as discussed above, lower raw material and energy prices, and the Rockwood acquisition.

Performance Additives

The increase in revenues in our Performance Additives segment for 2015 compared to 2014 was primarily due to the impact of the Rockwood acquisition in October 2014, which added $413 million to revenue and $308 million to cost of sales. Fixed costs increased by $73 million due to recognizing a full year of Rockwood costs, partially offset by $6 million of cost synergies. The increase of $55 million in segment adjusted EBITDA was primarily attributable to the inclusion of a full year of business results due to the Rockwood acquisition.

Liquidity and Capital Resources

Prior to the separation, our primary source of liquidity and capital resources had been cash flows from operations, our participation in a cash pooling program with Huntsman and debt incurred by Huntsman. Following the separation, we have not received any funding through the Huntsman cash pooling program. We had cash and cash equivalents of $238 million and $29 million as of December 31, 2017 and December 31, 2016, respectively. We expect to have adequate liquidity to meet our obligations over the next 12 months. Additionally, we believe our future obligations, including needs for capital expenditures will be met by available cash generated from operations and borrowings under the ABL Facility.

On August 8, 2017, in connection with our IPO and the separation, we entered into new financing arrangements and incurred new debt, including $375 million of Senior Notes issued by the Issuers, and borrowings of $375 million under the term loan facility. We used the net proceeds of the Senior Notes and the Term Loan Facility to repay approximately $732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of approximately $18 million. Substantially all Huntsman receivables or payables were eliminated in connection with the separation, other than a payable to Huntsman for a liability pursuant to the tax matters agreement entered into at the time of the separation which has been presented as “Noncurrent payable to affiliate” on our consolidated and combined balance sheet.

In addition to the Senior Notes and the Term Loan Facility, we entered into the ABL Facility. Availability to borrow under the ABL Facility is subject to a borrowing base calculation comprising both accounts receivable and inventory in the U.S., Canada, the U.K. and Germany and only accounts receivable in France and Spain. Thus, the base calculation may fluctuate from time to time and may be further impacted by the lenders’ discretionary ability to impose reserves and availability blocks that might otherwise incrementally increase borrowing availability. Assuming all proposed borrowers currently participate in the facility, the borrowing base calculation as of December 31, 2017 is in excess of $265 million. To participate in the facility, each borrower is required to deliver certain documentation and security agreements to the satisfaction of the administrative agent, some of which were not fully satisfied until January of 2018, reducing the borrowing base calculation as of December 31, 2017 to $243 million.

Items Impacting Short-Term and Long-Term Liquidity

Our liquidity can be significantly impacted by various factors. The following matters had, or are expected to have, a significant impact on our liquidity:

- Cash inflows from our accounts receivable and inventory, net of accounts payable, decreased by approximately $76 million for the year ended December 31, 2017 as reflected in our consolidated and combined statements of cash flows. We expect volatility in our working capital components to continue due to seasonal changes in working capital throughout the year.

- During 2017, we spent approximately $103 million on capital expenditures, excluding spending on the reconstruction of our Pori facility. For 2018, we expect to spend approximately $120 million on capital expenditures, excluding spending on the reconstruction of our Pori facility. Our future expenditures include certain EHS maintenance and upgrades; repair of our Pori manufacturing facility; periodic maintenance and repairs applicable to major units of manufacturing facilities; expansions of our existing facilities or construction of new facilities; and certain cost reduction projects. We expect to fund this spending with cash provided by operations.

- During the year ended December 31, 2017, we made contributions to our pension and post retirement benefit plans of $29 million. During the first quarter of 2018, we expect to contribute an additional amount of approximately $7 million to these plans.

- We are involved in a number of cost reduction programs for which we have established restructuring accruals. As of December 31, 2017, we had $34 million of accrued restructuring costs of which $11 million is classified as current. We expect to incur and pay additional restructuring and plant closing costs of approximately $30 million during 2018. For further discussion of these plans and the costs involved, see "Note 11. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.

  Further, although the business improvement program is expected to be completed by the end of 2018, we expect to incur additional restructuring charges well beyond the end of 2018. We expect the business improvement program to provide additional contributions to adjusted EBITDA during 2018.

- On January 30, 2017, our TiO_2 manufacturing facility in Pori, Finland experienced fire damage and we continue to repair the facility. Prior to the fire, 60% of the site capacity produced specialty products which, on average, contributed greater than 75% of the site EBITDA from January 1, 2015 through January 30, 2017. The Pori facility had a nameplate capacity of 130,000 metric tons per year, which represented approximately 17% of our total TiO_2 nameplate capacity and approximately 2% of total global TiO_2 demand. We are currently operating at 20% of total prior capacity producing specialty products, and we intend to restore manufacturing of the balance of these more profitable specialty products by the end of 2018. The remaining 40% of site capacity is more commoditized and, based on current market and economic conditions, associated costs and projected returns, we currently expect to rebuild this portion of the facility but do not expect it to be reintroduced into the market prior to 2020.

  The site is insured for property damage as well as business interruption losses subject to retained deductibles of $15 million and 60 days, respectively, with an aggregate limit of $500 million. Due to prevailing strong market conditions, our TiO_2 selling prices continue to improve and our business is benefitting from the resulting improved profitability and cash flows. This also has the effect of increasing our total anticipated business interruption losses from the Pori site. We currently believe the combination of increased TiO_2 profitability and recently estimated reconstruction costs will result in combined business interruption losses and reconstruction costs in excess of our $500 million aggregate insurance limit. We currently estimate that the total cost to rebuild the Pori facility (including the commodity portion) will exceed the limits of our insurance policy by as much as $325 million, or up to $375 million when providing additional contingency for the upper limits of our current design and construction cost estimates. This amount results from the increased contribution from insurance towards business interruption together with increased costs associated with the faster than normal build

schedule of the specialty products portion of the facility and greater equipment replacement costs as compared to lower equipment repair costs than previously estimated. We expect to account for our uncovered costs as capital expenditures and fund them from cash from operations, which will decrease our liquidity in the periods those costs in excess of our insurance limits are incurred. Based on current and anticipated market conditions, we currently expect our business interruption losses to be fully reimbursed within our insurance policy limits through 2019. However, these are preliminary estimates based on a number of significant assumptions, and as a result uninsured costs could exceed current estimates. Factors that could materially impact our current estimates include our actual future TiO_2 profitability and related impact on our business interruption losses; the accuracy of our current property damage estimates; the actual costs and timing of our reconstruction efforts; market and other factors impacting our reconstruction of the commoditized portion of the facility; our ability to secure government subsidies related to our reconstruction efforts; and a number of other significant market and facility-related assumptions.

We have established a process with our insurer to receive timely advance payments for the continued reconstruction of the facility as well as lost profits for business interruption losses, subject to policy limits. We have agreed with our insurer to have monthly meetings to review relevant site activities and interim claims as well as regular progress payments.

If we experience delays in construction or equipment procurement relative to the expected restart of the Pori facility, or we lose customers to alternative suppliers or our insurance proceeds do not timely cover our property damage and other losses, or if our actual costs exceed our estimates, our business may be adversely impacted.

- In connection with our IPO and the separation, we entered into new financing arrangements and incurred new debt, including the issuance of $375 million in aggregate principal amount of 5.75% of Senior Notes due 2025 and borrowings of $375 million under the Term Loan Facility. In addition to the Term Loan Facility, we entered into a $300 million ABL Facility. We used the net proceeds of the Senior Notes and the Term Loan Facility to repay approximately $732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of approximately $18 million.

- Following the separation and our IPO, we can no longer rely on Huntsman's earnings, assets, cash flow or credit and we are responsible for obtaining and maintaining sufficient working capital and servicing our debt.

As of December 31, 2017 and 2016, we had $14 million and $10 million, respectively, classified as current portion of debt.

As of December 31, 2017, we had approximately $31 million of cash and cash equivalents held outside of the U.S. and Europe, including our variable interest entities. As of December 31, 2017 our non-U.K. subsidiaries have no plan to distribute earnings in a manner that would cause them to be subject to U.K., U.S., or other local country taxation.

Prior to 2017 we were a part of Huntsman's cash pooling program. As of December 31, 2016, we had approximately $26 million of cash and cash equivalents held by our non-U.S. subsidiaries, including our variable interest entities.

Cash Flows for the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

Net cash provided by operating activities from continuing operations was $337 million for the twelve months ended December 31, 2017 while net cash provided by operating activities from continuing operations was $80 million for the twelve months ended December 31, 2016. The increase in net cash provided by operating activities from continuing operations for the twelve months ended December 31, 2017 compared with the same period of 2016 was primarily attributable to the $221 million increase in net income described in "—Results of Operations" above, a favorable increase in deferred income taxes of $33 million, and a favorable increase in depreciation and amortization expense of $13 million.

Net cash used in investing activities from continuing operations was $11 million for the twelve months ended December 31, 2017, compared to net cash used in investing activities from continuing operations of $96 million for the twelve months ended December 31, 2016. The increase in net cash provided by investing activities from continuing operations for the twelve months ended December 31, 2017 compared with the same period of 2016 was primarily attributable to an increase in (advances to) payments from affiliates of $126 million year over year. Partially offset by a net cash outflow of $9 million related to cash received and cash invested in unconsolidated affiliates and an $18 million increase in capital expenditures, net of insurance proceeds for recovery of property damage.

Net cash used in financing activities from continuing operations was $123 million for the twelve months ended December 31, 2017, compared to net cash provided by financing activities from continuing operations of $32 million for the twelve months ended December 31, 2016. The increase in net cash used in financing activities from continuing operations for the twelve months ended December 31, 2017 compared with the same period of 2016 was primarily attributable to $732 million final settlement of affiliate balances at separation and an increase in net repayments on affiliates accounts payable of $147 million from 2016 to 2017 offset by proceeds from the issuance of the Senior Notes and Senior Credit facilities net of the payment of debt issuance costs of $732 million in 2017.

Cash Flows for the Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

Net cash provided by operating activities from continuing operations for 2016 was $80 million while net cash used in operating activities from continuing operations for 2015 was $57 million. The increase in net cash provided by operating activities from continuing operations during 2016 compared with 2015 was primarily attributable to a $275 million decrease in net loss and an $11 million increase in noncash interest offset by a $57 million unfavorable variance in operating assets and liabilities for 2016 as compared with 2015 and a $94 million unfavorable variance in noncash adjustments from 2015 to 2016 for restructuring charges and impairment of assets.

Net cash used in investing activities from continuing operations for 2016 and 2015 was $96 million and $100 million, respectively. During 2016 and 2015, we paid $103 million and $203 million, respectively, for capital expenditures. During 2016 and 2015, we made investments in Louisiana Pigment Company, L.P. ("LPC") of $29 million and $42 million, respectively, and we received dividends from LPC of $32 million and $48 million, respectively. Finally, we had an unfavorable variance in advances to affiliates of $102 million from 2015 to 2016.

Net cash provided by financing activities from continuing operations for 2016 and 2015 was $32 million and $185 million, respectively. The decrease in net cash provided by financing activities from continuing operations was primarily due to a $147 million decrease in cash inflows related to net borrowings on affiliates accounts payable and a $6 million increase in dividends paid to noncontrolling interest.

Cash Flows for the Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Net cash used in operating activities from continuing operations was $57 million and $71 million for 2015 and 2014, respectively. Net cash used in operating activities from continuing operations during 2015 compared with 2014 reflects a $60 million favorable variance in operating assets and liabilities for 2015 as compared with 2014, a $136 million favorable change due to noncash adjustments in 2015 for restructuring charges and impairment of assets and noncash interest, offset by an increase in net loss as described in "—Results of Operations" above. See "Note 11. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.

Net cash used in investing activities from continuing operations for 2015 was $100 million compared to net cash provided by investing activities from continuing operations of $52 million in 2014. During 2015 and 2014, we paid $203 million and $136 million, respectively, for capital expenditures. During 2015 and 2014, we made investments in LPC of $42 million and $37 million, respectively, and we received dividends from LPC of $48 million in both periods. During 2014, we received $77 million in cash in connection with the Rockwood acquisition. We had a decrease of $3 million in net advances to affiliates.

Net cash provided by financing activities from continuing operations for 2015 and 2014 was $185 million and $53 million, respectively. The increase in net cash provided by financing activities from continuing operations was

primarily due to an increase in net borrowings from affiliate accounts payable offset by dividends paid to noncontrolling interests.

Changes in Financial Condition

The following information summarizes our working capital as of December 31, 2017 and 2016:

(Dollars in millions)	December 31, 2017	December 31, 2016	Increase (Decrease)	Percent Change
Cash and cash equivalents	$ 238	$ 29	$ 209	721 %
Accounts and notes receivable, net	380	247	133	54 %
Accounts receivable from affiliates	12	243	(231)	(95)%
Inventories	454	426	28	7 %
Prepaid expenses	19	11	8	73 %
Other current assets	66	59	7	12 %
Total current assets from continuing operations	**1,169**	**1,015**	**154**	**15 %**
Accounts payable	385	297	88	30 %
Accounts payable to affiliates	16	695	(679)	(98)%
Accrued liabilities	244	146	98	67 %
Current portion of debt	14	10	4	40 %
Total current liabilities from continuing operations	**659**	**1,148**	**(489)**	**(43)%**
Working capital (deficit)	**$ 510**	**$ (133)**	**$ 643**	**NM**

NM—Not meaningful

Our working capital increased by $643 million as a result of the net impact of the following significant changes:

- Cash and cash equivalents increased by $209 million primarily due to inflows of $337 million from operating activities from continuing operations partially offset by $11 million of cash outflows from investing activities from continuing operations and outflows of $123 million from financing activities of continuing operations.
- Accounts receivable increased by $133 million primarily due to higher revenues in the year ended December 31, 2017 compared to the year ended December 31, 2016 as well as from the impacts of discontinuing our participation in Huntsman's accounts receivable securitization program.
- Accrued liabilities increased by $98 million primarily due to deferred income recorded in connection with the partial progress payment received from our insurer related to the fire at our Pori, Finland manufacturing facility.
- Accounts receivable from and accounts payable to affiliates represent financing arrangements with affiliates of Huntsman. For further information, see "Note 14. Debt" to our consolidated and combined financial statements.

The following information summarizes our working capital as of December 31, 2016 and 2015:

(Dollars in millions)	December 31, 2016	December 31, 2015	Increase (Decrease)	Percent Change
Cash and cash equivalents	$ 29	$ 21	$ 8	38 %
Accounts and notes receivable, net	247	242	5	2 %
Accounts receivable from affiliates	243	382	(139)	(36)%
Inventories	426	556	(130)	(23)%
Prepaid expenses	11	49	(38)	(78)%
Other current assets	59	63	(4)	(6)%
Total current assets from continuing operations	**1,015**	**1,313**	**(298)**	**(23)%**
Accounts payable	297	305	(8)	(3)%
Accounts payable to affiliates	695	621	74	12 %
Accrued liabilities	146	242	(96)	(40)%
Current portion of debt	10	9	1	11 %
Total current liabilities from continuing operations	**1,148**	**1,177**	**(29)**	**(2)%**
Working (deficit) capital	**$ (133)**	**$ 136**	**$ (269)**	**NM**

Our working capital decreased by $269 million as a result of the net impact of the following significant changes:

- Cash and cash equivalents increased by $8 million primarily due to inflows of $80 million provided by operating activities from continuing operations and $32 million provided by financing activities from continuing operations offset by outflows of $96 million used in investing activities from continuing operations.
- Inventories decreased by $130 million mainly due to lower inventory volumes and lower raw material costs, primarily in the Titanium Dioxide segment.
- Prepaid expenses decreased by $38 million primarily due to the distribution of employee termination and other restructuring costs that were prefunded during the fourth quarter of 2015.
- Accounts payable decreased by $8 million primarily due to lower purchases consistent with the lower inventory balances noted above.
- Accrued liabilities decreased by $96 million primarily due to the distribution of prefunded restructuring costs.
- Accounts receivable from and accounts payable to affiliates represent financing arrangements with affiliates of Huntsman. For further information, see “Note 14. Debt—Cash Pooling Program” to our consolidated and combined financial statements.

Capital Leases

We also have lease obligations accounted for as capital leases primarily related to manufacturing facilities which are included in other long-term debt. The scheduled maturities of our commitments under capital leases are as follows (dollars in millions):

Year ending December 31:	Amount
2018	$ 2
2019	2
2020	2
2021	2
Thereafter	9
Total minimum payments	**17**
Less: Amounts representing interest	(3)
Present value of minimum lease payments	**14**
Less: Current portion of capital leases	(2)
Long-term portion of capital leases	**$ 12**

In addition to these capital leases, we entered into certain financing transactions in connection with our IPO, including the use of the net proceeds of the Senior Notes offering and borrowings under the Term Loan Facility to repay approximately $732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of approximately $18 million. The Senior Notes and the Senior Credit Facilities are described in greater detail in "Note 14. Debt" to our consolidated and combined financial statements.

Financing Arrangements

For a discussion of financing arrangements, see "Note 14. Debt" to our consolidated and combined financial statements.

A/R Programs

For a discussion of A/R programs, see "Note 14. Debt – A/R Programs" to our consolidated and combined financial statements.

Cross Currency Swap

For a discussion of cross currency swaps, see "Note 16. Derivatives – Cross Currency Swaps" to our consolidated and combined financial statements.

Contractual Obligations and Commercial Commitments

Our obligations under long-term debt (including the current portion), lease agreements and other contractual commitments from continuing operations as of December 31, 2017 are summarized below:

(Dollars in millions)	**2018**	**2019 - 2020**	**2021 - 2022**	**After 2022**	**Total**
Long-term debt, including current portion(1)	$ 14	$ 10	$ 10	$ 735	$ 769
Interest(2)	37	74	74	80	265
Operating leases	10	9	6	4	29
Purchase commitments(3)	525	352	162	68	1,107
Total(4)(5)	**$ 586**	**$ 445**	**$ 252**	**$ 887**	**$ 2,170**

(1) In connection with our IPO, we entered into the Senior Credit Facilities and two of our subsidiaries issued the Senior Notes, which includes (i) $375 million of Senior Notes and (ii) borrowings of $375 million under our term loan facility. In addition, we entered into a $300 million ABL facility at closing of our IPO, which, together with the term loan facility, we refer to as the Senior Credit Facilities. We used the net proceeds of the Senior Notes offering and the term loan facility to repay approximately $732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of approximately $18 million. For more information, See "—Financing Arrangements."

(2) Interest calculated using interest rates as of December 31, 2017 and contractual maturity dates.

(3) We have various purchase commitments extending through 2032 for materials, supplies and services entered into in the ordinary course of business. Included in the purchase commitments table above are contracts which require minimum volume purchases that extend beyond one year or are renewable annually and have been renewed for 2017. Certain contracts allow for changes in minimum required purchase volumes in the event of a temporary or permanent shutdown of a facility. To the extent the contract requires a minimum notice period, such notice period has been included in the above table. The contractual purchase price for substantially all of these contracts is variable based upon market prices, subject to annual negotiations. We have estimated our contractual obligations by using the terms of our current pricing for each contract. We also have a limited number of contracts which require a minimum payment even if no volume is purchased. We believe that all of our purchase obligations will be utilized in our normal operations. For each of the years ended December 31, 2017, 2016 and 2015, we made minimum payments of $2 million, $1 million and nil, respectively, under such take or pay contracts without taking the product.

