VENATOR

2018 Annual Report

Dear Shareholders

In 2018, we took positive steps in our journey to solidify Venator as a leading global titanium dioxide producer and concluded our first full year as a public company. We made significant progress and took meaningful action to improve the competitiveness of our business. We are confident in our strategy and committed to executing on our objectives to deliver increased shareholder value.



2018 was a tale of two halves: The strength of the ${\rm TiO_2}$ market in the first half of the year was in contrast to the significant and sudden headwinds we faced in the second half. Despite these challenges, Venator delivered \$436 million of adjusted EBITDA and \$2.20 of adjusted earnings per share, growth of more than 10% and 26% respectively compared to the prior year. We delivered a year on year improvement in our personal safety performance and advanced our culture program, which is built on our values of integrity, zero harm, teamwork, innovation and performance.

Augmenting our leadership position in higher value specialty TiO₂ applications: In September 2018, as a result of the increased costs and timeline associated with the reconstruction, we announced our intention to close our Pori, Finland titanium dioxide facility and transfer production of our specialty TiO₂ elsewhere within our manufacturing network. We believe this decision will provide a better economic return while maintaining the breadth and quality of our specialty TiO₂ portfolio that our customers value. We are underway and on track with the transfer project. These actions are expected to enhance our leadership position in these highvalue and more stable applications. Our innovation pipeline remains strong, highlighted by the successful launch of three new product grades in 2018 for use in specialty and differentiated applications including packaging, food and fibers. We will continue to invest in innovation and leverage our expertise to deliver high quality solutions that expand

our customer relationships, strengthen our portfolio and develop the use of TiO₂ in new high growth applications.

Fulfilling our commitments to shareholders: In 2018, we completed actions to reduce our fixed costs that improve our annual earnings by \$60 million compared to 2016 levels. In response to rapidly changing business conditions and a smaller manufacturing footprint, we implemented a new comprehensive cost reduction and operational improvement program. This 2019 Business Improvement Program is designed to further strengthen our cost structure, reduce working capital and pursue a range of measures to improve our cash flow generation. To that end, we reshaped our global leadership and administrative support, improving our efficiency and lowering costs. In 2018, we successfully optimized our production capabilities and supply chain within Performance Additives to improve its earnings power, in part through the closure of our Easton, Pennsylvania and St. Louis, Missouri facilities and rationalization of our Augusta iron oxides facility. We believe there are additional actions that can be taken to further strengthen this part of our business. These aggressive actions will strengthen the profitability profile of Venator throughout the TiO₂ cycle.

Focused on execution: Notwithstanding transient near-term challenges impacting our business, longer-term industry fundamentals remain favorable. We expect the challenging market dynamics from the second half of 2018 to diminish

in the first half of 2019. We are intensely focused on the announced improvement actions and on refining our operations to advance our overall competitiveness and improve our cash flow generation. Our financial position affords us the opportunity to invest in our assets, explore avenues for growth and consider a range of options to unlock shareholder value.

I am confident in our strategy and the ability of our world-class team of dedicated associates to deliver on our shareholder commitments. I am optimistic about the future and am looking forward to all that we will accomplish in 2019 and beyond.

Simon TurnerPresident and Chief Executive Officer

2018 At-A-Glance

\$ in millions	2018	2017
Revenues	\$2,265	\$2,209
Net (loss) income attributable to Venator	\$(163)	\$134
Diluted (loss) earnings per share	\$(1.53)	\$1.26
Adjusted net income ⁽¹⁾	\$235	\$186
Adjusted diluted earnings per share ⁽¹⁾	\$2.20	\$1.74
Adjusted EBITDA ⁽¹⁾	\$436	\$395
Free cash flow ⁽²⁾	\$(38)	\$212
Capital expenditures	\$326	\$197

December 31,

\$ in millions	2018	2017
Total assets	\$2,485	\$2,847
Net debt ⁽³⁾	\$583	\$519

Reporting Segment Operating Results

Titanium Dioxide

\$ in millions	2018
Revenue	\$1,666
Adjusted EBITDA	\$417
EBITDA Margin %	25%

Performance Additives

\$ in millions	2018
Revenue	\$599
Adjusted EBITDA	\$62
EBITDA Margin %	10%

⁽¹⁾ For a reconciliation see the Results of Operations included within Management's Discussion and Analysis on pages 8-9.

⁽²⁾ Free cash flow is defined as cash flows provided by (used in) operating activities from continuing operations and used in investing activities and may be adjusted for items that affect comparability between periods.

⁽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, 2018 which was filed with the Securities and Exchange Commission on February 20, 2019.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this report contains "forward-looking statements" within the meaning of 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 ("EHS") 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 TiO2 product applications;
- highly competitive industries and the need to innovate and develop new products;
- our ability to successfully transfer production of certain specialty and differentiated products from our Pori, Finland manufacturing facility to other sites within our manufacturing network;
- economic conditions and regulatory changes following the likely exit of the United Kingdom (the "U.K.") from the European Union ("EU");
- increased manufacturing regulations for some of our products, including the outcome of the pending potential classification of TiO2 as a carcinogen in the 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;
- fluctuations in currency exchange rates and tax rates;
- price volatility or interruptions in supply of raw materials and energy;
- our ability to realize financial and operational benefits from our business improvement plans and initiatives;
- 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;
- our ability to successfully defend legal claims against us, or to pursue legal claims against third parties;

- our ability to adequately protect our critical information technology systems;
- our ability to comply with expanding data privacy regulations;
- 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 20, 2019.

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)	2018	2017	2016	2015	2014
Statements of Operations Data:					
Revenues	\$ 2,265	\$ 2,209	\$ 2,139	\$ 2,162	\$ 1,549
(Loss) income from continuing operations	(157)	136	(85)	(362)	(171)
(Loss) income per share from continuing operations attributable to Venator ordinary shareholders Balance Sheet Data (at year end):	\$ (1.53)	\$ 1.19	\$ (0.89)	\$ (3.47)	\$ (1.63)
Total assets	\$ 2,485	\$ 2,847	\$ 2,661	\$ 3,413	\$ 3,933
Total long-term liabilities	1,087	1,083	1,309	1,477	1,579
Total assets from continuing operations(1)	2,485	2,847	2,535	3,205	3,722
Total long-term liabilities from continuing operations ⁽²⁾	1,087	1,083	1,231	1,359	1,447

⁽¹⁾ Defined as total assets less current assets of discontinued operations and noncurrent assets of discontinued operations.

⁽²⁾ 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 TiO2 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 TiO2, 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 24 manufacturing facilities, employ approximately 4,300 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 4,800 customers globally. Our production capabilities allow us to manufacture a broad range of functional TiO2 products as well as specialty TiO2 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, 2018, we had total revenues of \$2,265 million. Adjusted EBITDA for the year ended December 31, 2018 was \$436 million, comprised of \$417 million from our Titanium Dioxide segment and \$62 million from our Performance Additives segment.

Our Titanium Dioxide and Performance Additives segments have been transformed in recent years and we have a well-established position in each of the industries in which we operate. We continue to implement additional business improvements within our Titanium Dioxide and Performance Additives businesses which will continue to provide incremental improvements in our earnings as these programs are achieved.

Recent Developments

Potential Acquisition of Tronox European Paper Laminates Business

On July 16, 2018, we announced that we reached an agreement with Tronox Limited ("Tronox") to purchase the European paper laminates business (the "8120 Grade") from Tronox upon the closing of their proposed merger with The National Titanium Dioxide Company Limited ("Cristal"). In connection with the acquisition, Tronox would supply the 8120 Grade to us under a Transitional Supply Agreement until the transfer of the manufacturing of the 8120 Grade to our Greatham, U.K., facility has been completed.

Pori Fire

On January 30, 2017, our TiO₂ manufacturing facility in Pori, Finland, experienced fire damage. The loss was covered by insurance for property damage as well as business interruption losses subject to retained deductibles of \$15 million and 60 days, respectively. During the twelve months ended December 31, 2018, we recorded \$371 million of income related to insurance recoveries in cost of goods sold while \$187 million was recognized in 2017. The Pori facility had a nameplate capacity of 130,000 metric tons per year, which represented approximately 17% of our total TiO₂ nameplate capacity and approximately 2% of total global TiO₂ demand. 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. We have restored 20% of the total prior capacity, which is dedicated to production of specialty products.