(4) Totals do not include commitments pertaining to our pension and other postretirement obligations. Our estimated future contributions to our pension and postretirement plans are as follows:

(Dollars in millions)	2018	2019 - 2020	2021 - 2022	5-Year Average Annual
Pension plans	$ 28	$ 62	$ 66	$ 31
Other postretirement obligations	—	—	—	—

(5) The above table does not reflect expected tax payments and unrecognized tax benefits due to the inability to make reasonably reliable estimates of the timing and amount of payments. For additional discussion on unrecognized tax benefits, see "Note 18. Income Taxes" to our consolidated and combined financial statements.

Off-Balance-Sheet Arrangements

No off-balance sheet arrangements exist at this time.

Restructuring, Impairment and Plant Closing and Transition Costs

Following the Rockwood acquisition, we identified business improvement projects in our Titanium Dioxide and Performance Additives segments. We commenced implementation of such projects in December 2014 and they collectively have produced significant cost savings and improved global competitiveness for our business. The benefits of these programs were measured at the individual project level while the cost performance of the business as a whole was measured against a benchmark period (fiscal year 2014). In total, the successful completion of these programs delivered more than $200 million of annual cost synergies in 2016 relative to the year ended December 31, 2014, pro forma for the Rockwood acquisition. Approximately 85% of these cost savings were attributable to costs of goods sold and 15% were attributable to selling, general and administrative expenses.

In addition, we are currently implementing a business improvement program, which is expected to provide additional contributions to adjusted EBITDA beginning in 2017 and to be completed by the end of 2018. If successfully implemented, we expect our business improvement program to result in increased adjusted EBITDA from general cost reductions, volume growth (primarily via the launch of new products) and further optimization of our manufacturing network including the closure of certain facilities.

For further discussion of these and other restructuring plans and the costs involved, see "Note 11. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.

Augusta Matter

In February 2017, Huntsman filed suit against the legacy owner and certain former executives of Rockwood, primarily related to the failure of new technology that Huntsman acquired in the Rockwood acquisition that was to be implemented at the new Augusta, Georgia, facility and subsequently at other facilities. Huntsman is seeking various forms of legal remedy, including compensatory damages, punitive damages, expectation damages, consequential damages and restitution. Venator is not party to the suit.

Legal Proceedings

For a discussion of legal proceedings, see "Note 21. Commitments and Contingencies—Legal Matters" to our consolidated and combined financial statements.

Environmental, Health and Safety Matters

We are subject to extensive environmental regulations, which may impose significant additional costs on our operations in the future. While we do not expect any of these enactments or proposals to have a material adverse effect

on us in the near term, we cannot predict the longer-term effect of any of these regulations or proposals on our future financial condition. For a discussion of EHS matters, see “Note 22. Environmental, Health and Safety Matters” to our consolidated and combined financial statements.

Recently Issued Accounting Pronouncements

For a discussion of recently issued accounting pronouncements, see “Note 2. Recently Issued Accounting Pronouncements” to our consolidated and combined financial statements.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts in our consolidated and combined financial statements. Our significant accounting policies are summarized in “Note 1. Description of Business, Recent Developments, Basis of Presentation and Summary of Significant Accounting Policies” to our consolidated and combined financial statements. Summarized below are our critical accounting policies:

Employee Benefit Programs

We sponsor several contributory and non-contributory defined benefit plans, covering employees primarily in the U.S., the U.K., Germany and Finland, but also covering employees in a number of other countries. We fund the material plans through trust arrangements (or local equivalents) where the assets are held separately from us. We also sponsor unfunded postretirement plans which provide medical and, in some cases, life insurance benefits covering certain employees in the U.S. and Canada. Amounts recorded in our consolidated and combined financial statements are recorded based upon actuarial valuations performed by various third-party actuaries. Inherent in these valuations are numerous assumptions regarding expected long-term rates of return on plan assets, discount rates, compensation increases, mortality rates and health care cost trends. We evaluate these assumptions at least annually.

The discount rate is used to determine the present value of future benefit payments at the end of the year. For our U.S. and non-U.S. plans, the discount rates were based on the results of matching expected plan benefit payments with cash flows from a hypothetical yield curve constructed with high-quality corporate bond yields.

The following weighted-average discount rate assumptions were used for the defined benefit and other postretirement plans for the year:

	2017	2016	2015
Defined benefit plans			
Projected benefit obligation	2.21 %	2.28 %	3.27 %
Net periodic pension cost	1.86 %	3.27 %	3.12 %
Other postretirement benefit plans			
Projected benefit obligation	3.38 %	3.72 %	6.94 %
Net periodic pension cost	3.72 %	6.94 %	5.65 %

The expected return on plan assets is determined based on asset allocations, historical portfolio results, historical asset correlations and managements expected long-term return for each asset class. The expected rate of return on U.S. plan assets was 7.75% and 7.76% in 2017 and 2016, respectively, and the expected rate of return on non-U.S. plans was 5.68% and 5.19% for 2017 and 2016, respectively.

The expected increase in the compensation levels assumption reflects our long-term actual experience and future expectations.

Management, with the advice of actuaries, uses judgment to make assumptions on which our employee pension and postretirement benefit plan obligations and expenses are based. The effect of a 1% change in three key assumptions is summarized as follows (dollars in millions):

Assumptions	Statement of Operations(1)	Balance Sheet Impact(2)
Discount rate		
1% increase	$ (2)	$ (169)
1% decrease	2	207
Expected long-term rates of return on plan assets		
1% increase	(8)	—
1% decrease	8	—
Rate of compensation increase		
1% increase	3	16
1% decrease	(3)	(15)

(1) Estimated (decrease) increase on 2017 net periodic benefit cost

(2) Estimated (decrease) increase on December 31, 2017 pension and postretirement liabilities and accumulated other comprehensive loss

Income Taxes

We use the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax reporting purposes. We evaluate deferred tax assets to determine whether it is more likely than not that they will be realized. Valuation allowances are reviewed on a tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets for each jurisdiction. These conclusions require significant judgment. In evaluating the objective evidence that historical results provide, we consider the cyclicality of businesses and cumulative income or losses during the applicable period. Cumulative losses incurred over the period limit our ability to consider other subjective evidence such as our projections for the future. Changes in expected future income in applicable jurisdictions could affect the realization of deferred tax assets in those jurisdictions. As of December 31, 2017, we had total valuation allowances of $253 million. See "Note 18. Income Taxes" to our consolidated and combined financial statements.

As of December 31, 2017, our non-U.K. subsidiaries have no plan to distribute earnings in a manner that would cause them to be subject to U.K., U.S., or other local country taxation.

Accounting for uncertainty in income taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The application of income tax law is inherently complex. We are required to determine if an income tax position meets the criteria of more-likely-than-not to be realized based on the merits of the position under tax law, in order to recognize an income tax benefit. This requires us to make significant judgments regarding the merits of income tax positions and the application of income tax law. Additionally, if a tax position meets the recognition criteria of more-likely-than-not we are required to make judgments and apply assumptions in order to measure the amount of the tax benefits to recognize. These judgments are based on the probability of the amount of tax benefits that would be realized if the tax position was challenged by the taxing authorities. Interpretations and guidance surrounding income tax laws and regulations change over time. As a consequence, changes in assumptions and judgments can materially affect amounts recognized in our consolidated and combined financial statements.

Long-Lived Assets

The useful lives of our property, plant and equipment are estimated based upon our historical experience, engineering estimates and industry information and are reviewed when economic events indicate that we may not be able to recover the carrying value of the assets. The estimated lives of our property range from 3 to 50 years and depreciation

is recorded on the straight-line method. Inherent in our estimates of useful lives is the assumption that periodic maintenance and an appropriate level of annual capital expenditures will be performed. Without on-going capital improvements and maintenance, the productivity and cost efficiency declines and the useful lives of our assets would be shorter.

Management uses judgment to estimate the useful lives of our long-lived assets. At December 31, 2017, if the estimated useful lives of our property, plant and equipment had either been one year greater or one year less than their recorded lives, then depreciation expense for 2017 would have been approximately $10 million less or $12 million greater, respectively.

We are required to evaluate the carrying value of our long-lived tangible and intangible assets whenever events indicate that such carrying value may not be recoverable in the future or when management's plans change regarding those assets, such as idling or closing a plant. We evaluate impairment by comparing undiscounted cash flows of the related asset groups that are largely independent of the cash flows of other asset groups to their carrying values. Key assumptions in determining the future cash flows include the useful life, technology, competitive pressures, raw material pricing and regulations. In connection with our asset evaluation policy, we reviewed all of our long-lived assets for indicators that the carrying value may not be recoverable. During 2017, we recorded an impairment charge of $3 million related to the impairment of an unconsolidated investment. See "Note 11. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.

Restructuring and Plant Closing and Transition Costs

We recorded restructuring charges in recent periods in connection with closing certain plant locations, workforce reductions and other cost savings programs in each of our business segments. These charges are recorded when management has committed to a plan and incurred a liability related to the plan. Estimates for plant closing costs include the write-off of the carrying value of the plant, any necessary environmental and/or regulatory costs, contract termination and demolition costs. Estimates for workforce reductions and other costs savings are recorded based upon estimates of the number of positions to be terminated, termination benefits to be provided and other information, as necessary. Management evaluates the estimates on a quarterly basis and will adjust the reserve when information indicates that the estimate is above or below the currently recorded estimate. For further discussion of our restructuring activities, see "Note 11. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.

Contingent Loss Accruals

Environmental remediation costs for our facilities are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. Estimates of environmental reserves require evaluating government regulation, available technology, site-specific information and remediation alternatives. We accrue an amount equal to our best estimate of the costs to remediate based upon the available information. The extent of environmental impacts may not be fully known and the processes and costs of remediation may change as new information is obtained or technology for remediation is improved. Our process for estimating the expected cost for remediation considers the information available, technology that can be utilized and estimates of the extent of environmental damage. Adjustments to our estimates are made periodically based upon additional information received as remediation progresses. As of December 31, 2017 and 2016, we had recognized a liability of $12 million, each, related to these environmental matters. For further information, see "Note 22. Environmental, Health and Safety Matters" to our consolidated and combined financial statements.

We are subject to legal proceedings and claims arising out of our business operations. We routinely assess the likelihood of any adverse outcomes to these matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after analysis of each known claim. We have an active risk management program consisting of numerous insurance policies secured from many carriers. These policies often provide coverage that is intended to minimize the financial impact, if any, of the legal proceedings. The required reserves may change in the future due to new developments in each matter. For further information, see "Note 21. Commitments and Contingencies—Legal Proceedings" to our consolidated and combined financial statements.

Variable Interest Entities—Primary Beneficiary

We evaluate each of our variable interest entities on an on-going basis to determine whether we are the primary beneficiary. Management assesses, on an on-going basis, the nature of our relationship to the variable interest entity, including the amount of control that we exercise over the entity as well as the amount of risk that we bear and rewards we receive in regards to the entity, to determine if we are the primary beneficiary of that variable interest entity. Management judgment is required to assess whether these attributes are significant. The factors management considers when determining if we have the power to direct the activities that most significantly impact each of our variable interest entity's economic performance include supply arrangements, manufacturing arrangements, marketing arrangements and sales arrangements. We consolidate all variable interest entities for which we have concluded that we are the primary beneficiary. For the years ended December 31, 2017, 2016 and 2015, the percentage of revenues from our consolidated variable interest entities in relation to total revenues that will ultimately be attributable to Venator is approximately 5.7%, 5.4% and 4.6%, respectively. For further information, see "Note 7. Variable Interest Entities" to our consolidated and combined financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, such as changes in interest rates and foreign exchange rates. We manage these risks through normal operating and financing activities and, when appropriate, through the use of derivative instruments. We do not invest in derivative instruments for speculative purposes.

Interest Rate Risk

We are exposed to interest rate risk through the structure of our debt portfolio which includes a mix of fixed and floating rates. Actions taken to reduce interest rate risk include managing the mix and rate characteristics of various interest bearing liabilities.

The carrying value of our floating rate debt is approximately $367 million at December 31, 2017. A hypothetical 1% increase in interest rates on our floating rate debt as of December 31, 2017 would increase our interest expense by approximately $4 million on an annualized basis.

Foreign Exchange Rate Risk

We are exposed to market risks associated with foreign exchange risk. Our cash flows and earnings are subject to fluctuations due to exchange rate variation. Our revenues and expenses are denominated in various foreign currencies. We enter into foreign currency derivative instruments to minimize the short-term impact of movements in foreign currency rates. Where practicable, we generally net multicurrency cash balances among our subsidiaries to help reduce exposure to foreign currency exchange rates. Certain other exposures may be managed from time to time through financial market transactions, principally through the purchase of spot or forward foreign exchange contracts (generally with maturities of three months or less). We do not hedge our foreign currency exposures in a manner that would eliminate the effect of changes in exchange rates on our cash flows and earnings. At December 31, 2017 we had approximately $109 million notional amount (in U.S. dollar equivalents) outstanding in foreign currency contracts with a term of approximately one month.

Prior to the separation, Huntsman International, or its subsidiaries, entered into foreign currency derivatives on our behalf. As of December 31, 2016, Huntsman International or its subsidiaries, on behalf of Venator, had approximately $88 million in notional amount (in U.S. dollar equivalents) outstanding, respectively, in forward foreign currency contracts with a term of approximately one month.

In December 2017, we entered into three cross-currency swap agreements to convert a portion of our intercompany fixed-rate, U.S. dollar denominated notes, including the semi-annual interest payments and the payment of remaining principle at maturity, to a- fixed-rate, Euro denominated debt. The economic effect of the swap agreement was to eliminate the uncertainty of the cash flows in U.S. Dollars associated with the notes by fixing the principle amount at €169 million with a fixed annual rate of 3.43%. These hedges have been designated as cash flow hedges and the critical terms of the cross-currency swap agreements correspond to the underlying hedged item. These swaps mature in July 2022, which is our best estimate of the repayment date of these intercompany loans. The amount and timing of the semi-annual principle payments under the cross-currency swap also correspond with the terms of the intercompany loans. Gains and losses from these hedges offset the changes in the value of interest and principal payments as a result of changes in foreign exchange rates.

During 2018, the amount of accumulated other comprehensive loss at December 31, 2017 related to hedging transactions that is expected to be reclassified to earnings is immaterial. The actual amount that will be reclassified to earnings over the next twelve months may vary from this amount due to changing market conditions.

Commodity Price Risk

A portion of our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with the changes in the business cycle. We try protect against such instability through various business strategies. These include provisions in sales contracts allowing us to pass on higher raw material costs through timely price increases and formula price contracts to transfer or share commodity price risk. We did not have any commodity derivative instruments in place as of December 31, 2017 and 2016.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by rule 13-a 15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this annual report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of December 31, 2017, our disclosure controls and procedures were effective, in that they ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting during the three months ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Management's Report on Internal Control Over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the Company's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Venator Materials PLC

Opinion on the Financial Statements

We have audited the accompanying consolidated and combined balance sheets of Venator Materials PLC and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated and combined statements of operations, comprehensive income (loss), equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the financial statements include allocations of direct and indirect corporate expenses from Huntsman Corporation through the date of separation and are presented on a stand-alone basis as if Venator's operations had been conducted independently from Huntsman Corporation; however, prior to Separation, Venator did not operate as a separate, stand-alone entity for the periods presented and, as such, the financial statements may not be fully indicative of Venator's financial position, results of operations and cash flows as an unaffiliated company from Huntsman Corporation.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 23, 2018

We have served as the Company's auditor since 2016.

VENATOR MATERIALS PLC AND SUBSIDIARIES
CONSOLIDATED AND COMBINED BALANCE SHEETS

(In millions, except par value)	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents(a)	$ 238	$ 29
Accounts receivable (net of allowance for doubtful accounts of $5 and $4, respectively)(a)	380	247
Accounts receivable from affiliates	12	243
Inventories(a)	454	426
Prepaid expenses	19	11
Other current assets	66	59
Current assets of discontinued operations	—	84
Total current assets	**1,169**	**1,099**
Property, plant and equipment, net(a)	1,367	1,178
Intangible assets, net(a)	20	23
Investment in unconsolidated affiliates	86	85
Deferred income taxes	167	142
Notes receivable from affiliates	—	57
Other noncurrent assets	38	35
Noncurrent assets of discontinued operations	—	42
Total assets	**$ 2,847**	**$ 2,661**
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	$ 385	$ 297
Accounts payable to affiliates	16	695
Accrued liabilities(a)	244	146
Current portion of debt(a)	14	10
Current liabilities of discontinued operations	—	27
Total current liabilities	**659**	**1,175**
Long-term debt	743	13
Long-term debt to affiliates	—	882
Deferred income taxes	—	12
Other noncurrent liabilities	306	324
Noncurrent payable to affiliates	34	—
Noncurrent liabilities of discontinued operations	—	78
Total liabilities	**1,742**	**2,484**
Commitments and contingencies (Notes 21 and 22)		
Equity		
Parent's net investment and advances	—	588
Ordinary shares $0.001 par value, 200 shares authorized, 106 and nil issued and 106 and nil outstanding, respectively	—	—
Additional paid-in capital	1,311	—
Retained earnings	67	—
Accumulated other comprehensive loss	(283)	(423)
Total Venator	**1,095**	**165**
Noncontrolling interest in subsidiaries	10	12
Total equity	**1,105**	**177**
Total liabilities and equity	**$ 2,847**	**$ 2,661**

(a) At December 31, 2017 and 2016 respectively, $5 and $4 of cash and cash equivalents, $7 and $6 of accounts receivable (net), $2 and $1 of inventories, $5 and $4 of property, plant and equipment (net), $17 and $20 of intangible assets (net), $1 each of accounts payable, $4 each of accrued liabilities, and $2 each of current portion of debt from consolidated variable interest entities are included in the respective balance sheet captions above. See "Note 7. Variable Interest Entities."

See notes to consolidated and combined financial statements.

VENATOR MATERIALS PLC AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Year ended December 31, 2017	2016	2015
Trade sales, services and fees, net	**$ 2,209**	**$ 2,139**	**$ 2,162**
Cost of goods sold	**1,738**	**1,987**	**2,046**
Operating expenses:			
Selling, general and administrative (includes corporate allocations from Huntsman Corporation of $62, $104 and $90 respectively)	218	225	263
Restructuring, impairment and plant closing and transition costs	52	35	220
Other expense (income), net	10	(45)	(1)
Total expenses	**280**	**215**	**482**
Operating income (loss)	**191**	**(63)**	**(366)**
Interest expense	(100)	(59)	(52)
Interest income	60	15	22
Other income (expense)	35	(1)	—
Income (loss) from continuing operations before income taxes	**186**	**(108)**	**(396)**
Income tax (expense) benefit	(50)	23	34
Income (loss) from continuing operations	**136**	**(85)**	**(362)**
Income from discontinued operations, net of tax	8	8	10
Net income (loss)	**144**	**(77)**	**(352)**
Net income attributable to noncontrolling interests	(10)	(10)	(7)
Net income (loss) attributable to Venator	**$ 134**	**$ (87)**	**$ (359)**
Basic earnings (losses) per share:			
Income (loss) from continuing operations attributable to Venator Materials PLC ordinary shareholders	$ 1.19	$ (0.89)	$ (3.47)
Income from discontinued operations attributable to Venator Materials PLC ordinary shareholders	0.07	0.07	0.09
Net income (loss) attributable to Venator Materials PLC ordinary shareholders	**$ 1.26**	**$ (0.82)**	**$ (3.38)**
Diluted earnings (losses) per share:			
Income (loss) from continuing operations attributable to Venator Materials PLC ordinary shareholders	$ 1.18	$ (0.89)	$ (3.47)
Income from discontinued operations attributable to Venator Materials PLC ordinary shareholders	0.08	0.07	0.09
Net income (loss) attributable to Venator Materials PLC ordinary shareholders	**$ 1.26**	**$ (0.82)**	**$ (3.38)**

See notes to consolidated and combined financial statements.

VENATOR MATERIALS PLC AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Dollars in millions)	Year ended December 31,		
	2017	2016	2015
Net income (loss)	**$ 144**	**$ (77)**	**$ (352)**
Other comprehensive loss, net of tax:			
Foreign currency translation adjustment	106	32	(71)
Pension and other postretirement benefits adjustments	39	(54)	(10)
Other, net	(5)	—	(1)
Other comprehensive loss, net of tax	**140**	**(22)**	**(82)**
Comprehensive income (loss)	**284**	**(99)**	**(434)**
Comprehensive income attributable to noncontrolling interest	(10)	(10)	(7)
Comprehensive income (loss) attributable to Venator	**$ 274**	**$ (109)**	**$ (441)**

See notes to consolidated and combined financial statements.

VENATOR MATERIALS PLC AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY

	Total Venator Materials PLC Equity						
(Dollars in millions)	Parent's Net Investment and Advances	Ordinary Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2015	**$ 1,714**	**$ —**	**$ —**	**$ —**	**$ (319)**	**$ 20**	**$1,415**
Net loss	(359)	—	—	—	—	7	(352)
Net changes in other comprehensive income	—	—	—	—	(82)	—	(82)
Dividends paid to noncontrolling interests	—	—	—	—	—	(8)	(8)
Net changes in parent's net investment and advances	(243)	—	—	—	—	(2)	(245)
Balance, December 31, 2015	**$ 1,112**	**$ —**	**$ —**	**$ —**	**$ (401)**	**$ 17**	**$ 728**
Net loss	(87)	—	—	—	—	10	(77)
Net changes in other comprehensive income	—	—	—	—	(22)	—	(22)
Dividends paid to noncontrolling interests	—	—	—	—	—	(14)	(14)
Net changes in parent's net investment and advances	(437)	—	—	—	—	(1)	(438)
Balance, December 31, 2016	**$ 588**	**$ —**	**$ —**	**$ —**	**$ (423)**	**$ 12**	**$ 177**
Net income	67	—	—	67	—	10	144
Net changes in other comprehensive income	—	—	—	—	140	—	140
Dividends paid to noncontrolling interests	—	—	—	—	—	(12)	(12)
Net changes in parent's net investment and advances	653	—	—	—	—	—	653
Conversion of parent's net investment and advances to paid-in capital	(1,308)	—	1,308	—	—	—	—
Activity related to stock plans	—	—	3	—	—	—	3
Balance, December 31, 2017	**$ —**	**$ —**	**$ 1,311**	**$ 67**	**$ (283)**	**$ 10**	**$1,105**

See notes to consolidated and combined financial statements.

VENATOR MATERIALS PLC AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Year ended December 31, 2017	2016	2015
Operating Activities:			
Net income (loss)	$ 144	$ (77)	$ (352)
Income from discontinued operations, net of tax	(8)	(8)	(10)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	127	114	100
Deferred income taxes	19	(14)	(28)
Loss (gain) on disposal of assets	1	(22)	1
Noncash restructuring and impairment charges	7	10	104
Insurance proceeds for business interruption, net of gain on recovery	21	—	—
Noncash interest	18	44	33
Noncash loss (gain) on foreign currency transactions	1	(9)	(4)
Other, net	13	1	1
Changes in operating assets and liabilities:			
Accounts receivable	(24)	(12)	34
Inventories	8	106	94
Prepaid expenses	(2)	1	(42)
Other current assets	(1)	(4)	10
Other noncurrent assets	9	(9)	2
Accounts payable	51	17	5
Accrued liabilities	13	(40)	29
Other noncurrent liabilities	(60)	(18)	(34)
Net cash provided by (used in) operating activities from continuing operations	**337**	**80**	**(57)**
Net cash provided by (used in) operating activities from discontinued operations	1	17	(6)
Net cash provided by (used in) operating activities	**338**	**97**	**(63)**
Investing Activities:			
Capital expenditures	(197)	(103)	(203)
Insurance proceeds for recovery of property damage	76	—	—
Cash received from unconsolidated affiliates	44	32	48
Investment in unconsolidated affiliates	(50)	(29)	(42)
Repayment of government grant	(5)	—	—
Net payments from (advances to) affiliates	121	(5)	97
Proceeds from sale of businesses/assets	—	9	—
Net cash used in investing activities from continuing operations	**(11)**	**(96)**	**(100)**
Net cash used in investing activities from discontinued operations	(1)	(22)	(39)
Net cash used in investing activities	**(12)**	**(118)**	**(139)**
Financing Activities:			
Proceeds from short-term debt	1	1	1
Net (repayments) borrowings from affiliate accounts payable	(100)	47	194
Final settlement of affiliate balances at separation	(732)	—	—
Principal payments on long-term debt	(12)	(2)	(2)
Dividends paid to noncontrolling interests	(12)	(14)	(8)
Proceeds from issuance of long-term debt	750	—	—
Debt issuance costs paid	(18)	—	—
Net cash (used in) provided by financing activities from continuing operations	**(123)**	**32**	**185**
Net cash (used in) provided by financing activities from discontinued operations	—	(2)	9
Net cash (used in) provided by financing activities	**(123)**	**30**	**194**
Effect of exchange rate changes on cash	5	(1)	(3)
Increase (decrease) in cash and cash equivalents, including discontinued operations	208	8	(11)
Cash and cash equivalents at beginning of period, including discontinued operations	30	22	33
Cash and cash equivalents at end of period, including discontinued operations	**$ 238**	**$ 30**	**$ 22**
Supplemental cash flow information:			
Cash paid for interest	$ 28	$ 5	$ 4
Cash paid for income taxes	21	7	8
Noncash investing and financing activities:			
The amount of capital expenditures in accounts payable	$ 39	$ 21	$ 25
Received noncash settlements of notes receivable from affiliates	57	270	256
Settled noncash long-term debt to affiliates	792	145	39

See notes to consolidated and combined financial statements.

VENATOR MATERIALS PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS, RECENT DEVELOPMENTS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

For convenience in this report, the terms “our,” “us,” “we” or “Venator” may be used to refer to Venator Materials PLC and, unless the context otherwise requires, its subsidiaries.

Description of Business

Venator operates in two segments: Titanium Dioxide and Performance Additives. The Titanium Dioxide segment manufactures and sells primarily TiO_2, and operates eight TiO_2 manufacturing facilities across the globe, predominantly in Europe. The Performance Additives segment manufactures and sells functional additives, color pigments, timber treatment and water treatment chemicals. This segment operates 18 manufacturing and processing facilities in Europe, North America, Asia and Australia.

Recent Developments

U.S. Tax Reform

On December 22, 2017, the 2017 Tax Act was signed into law. The 2017 Tax Act significantly changed the U.S. corporate income tax regime by, among other things, lowering the U.S. federal corporate income tax rate from 35% to 21%, effective January 1, 2018.

As a result of the 2017 Tax Act, the Company recorded a provisional tax expense of $3 million due to a remeasurement of deferred tax assets and liabilities which represents the Company’s current best estimate. Any adjustments recorded to the provisional amounts through calendar year 2018 will be included in income as an adjustment to tax expense in the period of the adjustment. The provisional amounts incorporate assumptions made based upon the Company’s current interpretation of the 2017 Tax Act and may change as additional clarification and implementation guidance becomes available. See “Note 18. Income Taxes.”

Initial Public Offering and Separation

On August 8, 2017, we completed our IPO of 26,105,000 ordinary shares, par value $0.001 per share (the “ordinary shares”) which included 3,405,000 ordinary shares issued upon the exercise in full by the underwriters of their option to purchase additional shares, at a public offering price of $20.00 per share. All of the ordinary shares were sold by Huntsman, and we did not receive any proceeds from the offering. In conjunction with our IPO, Venator assumed the Titanium Dioxide and Performance Additives businesses of Huntsman and the related assets, liabilities and obligations and operations and entered into the separation agreement to effect the separation of this business from Huntsman. Prior to our IPO, Venator was a wholly-owned subsidiary of Huntsman. The ordinary shares began trading August 3, 2017 on the New York Stock Exchange under the symbol “VNTR.”

In connection with our IPO and the separation, Venator and Huntsman entered into certain agreements that allocated between Venator and Huntsman the various assets, employees, liabilities and obligations that were previously part of Huntsman and that govern various interim and ongoing relationships between the parties.

On August 15, 2017, we registered 14,025,000 ordinary shares on Form S-8 which are reserved for issuance in connection with awards under our 2017 Stock Incentive Plan (the “LTIP”).

On December 4, 2017, we completed a secondary public offering of 21,764,800 ordinary shares. On January 3, 2018, the underwriters purchased an additional 1,948,955 ordinary shares pursuant to their over-allotment option. All of

the ordinary shares were sold by Huntsman, through HHN, and we did not receive any proceeds from the offering. Following our secondary public offering, including the partial exercise of the underwriters' option to purchase additional shares, Huntsman owns approximately 53% of Venator's outstanding ordinary shares.

Senior Credit Facilities and Senior Notes

On August 8, 2017, in connection with the IPO and the separation, we entered into new financing arrangements and incurred new debt, including borrowings of $375 million under a new senior secured term loan facility with a maturity of seven years (the "Term Loan Facility"). In addition to the Term Loan Facility, we entered into a $300 million asset-based revolving lending facility with a maturity of five years (the "ABL Facility" and, together with the Term Loan Facility, the "Senior Credit Facilities"). On July 14, 2017, in connection with the IPO and the separation, our subsidiaries Venator Finance S.à.r.l. and Venator Materials LLC (the "Issuers"), issued $375 million in aggregate principal amount of 5.75% of Senior Notes due 2025 (the "Senior Notes"). Promptly following consummation of the separation, the proceeds of the Senior Notes were released from escrow and Venator used the net proceeds of the Senior Notes and borrowings under the Term Loan Facility to repay approximately $732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of approximately $18 million.

Pori Fire

On January 30, 2017, our TiO_2 manufacturing facility in Pori, Finland experienced fire damage and we continue to repair the facility. We have recorded a loss of $31 million for the write-off of fixed assets and lost inventory in cost of goods sold in our consolidated and combined statements of operations for the year ended December 31, 2017. In addition, we recorded a loss of $21 million of costs for cleanup of the facility in cost of goods sold through December 31, 2017. The site is insured for property damage as well as business interruption losses subject to retained deductibles of $15 million and 60 days, respectively, with an aggregate limit of $500 million.

The fire at our Pori facility did not have a material impact on our 2017 fourth quarter operating results as losses incurred were offset by insurance proceeds. We received $253 million of non-refundable partial progress payments from our insurer through December 31, 2017 and we received an additional $62 million payment on January 10, 2018. During 2017, we recorded $187 million of income related to property damage and business interruption insurance recoveries in cost of goods sold in our consolidated and combined statements of operations to offset property damage and business interruption losses recorded during the period. In addition, we recorded $68 million as deferred income in accrued liabilities as of December 31, 2017 for insurance proceeds received for costs not yet incurred. The difference between payments received from our insurers of $253 million and the sum of income of $187 million and deferred income of $68 million is related to the foreign exchange movements of the U.S. Dollar against the Euro during 2017.

Basis of Presentation

Venator's consolidated and combined financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP" or "U.S. GAAP"). Prior to the separation, Venator's operations were included in Huntsman Corporation's financial results in different legal forms, including but not limited to: (1) wholly-owned subsidiaries for which the Titanium Dioxide and Performance Additives businesses were the sole businesses; (2) legal entities which are comprised of other businesses and include the Titanium Dioxide and Performance Additives businesses; and (3) variable interest entities in which the Titanium Dioxide and Performance Additives and other businesses are the primary beneficiaries. The consolidated and combined financial statements include all revenues, costs, assets, liabilities and cash flows directly attributable to Venator, as well as allocations of direct and indirect corporate expenses, which are based upon an allocation method that in the opinion of management is reasonable. Such corporate cost allocation transactions between Venator and Huntsman Corporation have been considered to be effectively settled for cash in the consolidated and combined financial statements at the time the transaction is recorded and the net effect of the settlement of these intercompany transactions is reflected in the consolidated and combined statements of cash flows as a financing activity. Because the historical consolidated and combined financial information for the periods indicated reflect the combination of these legal entities under common control, the historical consolidated and combined financial information includes the results of operations of other Huntsman businesses are not a part of our

operations after the separation. We report the results of those other businesses as discontinued operations. Please see "Note 15. Discontinued Operations."

For purposes of these consolidated and combined financial statements, all significant transactions with Huntsman International LLC ("Huntsman International"), a wholly-owned subsidiary of Huntsman through which Huntsman operates all of its businesses, have been included in group equity. All intercompany transactions within the consolidated and combined business have been eliminated.

Huntsman Corporation's executive, information technology, environmental, health and safety and certain other corporate departments perform certain administrative and other services for Venator. Additionally, Huntsman Corporation performs certain site services for Venator. Expenses incurred by Huntsman Corporation and allocated to Venator are determined based on specific services provided or are allocated based on Venator's total revenues, total assets, and total employees in proportion to those of Huntsman Corporation. Management believes that such expense allocations are reasonable. Corporate allocations include allocated selling, general, and administrative expenses of $62 million, $104 million and $90 million for the years ended December 31, 2017, 2016 and 2015, respectively.

In the notes to consolidated and combined financial statements, all dollar and share amounts in tabulations are in millions of dollars and shares, respectively, unless otherwise indicated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

Asset Retirement Obligations

Venator accrues for asset retirement obligations, which consist primarily of asbestos abatement costs, demolition and removal costs, leasehold remediation costs and landfill closure costs, in the period in which the obligations are incurred. Asset retirement obligations are initially recorded at estimated fair value. When the related liability is initially recorded, Venator capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its estimated settlement value and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, Venator will recognize a gain or loss for any difference between the settlement amount and the liability recorded. See "Note 12. Asset Retirement Obligations."

Carrying Value of Long-Lived Assets

Venator reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability is based upon current and anticipated undiscounted cash flows, and Venator recognizes an impairment when such estimated cash flows are less than the carrying value of the asset. Measurement of the amount of impairment, if any, is based upon the difference between carrying value and fair value. Fair value is generally estimated by discounting estimated future cash flows using a discount rate commensurate with the risks involved.

Cash and Cash Equivalents

Venator considers cash in bank accounts and short-term highly liquid investments with remaining maturities of three months or less at the date of purchase to be cash and cash equivalents.

Prior to the separation, Venator participated in Huntsman International's cash pooling program. The cash pooling program was an intercompany borrowing arrangement designed to reduce Venator's dependence on external short-term borrowing. See "Note 14. Debt."

Cost of Goods Sold

Venator classifies the costs of manufacturing and distributing its products as cost of goods sold. Manufacturing costs include variable costs, primarily raw materials and energy, and fixed expenses directly associated with production. Manufacturing costs include, among other things, plant site operating costs and overhead costs (including depreciation), production planning and logistics costs, repair and maintenance costs, plant site purchasing costs, and engineering and technical support costs. Distribution, freight, and warehousing costs are also included in cost of goods sold.

Derivative Transactions and Hedging Activities

All derivatives are recorded on Venator's balance sheet at fair value. The effective portion of changes in the fair value of derivatives designated as hedges are recorded in other comprehensive income (loss) until the hedge item impacts earnings at which point the accumulated gains and losses are recognized in other income (expense), net in the consolidated and combined statements of operations. The ineffective portion of the change in fair value of derivatives accounted for as hedges and the gains and losses of derivatives not designated as hedges are recognized in earnings. See "Note 16. Derivative Instruments and Hedging Activities."

Environmental Expenditures

Environmental-related restoration and remediation costs are recorded as liabilities when site restoration and environmental remediation and cleanup obligations are either known or considered probable and the related costs can be reasonably estimated. Other environmental expenditures that are principally maintenance or preventative in nature are recorded when expended and incurred and are expensed or capitalized as appropriate. See "Note 22. Environmental, Health and Safety Matters."

Financial Instruments

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, amounts receivable from affiliates, accounts payable, amounts payable to affiliates, and accrued liabilities approximate their fair value because of the immediate or short-term maturity of these financial instruments. The fair value of non-qualified employee benefit plan investments is estimated using prevailing market prices. The estimated fair values of Venator's long-term debt are based on quoted market prices for the identical liability when traded as an asset in an active market. Such fair value approximates carrying value.

Foreign Currency Translation

Venator is domiciled in the U.K. which uses the British pound sterling, however, we report in U.S. dollars. The accounts of Venator's operating subsidiaries outside of the U.S. consider the functional currency to be the currency of the economic environment in which they operate. Accordingly, assets and liabilities are translated at rates prevailing at the balance sheet date. Revenues, expenses, gains and losses are translated at a weighted average rate for the period. Cumulative translation adjustments are recorded to equity as a component of accumulated other comprehensive loss.

Foreign currency transaction gains and losses are recorded in other income (expense) in the consolidated and combined statements of operations and were net losses of $1 million for the year ended December 31, 2017 and net gains of $9 million and $4 million for the years ended December 31, 2016 and 2015, respectively.

Income Taxes

Venator uses the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax

reporting purposes. Venator evaluates deferred tax assets to determine whether it is more likely than not that they will be realized. Valuation allowances are reviewed on a tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets for each jurisdiction. These conclusions require significant judgment. In evaluating the objective evidence that historical results provide, Venator considers the cyclicality of Venator and cumulative income or losses during the applicable period. Cumulative losses incurred over the period limits Venator's ability to consider other subjective evidence such as Venator's projections for the future. Changes in expected future income in applicable tax jurisdictions could affect the realization of deferred tax assets in those jurisdictions.

Venator is comprised of operations in various tax jurisdictions. Prior to the separation, Venator's operations were included in Huntsman Corporation's financial results in different legal forms, including but not limited to wholly-owned subsidiaries for which Venator was the sole business, components of legal entities in which Venator operated in conjunction with other Huntsman Corporation businesses and variable interest entities in which Venator is the primary beneficiary.

The consolidated and combined financial statements have been prepared from Huntsman Corporation's historical accounting records through the separation and are presented on a stand-alone basis as if Venator's operations had been conducted separately from Huntsman; however, Venator did not operate as a separate, stand-alone entity for the periods presented prior to the separation and, as such, the tax results and attributes presented prior to the separation in these consolidated and combined financial statements would not be indicative of the income tax expense or benefit, income tax related assets and liabilities and cash taxes had Venator been a stand-alone company.

Prior to the separation, the consolidated and combined financial statements were prepared under the anticipated legal structure of Venator such that the historical results of legal entities are presented as follows: The historical tax results of legal entities which file separate tax returns in their respective tax jurisdictions and which need no restructuring before being contributed are included without adjustment, including the inclusion of any currently held subsidiaries. The historical tax results of legal entities in which Venator operated in conjunction with other Huntsman Corporation businesses for which new legal entities were formed for Venator operations are presented on a stand-alone basis as if their operations had been conducted separately from Huntsman and any adjustments to current taxes payable have been treated as adjustments to parent's net investment and advances. The historical tax results of legal entities in which Venator operated in conjunction with other Huntsman Corporation businesses for which the Huntsman business were transferred out have been presented without adjustment, including the historical results of the Huntsman businesses which are unrelated to Venator operating businesses.