On September 12, 2018, following our review of the Pori facility and options within our manufacturing network, and as a result of unanticipated cost escalation and extended timeline associated with reconstruction, we announced that we intend to close our Pori, Finland, TiO₂ manufacturing facility and transfer the specialty and differentiated product grades to other sites. We intend to continue to operate the Pori facility at reduced production rates through the transition period, which is expected to last through at least 2022, subject to economic and other factors. We currently plan to transfer certain technology and the production of select product grades, namely for inks, cosmetics, pharmaceutical and food grade applications, from Pori to other sites within our network. In addition, and as market conditions warrant, we intend to strengthen the existing manufacturing network by increasing its efficiency and by providing greater manufacturing flexibility.

Recent Trends and Outlook

In 2019, we expect results in our Titanium Dioxide segment to reflect: (i) soft near-term demand largely as a result of customer destocking; (ii) regional disparities in TiO2 pricing trends reflecting specific supply and demand balances; (iii) soft economic environment in China and Europe, including the direct and indirect effects of Brexit; (iv) manageable raw material and energy cost increases; (v) seasonal improvement in volumes in the first half of 2019 compared with the fourth quarter of 2018; (vi) increased production of specialty and differentiated product grades; and (vii) additional cost improvement actions. In our Performance Additives segment, we expect near-term business trends to be driven by: (i) a seasonal improvement in sales volumes compared to the fourth quarter of 2018; (ii) continued pricing momentum; (iii) softer economic conditions in China and Europe; (iv) increased raw material and energy costs; and (v) additional cost improvement actions.

We completed the actions to deliver the fixed cost reduction target as part of our 2017 Business Improvement Program in the fourth quarter of 2018. The full \$60 million run rate benefit is expected to be captured in the first quarter of 2019. In the first quarter of 2019 we announced additional cost reduction initiatives which are expected to provide approximately \$40 million of annual adjusted EBITDA benefit compared to 2018. Actions are expected to be complete in 2020 ending 2020 at the full run rate level.

In 2019, we expect to spend approximately \$130 million on capital expenditures, which includes spending to transfer our specialty technology from Pori to other sites in our manufacturing network.

We expect our corporate and other costs will be approximately \$50 million in 2019.

Results of Operations

The following table sets forth our consolidated and combined results of operations for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,			Percent Change Year Ended December 31,		
	Year E	naea Decemb	er 31,	2018 vs.	2017 vs.	
(Dollars in millions)	2018	2017	2016	2016 VS. 2017	2017 vs. 2016	
Revenues	\$ 2,265	\$ 2,209	\$ 2,139	3 %	3 %	
Cost of goods sold	1,550	1,744	1,989	(11)%	(12)%	
Operating expenses ⁽⁴⁾	218	226	176	(4)%	28 %	
Restructuring, impairment and plant closing and	210	220	170	(1)/0	20 70	
transition costs	628	52	35	1,108 %	49 %	
Operating (loss) income	(131)	187	(61)	NM	NM	
Interest expense, net	(40)	(40)	(44)	<u> </u>	(9)%	
Other income (expense)	6	39	(3)	(85)%	NM	
(Loss) income from continuing operations before				(),		
income taxes	(165)	186	(108)	NM	NM	
Income tax benefit (expense) from continuing operations		(50)	23	NM	NM	
(Loss) income from continuing operations	(157)	136	(85)	NM	NM	
Income from discontinued operations, net of tax	(10.) —	8	8	(100)%	— %	
Net (loss) income	(157)	144	(77)	NM	NM	
Reconciliation of net (loss) income to adjusted	(20.)		()	1,1,1	1,1,1	
EBITDA:						
Interest expense, net	40	40	44	<u> </u>	(9)%	
Income tax (benefit) expense from continuing					()	
operations	(8)	50	(23)	NM	NM	
Depreciation and amortization	132	127	114	4 %	11 %	
Net income attributable to noncontrolling interests	(6)	(10)	(10)	(40)%	— %	
Other adjustments:						
Business acquisition and integration expenses	20	5	11			
Separation expense, net	2	7				
U.S. income tax reform		(34)	_			
Net income of discontinued operations, net of tax		(8)	(8)			
Loss (gain) on disposition of businesses/assets	2		(22)			
Certain legal settlements and related expenses		1	2			
Amortization of pension and postretirement actuarial						
losses	15	17	10			
Net plant incident (credits) costs	(232)	4	1			
Restructuring, impairment and plant closing and						
transition costs	628	52	35			
Adjusted EBITDA ⁽¹⁾	\$ 436	\$ 395	<u>\$ 77</u>	10 %	413 %	
Net cash provided by operating activities from						
continuing operations	282	337	80	(16)%	321 %	
Net cash used in investing activities from continuing	202	331	80	(10)/0	521 /0	
operations	(321)	(11)	(96)	2,818 %	(89)%	
Net cash (used in) provided by financing activities from	(321)	(11)	(70)	2,010 /0	(0)//0	
continuing operations	(18)	(123)	32	(85)%	NM	
Capital expenditures	(326)	(123)	(103)	65 %	91 %	
Capital expenditures	(320)	(177)	(105)	05 /0) 1 /U	

		Year End ember 31		18		Year Enc ember 31	De	Year Ended December 31, 2016			
(In millions, except per share amounts)	Gross	Tax(3)		Net	Gross	Tax(3)	Net	Gross	Tax(3)		Net
Reconciliation of net (loss) income to											
adjusted net income (loss) attributable to											
Venator Materials PLC ordinary											
shareholders:			•	<i>(4</i> ==)						•	()
Net (loss) income			\$	(157)			\$ 144			\$	(77)
Net income attributable to noncontrolling interests				(6)			(10)				(10)
Other adjustments:				(0)			(10)				(10)
Business acquisition and integration											
expenses	20	(3)		17	5	(2)	3	11	(5)		6
Separation expense, net	2	_		2	7	_	7		_		
U.S. income tax reform					(34)	16	(18)				
Significant changes to income tax					(3.)	10	(10)				
valuation allowances ⁽³⁾		(5)		(5)		_			_		
Net income of discontinued operations		_		_	(11)	3	(8)	(9)	1		(8)
Loss (gain) on disposition of					` /		. ,	. ,			. ,
businesses/assets	2			2				(22)	5		(17)
Certain legal settlements and related											
expenses					1	_	1	2	(1)		1
Amortization of pension and	1.5			1.5	17		17	10			10
postretirement actuarial losses	15			15	17		17	10			10
Net plant incident (credits) costs	(232)	47		(185)	4	(1)	3	1	(1)		
Restructuring, impairment and plant closing and transition costs	628	(76)		552	52	(5)	47	35	(7)		28
Adjusted net income (loss) attributable	028	(70)	_	332	32	(3)	4/	33	(7)		
to Venator Materials PLC ordinary											
shareholders ⁽²⁾			\$	235			\$ 186			\$	(67)
Weighted-average shares-basic			<u> </u>	106.4			106.3				106.3
				106.4			106.3				106.3
Weighted-average shares-diluted Net (loss) income attributable to Venator				106.7			106.7				100.3
Materials PLC ordinary shareholders											
per share:											
Basic			\$	(1.53)			\$ 1.26			\$	(0.82)
Diluted			\$	(1.53)			\$ 1.26				(0.82)
Other non-GAAP measures:			Ψ	(1.55)			Ψ 1.20			Ψ	(0.02)
Adjusted net income (loss) attributable to											
Venator Materials PLC ordinary											
shareholders per share:(2)											
Basic			\$	2.21			\$ 1.75			\$	(0.63)
Diluted			\$	2.20			\$ 1.74			\$	(0.63)

NM—Not meaningful

⁽¹⁾ Our management uses adjusted EBITDA to assess financial performance. Adjusted EBITDA is defined as net (loss) income before interest expense, net, income tax benefit (expense) from continuing operations, 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 expense, net; (c) U.S. income tax reform; (d) net income of discontinued operations, net of tax; (e) loss (gain) on disposition of businesses/assets; (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 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) attributable to Venator Materials PLC ordinary shareholders 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 expense, net; (c) U.S. income tax reform; (d) significant changes to income tax valuation allowances; (e) net income of discontinued operations; (f) loss (gain) on disposition of businesses/assets; (g) certain legal settlements and related expenses; (h) amortization of pension and postretirement actuarial losses; (i) net plant incident (credits) costs; (j) 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. These measures exclude similar non-cash item as Adjusted EBITDA in order to assist our investors in comparing our performance from period to period and as such, bear similar risks as Adjusted EBITDA as documented in footnote (1) above. For that reason, adjusted net income and the related per share amounts, should not be considered in isolation and should be considered only to supplement analysis of U.S. GAAP results.