Prior to the separation, pursuant to tax-sharing agreements, subsidiaries of Huntsman Corporation were charged or credited, in general, with an amount of income taxes as if they filed separate income tax returns. Adjustments to current income taxes payable by Venator have been treated as adjustments to parent's net investment and advances.

Prior to the separation, Venator included the U.S. Titanium Dioxide and Performance Additives subsidiaries of Huntsman International which were treated for U.S. tax purposes as divisions of Huntsman International. Huntsman International was included in the U.S. consolidated tax return of its parent, Huntsman Corporation. The U.S. tax expense, deferred tax assets, and deferred tax liabilities in these financial statements do not necessarily reflect the tax expense, deferred tax assets, or deferred tax liabilities that would have resulted had Venator not been operated as a U.S. income tax branch structure in combination with Huntsman Corporation. A 2% U.S. state income tax rate (net of federal benefit) was estimated for Venator based upon the estimated apportionment factors and actual income tax rates in state tax jurisdictions where it had nexus. U.S. foreign tax credits relating to taxes paid by non-U.S. business entities were generated and utilized by Huntsman. On a separate entity basis, these foreign tax credits would not have been generated or utilized, therefore, no additional allocation of Huntsman foreign tax credits was necessary. Additionally, Huntsman had no U.S. net operating loss carryforward amounts ("NOLs") or similar attributes to allocate. Venator believes this methodology is reasonable and complies with Staff Accounting Bulletin Topic 1B, *Allocation of Expenses and Related Disclosure in Financial Statements of Subsidiaries, Divisions or Lesser Business Components of Another Entity*.

Accounting for uncertainty in income taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The

application of income tax law is inherently complex. Venator is required to determine if an income tax position meets the criteria of more-likely-than-not to be realized based on the merits of the position under tax law, in order to recognize an income tax benefit. This requires Venator to make significant judgments regarding the merits of income tax positions and the application of income tax law. Additionally, if a tax position meets the recognition criteria of more-likely-than-not, Venator is required to make judgments and apply assumptions in order to measure the amount of the tax benefits to recognize. The judgments are based on the probability of the amount of tax benefits that would be realized if the tax position was challenged by the taxing authorities. Interpretations and guidance surrounding income tax laws and regulations change over time. As a consequence, changes in assumptions and judgments can materially affect amounts recognized in the consolidated and combined financial statements. See "Note 18. Income Taxes."

Intangible Assets

Intangible assets are stated at cost (fair value at the time of acquisition) and are amortized using the straight-line method over the estimated useful lives or the life of the related agreement as follows:

Patents, trademarks and technology	5 - 30 years
Other intangibles	5 - 15 years

Inventories

Inventories are stated at the lower of cost or market, with cost determined using the first-in, first-out and average costs methods for different components of inventory.

Legal Costs

Venator expenses legal costs, including those legal costs incurred in connection with a loss contingency, as incurred.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives or lease term as follows:

Buildings and equipment	5 - 50 years
Plant and equipment	3 - 30 years

Normal maintenance and repairs of plant and equipment are charged to expense as incurred. Renewals, betterments, and major repairs that significantly extend the useful life of the assets are capitalized and the assets replaced, if any, are retired.

Research and Development

Research and development costs are expensed as incurred and recorded in selling, general and administrative expense. Research and development costs charged to expense were $16 million, $15 million and $17 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Revenue Recognition

Venator generates substantially all of its revenues through sales in the open market and long-term supply agreements. Venator recognizes revenue when it is realized or realizable and earned. Revenue for product sales is recognized when a sales arrangement exists, risk and title to the product transfer to the customer, collectability is reasonably assured, and pricing is fixed or determinable. The transfer of risk and title to the product to the customer usually occurs at the time shipment is made. The revenue recognition policy for sales to related parties does not differ from the policy described above.

Share-based Compensation

We measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which the employee is required to provide services in exchange for the award.

Reclassification

Certain amounts in the consolidated and combined financial statements for prior periods have been reclassified to conform with the current presentation. These reclassifications were to record the assets and liabilities as held for sale and results of operations of other businesses of Huntsman to discontinued operations. See "Note 15. Discontinued Operations."

Earnings (Losses) Per Share

Basic earnings (losses) per share excludes dilution and is computed by dividing net income (loss) attributable to Venator Materials PLC ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings (losses) per share reflects all potential dilutive ordinary shares outstanding during the period and is computed by dividing net income (loss) attributable to Venator Materials PLC ordinary shareholders by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding as dilutive securities.

NOTE 2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Pending Adoption in Future Periods

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, outlining a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and supersedes most current revenue recognition guidance. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, deferring the effective date of ASU No. 2014-09 for all entities by one year. Further, in March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, clarifying the implementation guidance on principal versus agent considerations, in April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, clarifying the implementation guidance on identifying performance obligations in a contract and determining whether an entity's promise to grant a license provides a customer with either a right to use the entity's intellectual property (which is satisfied at a point in time) or a right to access the entity's intellectual property (which is satisfied over time), in May 2016, the FASB issued ASU No. 2016-12, *Revenue from Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, providing clarifications and practical expedients for certain narrow aspects in Topic 606, and in December 2016, the FASB issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*. The amendments in these ASUs are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The amendments in ASU No. 2014-09, ASU No. 2016-08, ASU No. 2016-10, ASU No. 2016-12 and ASU No. 2016-20 should be applied retrospectively, and early application is permitted. We are substantially complete with our analysis to identify areas that will be impacted by the adoption of the amendments in ASU No. 2014-09, ASU No. 2016-08, ASU No. 2016-10, ASU No. 2016-12 and ASU No. 2016-20 on our financial statements. At this time, other than additional required disclosures, we do not expect the adoption of the amendments in these ASUs to have a significant impact on our financial statements. The standard will be adopted in our fiscal year 2018 and we have elected the modified retrospective approach as the transition method.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this ASU will increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU will require lessees to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use

asset representing its right to use the underlying asset for the lease term. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early application of the amendments in this ASU is permitted for all entities. Reporting entities are required to recognize and measure leases under these amendments at the beginning of the earliest period presented using a modified retrospective approach. We are currently evaluating the impact of the adoption of the amendments in this ASU on our financial statements and believe, based on our preliminary assessment, that we will record significant additional right-of-use assets and lease obligations.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*: *Classification of Certain Cash Receipts and Cash Payments*. The amendments in this ASU clarify and include specific guidance to address diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. The amendments in this ASU should be applied using a retrospective transition method to each period presented. We do not expect the adoption of the amendments in this ASU to have a significant impact on our financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. The amendments in this ASU require entities to recognize the current and deferred income taxes for an intra-entity transfer of an asset other than inventory when the transfer occurs, as opposed to deferring the recognition of the income tax consequences until the asset has been sold to an outside party. The amendments in this ASU are effective for annual reporting periods beginning after December 31, 2017, including interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued or made available for issuance. The amendments in this ASU should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. We do not expect the adoption of the amendments in this ASU to have a significant impact on our financial statements.

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*. The amendments in this ASU require that an employer report the service cost component of net periodic pension cost and net periodic postretirement benefit cost in the same line items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside of income from operations. The amendments in this ASU also allow only the service cost component to be eligible for capitalization when applicable (for example, as a cost of internally manufactured inventory or a self-constructed asset). The amendments in this ASU are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The amendments in this ASU should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit cost in assets. The amendments in this ASU will impact the presentation of our financial statements. Our current presentation of service cost components is consistent with the amendments in this ASU. Upon adoption of the amendments in this ASU, we expect to present the other components within other nonoperating income, whereas we currently present these within cost of goods sold and selling, general and administrative expenses. We do not expect the adoption of this standard to impact our net income.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The amendments in this ASU better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships as well as the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements to increase the understandability of the results of an entity's intended hedging strategies. The amendments in this ASU also include certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted in any interim period after the issuance of this ASU. Transition requirements and elections

should be applied to hedging relationships existing on the date of adoption. For cash flow and net investment hedges, an entity should apply a cumulative-effect adjustment related to eliminating the separate measurement of ineffectiveness, and the amended presentation and disclosure guidance is required only prospectively. We do not expect the adoption of this ASU to have a significant impact on our financial statements.

NOTE 3. EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share excludes dilution and is computed by dividing net loss attributable to Venator ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings (losses) per share reflects all potential dilutive ordinary shares outstanding during the period and is computed by dividing net income (loss) available to Venator ordinary shareholders by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding as dilutive securities. For the periods prior to our IPO, the average number of ordinary shares outstanding used to calculate basic and diluted earnings (losses) per share was based on the ordinary shares that were outstanding at the time of our IPO.

Basic and diluted earnings (losses) per share is determined using the following information:

	For the years ended December 31,		
	2017	**2016**	**2015**
Numerator:			
Basic and diluted income (loss) from continuing operations:			
Income (loss) from continuing operations attributable to Venator Materials PLC ordinary shareholders	$ 126	$ (95)	$ (369)
Basic and diluted income from discontinued operations:			
Income from discontinued operations attributable to Venator Materials PLC ordinary shareholders	$ 8	$ 8	$ 10
Basic and diluted net income (loss):			
Net income (loss) attributable to Venator Materials PLC ordinary shareholders	$ 134	$ (87)	$ (359)
Denominator:			
Weighted average shares outstanding	106.3	106.3	106.3
Dilutive share-based awards	0.4	—	—
Total weighted average shares outstanding, including dilutive shares	106.7	106.3	106.3

For each of the years ended December 31, 2017, 2016 and 2015, the number of anti-dilutive employee share-based awards excluded from the computation of diluted EPS was not significant.

NOTE 4. INVENTORIES

Inventories are stated at the lower of cost or market, with cost determined using first-in, first-out and average cost methods for different components of inventory. Inventories at December 31, 2017 and 2016 consisted of the following:

	December 31,	
	2017	**2016**
Raw materials and supplies	$ 149	$ 134
Work in process	46	46
Finished goods	259	246
Total	**$ 454**	**$ 426**

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

The cost and accumulated depreciation of property, plant and equipment at December 31, 2017 and 2016 were as follows:

	December 31,	
	2017	**2016**
Land and land improvements	$ 101	$ 96
Buildings	236	214
Plant and equipment	2,048	1,789
Construction in progress	255	102
Total	**2,640**	2,201
Less accumulated depreciation	(1,273)	(1,023)
Property, plant, and equipment—net	**$ 1,367**	**$ 1,178**

Depreciation expense for the years ended December 31, 2017, 2016 and 2015 was $124 million, $110 million and $99 million, respectively.

NOTE 6. INVESTMENT IN UNCONSOLIDATED AFFILIATES

Investments in companies in which we exercise significant influence, but do not control, are accounted for using the equity method. Investments in companies in which we do not exercise significant influence are accounted for using the cost method.

Tioxide Americas Inc., a wholly-owned subsidiary of Venator, has a 50% interest in Louisiana Pigment Company, L.P. ("LPC"). Located in Lake Charles, Louisiana, LPC is a joint venture that produces TiO_2 for the exclusive benefit of each of the joint venture partners. In accordance with the joint venture agreement, this plant operates on a break-even basis. This investment is accounted for using the equity method and totaled $86 million and $81 million at December 31, 2017 and 2016, respectively.

During 2012, we made a $3 million investment in White Mountain Titanium Corporation, which reflects a 3% ownership interest. This investment was accounted for using the cost method and totaled $3 million at December 31, 2016. In 2017, the investment was impaired and written off to nil due to the company going bankrupt.

NOTE 7. VARIABLE INTEREST ENTITIES

We evaluate our investments and transactions to identify variable interest entities for which we are the primary beneficiary. We hold a variable interest in the following joint ventures for which we are the primary beneficiary:

- Pacific Iron Products Sdn Bhd is our 50%-owned joint venture with Coogee Chemicals that manufactures products for Venator. It was determined that the activities that most significantly impact its economic performance are raw material supply, manufacturing and sales. In this joint venture we supply all the raw materials through a fixed cost supply contract, operate the manufacturing facility and market the products of the joint venture to customers. Through a fixed price raw materials supply contract with the joint venture we are exposed to the risk related to the fluctuation of raw material pricing. As a result, we concluded that we are the primary beneficiary.

- Viance, LLC ("Viance") is our 50%-owned joint venture with Dow. Viance markets timber treatment products for Venator. Our joint venture interest in Viance was acquired as part of the Rockwood acquisition. It was determined that the activity that most significantly impacts its economic performance is manufacturing. The joint venture sources all of its products through a contract manufacturing arrangement at our Harrisburg, North Carolina facility and we bear a disproportionate amount of working capital risk of loss due to the supply arrangement whereby we control manufacturing on Viance's behalf. As a result, we concluded that we are the primary beneficiary and began consolidating Viance upon the Rockwood acquisition on October 1, 2014.

Creditors of these entities have no recourse to Venator's general credit. As the primary beneficiary of these variable interest entities at December 31, 2017, the joint ventures' assets, liabilities and results of operations are included in Venator's consolidated and combined financial statements.

The revenues, income from continuing operations before income taxes and net cash provided by operating activities for our variable interest entities are as follows:

	Year ended December 31,		
	2017	2016	2015
Revenues	$ 127	$ 116	$ 100
Income from continuing operations before income taxes	21	21	13
Net cash provided by operating activities	25	26	17

NOTE 8. INTANGIBLE ASSETS

	December 31, 2017			December 31, 2016		
	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
Patents, trademarks and technology	$ 17	$ 6	$ 11	$ 18	$ 1	$ 17
Other intangibles	15	6	9	14	8	6
Total	**$ 32**	**$ 12**	**$ 20**	**$ 32**	**$ 9**	**$ 23**

Amortization expense was $3 million, $4 million and $1 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Our estimated future amortization expense for intangible assets over the next five years is as follows:

Year ending December 31,	Amount
2018	$ 3
2019	4
2020	3
2021	4
2022	3

NOTE 9. OTHER NONCURRENT ASSETS

Other noncurrent assets at December 31, 2017 and 2016 consisted of the following:

	December 31,	
	2017	2016
Spare parts inventory	$ 13	$ 13
Notes receivable	9	7
Pension assets	1	4
Debt issuance costs	4	—
Other	11	11
Total	**$ 38**	**$ 35**

NOTE 10. ACCRUED LIABILITIES

Accrued liabilities at December 31, 2017 and 2016 consisted of the following:

	December 31, 2017	December 31, 2016
Payroll and benefits	$ 50	$ 50
Restructuring and plant closing costs	11	14
Rebate accrual	22	25
Current taxes payable	14	4
Asset retirement obligation	19	13
Taxes other than income taxes	2	2
Pension liabilities	1	1
Deferred income	69	—
Other miscellaneous accruals	56	37
Total	**$ 244**	**$ 146**

NOTE 11. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING AND TRANSITION COSTS

Venator has initiated various restructuring programs in an effort to reduce operating costs and maximize operating efficiency. As of December 31, 2017, 2016 and 2015, accrued restructuring and plant closing costs by type of cost and initiative consisted of the following:

	Workforce reductions(1)	Other restructuring costs	Total(2)
Accrued liabilities as of January 1, 2015	**$ 59**	**$ —**	**$ 59**
Adjustment to Titanium Dioxide and Performance Additives opening balance sheet liabilities	1	—	1
2015 charges for 2014 and prior initiatives	67	15	82
2015 charges for 2015 initiatives	23	6	29
2015 payments for 2014 and prior initiatives	(44)	(15)	(59)
2015 payments for 2015 initiatives	(10)	(6)	(16)
Foreign currency effect on liability balance	(6)	—	(6)
Accrued liabilities as of December 31, 2015	**$ 90**	**$ —**	**$ 90**
2016 charges for 2015 and prior initiatives	3	16	19
2016 charges for 2016 initiatives	6	—	6
Distribution of prefunded restructuring costs	(36)	—	(36)
2016 payments for 2015 and prior initiatives	(36)	(16)	(52)
2016 payments for 2016 initiatives	(6)	—	(6)
Accrued liabilities as of December 31, 2016	**$ 21**	**$ —**	**$ 21**
2017 charges for 2016 and prior initiatives	—	8	8
2017 charges for 2017 initiatives	33	4	37
Reversal of reserves no longer required	(1)	—	(1)
2017 payments for 2016 and prior initiatives	(12)	(8)	(20)
2017 payments for 2017 initiatives	(8)	(4)	(12)
Foreign currency effect on liability balance	1	—	1
Accrued liabilities as of December 31, 2017	**$ 34**	**$ —**	**$ 34**

(1) The total workforce reduction reserves of $34 million relate to the termination of 205 positions, of which zero positions had been terminated as of December 31, 2017.

(2) Accrued liabilities remaining at December 31, 2017, 2016 and 2015 by year of initiatives were as follows:

	December 31,		
	2017	2016	2015
2015 initiatives and prior	$ 9	$ 21	$ 90
2016 initiatives	—	—	—
2017 initiatives	25	—	—
Total	**$ 34**	**$ 21**	**$ 90**

Details with respect to our reserves for restructuring, impairment and plant closing and transition costs are provided below by segment and initiative:

	Titanium Dioxide	Performance Additives	Total
Accrued liabilities as of January 1, 2015	**$ 49**	**$ 10**	**$ 59**
Adjustment to Titanium Dioxide and Performance Additives opening balance sheet liabilities	—	1	1
2015 charges for 2014 and prior initiatives	46	36	82
2015 charges for 2015 initiatives	29	—	29
2015 payments for 2014 and prior initiatives	(46)	(13)	(59)
2015 payments for 2015 initiatives	(16)	—	(16)
Foreign currency effect on liability balance	(5)	(1)	(6)
Accrued liabilities as of December 31, 2015	**$ 57**	**$ 33**	**$ 90**
2016 charges for 2015 and prior initiatives	3	16	19
2016 charges for 2016 initiatives	6	—	6
Distribution of prefunded restructuring costs	(23)	(13)	(36)
2016 payments for 2015 and prior initiatives	(23)	(29)	(52)
2016 payments for 2016 initiatives	(6)	—	(6)
Foreign currency effect on liability balance	(2)	2	—
Accrued liabilities as of December 31, 2016	**$ 12**	**$ 9**	**$ 21**
2017 charges for 2016 and prior initiatives	4	4	8
2017 charges for 2017 initiatives	34	3	37
Reversal of reserves no longer required	(1)	—	(1)
2017 payments for 2016 and prior initiatives	(9)	(11)	(20)
2017 payments for 2017 initiatives	(10)	(2)	(12)
Foreign currency effect on liability balance	—	1	1
Accrued liabilities as of December 31, 2017	**$ 30**	**$ 4**	**$ 34**
Current portion of restructuring reserves	$ 7	$ 4	$ 11
Long-term portion of restructuring reserve	23	—	23

Details with respect to cash and noncash restructuring charges for the years ended December 31, 2017, 2016 and 2015 by initiative are provided below:

Cash charges	$	45
Accelerated depreciation		3
Impairment of assets		3
Other non-cash charges		1
Total 2017 Restructuring, Impairment of Plant Closing and Transition Costs	**$**	**52**
Cash charges	$	25
Accelerated depreciation		8
Impairment of assets		1
Other non-cash charges		1
Total 2016 Restructuring, Impairment of Plant Closing and Transition Costs	**$**	**35**
Cash charges	$	113
Pension-related charges		3
Accelerated depreciation		68
Impairment of assets		19
Other non-cash charges		17
Total 2015 Restructuring, Impairment and Plant Closing and Transition Costs	**$**	**220**

In December 2014, we implemented a comprehensive restructuring program to improve the global competitiveness of our Titanium Dioxide and Performance Additives segments. As part of the program, we are reducing our workforce by approximately 900 positions. In connection with this restructuring program, we recorded restructuring expense of $3 million for the year ended December 31, 2016. We recorded charges of $61 million for workforce reductions, $3 million for pension related charges and $15 million in other restructuring costs associated with this initiative in 2015.