- (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 eliminated the effect of significant changes to income tax valuation allowances from our presentation of adjusted net income to allow investors to better compare our ongoing financial performance from period to period. We do not adjust for insignificant changes in tax valuation allowances because we do not believe it provides more meaningful information than is provided under U.S. GAAP.
- (4) As presented within MD&A, operating expense includes selling, general and administrative expenses and other operating expense (income), net.

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

For the year ended December 31, 2018, net loss was \$157 million on revenues of \$2,265 million, compared with a net income of \$144 million on revenues of \$2,209 million for the same period in 2017. The decrease of \$301 million in net income was the result of the following items:

- Revenues for the year ended December 31, 2018 increased by \$56 million, or 3%, as compared with the same period in 2017. The increase was due to a \$62 million, or 4%, increase in revenue in our Titanium Dioxide segment primarily due to an increase in average selling price, partially offset by a \$6 million, or 1%, decrease in revenue in our Performance Additives segment due primarily to decreases in volumes. See "—Segment Analysis" below.
- Our operating expenses for the year ended December 31, 2018 decreased by \$8 million, or 4%, as compared to the same period in 2017, primarily resulting from reduced overhead costs.
- Restructuring, impairment and plant closing and transition costs for the year ended December 31, 2018 increased to \$628 million from \$52 million for the same period in 2017. For more information concerning restructuring activities, see "Note 12. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.
- Other income for the year ended December 31, 2018 decreased by \$33 million primarily as a result of the recognition of income in 2017 related to the change in the future payment to Huntsman pursuant to the tax matters agreement entered into as part of our separation. The change in future expected payment was due to the 2017 Tax Act's reduction of the U.S. federal corporate income tax rate from 35% to 21%.
- Our income tax benefit for the year ended December 31, 2018 was \$8 million compared to \$50 million of income tax expense for the same period in 2017. 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 19. Income Taxes" to our consolidated and combined financial statements.

Segment Analysis

(in millions) 2018 2017 Revenues Titanium Dioxide \$ 1,666 \$ 1,604 4 % Performance Additives 599 605 (1)% Total \$ 2,265 \$ 2,209 3 % Segment adjusted EBITDA Titanium Dioxide \$ 417 \$ 387 8 % Performance Additives 62 72 (14)% Corporate and other (43) (64) 33 % Total \$ 436 \$ 395 10 %			Ended iber 31,		Change Favorable (Unfavorable)
Titanium Dioxide \$ 1,666 \$ 1,604 4 % Performance Additives 599 605 (1)% Total \$ 2,265 \$ 2,209 3 % Segment adjusted EBITDA Titanium Dioxide Titanium Dioxide \$ 417 \$ 387 8 % Performance Additives 62 72 (14)% Corporate and other (43) (64) 33 %	(in millions)	 2018		2017	
Performance Additives 599 605 (1)% Total \$ 2,265 \$ 2,209 3 % Segment adjusted EBITDA \$ 417 \$ 387 8 % Performance Additives 62 72 (14)% Corporate and other (43) (64) 33 %	Revenues				
Total \$ 2,265 \$ 2,209 3 % Segment adjusted EBITDA Titanium Dioxide \$ 417 \$ 387 8 % Performance Additives 62 72 (14)% Corporate and other (43) (64) 33 %	Titanium Dioxide	\$ 1,666	\$	1,604	4 %
Segment adjusted EBITDA Titanium Dioxide \$ 417 \$ 387 8 % Performance Additives 62 72 (14)% Corporate and other (43) (64) 33 %	Performance Additives	 599	· <u></u>	605	(1)%
Titanium Dioxide \$ 417 \$ 387 8 % Performance Additives 62 72 (14)% Corporate and other (43) (64) 33 %	Total	\$ 2,265	\$	2,209	3 %
Performance Additives 62 72 (14)% Corporate and other (43) (64) 33 %	Segment adjusted EBITDA				
Corporate and other	Titanium Dioxide	\$ 417	\$	387	8 %
·	Performance Additives	62		72	(14)%
Total <u>\$ 436 </u> <u>\$ 395 </u> 10 %	Corporate and other	 (43)		(64)	33 %
	Total	\$ 436	\$	395	10 %

Year Ended December 31, 2018 vs. 2017						
Average Sell	ling Price ⁽¹⁾					
	Foreign					
	•					
Local	Translation	Mix &	Sales			
Currency	Impact	Other	Volumes ⁽²⁾			
13%	3%	1 %	(13)%			
3%	2%	(2)%	(4)%			
	Local Currency	Average Selling Price ⁽¹⁾ Foreign Currency Local Translation Impact 13% 3%	Local Translation Mix & Other 13% 3% 1 %			

NM—Not meaningful

Titanium Dioxide

The Titanium Dioxide segment generated revenues of \$1,666 million in the twelve months ended December 31, 2018, an increase of \$62 million, or 4%, compared to the same period in 2017. The increase was primarily due to a 13% increase in average selling price, a 3% favorable impact from foreign currency translation, and a 1% increase due to mix and other, offset by a 13% decrease in volumes. The increase in selling prices compared to the prior year reflects more favorable business conditions allowing for an increase in prices globally. Sales volumes decreased primarily due to customer destocking and lower availability of certain specialty product grades due, in part, to extended planned maintenance turnarounds, reduced operating rates at our Pori, Finland manufacturing facility and other plant closures as part of our restructuring programs. Excluding the impact of the fire at our Pori plant and the impact of plants closed as part of our restructuring programs, sales volumes decreased by 9% compared to the prior year.

Adjusted EBITDA for the Titanium Dioxide segment increased by \$30 million for the year ended December 31, 2018 compared to the same period in 2017. This increase is primarily a result of improvements in pricing, \$19 million of benefits as a result of our 2017 business improvement program, and the sale of \$14 million of energy credits in 2018, offset by the impact of higher raw materials and energy costs and the impact of insurance proceeds received in 2017 to reimburse lost earnings from our Pori, Finland facility.

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

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

Performance Additives

The Performance Additives segment generated \$599 million of revenue in the twelve months ended December 31, 2018, a decline of \$6 million, or 1%, compared to the same period in 2017 resulting from a 4% decrease in volumes and a 2% decrease due to the unfavorable impact of sales mix and other partially offset by a 3% increase in pricing and a 2% improvement from the favorable impact of foreign currency translation. The decline in volumes was primarily as a result of customer destocking in Functional Additives, the discontinuation of sales of certain Timber Treatment products to a large customer, and plant shutdowns in the second quarter of 2018 as part of our restructuring plans, while the increase in selling prices is as a result of price increases for certain products within Functional Additives, Color Pigments and Timber Treatment to offset higher raw material and energy costs.

Adjusted EBITDA in the Performance Additives segment decreased by \$10 million, or 14%, for the twelve months ended December 31, 2018 compared to the same period in 2017, primarily due to higher raw materials and energy costs, offset by higher average selling prices and \$8 million of benefits from our 2017 business improvement program.

Corporate and other

Corporate and other represents expenses which are not allocated to our segments. Losses from Corporate and other were \$43 million, or \$21 million lower for the twelve months ended December 31, 2018 than the same period in 2017 as our costs to operate as a standalone company are lower than those costs historically allocated to us from Huntsman.

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 \$50 million, or 28%, 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 12. 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 \$42 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 19. Income Taxes" to our consolidated and combined financial statements.

Segment Analysis

		Percent Change Favorable (Unfavorable)		
(in millions)		2017	2016	
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 Sell	ling 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%	<u>%</u>	%	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 TiO₂, 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 2017 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 1% improvement in 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.

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 \$87 million, or 33%, 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 12. 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 \$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 19. Income Taxes" to our consolidated and combined financial statements.

Segment Analysis

	 Year Ended December 31,						
(in millions)	 2016		2015				
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	<u> </u>			
Corporate and other	 (53)		(53)	%			
Total	\$ 77	\$	8	863 %			

	Year Ended December 31, 2016 vs. 2015							
	Average Sell	ing Price ⁽¹⁾						
	Local Currency			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 7% decrease in average selling prices, which includes a 1% increase due to the impact of foreign currency translation, partially offset by a 4% increase in sales volumes and a 1% increase due to mix and other. Average selling prices decreased primarily as a result of competitive pressure while sales volumes increased primarily due to increased end-use demand.

Segment adjusted EBITDA increased by \$69 million primarily due to savings resulting from our restructuring programs and a decrease in other operating expenses of \$11 million due to insurance proceeds received relating to a 2015 casualty loss at our Uerdingen, Germany manufacturing facility, partially offset by a \$30 million decrease in revenue.

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 4% increase from an increase in sales volumes partially offset by a 1% unfavorable impact of foreign currency translation and a 2% decrease form sales mix and other. Segment adjusted EBITDA was consistent year over year.

Liquidity and Capital Resources

Prior to the separation, our primary source of liquidity and capital resources was 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 \$165 million and \$238 million as of December 31, 2018 and 2017, 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.

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 our subsidiaries Venator Finance S.à r.l. and Venator Materials LLC (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 \$732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of \$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 within the 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. The borrowing base calculation as of December 31, 2018 is in excess of \$268 million, of which \$259 million is available to be drawn.

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 \$140 million for the year ended December 31, 2018 as reflected in our consolidated and combined statements of cash flows. For 2019, we expect to spend approximately \$130 million on capital expenditures. Our future expenditures include certain EHS maintenance and upgrades; periodic maintenance and repairs applicable to major units of manufacturing facilities; expansions of our existing facilities or construction of new facilities; certain cost reduction projects; and the cost to transfer our specialty and differentiated manufacturing from Pori, Finland to other sites within our manufacturing network. We expect to fund this spending with cash on hand as well as cash provided by operations and borrowings.
- During the year ended December 31, 2018, we made contributions to our pension and postretirement benefit plans of \$47 million. During the first quarter of 2019, we expect to contribute an additional amount of approximately \$6 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, 2018, we had \$32 million of accrued restructuring costs of which \$18 million is classified as current. We expect to incur and pay additional restructuring and plant closing costs of approximately \$26 million during 2019. For further discussion of these plans and the costs involved, see "Note 12. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.
- In the first quarter of 2019 we announced additional cost reduction initiatives which are expected to provide approximately \$40 million of annual adjusted EBITDA benefit compared to 2018. Actions will be complete in 2020 ending 2020 at the full run rate level.

On January 30, 2017, our TiO2 manufacturing facility in Pori, Finland, experienced fire damage. The loss was covered by insurance for property damage as well as business interruption losses subject to retained deductibles of \$15 million and 60 days, respectively. During the twelve months ended December 31, 2018, we recorded \$371 million of income related to insurance recoveries in cost of goods sold while \$187 million was recognized in 2017. The Pori facility had a nameplate capacity of 130,000 metric tons per year, which represented approximately 17% of our total TiO2 nameplate capacity and approximately 2% of total global TiO2 demand. 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. We have restored 20% of the total prior capacity, which is dedicated to production of specialty products.

On September 12, 2018, following our review of the Pori facility and options within our manufacturing network, and as a result of unanticipated cost escalation and extended timeline associated with reconstruction, we announced that we intend to close our Pori, Finland, TiO2 manufacturing facility and transfer the specialty and differentiated product grades to other sites. We currently intend to continue to operate the Pori facility at reduced production rates through the transition period, which is expected to last through at least 2022, subject to economic and other factors. We plan to transfer certain technology and the production of select product grades, namely for inks, cosmetics, pharmaceutical and food grade applications, from Pori to other sites within our network. In addition, and as market conditions warrant, we will strengthen the existing manufacturing network by increasing its efficiency and by providing greater manufacturing flexibility.

• We have \$735 million in aggregate principal outstanding under \$370 million, 5.75% of Senior Notes due 2025, and a \$365 million Term Loan Facility. See further discussion under "Financing Arrangements."

As of December 31, 2018 and 2017, we had \$8 million and \$14 million, respectively, classified as current portion of debt.

As of December 31, 2018 and 2017, we had \$36 million and \$31 million, respectively, of cash and cash equivalents held outside of the U.S. and Europe, including our variable interest entities. As of December 31, 2018, our non-U.K. subsidiaries have no plan to distribute earnings in a manner that would cause them to be subject to material U.K., U.S., or other local country taxation. As of December 31, 2017, our non-U.K. subsidiaries made no distribution of earnings that caused them to be subject to material U.K., U.S., or other local country taxation. As of December 31, 2016, there were no unremitted earnings of subsidiaries to consider for indefinite reinvestment.

Cash Flows for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Net cash provided by operating activities from continuing operations was \$282 million for the twelve months ended December 31, 2018 while net cash provided by operating activities from continuing operations was \$337 million for the twelve months ended December 31, 2017. The decrease in net cash provided by operating activities from continuing operations for the twelve months ended December 31, 2018 compared with the same period of 2017 was primarily attributable to the \$301 million decrease in net income described in "—Results of Operations" above, a \$263 million unfavorable variance in changes in assets and liabilities, and an unfavorable decrease in deferred income taxes of \$38 million, partially offset by an increase in noncash restructuring and impairment charges of \$584 million.

Net cash used in investing activities from continuing operations was \$321 million for the twelve months ended December 31, 2018, compared to net cash used in investing activities from continuing operations of \$11 million for the twelve months ended December 31, 2017. The increase in net cash used in investing activities from continuing operations for the twelve months ended December 31, 2018 compared with the same period of 2017 was primarily attributable to a \$205 million increase in capital expenditures, net of insurance proceeds for recovery of property damage, an increase in net payments from affiliates of \$121 million year over year, partially offset by a change of \$10 million related to cash received and cash invested in unconsolidated affiliates.

Net cash used in financing activities from continuing operations was \$18 million for the twelve months ended December 31, 2018, compared to net cash used in financing activities from continuing operations of \$123 million for the

twelve months ended December 31, 2017. The decrease in net cash used in financing activities from continuing operations for the twelve months ended December 31, 2018 compared with the same period of 2017 was primarily attributable to a decrease of \$732 million final settlement of affiliate balances at separation and a decrease in net repayments on affiliates accounts payable of \$100 million from 2017 to 2018, offset by a decrease in proceeds received 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, 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 decrease 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.

Changes in Financial Condition

The following information summarizes our working capital as of December 31, 2018 and 2017:

(Dollars in millions)	Decem	ber 31, 2018	Decer	mber 31, 2017	Increa	se (Decrease)	Percent Change
Cash and cash equivalents	\$	165	\$	238	\$	(73)	(31)%
Accounts and notes receivable, net		351		380		(29)	(8)%
Accounts receivable from affiliates				12		(12)	(100)%
Inventories		538		454		84	19 %
Prepaid expenses		20		19		1	5 %
Other current assets		51		66		(15)	(23)%
Total current assets from continuing							
operations		1,125		1,169		(44)	(4)%
Accounts payable		382		385		(3)	(1)%
Accounts payable to affiliates		18		16		2	13 %
Accrued liabilities		135		244		(109)	(45)%
Current portion of debt		8		14		(6)	(43)%
Total current liabilities from continuing				_			
operations		543		659		(116)	(18)%
Working capital	\$	582	\$	510	\$	72	14 %

NM—Not meaningful

Our working capital increased by \$72 million as a result of the net impact of the following significant changes:

- Cash and cash equivalents decreased by \$73 million primarily due to inflows of \$282 million from operating activities from continuing operations partially offset by \$321 million of cash outflows from investing activities from continuing operations and outflows of \$18 million from financing activities of continuing operations.
- Accounts receivable decreased by \$29 million primarily due to lower sales year over year.
- Inventories increased by \$84 million primarily due to customer destocking during the year ended December 31, 2018
- Accrued liabilities decreased by \$109 million primarily due to capital accruals for the Pori, Finland rebuild at December 31, 2017 which are no longer in place.
- Accounts receivable from and accounts payable to affiliates represent financing arrangements with affiliates of
 Huntsman. For further information, see "Note 15. Debt" to our consolidated and combined financial statements as
 well as accrued costs for our restructuring programs.

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

(Dollars in millions)	Decem	ber 31, 2017	Decer	nber 31, 2016	Increas	se (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 15. Debt" to our consolidated and combined financial statements as
 well as accrued costs for our restructuring programs.

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
2019	\$ 1
2020	2
2021	1
2022	1
Thereafter	 8
Total minimum payments	13
Less: Amounts representing interest	 (3)
Present value of minimum lease payments	10
Less: Current portion of capital leases	 (1)
Long-term portion of capital leases	\$ 9

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 \$732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of \$18 million. The Senior Notes and the Senior Credit Facilities are described in greater detail in "Note 15. Debt" to our consolidated and combined financial statements.