In February 2015, we announced a plan to close the black end manufacturing operations and ancillary activities at our Calais, France site, which will reduce our TiO_2 capacity by approximately 100 kilotons, or 11% of our global TiO_2 capacity. In connection with this closure, we recorded restructuring expense of $1 million in the year ended December 31, 2016. In 2015 we recorded accelerated depreciation of $68 million as restructuring impairment, and plant closing costs, we recorded charges of $30 million primarily for workforce reductions and we recorded non-cash charges of $17 million. All expected charges have been incurred as of the end of 2016.

In July 2016, we announced plans to close our Umbogintwini, South Africa TiO_2 manufacturing facility. As part of the program, we recorded restructuring expense of approximately $4 million and $6 million for the years ended December 31, 2017 and 2016, respectively. We recorded an impairment charges of $1 million and $19 million for our Umbogintwini facility in 2016 and 2015, respectively. We expect to incur additional charges of approximately $11 million through 2021.

In March 2017, we announced a plan to close the white end finishing and packaging operation of our TiO_2 manufacturing facility at our Calais, France site. The announced plan follows the 2015 closure of the black end manufacturing operations and would result in the closure of the entire facility. In connection with this closure, we recorded restructuring expense of $34 million in the year ended December 31, 2017. We recorded $8 million of accelerated depreciation on the remaining long-lived assets associated with this manufacturing facility during the year ended December 31, 2016. We expect to incur additional charges of approximately $44 million through the end of 2021.

In September 2017, we announced a plan to close our St. Louis and Easton manufacturing facilities. As part of the program, we recorded restructuring expense of approximately $7 million for the year ended December 31, 2017 of which $3 million was accelerated depreciation. We expect to incur $21 million of accelerated depreciation and $1 million of other non-cash charges through the end of 2018.

NOTE 12. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations consist primarily of asbestos abatement costs, demolition and removal costs, leasehold remediation costs and landfill closure costs. Venator is legally required to perform capping and closure and post-closure care on the landfills and asbestos abatement on certain of its premises. For each asset retirement obligation, Venator recognized the estimated fair value of a liability and capitalized the cost as part of the cost basis of the related asset.

The following table describes changes to Venator's asset retirement obligation liabilities:

	December 31, 2017	December 31, 2016
Asset retirement obligations at beginning of year	**$ 39**	**$ 44**
Accretion expense	2	2
Liabilities incurred	5	—
Liabilities settled	(5)	(4)
Foreign currency effect on reserve balance	4	(3)
Asset retirement obligations at end of year	**$ 45**	**$ 39**

NOTE 13. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities at December 31, 2017 and 2016 consisted of the following:

	December 31, 2017	December 31, 2016
Pension liabilities	$ 230	$ 266
Employee benefit accrual	4	5
Asset retirement obligations	26	26
Other postretirement benefits	3	3
Environmental reserves	11	12
Restructuring and plant closing costs	23	7
Other	9	5
Total	**$ 306**	**$ 324**

NOTE 14. DEBT

Outstanding debt, net of issuance costs of $12 million as of December 31, 2017, consisted of the following:

	December 31, 2017	December 31, 2016
Senior notes	$ 370	$ —
Term loan facility	367	—
Other	20	23
Total debt—excluding debt to affiliates	**$ 757**	**$ 23**
Less: short-term debt and current portion of long-term debt	14	10
Total long-term debt—excluding debt to affiliates	**$ 743**	**$ 13**
Long-term debt to affiliates	—	882
Total debt	**$ 743**	**$ 895**

The estimated fair values of the Term Loan Facility, was $378 million as of December 31, 2017. The estimated fair value of the Senior Notes, was $396 million as of December 31, 2017. The estimated fair values of the Senior Notes and the Term Loan Facility are based upon quoted market prices (Level 1).

The weighted average interest rate on our outstanding balances under the Senior notes and Term loan facility as of December 31, 2017 is approximately 5%.

Senior Notes

On July 14, 2017, the Issuers entered into an indenture in connection with the issuance of the Senior Notes. The Senior Notes are general unsecured senior obligations of the Issuers and are guaranteed on a general unsecured senior basis by Venator and certain of Venator's subsidiaries. The indenture related to the Senior Notes imposes certain limitations on the ability of Venator and certain of its subsidiaries to, among other things, incur additional indebtedness secured by any principal properties, incur indebtedness of non-guarantor subsidiaries, enter into sale and leaseback transactions with respect to any principal properties and consolidate or merge with or into any other person or lease, sell or transfer all or substantially all of its properties and assets. The Senior Notes bear interest of 5.75% per year payable semi-annually and will mature on July 15, 2025. The Issuers may redeem the Senior Notes in whole or in part at any time prior to July 15, 2020 at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, and an early redemption premium, calculated on an agreed percentage of the outstanding principal amount, providing compensation on a portion of foregone future interest payables. The Senior Notes will be redeemable in whole or in part at any time on or after July 15, 2020 at the redemption prices set forth in the indenture, plus accrued and unpaid interest, if any, up to, but not including, the redemption date. In addition, at any time prior to July 15, 2020, the Issuers may redeem up to 40% of the aggregate principal amount of the Senior Notes with an amount not greater than the net cash proceeds of certain equity offerings or contributions to Venator's equity at 105.75% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date. Upon the occurrence of certain change of control events (other than the separation), holders of the Venator Notes will have the right to require that the Issuers purchase all or a portion of such holder's Senior Notes in cash at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.

Senior Credit Facilities

On August 8, 2017, we entered into the Senior Credit Facilities that provide for first lien senior secured financing of up to $675 million, consisting of:

- the Term Loan Facility in an aggregate principal amount of $375 million, with a maturity of seven years; and
- the ABL Facility in an aggregate principal amount of up to $300 million, with a maturity of five years.

The Term Loan Facility will amortize in aggregate annual amounts equal to 1% of the original principal amount of the Term Loan Facility, payable quarterly commencing in the fourth quarter of 2017.

Availability to borrow under the $300 million of commitments under the ABL Facility is subject to a borrowing base calculation comprised of accounts receivable and inventory in U.S., Canada, the U.K., Germany and accounts receivable in France and Spain, that fluctuate from time to time and may be further impacted by the lenders' discretionary ability to impose reserves and availability blocks that might otherwise incrementally increase borrowing availability. As a result, the aggregate amount available for extensions of credit under the ABL Facility at any time is the lesser of $300 million and the borrowing base calculated according to the formula described above minus the aggregate amount of extensions of credit outstanding under the ABL Facility at such time.

Borrowings under the Term Loan Facility bear interest at a rate equal to, at Venator's option, either (a) a London Interbank Offering Rate ("LIBOR") based rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs subject to an interest rate floor to be agreed or (b) a base rate determined by reference to the highest of (i) the rate of interest per annum determined from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City, (ii) the federal funds rate plus 0.50% per annum and (iii) the one-month adjusted LIBOR plus 1.00% per annum, in each case plus an applicable margin to be agreed upon. Borrowings under the ABL Facility bear interest at a variable rate equal to an applicable margin based on the applicable quarterly average excess availability under the ABL Facility plus either a LIBOR or a base rate. The applicable margin percentage is calculated and established once every

three calendar months and varies from 150 to 200 basis points for LIBOR loans depending on the quarterly average excess availability under the ABL Facility for the immediately preceding three month period.

Guarantees

All obligations under the Senior Credit Facilities are guaranteed by Venator and substantially all of our subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of Venator and the Guarantors, in each case subject to certain exceptions. Lien priority as between the Term Loan Facility and the ABL Facility with respect to the collateral will be governed by an intercreditor agreement.

Substantially all of our U.S. operations and certain of their foreign subsidiary holdings fully and unconditionally guaranteed Huntsman International's outstanding notes. Upon the separation, such operations and entities no longer guarantee Huntsman International's outstanding notes. As of December 31, 2016, Huntsman International and its guarantors had third-party debt outstanding of $3,793 million. As of December 31, 2016, our U.S. operations and certain of our foreign subsidiaries had total assets, excluding intercompany amounts, of $502 million.

Cash Pooling Program

Prior to the separation, Venator addressed cash flow needs by participating in a cash pooling program with Huntsman. Cash pooling transactions were recorded as either amounts receivable from affiliates or amounts payable to affiliates and are presented as "Net advances to affiliates" and "Net borrowings on affiliate accounts payable" in the investing and financing sections, respectively, in the consolidated and combined statements of cash flows. Interest income was earned if an affiliate was a net lender to the cash pool and paid if an affiliate was a net borrower from the cash pool based on a variable interest rate determined historically by Huntsman. Venator exited the cash pooling program prior to the separation and all receivables and payables generated through the cash pooling program were settled in connection with the separation.

Notes Receivable and Payable of Venator to Subsidiaries of Huntsman International

As of December 31, 2017 and 2016, Venator had notes receivable outstanding from affiliates of nil and $57 million, respectively, long-term debt to affiliates totaling nil and $882 million, respectively, and noncurrent payable to affiliates of $34 million and nil, respectively. The borrowers and lenders are subsidiaries of Huntsman International and the notes are unsecured. All Huntsman receivables and payables were eliminated in connection with the separation, other than a payable to Huntsman for a liability pursuant to the Tax Matters Agreement dated August 7, 2017, by and among Venator Materials PLC and Huntsman Corporation (the "Tax Matters Agreement") entered into at the same time of the separation which has been presented as "Noncurrent payable to affiliates" on our consolidated and combined balance sheet. See "Note 18. Income Taxes" for further discussion.

A/R Programs

Certain of our entities participated in the accounts receivable securitization programs ("A/R Programs") sponsored by Huntsman International. Under the A/R Programs, these entities sell certain of their trade receivables to Huntsman International. Huntsman International grants an undivided interest in these receivables to a SPE, which serve as security for the issuance of debt of Huntsman International. On April 21, 2017, Huntsman International amended its accounts receivable securitization facilities, which among other things removed existing receivables sold into the program by Venator and at which time we discontinued our participation in the A/R Programs.

As of December 31, 2016, Huntsman International had $106 million of net receivables in their A/R Programs and reflected on their balance sheet associated with Venator. The entities allocated losses on the A/R Programs for the years ended December 31, 2017, 2016 and 2015 were $1 million, $5 million and $3 million, respectively. The allocation of losses on sale of accounts receivable is based upon the pro-rata portion of total receivables sold into the securitization program as well as other program and interest expenses associated with the A/R Programs.

Capital Leases

Venator also has lease obligations accounted for as capital leases primarily related to manufacturing facilities which are included in other long-term debt. The scheduled maturities of Venator's commitments under capital leases are as follows:

Year ending December 31:	Amount
2018	$ 2
2019	2
2020	2
2021	2
Thereafter	9
Total minimum payments	**17**
Less: Amounts representing interest	(3)
Present value of minimum lease payments	**14**
Less: Current portion of capital leases	(2)
Long-term portion of capital leases	**$ 12**

Maturities

The scheduled maturities of our debt (excluding debt to affiliates) by year as of December 31, 2017 are as follows:

Year ending December 31:	Amount
2018	$ 14
2019	5
2020	5
2021	5
2022	5
Thereafter	735
Total	**$ 769**

NOTE 15. DISCONTINUED OPERATIONS

The Titanium Dioxide, Performance Additives and other businesses were included in Huntsman's financial results in different legal forms, including, but not limited to: (1) wholly-owned subsidiaries for which the Titanium Dioxide and Performance Additives businesses were the sole businesses; (2) legal entities that are comprised of other businesses and include the Titanium Dioxide and/or Performance Additives businesses; and (3) variable interest entities in which the Titanium Dioxide, Performance Additives and other businesses are the primary beneficiaries. Because the historical consolidated and combined financial information for the periods indicated reflect the combination of these legal entities under common control, the historical consolidated and combined financial information includes the results of operations of other Huntsman businesses that are not a part of our operations after the separation. The legal entity structure of Huntsman was reorganized during the fourth quarter of 2016 and the second quarter of 2017 such that the other businesses would not be included in Venator's legal entity structure and as such, the discontinued operations presented below reflect financial results of the other businesses through the date of such reorganization.

The following table summarizes the balance sheet data for discontinued operations:

	December 31, 2016
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1
Accounts receivable (net of allowance for doubtful accounts of $1)	10
Accounts receivable from affiliates	61
Inventories	9
Prepaid expenses	1
Other current assets	2
Total current assets discontinued operations	**84**
Property, plant and equipment, net	19
Goodwill	2
Deferred income taxes	21
Noncurrent assets of discontinued operations	**42**
Total assets of discontinued operations	**$ 126**
LIABILITIES	
Current liabilities:	
Accounts payable	$ 7
Accounts payable to affiliates	2
Accrued liabilities	18
Total current liabilities of discontinued operations	**27**
Deferred income taxes	1
Other noncurrent liabilities	77
Noncurrent liabilities of discontinued operations	**78**
Total liabilities of discontinued operations	**$ 105**

The following table summarizes the operations data for discontinued operations:

	Year ended December 31,		
	2017	2016	2015
Revenues:			
Trade sales, services and fees, net	$ 15	$ 110	$ 108
Related party sales	17	60	60
Total revenues	**32**	**170**	**168**
Cost of goods sold	**26**	**147**	**146**
Operating expenses:			
Selling, general, and administrative (includes corporate allocations of $1, $7 and $6, respectively)	(7)	15	8
Restructuring, impairment and plant closing costs	1	—	3
Other income, net	1	(1)	(2)
Total expenses	**(5)**	**14**	**9**
Income from discontinued operations before tax	**11**	**9**	**13**
Income tax expense	(3)	(1)	(3)
Net income from discontinued operations	**$ 8**	**$ 8**	**$ 10**

NOTE 16. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

To reduce cash flow volatility from foreign currency fluctuations, we enter into forward and swap contracts to hedge portions of cash flows of certain foreign currency transactions. We do not use derivative financial instruments for trading or speculative purposes.

Cross Currency Swaps

In December 2017, we entered into three cross-currency swap agreements to convert a portion of our intercompany fixed-rate, U.S. dollar denominated notes, including the semi-annual interest payments and the payment of remaining principle at maturity, to a fixed-rate, Euro denominated debt. The economic effect of the swap agreement was to eliminate the uncertainty of the cash flows in U.S. Dollars associated with the notes by fixing the principle amount at €169 million with a fixed annual rate of 3.43%. These hedges have been designated as cash flow hedges and the critical terms of the cross-currency swap agreements correspond to the underlying hedged item. These swaps mature in July 2022, which is our best estimate of the repayment date of these intercompany loans. The amount and timing of the semi-annual principle payments under the cross-currency swap also correspond with the terms of the intercompany loans. Gains and losses from these hedges offset the changes in the value of interest and principal payments as a result of changes in foreign exchange rates.

We formally assessed the hedging relationship at the inception of the hedge in order to determine whether the derivatives that are used in the hedging transactions are highly effective in offsetting cash flows of the hedged item and we will continue to assess the relationship on an ongoing basis. We use the hypothetical derivative method in conjunction with regression analysis to measure effectiveness of our cross-currency swap agreement. The portion of the hedge that is ineffective will be recorded in earnings in other income (expense). We did not record any ineffectiveness during 2017.

The effective portion of the changes in the fair value of the swaps are deferred in other comprehensive loss and subsequently recognized in “other income (expense), net” in the consolidated and combined statements of operations when the hedged item impacts earnings. Cash flows related to our cross currency swap that relate to our periodic interest settlement will be classified as operating activities and the cash flows that relates to principal balances will be designated as financing activities. The fair value of these hedges was $5 million at December 31, 2017 and was recorded as other long-term liabilities on our consolidated and combined balance sheets. We estimate the fair values of our cross currency swaps by taking into consideration valuations obtained from a third-party valuation service that utilizes an income-based industry standard valuation model for which all significant inputs are observable either directly or indirectly. These inputs include foreign currency exchange rates, credit default swap rates and cross-currency basis swap spreads. The cross currency swap has been classified as Level 2 because the fair value is based upon observable market-based inputs or unobservable inputs that are corroborated by market data.

During 2017 the changes in accumulated other comprehensive loss associated with these cash flow hedging activities was a loss of approximately $5 million. During 2018, the amount of accumulated other comprehensive loss at December 31, 2017 related to hedging transactions that is expected to be reclassified to earnings is immaterial. The actual amount that will be reclassified to earnings over the next twelve months may vary from this amount due to changing market conditions.

We would be exposed to credit losses in the event of nonperformance by a counterparty to our derivative financial instruments. We continually monitor our position and the credit rating of our counterparties, and we do not anticipate nonperformance by the counterparties.

Forward Currency Contracts Not Designated as Hedges

We transact business in various foreign currencies and we enter into currency forward contracts to offset the risk associated with the risks of foreign currency exposure. At December 31, 2017 we had approximately $109 million notional amount (in U.S. dollar equivalents) outstanding in foreign currency contracts with a term of approximately one month. The contracts are valued using observable market rates (Level 2).

Prior to the separation, Huntsman International, or its subsidiaries, entered into foreign currency derivatives on our behalf. As of December 31, 2016, Huntsman International or its subsidiaries, on behalf of Venator, had approximately $88 million in notional amount (in U.S. dollar equivalents) outstanding, respectively, in forward foreign currency contracts with a term of approximately one month.

NOTE 17. SHARE-BASED COMPENSATION PLAN

On August 1, 2017, our compensation committee and board of directors adopted the Venator Materials 2017 Stock Incentive Plan (the "LTIP") to provide for the granting of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, phantom shares, performance awards and other stock-based awards to our employees, directors and consultants and to employees and consultants of our subsidiaries, provided that incentive stock options may be granted solely to employees. The terms of the grants are fixed at the grant date. As of December 31, 2017, we were authorized to grant up to 12.8 million shares under the LTIP. As of December 31, 2017, we had approximately 11.6 million shares remaining under the LTIP available for grant. Stock option awards have a maximum contractual term of 10 years and generally must have an exercise price at least equal to the market price of Venator's ordinary shares on the date the stock option award is granted. Share-based awards generally vest over a three-year period; certain performance awards vest over a two-year period and awards to Venator's directors vest on the grant date.

Awards granted by Huntsman prior to the separation (referred to as "Huntsman awards"), which consisted of stock options, restricted stock, performance awards and phantom shares, were generally treated as follows in connection with the separation:

- All vested Huntsman awards remained as Huntsman awards.
- After the separation, unvested Huntsman awards were converted to Venator awards. Huntsman stock options were converted to Venator stock options and Huntsman restricted stock, performance awards and phantom shares were converted to Venator restricted stock units.
- 39 employees were affected by the conversion.
- Each Huntsman award was converted to approximately 1.33 Venator awards.
- The converted awards are generally subject to the same vesting, expiration and other terms and conditions as applied to the underlying Huntsman awards immediately prior to the separation.