Financing Arrangements

For a discussion of financing arrangements, see "Note 15. Debt" to our consolidated and combined financial statements.

A/R Programs

For a discussion of A/R programs, see "Note 15. Debt - A/R Programs" to our consolidated and combined financial statements.

Cross-Currency Swap

For a discussion of cross-currency swaps, see "Note 17. Derivative Instruments and Hedging Activities" 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, 2018 are summarized below:

(Dollars in millions)	 2019	202	20-2021	202	22-2023	Aft	er 2023	Total
Long-term debt, including current portion(1)	\$ 7	\$	9	\$	9	\$	723	\$ 748
Interest ⁽²⁾	43		86		89		57	275
Operating leases	13		20		10		40	83
Purchase commitments(3)	 110		167		67		25	 369
Total(4)(5)	\$ 173	\$	282	\$	175	\$	845	\$ 1,475

- (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 \$732 million of net intercompany debt owed to Huntsman and to pay related fees and expenses of \$18 million. For more information, See "—Financing Arrangements."
- (2) Interest calculated using actual and forecasted interest rates as of December 31, 2018 and contractual maturity dates.
- (3) We have various purchase commitments extending through 2029 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 2018. 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, 2018, 2017 and 2016, we made minimum payments of nil, \$2 million and \$1 million, 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)	 2019	202	20-2021	202	22-2023	A	verage Annual
Pension plans	\$ 24	\$	54	\$	58	\$	32
Other postretirement obligations							

F 37

(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 19. 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

For further discussion of these and other restructuring plans and the costs involved, see "Note 12. Restructuring, Impairment and Plant Closing and Transition Costs" to our consolidated and combined financial statements.

Legal Proceedings

For a discussion of legal proceedings, see "Note 22. 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 23. 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:

	2018	2017	2016
Defined benefit plans			
Projected benefit obligation	2.38%	2.21%	2.28%
Net periodic pension cost	2.21%	1.86%	3.27%
Other postretirement benefit plans			
Projected benefit obligation	3.50%	3.38%	3.72%
Net periodic pension cost	3.30%	3.72%	6.94%

The expected return on plan assets is determined based on asset allocations, historical portfolio results, historical asset correlations and management's expected long-term return for each asset class. The expected rate of return on U.S. plan assets was 7.75% in 2018 and 2017, each, and the expected rate of return on non-U.S. plans was 5.21% and 5.68% for 2018 and 2017, 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	~ ***	tement of erations ⁽¹⁾	 ance Sheet mpact ⁽²⁾
Discount rate			
1% increase	\$	(12)	\$ (154)
1% decrease		12	175
Expected long-term rates of return on plan assets			
1% increase		(9)	_
1% decrease		9	
Rate of compensation increase			
1% increase		2	12
1% decrease		(2)	(11)

- (1) Estimated (decrease) increase on 2018 net periodic benefit cost
- (2) Estimated (decrease) increase on December 31, 2018 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, 2018, we had total valuation allowances of \$220 million. See "Note 19. Income Taxes" to our consolidated and combined financial statements for more information regarding our valuation allowances.

As of December 31, 2018, 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, 2018, 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 2018 would have been approximately \$12 million less or \$15 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.

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 12. 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, 2018 and 2017, we had recognized a liability of \$12 million, each, related to these environmental matters. For further information, see "Note 23. 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 22. 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 regard 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, 2018, 2017 and 2016, the percentage of revenues from our consolidated variable interest entities in relation to total revenues that will ultimately be attributable to Venator is 5.2%, 5.7% and 5.4%, respectively. For further information, see "Note 8. Variable Interest Entities" to our consolidated and combined financial statements.

OUANTITATIVE 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 \$365 million at December 31, 2018. A hypothetical 1% increase in interest rates on our floating rate debt as of December 31, 2018 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, 2018 and 2017 we had \$89 million and \$109 million notional amount (in U.S. dollar equivalents) outstanding in 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 2019, the amount of accumulated other comprehensive loss at December 31, 2018 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 to 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, 2018 and 2017.

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, 2018, 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, 2018 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

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control framework and processes are designed to provide reasonable assurance to management and our Board of Directors regarding the reliability of financial reporting and the preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our Company;
- provide reasonable assurance that transactions are recorded properly to allow for the preparation of
 financial statements in accordance with generally accepted accounting principles, and that receipts and
 expenditures of our Company are being made only in accordance with authorizations of management and
 our Board of Directors;
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements; and
- provide reasonable assurance as to the detection of fraud.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time.

Our management assessed the effectiveness of our internal control over financial reporting and concluded that, as of December 31, 2018, such internal control is effective. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal *Control-Integrated Framework (2013)* ("COSO").

Our independent registered public accountants, Deloitte LLP, with direct access to our Board of Directors through our Audit Committee, have audited our consolidated and combined financial statements and have issued an attestation report on internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Venator Materials PLC and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated February 20, 2019 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Deloitte LLP Leeds, United Kingdom February 20, 2019

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 balance sheet of Venator Materials PLC and subsidiaries (the "Company") as of December 31, 2018, the related consolidated statements of operations, comprehensive (loss) income, equity and cash flows for the year ended December 31, 2018, the related notes, and the schedule listed in the Index at Item 15 (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, 2018, and the results of its operations and its cash flows for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 20, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

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 audit. We are a public accounting firm registered with the 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 audit 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. Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

/s/ Deloitte LLP Leeds, United Kingdom February 20, 2019

We have served as the Company's auditor since 2018.

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 sheet of Venator Materials PLC and subsidiaries (the "Company") as of December 31, 2017, the related consolidated and combined statements of operations, comprehensive income (loss), equity, and cash flows, for each of the two years in the period ended December 31, 2017, and the related notes listed in the Index for Item 8 and Schedule II - Valuation and Qualifying Accounts included in Item 15 (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 the results of its operations and its cash flows for each of the two 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 period 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 began serving as the Company's auditor in 2016. In 2018, we became the predecessor auditor.

VENATOR MATERIALS PLC AND SUBSIDIARIES CONSOLIDATED AND COMBINED BALANCE SHEETS

Current assets: Cash and cash equivalents(a) \$ Accounts receivable (net of allowance for doubtful accounts of \$5, each)(a) Accounts receivable from affiliates Inventories(a) Prepaid expenses Other current assets Total current assets Property, plant and equipment, net(a) Intangible assets, net(a) Investment in unconsolidated affiliates Deferred income taxes Other noncurrent assets Total assets LIABILITIES AND EQUITY Current liabilities: Accounts payable(a) \$ Accounts payable to affiliates Accrued liabilities(a) Current portion of debt(a) Total current liabilities Long-term debt Other noncurrent liabilities Noncurrent payable to affiliates	165 \$ 351 538 20 51 1,125 994 16 83	380 12 454 19 66 1,169 1,367
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Investment in unconsolidated affiliates Deferred income taxes Other noncurrent assets Total assets LIABILITIES AND EQUITY Current liabilities: Accounts payable (a) \$ Accounts payable to affiliates Accrued liabilities(a) Current portion of debt (a) Total current liabilities Long-term debt Other noncurrent liabilities		
Deferred income taxes Other noncurrent assets Total assets LIABILITIES AND EQUITY Current liabilities: Accounts payable (a) \$ Accounts payable to affiliates Accrued liabilities(a) Current portion of debt (a) Total current liabilities Long-term debt Other noncurrent liabilities	83	20
Other noncurrent assets Total assets LIABILITIES AND EQUITY Current liabilities: Accounts payable (a) \$ Accounts payable to affiliates Accrued liabilities(a) Current portion of debt (a) Total current liabilities Long-term debt Other noncurrent liabilities		86
Total assets LIABILITIES AND EQUITY Current liabilities: Accounts payable(a) \$ Accounts payable to affiliates Accrued liabilities(a) Current portion of debt(a) Total current liabilities Long-term debt Other noncurrent liabilities	178	167
Current liabilities: Accounts payable ^(a) Accounts payable to affiliates Accrued liabilities ^(a) Current portion of debt ^(a) Total current liabilities Long-term debt Other noncurrent liabilities	89	38
Current liabilities: Accounts payable (a) \$ Accounts payable to affiliates Accrued liabilities (a) Current portion of debt (a) Total current liabilities Long-term debt Other noncurrent liabilities	2,485 \$	2,847
Accounts payable ^(a) Accounts payable to affiliates Accrued liabilities ^(a) Current portion of debt ^(a) Total current liabilities Long-term debt Other noncurrent liabilities		
Accounts payable to affiliates Accrued liabilities ^(a) Current portion of debt ^(a) Total current liabilities Long-term debt Other noncurrent liabilities		
Accrued liabilities ^(a) Current portion of debt ^(a) Total current liabilities Long-term debt Other noncurrent liabilities	382 \$	385
Current portion of debt ^(a) Total current liabilities Long-term debt Other noncurrent liabilities	18	16
Total current liabilities Long-term debt Other noncurrent liabilities	135	244
Long-term debt Other noncurrent liabilities	8	14
Other noncurrent liabilities	543	659
	740	743
Noncurrent payable to affiliates	313	306
	34	34
Total liabilities	1,630	1,742
Commitments and contingencies (Notes 22 and 23)		
Equity		
Ordinary shares \$0.001 par value, 200 shares authorized, 106 each issued and 106 each		
outstanding, respectively		
Additional paid-in capital	1,316	1,311
Retained (deficit) earnings	(96)	67
Accumulated other comprehensive loss	(373)	(283
Total Venator	847	1,095
Noncontrolling interest in subsidiaries	8	10
Total equity	855	1,105
Total liabilities and equity \$	2,485	2,847

⁽a) At December 31, 2018 and 2017 respectively, \$5 each of cash and cash equivalents, \$5 and \$7 of accounts receivable (net), \$1 and \$2 of inventories, \$5 each of property, plant and equipment (net), \$14 and \$17 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 8. Variable Interest Entities."

See notes to consolidated and combined financial statements.

VENATOR MATERIALS PLC AND SUBSIDIARIES CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

		1,				
(Dollars in millions, except per share amounts)		2018		2017		2016
Trade sales, services and fees, net	\$	2,265	\$	2,209	\$	2,139
Cost of goods sold		1,550		1,744		1,989
Operating expenses:						
Selling, general and administrative (includes corporate allocations from Huntsman of nil, \$62 and \$104, respectively)		212		216		221
Restructuring, impairment and plant closing and transition costs		628		52		35
Other operating expense (income), net		6		10		
		846		278		(45) 211
Total operating expenses		-				
Operating (loss) income Interest expense		(131) (53)		187 (100)		(61) (59)
Interest expense Interest income		13		60		15
Other income (expense), net		6		39		(3)
· -						
(Loss) income from continuing operations before income taxes Income tax benefit (expense)		(165)		186		(108) 23
· •		-		(50)		
(Loss) income from continuing operations		(157)		136		(85)
Income from discontinued operations, net of tax				8		8
Net (loss) income Net income attributable to noncontrolling interests		(1 57) (6)		144 (10)		(77) (10)
-	\$	` ` `	\$	134	\$	`
Net (loss) income attributable to Venator	3	(163)	3	134	3	(87)
Basic (losses) earnings per share:						
(Loss) income from continuing operations attributable to Venator	ø	(1.52)	ø	1 10	¢	(0.90)
Materials PLC ordinary shareholders Income from discontinued operations attributable to Venator	\$	(1.53)	\$	1.19	\$	(0.89)
Materials PLC ordinary shareholders				0.07		0.07
Net (loss) income attributable to Venator Materials PLC						
ordinary shareholders	\$	(1.53)	\$	1.26	\$	(0.82)
Diluted (lesses) comings now shows						
Diluted (losses) earnings per share: (Loss) income from continuing operations attributable to Venator						
Materials PLC ordinary shareholders	\$	(1.53)	\$	1.18	\$	(0.89)
Income from discontinued operations attributable to Venator		` '				, ,
Materials PLC ordinary shareholders				0.08		0.07
Net (loss) income attributable to Venator Materials PLC ordinary shareholders	\$	(1.53)	\$	1.26	\$	(0.82)

See notes to consolidated and combined financial statements.

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

	 Ye	ear ended	December 3	1,	
(Dollars in millions)	 2018	2017			2016
Net (loss) income	\$ (157)	\$	144	\$	(77)
Other comprehensive (loss) income, net of tax:					
Foreign currency translation adjustment	(90)		106		32
Pension and other postretirement benefits adjustments	(11)		39		(54)
Hedging instruments	 11		(5)		
Other comprehensive (loss) income, net of tax	 (90)		140		(22)
Comprehensive (loss) income	(247)		284		(99)
Comprehensive income attributable to noncontrolling interest	 (6)		(10)		(10)
Comprehensive (loss) income attributable to Venator	\$ (253)	\$	274	\$	(109)

See notes to consolidated and combined financial statements.

VENATOR MATERIALS PLC AND SUBSIDIARIES CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY

			Т	otal Ven	ator l	Materials l	PLC I	Equity						
(Dollars in millions)	Ir	rent's Net nvestment and Advances	Oı	dinary hares	A ₀	dditional Paid-In Capital	R (l	etained Deficit) arnings		ccumulated Other mprehensive Loss	Iı	controlling iterest in bsidiaries		Total
Balance, January 1, 2016	\$	1,112	\$	_	\$		\$		\$	(401)	\$	17	\$	728
Net (loss) income		(87)				_						10		(77)
Net changes in other comprehensive loss		_		_		_		_		(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 Net changes in other		67				_		67				10		144
comprehensive loss				_						140				140
Dividends paid to noncontrolling interests Net changes in parent's				_						_		(12)		(12)
net investment and advances Conversion of parent's ne	t	653		_		_		_		_		_		653
investment and advances	Ф	(1.200)	ď		Ф	1 200	¢.		d.		¢.		¢.	
to paid-in capital Activity related to stock	Þ	(1,308)	\$		\$	1,308	\$		\$	_	\$	_	\$	
plans	\$		\$		\$	3	\$		\$		\$		\$	3
Balance, December 31, 2017	\$	_	\$		\$	1,311	\$	67	\$	(283)	\$	10	\$	1,105
Net (loss) income								(163)				6		(157)
Net changes in other comprehensive loss Dividends paid to		_				_				(90)		_		(90)
noncontrolling interests Activity related to stock		_		_		_		_		_		(8)		(8)
plans						5							_	5
Balance, December 31, 2018	\$		\$		\$	1,316	\$	(96)	\$	(373)	\$	8	\$	855

See notes to consolidated and combined financial statements.

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

		Year ended December 31,						
(Dollars in millions)		2018		2017		2016		
Operating Activities:								
Net (loss) income	\$	(157)	\$	144	\$	(77)		
Income from discontinued operations, net of tax		`—		(8)		(8)		
Adjustments to reconcile net (loss) income to net cash provided by operating activities:								
Depreciation and amortization		132		127		114		
Deferred income taxes		(19)		19		(14)		
Loss (gain) on disposal of assets		_		1		(22)		
Noncash restructuring and impairment charges		591		7		10		
Insurance proceeds for business interruption, net of gain on recovery				21				
Noncash interest		1		18		44		
Noncash (gain) loss on foreign currency transactions		(6)		1		(9)		
Other, net		9		13		1		
Changes in assets and liabilities:		25		(24)		(12)		
Accounts receivable		25		(24)		(12) 106		
Inventories		(103)		8				
Prepaid expenses Other current assets		(1) (13)		(2) (1)		1 (4)		
Other noncurrent assets		(49)		9		(9)		
Accounts payable		(27)		51		17		
Accounts payable Accrued liabilities		(96)		13		(40)		
Other noncurrent liabilities		(5)		(60)		(18)		
Net cash provided by operating activities from continuing operations		282		337		80		
Net cash provided by operating activities from discontinued operations		202		1		17		
Net cash provided by operating activities		282		338		97		
		202		336		91		
Investing Activities:		(226)		(197)		(102)		
Capital expenditures		(326)		76		(103)		
Insurance proceeds for recovery of property damage Cash received from unconsolidated affiliates		34		44		32		
Investment in unconsolidated affiliates		(30)		(50)		(29)		
Repayment of government grant		(30)		(5)		(29)		
Net payments from (advances to) affiliates		_		121		(5)		
Proceeds from sale of businesses/assets		1				9		
Net cash used in investing activities from continuing operations		(321)		(11)		(96)		
Net cash used in investing activities from discontinued operations		_		(1)		(22)		
Net cash used in investing activities		(321)		(12)		(118)		
Financing Activities:		(021)		(12)		(110)		
Proceeds from short-term debt				1		1		
Net (repayments) borrowings from affiliate accounts payable		_		(100)		47		
Payments on notes payable		(6)		(100)				
Final settlement of affiliate balances at separation		_		(732)		_		
Principal payments on long-term debt		(4)		(12)		(2)		
Dividends paid to noncontrolling interests		(8)		(12)		(14)		
Proceeds from issuance of long-term debt				750				
Debt issuance costs paid		_		(18)		_		
Net cash (used in) provided by financing activities from continuing operations		(18)		(123)		32		
Net cash used in financing activities from discontinued operations				`—		(2)		
Net cash (used in) provided by financing activities		(18)		(123)		30		
Effect of exchange rate changes on cash		(16)		5		(1)		
(Decrease) increase in cash and cash equivalents, including discontinued operations		(73)		208		8		
Cash and cash equivalents at beginning of period, including discontinued operations		238		30		22		
Cash and cash equivalents at end of period, including discontinued operations	\$	165	\$	238	\$	30		
Supplemental cash flow information:	<u>-</u>		Ť		<u> </u>			
Cash paid for interest	\$	46	\$	28	\$	5		
Cash paid for income taxes	Ψ	34	Ψ	21	Ψ	7		
Noncash investing and financing activities:		57		21		,		
The amount of capital expenditures in accounts payable	\$	70	\$	39	\$	21		
Received noncash settlements of notes receivable from affiliates	4	_	4	57	4	270		
Settled noncash long-term debt to affiliates		_		792		145		
						5		