The compensation cost from continuing operations under the Huntsman Stock Incentive Plan ("Huntsman Plan") allocated to Venator was approximately $2 million each for the years ended December 31, 2017, 2016 and 2015. The allocation was determined annually based upon the outstanding number of shares of each type of award granted to individuals employed by Venator. After the separation, we incurred approximately $3 million in compensation cost related to the converted awards and new awards granted under the LTIP. The total income tax benefit recognized in the statement of operations for stock-based compensation arrangements was $1 million, nil and nil for the years ended December 31, 2017, 2016 and 2015, respectively.

Stock Options

Huntsman Plan

Under the Huntsman Plan, the fair value of each stock option award was estimated on the date of grant using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities were based on the historical volatility of Huntsman Corporation's common stock through the grant date. The expected term of stock options granted was estimated based on the contractual term of the instruments and employees' expected exercise and post-vesting employment termination behavior. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve in effect at the time of grant. The assumptions noted below represent the weighted averages of the assumptions utilized for all stock options granted during the year until the separation.

	Year ended December 31,		
	2017	2016	2015
Dividend yield	2.4 %	5.6 %	2.3 %
Expected volatility	56.9 %	57.9 %	57.6 %
Risk-free interest rate	2.0 %	1.4 %	1.4 %
Expected life of stock options granted during the period	5.9 years	5.9 years	5.9 years

Converted Awards

After the separation, the unvested Huntsman stock option awards were converted to Venator stock option awards. On the date of conversion, the fair value of the stock option awards were revalued using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities were based on the historical volatility of Huntsman Corporation's common stock through the conversion date. The expected term of stock options converted was estimated based on the safe harbor approach calculated as the vesting period plus remaining contractual term divided by two. The risk-free rate for periods within the expected life of the option was based on the U.S. Treasury yield curve in effect at the time of conversion. The assumptions noted below represent the weighted averages of assumptions utilized for all unvested stock options that were converted after the separation.

	Year ended December 31,		
	2017	2016	2015
Dividend yield	— %	— %	— %
Expected volatility	39.6 %	39.2 %	40.9 %
Risk-free interest rate	1.9 %	1.8 %	1.6 %
Expected life of stock options granted during the period	5.5 years	4.7 years	4.0 years

New Grants

After the separation, stock option awards were granted under the LTIP. The fair value of the stock option awards were estimated using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities were based on the historical volatility of Huntsman Corporation's common stock through the grant date. The expected term of stock options granted was estimated on the safe harbor approach calculated as the vesting period plus remaining contractual term divided by two. The risk-free rate for the periods within the expected life of the option was based on the U.S. Treasury yield curve in effect at the time of grant. The assumptions noted below represent the weighted average of assumptions utilized for stock options granted during 2017 under the LTIP.

	Year ended December 31, 2017
Dividend yield	— %
Expected volatility	41.0 %
Risk-free interest rate	2.0 %
Expected life of stock options granted during the period	6.0 years

The table below presents the changes in stock option awards for our ordinary shares from August 3, 2017 through December 31, 2017. Stock options outstanding on August 3, 2017 represent the stock option awards that were converted from Huntsman awards to Venator awards. The stock option awards granted in 2017 represent the new awards granted under the LTIP.

Stock Option Awards	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at August 3, 2017	**554**	**$ 10.82**		
Granted	74	22.83		
Exercised	—	—		
Forfeited	—	—		
Expired	—	—		
Outstanding at December 31, 2017	**628**	**12.24**	**8.8**	**$ 6**
Exercisable at December 31, 2017	**554**	**10.82**	**8.5**	**6**

Intrinsic value is the difference between the market value of our common stock and the exercise price of each stock option multiplied by the number of stock options outstanding for those stock options where the market value exceeds their exercise price. During the years ended December 31, 2017, 2016 and 2015, the total intrinsic value of stock options exercised was nil, each.

The weighted-average grant-date fair value of stock options granted during 2017, 2016 and 2015 was $7.68, $2.21 and $7.63 per option, respectively. As of December 31, 2017, there was $2 million of total unrecognized compensation cost related to nonvested stock option arrangements granted under the Huntsman Plan. That cost is expected to be recognized over a weighted-average period of approximately 2.1 years.

Nonvested Shares

Huntsman Plan

Nonvested shares granted under the Huntsman Plan consisted of restricted stock and performance shares, which are accounted for as equity awards, and phantom stock, which is accounted for as a liability award because it can be settled in either stock or cash.

The fair value of each performance share unit award was estimated using a Monte Carlo simulation model that uses various assumptions, including an expected volatility rate and a risk-free interest rate. For the years ended December 31, 2016 and 2015, the weighted-average expected volatility rate was 39.3% and 30.0%, respectively and the weighted average risk-free interest rate was 0.9% and 0.7%, respectively. For the performance awards granted during the years ended December 31, 2016 and 2015, the number of shares earned varies based upon Huntsman Corporation achieving certain performance criteria over two-year and three-year performance periods. The performance criteria are total stockholder return of Huntsman Corporation's common stock relative to the total stockholder return of a specified industry peer-group for the two-year and three-year performance periods.

Converted Awards

After the separation, the unvested Huntsman restricted stock, performance awards and phantom shares were converted to Venator restricted stock units. On the date of conversion, the fair value of the restricted stock and phantom share awards were revalued based on Venator's closing share price, and the performance awards were revalued using the Monte Carlo valuation.

New Grants

After the separation, restricted stock unit awards were granted under the LTIP. The fair value of the restricted stock is based on the closing share price on the date of grant.

The table below presents the changes in nonvested awards for our ordinary shares from August 3, 2017 through December 31, 2017. Nonvested awards outstanding on August 3, 2017 represent the unvested restricted stock, performance shares and phantom shares granted under the Huntsman Plan that were converted to restricted stock units under the LTIP:

	Shares	Weighted Average Grant-Date Fair Value
	(in thousands)	
Nonvested at August 3, 2017	**467**	**$ 13.11**
Granted	58	22.83
Vested(1)	(20)	19.45
Forfeited	—	—
Nonvested at December 31, 2017	**504**	**13.96**

(1) As of December 31, 2017, a total of 26,334 restricted stock units were vested but not yet issued. These shares have not been reflected as vested shares in the table because, in accordance with the restricted stock unit agreements, these shares are not issued for vested restricted stock until termination of employment.

As of December 31, 2017, there was $4 million of total unrecognized compensation cost related to nonvested share compensation arrangements granted under the LTIP and the Huntsman Plan. That cost is expected to be recognized over a weighted-average period of approximately 1.8 years.

NOTE 18. INCOME TAXES

Our income tax basis of presentation is summarized in "Note 1. Description of Business, Recent Developments, Basis of Presentation and Summary of Significant Accounting Policies."

A summary of the provisions for current and deferred income taxes is as follows:

	Year ended December 31,		
	2017	**2016**	**2015**
Income tax (benefit) expense:			
U.K.			
Current	$ —	$ —	$ —
Deferred	—	—	—
Non-U.K.			
Current	30	(9)	(6)
Deferred	20	(14)	(28)
Total	**$ 50**	**$ (23)**	**$ (34)**

The reconciliation of the differences between the U.K. income taxes at the U.K. statutory rate to Venator's provision for income taxes is as follows:

	Year ended December 31,		
	2017	**2016**	**2015**
Income (loss) from continuing operations before income taxes	**$ 186**	**$ (108)**	**$ (396)**
Expected tax expense (benefit) at U.K. statutory rate of 19%, 20% and 20.25% for the years 2017, 2016 and 2015, respectively	**$ 35**	**$ (22)**	**$ (80)**
Change resulting from:			
Non-U.K. tax rate differentials	(1)	(19)	(37)
Other non-U.K. tax effects, including nondeductible expense, tax effect of rate changes, transfer pricing adjustments and various withholding taxes	—	(7)	7
Non-taxable portion of gain on sale of businesses	—	(3)	—
Unrealized currency exchange gains and losses	7	1	(21)
Tax authority audits and dispute resolutions	1	(1)	4
Tax benefit of losses with valuation allowances as a result of other comprehensive income	—	(1)	(1)
Change in valuation allowance	3	27	96
Effects of U.S. tax reform	3	—	—
Other, net	2	2	(2)
Total income tax expense (benefit)	**$ 50**	**$ (23)**	**$ (34)**

Venator operates in over 25 non-U.K. tax jurisdictions with no specific country earning a predominant amount of its off-shore earnings. Some of these countries have income tax rates that are approximately the same as the U.K. statutory rate, while other countries have rates that are higher than the U.K statutory rate. Income earned in countries

with lower average statutory rates than the U.K., resulted in lower tax expense of $1 million, $19 million, and and $37 million, respectively, for the years ended December 31, 2017, 2016 and 2015, reflected in the reconciliation above.

In certain tax jurisdictions, Venator's U.S. GAAP functional currency is different than the local tax functional currency. As a result, foreign exchange gains and losses will impact Venator's effective tax rate. For the year ended December 31, 2017, this resulted in a tax expense of $7 million. For 2016, this resulted in a tax expense of $1 million. For 2015, this resulted in a tax benefit of $11 million ($21 million of benefit included in "unrealized currency exchange gains and losses" in the reconciliation above, net of $10 million of expense related to establishing contingent liabilities for potential non-deductibility of these foreign currency losses included in "tax authority audits and dispute resolutions" in the reconciliation above). During 2015, a number of Venator's intercompany liabilities that were denominated in U.S. dollars were owed by entities whose tax currency was the euro. As a result of the depreciation in the euro opposite the U.S. dollar, these entities recorded a tax only foreign exchange loss. Most of the receivables associated with these same U.S. dollar denominated intercompany debts were held by entities with a tax currency of the U.S. dollar which, therefore, resulted in no taxable gain.

The components of income (loss) before income taxes were as follows:

	Year ended December 31,		
	2017	2016	2015
U.K.	$ 76	$ (20)	$ (90)
Non-U.K.	110	(88)	(306)
Total	**$ 186**	**$ (108)**	**$ (396)**

Components of deferred income tax assets and liabilities at December 31, 2017 and 2016 were as follows:

	December 31,	
	2017	2016
Deferred income tax assets:		
Net operating loss carryforwards	$ 325	$ 365
Pension and other employee compensation	50	58
Property, plant and equipment	47	28
Intangible assets	13	19
Other, net	41	36
Total	**$ 476**	**$ 506**
Total deferred income tax liabilities:		
Property, plant and equipment	$ (55)	$ (126)
Pension and other employee compensation	—	(1)
Other, net	(1)	(4)
Total	**$ (56)**	**$ (131)**
Net deferred tax assets before valuation allowance	$ 420	$ 375
Valuation allowance	(253)	(245)
Net deferred tax assets	**$ 167**	**$ 130**
Non-current deferred tax assets	167	142
Non-current deferred tax liabilities	—	(12)
Net deferred tax assets	**$ 167**	**$ 130**

Venator has NOLs of $1,150 million in various jurisdictions, all of which have no expiration date except for $196 million, which will expire on January 1, 2018 and is subject to a valuation allowance.

Venator has total net deferred tax assets, before valuation allowance, of $420 million, including $325 million of tax-effected NOLs. After taking into account deferred tax liabilities, Venator has recognized valuation allowance on net deferred tax assets of $253 million, including valuation allowances in the following countries: France, Italy, Spain, South Africa, and the U.K. Venator also has net deferred tax assets of $167 million, not subject to valuation allowances,

primarily in Finland, Germany, Malaysia, and the U.S. Venator's NOLs are principally located in France, Germany, Italy, Spain, South Africa and the U.K.

Valuation allowances are reviewed each period on a tax jurisdiction by jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets. Uncertainties regarding expected future income in certain jurisdictions could affect the realization of deferred tax assets in those jurisdictions and result in additional valuation allowances in future periods.

During 2016, Venator released valuation allowances of $6 million in France, as a result of deferred tax liabilities offsetting deferred tax assets, which previously had a valuation allowance.

During 2015, Venator established valuation allowances of $12 million. In Italy, Venator established $10 million of valuation allowances on certain net deferred tax assets as a result of cumulative losses, and, in South Africa, Venator established a full valuation allowance on $2 million of deferred tax assets as a result of current year losses shifting it from a net deferred tax liability position.

The following is a reconciliation of the unrecognized tax benefits:

	2017	2016	2015
Unrecognized tax benefits as of January 1	**$ 20**	**$ 22**	**$ 24**
Gross increases and decreases—tax positions taken during a prior period	—	—	3
Gross increases and decreases—tax positions taken during the current period	1	(1)	7
Decreases related to settlements of amounts due to tax authorities	—	—	(1)
Reductions resulting from the lapse of statutes of limitation	—	—	(8)
Foreign currency movements	2	(1)	(3)
Unrecognized tax benefits as of December 31	**$ 23**	**$ 20**	**$ 22**

As of December 31, 2017, 2016 and 2015, the amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $13 million, $11 million and $12 million, respectively.

In accordance with Venator's accounting policy, it recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense:

	Year ended December 31,		
	2017	2016	2015
Interest included in income tax expense	$ —	$ —	$ (2)
Penalties expense included in tax expense	—	—	—

	December 31,	
	2017	2016
Accrued liability for interest	$ —	$ —

Venator conducts business globally and, as a result, files income tax returns in the U.S. federal, various U.S. state and various non-U.S. jurisdictions. The following table summarizes the tax years that remain subject to examination by major tax jurisdictions:

Tax Jurisdiction	Open Tax Years
France	2002 and later
Germany	2007 and later
Italy	2012 and later
Malaysia	2012 and later
Spain	2002 and later
United Kingdom	2016 and later
United States federal	2014 and later

Certain of Venator's U.S. and non-U.S. income tax returns are currently under various stages of audit by applicable tax authorities and the amounts ultimately agreed upon in resolution of the issues raised may differ materially from the amounts accrued.

Venator estimates that it is reasonably possible that certain of its unrecognized tax benefits could change within 12 months of the reporting date with a resulting decrease in the unrecognized tax benefits within a possible range of nil to $4 million. For the 12-month period from the reporting date, Venator would expect that a minority portion of the decrease in its unrecognized tax benefits would result in a corresponding benefit to its income tax expense.

On December 22, 2017, the 2017 Tax Act was signed into law. The 2017 Tax Act includes a number of changes to existing U.S. tax laws that impact the Company, most notably a reduction of the U.S. federal corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. The 2017 Tax Act also provides for the acceleration of depreciation for certain assets placed in service after September 27, 2017, as well as limitations on the deductibility of interest expense and the creation of the base erosion anti-abuse tax, a new minimum tax.

The SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the 2017 Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the 2017 Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the 2017 Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the 2017 Tax Act.

We have not completed our accounting for the income tax effects of certain elements of the 2017 Tax Act. If we were able to make reasonable estimates of the effects of elements for which our analysis is not yet complete, we recorded provisional adjustments. If we were not yet able to make reasonable estimates of the impact of certain elements, we have not recorded any adjustments related to those elements and have continued accounting for them in accordance with ASC 740 on the basis of the tax laws in effect before the 2017 Tax Act.

The 2017 Tax Act reduces the U.S. federal corporate tax rate to 21%, effective January 1, 2018. For our net deferred tax assets we have recorded a provisional decrease of $3 million, with a corresponding net deferred tax expense of $3 million for the year ended December 31, 2017. While we are able to make a reasonable estimate of the impact of the reduction in corporate rate, it may be affected by other analyses related to the 2017 Act, including, but not limited to, return to accrual adjustments including completion of computations and analysis of 2017 expenditures that qualify for immediate expensing.

As we complete our analysis of the 2017 Tax Act, collect and prepare necessary data, and interpret any additional guidance issued by the U.S. Treasury Department, the IRS, and other standard-setting bodies, we may make

adjustments to the provisional amounts. Those adjustments may materially impact our provision for income taxes in the period in which the adjustments are made.

In addition, for U.S. federal income tax purposes Huntsman will recognize a gain as a result of the IPO and the separation to the extent the fair market value of the assets associated with our U.S. businesses exceeded the basis of such assets for U.S. federal income tax purposes at the time of the separation. As a result of such gain recognized, the basis of the assets associated with our U.S. businesses has increased. This basis step-up gave rise to a deferred tax asset of $77 million that we recognized for the quarter ended September 30, 2017. Due to the 2017 Tax Act's reduction of the U.S. federal corporate income tax rate from 35% to 21%, the deferred tax asset associated with the basis step-up was reduced to $36 million as of the date of enactment, reflected as part of the $3 million provisional deferred tax expense discussed above. Pursuant to the tax matters agreement entered into at the time of the separation, we are required to make a future payment to Huntsman for any actual U.S. federal income tax savings we recognize as a result of any such basis increase for tax years through December 31, 2028. For the quarter ended September 30, 2017 we estimated (based on a value of our U.S. businesses derived from the IPO price of our ordinary shares and current tax rates) that the aggregate future payments required by this provision were expected to be approximately $73 million. Due to the 2017 Tax Act's reduction of the U.S. federal corporate income tax rate, we estimate that the aggregate future payments required by this provision are expected to be approximately $34 million. We have recognized a noncurrent liability for this amount as of December 31, 2017. Moreover, any subsequent adjustment asserted by U.S. taxing authorities could increase the amount of gain recognized and the corresponding basis increase, and could result in a higher liability for us under the tax matters agreement.

As of December 31, 2016, there were no unremitted earnings of subsidiaries to consider for indefinite reinvestment. As of December 31, 2017 our non-U.K. subsidiaries have no plan to distribute earnings in a manner that would cause them to be subject to U.K., U.S., or other local country taxation.

NOTE 19. EMPLOYEE BENEFIT PLANS

Defined Benefit and Other Postretirement Benefit Plans

Venator sponsors defined benefit plans in a number of countries outside of the U.S. in which employees of Venator participate. The availability of these plans and their specific design provisions are consistent with local competitive practices and regulations.

The disclosures for the defined benefit and other postretirement benefit plans within the U.S. are combined with the disclosures of the plans outside of the U.S. Of the total projected benefit obligations for Venator as of December 31, 2017 and 2016, the amount related to the U.S. benefit plans is $11 million and $15 million, respectively, or 1% each. Of the total fair value of plan assets for Venator, the amount related to the U.S. benefit plans for December 31, 2017 and 2016 was $8 million and $11 million, respectively, or 1% each.

Certain plans are shared by Venator and other Huntsman International subsidiaries unrelated to Venator. In such cases, the projected benefit obligation is allocated based upon individual employee census data and the fair value of plan assets is allocated based upon a relevant percentage of projected benefit obligation.