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 TiO₂, and operates eight TiO₂ 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 16 manufacturing and processing facilities in Europe, North America, Asia and Australia.

Recent Developments

Potential Acquisition of Tronox European Paper Laminates Business

On July 16, 2018, we announced that we reached an agreement with Tronox Limited ("Tronox") to purchase the European paper laminates business (the "8120 Grade") from Tronox upon the closing of their proposed merger with The National Titanium Dioxide Company Limited ("Cristal"). In connection with the acquisition, Tronox would supply the 8120 Grade to us under a Transitional Supply Agreement until the transfer of the manufacturing of the 8120 Grade to our Greatham, U.K., facility has been completed.

Pori Fire

On January 30, 2017, our TiO₂ manufacturing facility in Pori, Finland, experienced fire damage. The loss was covered by insurance for property damage as well as business interruption losses subject to retained deductibles of \$15 million and 60 days, respectively. The Pori facility had a nameplate capacity of 130,000 metric tons per year, which represented approximately 17% of our total TiO₂ nameplate capacity and approximately 2% of total global TiO₂ demand. Prior to the fire, 60% of the site capacity produced specialty products. We have restored 20% of the total prior capacity, which is dedicated to production of specialty products.

On April 13, 2018, we received a final payment from our insurers of €191 million, or \$236 million, bringing our total insurance receipts to €468 million, or \$551 million, which was the limit of our insurance proceeds. We elected to receive the insurance proceeds in Euro in order to match the currency of the related business interruption losses and capital expenditures resulting from the Pori fire. For the twelve months ended December 31, 2018, we received €243 million, or \$298 million, of insurance proceeds, while €225 million, or \$253 million, was received during 2017.

During the twelve months ended December 31, 2018, we recorded \$371 million of income related to insurance recoveries in cost of goods sold while \$187 million was recognized in 2017. The difference between payments received from our insurers of \$551 million and the insurance recovery income of \$558 million is related to the foreign exchange movements of the U.S. Dollar against the Euro during the periods.

\$68 million of deferred income for insurance recoveries was reported in accrued liabilities as of December 31, 2017.

We recorded a loss of \$10 million and \$21 million for cleanup and other non-capital reconstruction costs in cost of goods sold for the twelve months ended December 31, 2018 and 2017, respectively. We 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 twelve months ended December 31, 2017.

On September 12, 2018, following our review of the Pori facility and options within our manufacturing network, and as a result of unanticipated cost escalation and extended timeline associated with reconstruction, we announced that we intend to close our Pori, Finland, TiO₂ manufacturing facility and transfer the specialty and differentiated product grades to other sites.

We intend to continue to operate the Pori facility at reduced production rates through the transition period, which is expected to last through at least 2022, subject to economic and other factors. We currently plan to transfer certain technology and the production of select product grades, namely for inks, cosmetics, pharmaceutical and food grade applications, from Pori to other sites within our network. In addition, and as market conditions warrant, we intend to strengthen the existing manufacturing network by increasing its efficiency and by providing greater manufacturing flexibility. As part of the plan, we recorded restructuring expense of \$465 million for the twelve months ended December 31, 2018, of which \$417 million related to acceleration depreciation, \$39 million related to employee benefits, and \$9 million related to the write-off of other assets. This restructuring expense consists of \$39 million of cash and \$426 million of noncash charges.

Basis of Presentation

Venator's consolidated and combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP" or "U.S. GAAP"). Prior to the separation, Venator's operations were included in Huntsman's financial results in different legal forms, including but not limited to: (1) whollyowned 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 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 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 prior to the separation reflect the combination of these legal entities under common control, the historical consolidated and combined financial information prior to the separation includes the results of operations of other Huntsman businesses that are not a part of our operations after the separation. We report the results of those other businesses as discontinued operations. Please see "Note 16. Discontinued Operations."

For purposes of these consolidated and combined financial statements, all significant transactions with 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.

Prior to our separation, Huntsman performed certain administrative and other services for Venator. These expenses were incurred by Huntsman and allocated to Venator based on either specific services provided or based on Venator's total revenues, total assets, and total employees in proportion to those of Huntsman. Management believes that such expense allocations were reasonable. Corporate allocations include allocated selling, general, and administrative expenses of nil, \$62 million and \$104 million for the years ended December 31, 2018, 2017 and 2016, 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 13. 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 15. 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 consolidated and combined balance sheets at fair value. Prior to January 1, 2018, the effective portion of changes in the fair value of derivatives designated as hedges were recorded in other comprehensive income (loss) until the hedge item impacts earnings at which point the accumulated gains and losses were 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 were recognized in earnings. Beginning January 1, 2018, the gains and losses on derivative instruments designated as

cash flow hedges are recorded in accumulated other comprehensive income (loss) and recognized in income (expense), when the hedged item impacts earnings. See "Note 17. 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 23. 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, current portion of 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.

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 expense (income), net in the consolidated and combined statements of operations and were net gains of \$6 million, net losses of \$1 million, and net gains of \$9 million for the years ended December 31, 2018, 2017 and 2016, 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'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 businesses and variable interest entities in which Venator is the primary beneficiary.

The consolidated and combined financial statements have been prepared from Huntsman'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 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 businesses for which the Huntsman businesses 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 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. 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. 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 19. 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 Other intangibles

5 - 30 years

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 leasehold improvements Plant and equipment 5 - 50 years

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 \$17 million, \$16 million and \$15 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Revenue Recognition

Venator generates substantially all of its revenues through sales of inventory in the open market and via long-term supply agreements. Revenue is recognized when the performance obligations under the terms of our contracts are satisfied, at which point the control of the goods transfers to the customer, there is a present right to payment and legal title, and the risks and rewards of ownership have transferred to the customer. Revenues is measured as the amount of consideration we expect to receive in exchange for transferred goods.

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 results of operations of other businesses of Huntsman to discontinued operations. See "Note 16. 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 Adopted During the Period

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU along with subsequently issued amendments, outline a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and supersedes most previously issued revenue recognition guidance. Under this guidance, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received. These ASUs are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. We adopted these ASUs effective January 1, 2018 and we have elected the modified retrospective approach as the transition method. As a result of the adoption of these amendments, we revised our accounting policy for revenue recognition as detailed in "Note 3. Revenue." The adoption of these ASUs did not have a significant impact on our consolidated and combined financial statements.

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 adopted the amendments of this ASU effective January 1, 2018, and the initial adoption of the amendment in this ASU did not impact our consolidated and combined 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 consolidated and combined statements of operations 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 consolidated and combined statements of operations 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. We adopted the amendments of this ASU effective January 1, 2018, which impacted the presentation of our financial statements. Our historical presentation of service cost components was consistent with the amendments in this ASU. The other components of net periodic pension and postretirement benefit costs are presented within other nonoperating income, whereas we historically presented these within cost of goods sold and selling, general and administrative expenses. As a result of the retrospective adoption of this ASU, for the years ended December 31, 2017 and 2016, cost of goods sold increased by \$6 million and \$2 million, respectively, selling, general and administrative expenses decreased by \$2 million and \$4 million, respectively, and other income increased by \$4 million and decreased by \$2 million, respectively, within our consolidated and combined statements of operations.