The following table sets forth the funded status of the plans for Venator and the amounts recognized in the combined balance sheets at December 31, 2017 and 2016:

	Defined Benefit Plans		Other Postretirement Benefit Plans	
	2017	2016	2017	2016
Change in benefit obligation				
Benefit obligation at beginning of year	**$ 1,053**	**$ 1,037**	**$ 3**	**$ 5**
Service cost	5	4	—	—
Interest cost	25	31	—	1
Actuarial (gain) loss	(1)	184	—	—
Acquisitions/disposals	—	1	—	—
Gross benefits paid	(55)	(48)	—	(1)
Plan amendments	—	—	—	(2)
Exchange rates	116	(156)	—	—
Curtailments	(4)	—	—	—
Transfers	(3)	—	—	—
Benefit obligation at end of year	**$ 1,136**	**$ 1,053**	**$ 3**	**$ 3**
Accumulated benefit obligation at end of year	**1,091**	**1,001**		
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 790**	**$ 805**	**$ —**	**$ —**
Actual return on plan assets	63	147	—	—
Employer contribution	29	22	—	1
Gross benefits paid	(55)	(48)	—	(1)
Transfers	(5)	—	—	—
Exchange rates	84	(136)	—	—
Fair value of plan assets at end of year	**$ 906**	**$ 790**	**$ —**	**$ —**
Funded status				
Fair value of plan assets	$ 906	$ 790	$ —	$ —
Benefit obligation	(1,136)	(1,053)	(3)	(3)
Accrued benefit cost	**$ (230)**	**$ (263)**	**$ (3)**	**$ (3)**
Amounts recognized in balance sheet:				
Noncurrent asset	$ 1	$ 4	$ —	$ —
Current liability	(1)	(1)	—	—
Noncurrent liability	(230)	(266)	(3)	(3)
Total	**$ (230)**	**$ (263)**	**$ (3)**	**$ (3)**
Amounts recognized in accumulated other comprehensive loss:				
Net actuarial loss (gain)	$ 296	$ 335	$ (4)	$ (3)
Prior service cost (credit)	7	8	(1)	(3)
Total	**$ 303**	**$ 343**	**$ (5)**	**$ (6)**

The amounts in accumulated other comprehensive (loss) income that are expected to be recognized as components of net periodic benefit cost during the next fiscal year are as follows:

	Defined Benefit Plans	Other Postretirement Benefit Plans
Actuarial loss	$ 13	$ —
Prior service credit	1	—
Total	**$ 14**	**$ —**

Components of net periodic benefit costs for the years ended December 31, 2017, 2016 and 2015 were as follows:

	Defined Benefit Plans		
	2017	2016	2015
Service cost	$ 5	$ 4	$ 6
Interest cost	25	31	35
Expected return on plan assets	(43)	(39)	(51)
Amortization of actuarial loss	16	10	9
Amortization of prior service cost	1	1	1
Special termination benefit	—	—	2
Curtailment gain	(4)	—	—
Net periodic benefit cost	**$ —**	**$ 7**	**$ 2**

	Other Postretirement Benefit Plans		
	2017	2016	2015
Service cost	$ —	$ —	$ —
Interest cost	—	—	—
Amortization of actuarial loss	1	—	—
Amortization of prior service credit	(3)	—	—
Net periodic benefit credit	**$ (2)**	**$ —**	**$ —**

The amounts recognized in net periodic benefit cost and other comprehensive (loss) income as of December 31, 2017, 2016 and 2015 were as follows:

	Defined Benefit Plans		
	2017	2016	2015
Current year actuarial loss	$ (24)	$ 86	$ 11
Amortization of actuarial loss	(16)	(11)	(11)
Current year prior service cost	—	—	9
Amortization of prior service cost	(1)	(1)	(1)
Curtailment effects	4	—	—
Other	(3)	—	—
Total recognized in other comprehensive (loss) income	**(40)**	**74**	**8**
Amount related to discontinued operations	—	(8)	4
Total recognized in other comprehensive income (loss) from continuing operations	**(40)**	**66**	**12**
Net periodic benefit cost	—	7	2
Total recognized in net periodic benefit cost and other comprehensive income	**$ (40)**	**$ 81**	**$ 10**

	Other Postretirement Benefit Plans		
	2017	2016	2015
Current year actuarial loss	$ (1)	$ —	$ —
Amortization of actuarial loss	(1)	—	—
Current year prior service credits	—	(2)	(2)
Amortization of prior service credit	3	—	—
Total recognized in other comprehensive (loss) income	**1**	**(2)**	**(2)**
Net periodic benefit cost	(2)	—	—
Total recognized in net periodic benefit cost and other comprehensive income	**$ (1)**	**$ (2)**	**$ (2)**

The following weighted-average assumptions were used to determine the projected benefit obligation at the measurement date and the net periodic pension cost for the year:

	Defined Benefit Plans		
	2017	2016	2015
Projected benefit obligation:			
Discount rate	2.21 %	2.28 %	3.27 %
Rate of compensation increase	3.74 %	3.79 %	3.24 %
Net periodic pension cost:			
Discount rate	1.86 %	3.27 %	3.12 %
Rate of compensation increase	3.53 %	3.24 %	3.66 %
Expected return on plan assets	5.71 %	5.22 %	5.99 %

	Other Postretirement Benefit Plans		
	2017	2016	2015
Projected benefit obligation:			
Discount rate	3.38 %	3.72 %	6.94 %
Net periodic pension cost:			
Discount rate	3.72 %	6.94 %	5.65 %

At December 31, 2017 and 2016, the health care trend rate used to measure the expected increase in the cost of benefits was assumed to be 6.75% and 5.82%, respectively, decreasing to 4.44% after 2030. Assumed health care cost trend rates can have a significant effect on the amounts reported for the postretirement benefit plans. A one-percent point change in assumed health care cost trend rates would not have a significant effect.

The projected benefit obligation and fair value of plan assets for the defined benefit plans with projected benefit obligations in excess of plan assets as were as follows:

	December 31,	
	2017	2016
Projected benefit obligation	$ 364	$ 1,033
Fair value of plan assets	133	766

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the defined benefit plans with an accumulated benefit obligation in excess of plan assets as of December 31, 2017 and 2016 were as follows:

	December 31,	
	2017	2016
Projected benefit obligation	$ 364	$ 1,033
Accumulated benefit obligation	355	986
Fair value of plan assets	133	766

Expected future contributions and benefit payments are as follows:

	Defined Benefit Plans	Other Postretirement Benefit Plans
2018 expected employer contributions:		
To plan trusts	$ 28	$ —
Expected benefit payments:		
2018	41	—
2019	41	—
2020	44	—
2021	45	—
2022	46	—
2023 - 2027	244	1

Our investment strategy with respect to pension assets is to pursue an investment plan that, over the long term, is expected to protect the funded status of the plan, enhance the real purchasing power of plan assets and not threaten the plan's ability to meet currently committed obligations. Additionally, our investment strategy is to achieve returns on plan assets, subject to a prudent level of portfolio risk. Plan assets are invested in a broad range of investments. These investments are diversified in terms of domestic and international equities, both growth and value funds, including small, mid and large capitalization equities; short-term and long-term debt securities; real estate; and cash and cash equivalents. The investments are further diversified within each asset category. The portfolio diversification provides protection against a single investment or asset category having a disproportionate impact on the aggregate performance of the plan assets.

Our pension plan assets are managed by outside investment managers. The investment managers value our plan assets using quoted market prices, other observable inputs or unobservable inputs. For certain assets, the investment managers obtain third-party appraisals at least annually, which use valuation techniques and inputs specific to the applicable property, market or geographic location. We have established target allocations for each asset category. Venator's pension plan assets are periodically rebalanced based upon our target allocations.

The fair value of plan assets for the pension plans was $906 million and $790 million at December 31, 2017 and 2016, respectively. The following plan assets are measured at fair value on a recurring basis:

Asset Category	December 31, 2017	Fair Value Amounts Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plans:				
Equities	$ 265	$ 252	$ 13	$ —
Fixed income	598	41	550	7
Real estate/other	33	—	3	30
Cash and cash equivalents	10	5	5	—
Total pension plan assets	**$ 906**	**$ 298**	**$ 571**	**$ 37**

Asset Category	December 31, 2016	Fair Value Amounts Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plans:				
Equities	$ 212	$ 206	$ 6	$ —
Fixed income	542	40	496	6
Real estate/other	32	—	5	27
Cash and cash equivalents	4	4	—	—
Total pension plan assets	**$ 790**	**$ 250**	**$ 507**	**$ 33**

	Real Estate/ Other Year ended December 31,	
	2017	2016
Fair Value Measurements of Plan Assets Using Significant Unobservable Inputs (Level 3)		
Balance at the beginning of the period	**$ 27**	**$ 8**
Return on pension plan assets	5	—
Purchases, sales and settlements	(2)	19
Transfers (out of) into Level 3	—	—
Disposals	—	—
Balance at the end of the period	**$ 30**	**$ 27**

	Fixed Income Year ended December 31,	
	2017	2016
Fair Value Measurements of Plan Assets Using Significant Unobservable Inputs (Level 3)		
Balance at the beginning of the period	**$ 6**	**$ —**
Return on pension plan assets	1	—
Purchases, sales and settlements	—	6
Transfers (out of) into Level 3	—	—
Balance at the end of the period	**$ 7**	**$ 6**

Based upon historical returns, the expectations of our investment committee and outside advisors, the expected long-term rate of return on the pension assets is estimated to be between 5.22% and 5.99%. The asset allocation for our pension plans at December 31, 2017 and 2016 and the target allocation for 2017, by asset category, are as follows:

Asset category	Target allocation 2018	Allocation at December 31, 2017	Allocation at December 31, 2016
Pension plans:			
Equities	29 %	29 %	27 %
Fixed income	66 %	66 %	69 %
Real estate/other	4 %	4 %	4 %
Cash	1 %	1 %	— %
Total pension plans	**100 %**	**100 %**	**100 %**

Equity securities in Venator's pension plans did not include any equity securities of Huntsman Corporation or Venator and its affiliates at the end of 2017.

U.S. Benefit Plans

Venator's U.S. employees participated in a trusteed, non-contributory defined benefit pension plan (the "Plan") that covered substantially all of Huntsman International's full-time U.S. employees. In July 2004, the Plan formula for employees not covered by a collective bargaining agreement was converted to a cash balance design. For represented employees, participation in the cash balance design was subject to the terms of negotiated contracts. For participating employees, benefits accrued under the prior formula were converted to opening cash balance accounts. The new cash balance benefit formula provides annual pay credits from 4% to 12% of eligible pay, depending on age and service, plus accrued interest. Participants in the plan as of July 1, 2004 were eligible for additional annual pay credits from 1% to 8%, depending on their age and service as of that date, for up to five years. Beginning July 1, 2014, the Huntsman Defined Benefit Pension Plan was closed to new, non-union entrants and as of April 1, 2015, it was closed to new union entrants. After closure, new hires were provided with a defined contribution plan with a non-discretionary employer contribution of 6% of pay and a company match of up to 4% of pay, for a total company contribution of up to 10% of pay. In connection with the separation, Venator adopted a non-contributory defined benefit pension plan for union entrants prior to April 2015.

Our eligible employees (who were employed by Huntsman prior to August 1, 2015) also participate in an unfunded postretirement benefit plan, which provides medical and life insurance benefits. This plan is sponsored by Venator.

Our U.S. employees participate in a postretirement benefit plan that provides a fully insured Medicare Part D plan including prescription drug benefits affected by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). Neither Venator nor Huntsman can determine whether the medical benefits provided by these postretirement benefit plans are actuarially equivalent to those provided by the Act. Neither Venator nor Huntsman collects a subsidy, and our net periodic postretirement benefits cost, and related benefit obligation, do not reflect an amount associated with the subsidy.

Non-U.S. Defined Contribution Plans

We have defined contribution plans in a variety of non-U.S. locations.

Venator's combined expense for these defined contribution plans for the years ended December 31, 2017, 2016 and 2015 was $8 million, $7 million and $8 million, respectively, primarily related to the Huntsman UK Pension Plan.

All U.K. associates are eligible to participate in the Huntsman U.K. Pension Plan, a contract based arrangement with a third party. Company contributions vary by business during a five year transition period. Plan participants elect to make voluntary contributions to this plan up to a specified amount of their compensation. We contribute a matching amount not to exceed 12% of the participant's salary for new hires and 15% of the participant's salary for all other participants.

U.S. Defined Contribution Plans

Huntsman provided a money purchase pension plan covering substantially all of its domestic employees who were hired prior to January 1, 2004. Employer contributions were made based on a percentage of employees' earnings (ranging up to 8%). During 2014, Huntsman closed this plan to non-union participants and in 2015, Huntsman closed this plan to union associates. We continue to provide equivalent benefits to those who were covered under this plan into their salary deferral accounts.

We also have a salary deferral plan covering substantially all U.S. employees. Plan participants may elect to make voluntary contributions to this plan up to a specified amount of their compensation. New hires are provided a defined contribution plan with a non-discretionary employer contribution of 6% of pay and a company match of up to 4% of pay, for a total company contribution of up to 10% of pay.

Along with the introduction of the cash balance formula within the defined benefit pension plan, the money purchase pension plan was closed to new hires. At the same time, the employer match in the salary deferral plan was increased, for new hires, to a 100% match, not to exceed 4% of the participant's compensation.

Our total combined expense for the above defined contribution plans was $3 million, $1 million and nil for the years ended December 31, 2017, 2016 and 2015, respectively.

NOTE 20. RELATED PARTY TRANSACTIONS

Transactions With Huntsman Corporation

We are party to a variety of transactions and agreements with Huntsman Corporation, our former parent and controlling shareholder.

Prior to the separation, Huntsman Corporation's executive, information technology, EHS and certain other corporate departments perform certain administrative and other services for Venator. Additionally, Huntsman Corporation performed certain site services for Venator. Expenses incurred by Huntsman Corporation and allocated to Venator were determined based on specific services provided or were allocated based on our total revenues, total assets, and total employees in proportion to those of Huntsman Corporation. Management believes that such expense allocations are reasonable. Corporate allocations include allocated selling, general, and administrative expenses of $62 million, $104 million and $90 million for the years ended December 31, 2017, 2016 and 2015, respectively.

On August 11, 2017, we entered into a separation agreement with Huntsman to effect the separation and to provide a framework for the relationship with Huntsman. This agreement governs the relationship between Venator and Huntsman subsequent to the completion of the separation and provides for the allocation between Venator and Huntsman of assets, liabilities and obligations attributable to periods prior to the separation. Because these agreements were entered into in the context of a related party transaction, the terms may not be comparable to terms that would be obtained in a transaction between unaffiliated parties.

See description of our financing arrangements with Huntsman before and after the separation in "Note 14. Debt" and "Note 16. Derivatives and Hedging Activities". See description of our arrangement with Huntsman as part of the separation in "Note18. Income Taxes".

Other Related Party Transactions

We also conduct transactions in the normal course of business with parties under common ownership. Sales of raw materials to LPC as part of a sourcing arrangement were $64 million, $67 million and $80 million for the years ended December 31, 2017, 2016 and 2015, respectively. Proceeds from this arrangement are recorded as a reduction of cost of goods sold in Venator's combined statements of operations. Related to this same arrangement, purchases of finished goods from LPC were $158 million, $158 million and $163 million for the years ended December 31, 2017, 2016 and 2015, respectively. The related accounts receivable from affiliates and accounts payable to affiliates as of December 31, 2017 and 2016 are recognized in the consolidated and combined balance sheets.

NOTE 21. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

We have various purchase commitments extending through 2032 for materials, supplies and services entered into in the ordinary course of business. Included in the purchase commitments table below are contracts which require minimum volume purchases that extend beyond one year or are renewable annually and have been renewed for 2017. Certain contracts allow for changes in minimum required purchase volumes in the event of a temporary or permanent shutdown of a facility. To the extent the contract requires a minimum notice period; such notice period has been included in the table below. The contractual purchase prices for substantially all of these contracts are variable based upon market prices, subject to annual negotiations. We have estimated our contractual obligations by using the terms of

our current pricing for each contract. We also have a limited number of contracts which require a minimum payment even if no volume is purchased. We believe that all of our purchase obligations will be utilized in our normal operations. For the years ended December 31, 2017, 2016 and 2015, we made minimum payments under such take or pay contracts without taking the product of $2 million, $1 million and nil, respectively. Total purchase commitments as of December 31, 2017 were as follows:

Year ending December 31,	Amount
2018	$ 525
2019	223
2020	129
2021	83
2022	79
Thereafter	68

Operating Leases

We lease certain premises, automobiles, and office equipment under long-term lease agreements. The total expense recorded under operating lease agreements in the consolidated and combined statements of operations was approximately $13 million, $9 million and $9 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Future minimum lease payments under noncancelable operating leases as of December 31, 2017 were as follows:

Year ending December 31,	Amounts
2018	$ 10
2019	5
2020	4
2021	4
2022	2
Thereafter	4
Total	**$ 29**

Legal Proceedings

Antitrust Matters

In the past, we were named as a defendant in multiple civil antitrust suits alleging that we, our co-defendants and other alleged co-conspirators conspired to fix prices of TiO_2 sold in the U.S. We settled litigation involving both direct purchasers of TiO_2 and purchasers who opted out of the direct purchaser litigation for amounts immaterial to our consolidated and combined financial statements.

We were also named as a defendant in a class action civil antitrust suit filed on March 15, 2013 in the U.S. District Court for the Northern District of California by purchasers of products made from TiO_2 (the "Indirect Purchasers") making essentially the same allegations as did the direct purchasers. On October 14, 2014, plaintiffs filed their Second Amended Class Action Complaint narrowing the class of plaintiffs to those merchants and consumers of architectural coatings containing TiO_2. On August 11, 2015, the court granted our motion to dismiss the Indirect Purchasers litigation with leave to amend the complaint. A Third Amended Class Action Complaint was filed on September 29, 2015 further limiting the class to consumers of architectural paints. Plaintiffs have raised state antitrust claims under the laws of 15 states, consumer protection claims under the laws of nine states, and unjust enrichment claims under the laws of 16 states. On November 4, 2015, we and our co-defendants filed another motion to dismiss. On June 13, 2016, the court substantially denied the motion to dismiss except as to consumer protection claims in one state. The parties have agreed to settle this matter. The court preliminarily approved the settlement on December 13, 2017 and the final approval hearing is scheduled for August 16, 2018.

On August 23, 2016, we were named as a defendant in a fourth civil antitrust suit filed in the U.S. District Court for the Northern District of California by an Indirect Purchaser of TiO_2, Home Depot. Home Depot is an Indirect Purchaser of TiO_2 primarily through paints it purchases from various manufacturers. Home Depot makes the same claims as the Direct and Indirect Purchasers. On January 13, 2017, we filed a motion to dismiss the Home Depot case, which remains pending. We do not expect this matter to have a material impact on our consolidated financial statements.

The Indirect Purchasers seek to recover injunctive relief, treble damages or the maximum damages allowed by state law, costs of suit and attorneys' fees. We are not aware of any illegal conduct by us or any of our employees. Nevertheless, we have incurred costs relating to these claims and could incur additional costs in amounts which in the aggregate could be material to us. Because of the overall complexity of these cases, we are unable to reasonably estimate any possible loss or range of loss and we have not made an accrual with respect to these claims.

Other Proceedings

We are a party to various other proceedings instituted by private plaintiffs, governmental authorities and others arising under provisions of applicable laws, including various environmental, products liability and other laws. Except as otherwise disclosed in these consolidated and combined financial statements, we do not believe that the outcome of any of these matters will have a material effect on our financial condition, results of operations or liquidity.

NOTE 22. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

Environmental, Health and Safety Capital Expenditures

We may incur future costs for capital improvements and general compliance under EHS laws, including costs to acquire, maintain and repair pollution control equipment. For the years ended December 31, 2017, 2016 and 2015, our capital expenditures for EHS matters totaled $10 million, $11 million and $21 million, respectively. Because capital expenditures for these matters are subject to evolving regulatory requirements and depend, in part, on the timing, promulgation and enforcement of specific requirements, our capital expenditures for EHS matters have varied significantly from year to year and we cannot provide assurance that our recent expenditures are indicative of future amounts we may spend related to EHS and other applicable laws.

Environmental Matters

We have incurred and we may in the future incur, liability to investigate and clean up waste or contamination at our current or former facilities or facilities operated by third parties at which we may have disposed of waste or other materials. Similarly, we may incur costs for the cleanup of waste that was disposed of prior to the purchase of our businesses. Under some circumstances, the scope of our liability may extend to damages to natural resources.

Under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and similar state laws, a current or former owner or operator of real property in the U.S. may be liable for remediation costs regardless of whether the release or disposal of hazardous substances was in compliance with law at the time it occurred, and a current owner or operator may be liable regardless of whether it owned or operated the facility at the time of the release. Outside the U.S., analogous contaminated property laws, such as those in effect in France, can hold past owners and/or operators liable for remediation at former facilities. We have not been notified by third parties of claims against us for cleanup liabilities at former facilities or third-party sites, including, but not limited to, sites listed under CERCLA.

Under the Resource Conservation and Recovery Act in the U.S. and similar state laws, we may be required to remediate contamination originating from our properties as a condition to our hazardous waste permit. Some of our manufacturing sites have an extended history of industrial chemical manufacturing and use, including on-site waste disposal and we have made accruals for related remediation activity. We are aware of soil, groundwater or surface contamination from past operations at some of our sites and have made accruals for related remediation activity, and we may find contamination at other sites in the future. Similar laws exist in a number of locations in which we currently operate, or previously operated, manufacturing facilities, such as France and Italy.

Environmental Reserves

We accrue liabilities relating to anticipated environmental cleanup obligations, site reclamation and closure costs, and known penalties. Liabilities are recorded when potential liabilities are either known or considered probable and can be reasonably estimated. Our liability estimates are calculated using present value techniques as appropriate and are based upon requirements placed upon us by regulators, available facts, existing technology, and past experience. The environmental liabilities do not include amounts recorded as asset retirement obligations. As of December 31, 2017 and 2016, we had environmental reserves of $12 million, each. We may incur additional losses for environmental remediation.

NOTE 23. OTHER COMPREHENSIVE LOSS

Other comprehensive loss consisted of the following:

	Foreign currency translation adjustment(a)	Pension and other postretirement benefits adjustments, net of tax(b)	Other comprehensive income of unconsolidated affiliates	Hedging Instruments	Total	Amounts attributable to noncontrolling interests	Amounts attributable to Venator
Beginning balance, January 1, 2016	$ (144)	$ (252)	$ (5)	$ —	(401)	—	$ (401)
Adjustment due to discontinued operations	(3)	(8)	—	—	(11)	—	(11)
Tax benefit	—	2	—	—	2	—	2
Other comprehensive (loss) income before reclassifications	35	(53)	—	—	(18)	—	(18)
Tax expense	—	(7)	—	—	(7)	—	(7)
Amounts reclassified from accumulated other comprehensive loss, gross(c)	—	11	—	—	11	—	11
Tax benefit	—	1	—	—	1	—	1
Net current-period other comprehensive (loss) income	**32**	**(54)**	**—**	**—**	**(22)**	**—**	**(22)**
Ending balance, December 31, 2016	**(112)**	**(306)**	**(5)**	**—**	**(423)**	**—**	**(423)**
Adjustment due to discontinued operations	5	24	—	—	29	—	29
Tax expense	—	(3)	—	—	(3)	—	(3)
Other comprehensive (loss) income before reclassifications	101	4	—	(5)	100	—	100
Tax expense	—	(1)	—	—	(1)	—	(1)
Amounts reclassified from accumulated other comprehensive loss, gross(c)	—	15	—	—	15	—	15
Tax expense	—	—	—	—	—	—	—
Net current-period other comprehensive (loss) income	**106**	**39**	**—**	**(5)**	**140**	**—**	**140**
Ending balance, December 31, 2017	**$ (6)**	**$ (267)**	**$ (5)**	**$ (5)**	**$ (283)**	**$ —**	**$ (283)**

(a) Amounts are net of tax of nil each as of January 1, 2016, December 31, 2016 and December 31, 2017.

(b) Amounts are net of tax of $60, $56 and $52 as of January 1, 2016, December 31, 2016 and December 31, 2017, respectively.

(c) See table below for details about the amounts reclassified from accumulated other comprehensive loss.

	Year ended December 31,		Affected line item in the statement where net income is presented
	2017	2016	
Details about Accumulated Other Comprehensive Loss Components:			
Amortization of pension and other postretirement benefits:			
Actuarial loss	$ 17	$ 10	(a)
Prior service cost	(2)	1	(a)
	15	11	Total before tax
Income tax benefit	—	1	Income tax (expense) benefit
Total reclassifications for the period	**$ 15**	**$ 12**	**Net of tax**

(a) These accumulated other comprehensive loss components are included in the computation of net periodic pension costs. See "Note 19. Employee Benefit Plans."

NOTE 24. OPERATING SEGMENT INFORMATION

We derive our revenues, earnings and cash flows from the manufacture and sale of a wide variety of commodity chemical products. We have reported our operations through our two segments, Titanium Dioxide and Performance Additives, and organized our business and derived our operating segments around differences in product lines.

The major product groups of each reportable operating segment are as follows:

Segment	Product Group
Titanium Dioxide	titanium dioxide
Performance Additives	functional additives, color pigments, timber treatment and water treatment chemicals

Sales between segments are generally recognized at external market prices and are eliminated in consolidation. Adjusted EBITDA is presented as a measure of the financial performance of our global business units and for reporting the results of our operating segments. The revenues and adjusted EBITDA for each of the two reportable operating segments are as follows:

Adjusted EBITDA for each of the two reportable operating segments are as follows:

	Year ended December 31,		
	2017	2016	2015
Revenues:			
Titanium Dioxide	$ 1,604	$ 1,554	$ 1,584
Performance Additives	605	585	578
Total	**$ 2,209**	**$ 2,139**	**$ 2,162**
Segment adjusted EBITDA(1):			
Titanium Dioxide	$ 387	$ 61	$ (8)
Performance Additives	72	69	69
Corporate and other	(64)	(53)	(53)
Total	**$ 395**	**$ 77**	**$ 8**
Reconciliation of adjusted EBITDA to net income (loss):			
Interest expense	(100)	(59)	(52)
Interest income	60	15	22
Income tax (expense) benefit—continuing operations	(50)	23	34
Depreciation and amortization	(127)	(114)	(100)
Net income attributable to noncontrolling interests	10	10	7
Other adjustments:			
Business acquisition and integration expenses	(5)	(11)	(44)
Separation gain (expense), net	(7)	—	—
U.S. income tax reform	34		
Net income of discontinued operations, net of tax	8	8	10
Gain (loss) on disposition of business/assets	—	22	(1)
Certain legal settlements and related expenses	(1)	(2)	(3)
Amortization of pension and postretirement actuarial losses	(17)	(10)	(9)
Net plant incident costs	(4)	(1)	(4)
Restructuring, impairment and plant closing and transition costs	(52)	(35)	(220)
Net income (loss)	**$ 144**	**$ (77)**	**$ (352)**
Depreciation and Amortization:			
Titanium Dioxide	$ 85	$ 87	$ 72
Performance Additives	36	19	20
Corporate and other	6	8	8
Total	**$ 127**	**$ 114**	**$ 100**

	Year ended December 31,		
	2017	2016	2015
Capital Expenditures:			
Titanium Dioxide	$ 178	$ 73	$ 124
Performance Additives	17	30	79
Corporate and other	2	—	—
Total	**$ 197**	**$ 103**	**$ 203**
Total Assets(2):			
Titanium Dioxide	$ 1,794	$ 1,561	$ 1,707
Performance Additives	703	764	783
Corporate and other	350	210	715
Total	**$ 2,847**	**$ 2,535**	**$ 3,205**

(1) Adjusted EBITDA is defined as net income (loss) before interest expense, income tax (expense) benefit, depreciation and amortization and net income attributable to noncontrolling interests, as well as eliminating the following adjustments: (a) business acquisition and integration expenses; (b) separation (gain) expense, net; (c) U.S. income tax reform; (d) (gain) loss on disposition of businesses/assets; (e) net income of discontinued operations, net

of tax; (f) certain legal settlements and related expenses; (g) amortization of pension and postretirement actuarial losses; (h) net plant incident costs; and (i) restructuring, impairment and plant closing and transition costs.

(2) Defined as total assets less current assets of discontinued operations and noncurrent assets of discontinued operations.

By Geographic Area	Year ended December 31, 2017	2016	2015
Revenues(1):			
United States	$ 526	$ 491	$ 501
Germany	230	210	235
Italy	126	130	117
China	112	113	97
United Kingdom	114	102	105
France	94	98	94
Spain	86	79	71
Canada	56	59	59
Switzerland	13	11	16
Other nations	852	846	867
Total	**$ 2,209**	**$ 2,139**	**$ 2,162**
Long Lived Assets:			
Finland	$ 257	$ 146	$ 150
Germany	256	215	216
United States	253	263	256
United Kingdom	208	198	252
Italy	170	155	163
Other nations	223	201	240
Total	**$ 1,367**	**$ 1,178**	**$ 1,277**

(1) Geographic information for revenues is based upon countries into which product is sold.

NOTE 25. SELECTED UNAUDITED QUARTERLY FINANCIAL DATA

2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 537	$ 562	$ 582	$ 528
Cost of goods sold	463	479	446	387
Restructuring, impairment and plant closing and transition costs	26	7	16	3
(Loss) income from continuing operations	(21)	34	53	70
Net (loss) income	(13)	34	53	70
Net (loss) income attributable to Venator	(16)	31	51	68
Basic income (loss) per share:				
(Loss) income from continuing operations attributable to Venator Materials PLC ordinary shareholders	(0.23)	0.29	0.48	0.64
Net (loss) income attributable to Venator Materials PLC ordinary shareholders	(0.15)	0.29	0.48	0.64
Diluted income (loss) per share:				
(Loss) income per share from continuing operations attributable to Venator Materials PLC ordinary shareholders	(0.23)	0.29	0.48	0.64
Net (loss) income per share attributable to Venator Materials PLC ordinary shareholders	(0.15)	0.29	0.48	0.64
2016				
Revenue	540	576	532	491
Cost of goods sold	513	543	491	440
Restructuring, impairment and plant closing and transition costs	11	13	7	4
Loss from continuing operations	(53)	(24)	(4)	(4)
Net loss	(48)	(23)	(2)	(4)
Net loss attributable to Venator	(50)	(26)	(5)	(6)
Basic loss per share:				
Loss per share from continuing operations attributable to Venator Materials PLC ordinary shareholders	(0.52)	(0.25)	(0.07)	(0.06)
Net loss per share attributable to Venator Materials PLC ordinary shareholders	(0.47)	(0.24)	(0.05)	(0.06)
Diluted loss per share:				
Loss per share from continuing operations attributable to Venator Materials PLC ordinary shareholders	(0.52)	(0.25)	(0.07)	(0.06)
Net loss per share attributable to Venator Materials PLC ordinary shareholders	(0.47)	(0.24)	(0.05)	(0.06)

FREE CASH FLOW RECONCILIATION

	Year Ended December 31	
	2017	2016
Free cash flow(a):		
Net cash provided by operating activities from continuing operations	$ 337	$ 80
Capital expenditures	(197)	(103)
(Investment in) cash received from unconsolidated affiliates, net	(6)	3
Other investing activities excluding transactions with former parent and cash flows related to sales of businesses/assets	71	—
Non-recurring separation costs(b)	7	—
Total free cash flow	**$ 212**	**$ (20)**
Adjusted EBITDA	$ 395	$ 77
Capital Expenditures excluding cash paid for Pori rebuild	(103)	(103)
Cash paid for interest	(28)	(5)
Cash paid for income taxes	(21)	(7)
Primary working capital change	35	111
Restructuring	(33)	(58)
Maintenance & other	(33)	(35)
Total free cash flow(a)	**$ 212**	**$ (20)**

(a) Management internally uses a free cash flow measure: (a) to evaluate the Company's liquidity, (b) to evaluate strategic investments, (c) to evaluate the Company's ability to incur and service debt. Free cash flow is not a defined term under U.S. GAAP, and it should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The Company defines free cash flow as cash flows provided by (used in) operating activities from continuing operations and cash flows used in investing activities from continuing operations. Free cash flow is typically derived directly from the Company's consolidated and combined statement of cash flows; however, it may be adjusted for items that affect comparability between periods. Free cash flow is presented as supplemental information.

(b) Represents payments associated with our separation from Huntsman

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our ordinary shares, $0.001 par value per share, are listed on the New York Stock Exchange ("NYSE") under the symbol "VNTR." As of February 16, 2018, there were approximately 3 shareholders of record and the closing price of our ordinary shares on the New York Stock Exchange was $21.74 per share.

Our ordinary shares started trading on the NYSE on August 3, 2017. Prior to August 3, 2017, there was no public market for our ordinary shares. The reported high and low sale prices of our ordinary shares on the New York Stock Exchange for each of the periods set forth below are as follows:

Period	High	Low
2017		
Third Quarter (beginning August 3, 2017)	$ 23.44	$ 17.85
Fourth Quarter	26.90	20.10

Dividend Policy

For the foreseeable future, we do not expect to pay dividends. However, we anticipate that our board of directors will consider the payment of dividends from time to time to return a portion of our profits to our shareholders when we experience adequate levels of profitability and associated reduced debt leverage. If our board of directors determines to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends. In addition, English law and our debt agreements place certain restrictions on our ability to pay cash dividends.

Purchases of Equity Securities by the Company

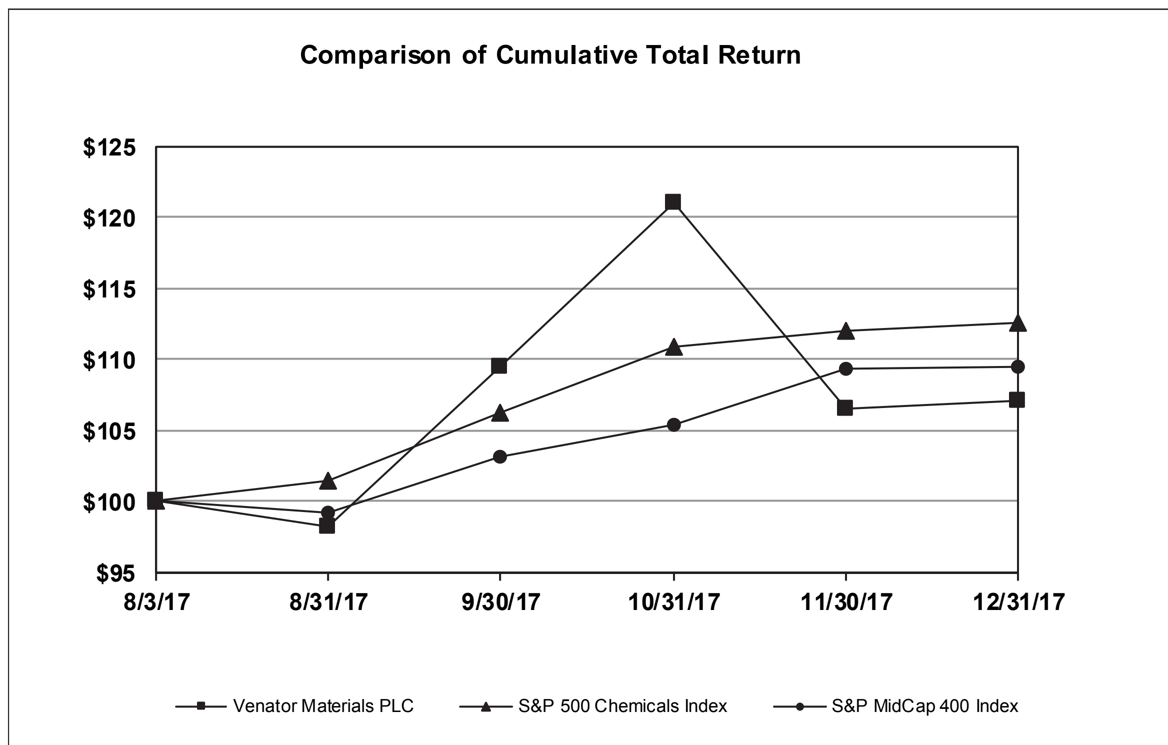
The following table provides information with respect to shares of equity-based awards granted under our share incentive plans that we withheld upon vesting to satisfy our tax withholding obligations during the three months ended December 31, 2017.

	Total number of shares purchased(1)	Average price paid per share(1)	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
October	4,277	$ 24.40	—	$ —
November	—	—	—	—
December	2,249	22.12	—	—
Total	**6,526**	**$ 23.61**	**—**	**$ —**

(1) Represents shares purchased from employees to satisfy the tax withholding obligations in connection with the vesting of restricted stock units.

Stock Performance Graph

The following graph presents the cumulative total shareholder return for Venator common stock compared with the Standard & Poor's (S&P) 500 Chemicals index and the S&P MidCap 400 index since August 3, 2017, the effective date that Venator's common stock began trading on the New York Stock Exchange.



The graph assumes that the values of Venator's common stock, the S&P 500 Chemicals index and the S&P MidCap 400 index were each $100 on August 3, 2017, and that all dividends were reinvested.

Board of Directors

Peter R. Huntsman
Chairman

Sir Robert J. Margetts
Vice Chairman and
Lead Independent Director

Simon Turner
President and
Chief Executive Officer

Douglas D. Anderson
Independent Director

Daniele Ferrari
Independent Director

Kathy Patrick
Independent Director

Management Team

Simon Turner
President and
Chief Executive Officer

Kurt Ogden
Senior Vice President and
Chief Financial Officer

Russ Stolle
Senior Vice President,
General Counsel and
Chief Compliance Officer

Mahomed Maiter
Senior Vice President,
White Pigments

Jan Buberl
Vice President, Color Pigments
and Timber Treatment

Antje Gerber
Vice President,
Specialty Business

Phil Wrigley
Vice President, EHS and
Manufacturing Excellence

Investor Information

Global Headquarters
Titanium House
Hanzard Drive
Wynyard Park
Stockton-on-Tees
TS22 5FD, United Kingdom

Independent Registered Public Accounting Firm
Deloitte & Touche LLP

Stockholder Inquiries
Inquiries from stockholders and other interested parties regarding our company are always welcome. Please direct your request to Investor Relations at our Global Headquarters address listed above, or use the contact details below:

Tel: +44 (0) 1740 608 001
Email: ir@venatorcorp.com

Stock Transfer Agent

By Regular Mail:

Computershare
P.O. Box 43078
Providence, RI 02940

By overnight delivery:

Computershare
250 Royall Street
Canton, MA 02021

Telephone inquiries:

TFN: 1-866-644-4127 (US, Canada, Puerto Rico)

TN: 1-781-575-2906 (non-US)

TTY—Hearing Impaired Toll Free:
1-800-952-9245

TTY—Hearing Impaired International:
+1-781-575-4592

Website: www.computershare.com/investor

Stock Listing
Our common stock is listed on the New York Stock Exchange under the symbol VNTR.

Annual General Meeting
The 2018 Annual General Meeting of shareholders will take place on Thursday, May 31, 2018 at 15:00 local time at the offices of:

Latham & Watkins LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom
+44 (0) 20 7710 7000

Website
www.venatorcorp.com

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