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 adopted the amendments of this ASU effective January 1, 2018, and the initial adoption of the amendment in this ASU did not have an impact on our consolidated and combined financial statements.

Accounting Pronouncements Pending Adoption in Future Periods

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. We expect to use the package of practical expedients that allows us to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. We plan to apply the short-term lease exception, therefore we will not record a right-of-use asset or corresponding lease liability for leases with a term of twelve months or less and instead recognize a single lease cost allocated over the lease term, generally on a straight-line basis. We plan to adopt ASU 2016-02 using the alternative transition method set forth in ASU No. 2018-11, Leases (Topic 842): Targeted Improvements, issued in July 2018, which allows for the recognition of a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The adoption of the new standard will have a material impact on our consolidated and combined balance sheet due to the recognition of right-of-use assets and lease liabilities. Because of the transition method we will use to adopt the new standard, it will not be applied to periods prior to adoption and the adoption will have no impact on our previously reported results or disclosure. We are additionally assessing the impact of the new standard on our internal controls over financial reporting. Upon adoption, we expect to record approximately \$50 million to \$55 million of additional right-of-use assets and lease obligations. The difference between the additional lease assets and lease liabilities, net of the deferred tax impact, will be recorded as an adjustment to retained earnings. We do not anticipate that this standard will have a material impact on our statement of operations or statement of cash flows.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220)*. This standard provides an option to reclassify stranded tax effects within accumulated other comprehensive income (loss) to retained earnings due to the U.S. federal corporate income tax rate change in the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). This standard is effective for interim and annual reporting periods beginning after December 15, 2018, and early adoption is permitted. We have completed our assessment and we do not anticipate this will have a material impact on our statement of comprehensive income.

In August 2018, the FASB issued ASU No. 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20). The amendments in this ASU add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans. This ASU eliminates the requirement to disclose the amounts in accumulated other comprehensive income expected to be recognized as part of net periodic benefit cost over the next year. The ASU also removes the disclosure requirements for the effects of a one-percentage-point change on the assumed health care costs and the effect of this change in rates on service cost, interest cost and the benefit obligation for postretirement health care benefits. This standard is effective for fiscal years ending after December 15, 2020 and must be applied on a retrospective basis. We are evaluating the effect of adopting this new accounting guidance, but do not expect adoption will have a material impact on our financial position.

NOTE 3. REVENUE

We account for revenues from contracts with customers under ASC 606, Revenue from Contracts with Customers, which became effective January 1, 2018. As part of the adoption of ASC 606, we applied the new standard on a modified retrospective basis analyzing open contracts as of January 1, 2018. However, no cumulative effect adjustment to retained earnings was necessary as no revenue recognition differences were identified when comparing the revenue recognition criteria under ASC 606 to previous requirements.

We generate substantially all of our revenues through sales of inventory in the open market and via long-term supply agreements. At contract inception, we assess the goods promised in our contracts and identify a performance obligation for each promise to transfer to the customer a good that is distinct. In substantially all cases, a contract has a single performance obligation to deliver a promised good to the customer. Revenue is recognized when the performance obligations under the terms of our contracts are satisfied. Generally, this occurs at the time of shipping, at which point the control of the goods transfers to the customer. Further, in determining whether control has transferred, we consider if there is a present right to payment and legal title, along with risks and rewards of ownership having transferred to the customer. Revenue is measured as the amount of consideration we expect to receive in exchange for transferred goods. Sales, value-added, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. We have elected to account for all shipping and handling activities as fulfillment costs. We recognize these costs for shipping and handling when control over products have transferred to the customer as an expense in cost of goods sold. We have also elected to expense commissions when incurred as the amortization period of the commission asset that we would have otherwise recognized is less than one year.

The following table disaggregates our revenue by major geographical region for the years ended December 31, 2018, 2017 and 2016:

		2018				2017			2016					
	tanium ioxide	rformance Additives	-	Γotal	tanium ioxide	rformance Additives	,	Total		tanium ioxide		rformance Additives		Total
North					 	 								
America	\$ 296	\$ 277	\$	573	\$ 281	\$ 301	\$	582	\$	260	\$	291	\$	551
Europe	828	206		1,034	794	194		988		733		187		920
Asia	368	98		466	349	97		446		336		90		426
Other	174	18		192	180	13		193		225		17		242
Total					 									,
Revenues	\$ 1,666	\$ 599	\$ 2	2,265	\$ 1,604	\$ 605	\$ 1	2,209	\$	1,554	\$	585	\$ 2	2,139

The following table disaggregates our revenue by major product line for the years ended December 31, 2018, 2017 and 2016:

		2018			2017			2016	
	Titanium Dioxide	Performance Additives	Total	Titanium Dioxide	Performance Additives	Total	Titanium Dioxide	Performance Additives	Total
TiO ₂	\$ 1,666	\$ —	\$ 1,666	\$ 1,604	\$ —	\$ 1,604	\$ 1,554	\$ —	\$ 1,554
Color Pigments	_	294	294	_	302	302	_	296	296
Functional Additives	_	140	140	_	130	130	_	126	126
Timber Treatment	_	142	142		151	151	_	140	140
Water Treatment		23	23		22	22		23	23
Total Revenues	\$ 1,666	\$ 599	\$ 2,265	\$ 1,604	\$ 605	\$ 2,209	\$ 1,554	\$ 585	\$ 2,139

The amount of consideration we receive and revenue we recognize is based upon the terms stated in the sales contract, which may contain variable consideration such as discounts or rebates. We also give our customers a limited right to return products that have been damaged, do not satisfy their specifications, or other specific reasons. Payment terms on product sales to our customers typically range from 30 days to 90 days. Although certain exceptions exist where standard payment terms are exceeded, these instances are infrequent and do not exceed one year. Discounts are allowed for some customers for early payment or if a certain volume is met. As our standard payment terms are less than one year, we have elected to not assess whether a contract has a significant financing component. In order to estimate the applicable variable

consideration at the time of revenue recognition, we use historical and current trend information to estimate the amount of discounts, rebates, or returns to which customers are likely to be entitled. Historically, actual discount or rebate adjustments relative to those estimated and accrued at the point of which revenue is recognized have not materially differed.

NOTE 4. EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share excludes dilution and is computed by dividing net (loss) income 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 th	e years	ended Decemb	er 31,	
	2018		2017		2016
Numerator:					
Basic and diluted (loss) income from continuing operations: (Loss) income from continuing operations attributable to Venator Materials PLC ordinary shareholders	\$ (163)	\$	126	\$	(95)
Basic and diluted income from discontinued operations: Income from discontinued operations attributable to Venator Materials PLC ordinary shareholders	\$ 	\$	8	\$	8
Basic and diluted net (loss) income: Net (loss) income attributable to Venator Materials PLC ordinary shareholders	\$ (163)	\$	134	\$	(87)
Denominator:					
Weighted average shares outstanding	106.4		106.3		106.3
Dilutive share-based awards	 0.3		0.4		
Total weighted average shares outstanding, including dilutive shares	106.7		106.7		106.3

The number of anti-dilutive employee share-based awards excluded from the computation of diluted EPS was 1 million for the year ended December 31, 2018, and not significant for each of the years ended December 31, 2017 and 2016.

NOTE 5. 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, 2018 and 2017 consisted of the following:

		Decen	1ber 31,	
	<u></u>	2018		2017
Raw materials and supplies	\$	165	\$	149
Work in process		56		46
Finished goods		317		259
Total	\$	538	\$	454

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

The cost and accumulated depreciation of property, plant and equipment at December 31, 2018 and 2017 were as follows:

	 Decemb	ber 31,	
	 2018		2017
Land and land improvements	\$ 98	\$	101
Buildings	236		236
Plant and equipment	1,926		2,048
Construction in progress	 144		255
Total	2,404		2,640
Less accumulated depreciation	 (1,410)		(1,273)
Property, plant, and equipment—net	\$ 994	\$	1,367

Depreciation expense for the years ended December 31, 2018, 2017 and 2016 was \$129 million, \$124 million and \$110 million, respectively.

NOTE 7. INVESTMENT IN UNCONSOLIDATED AFFILIATES

Investments in companies in which we exercise significant influence, but do not control, are accounted for using the equity 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 TiO2 for the exclusive benefit of each of the joint venture partners. In accordance with the joint venture agreement, this plant operates on a breakeven basis. This investment is accounted for using the equity method and totaled \$83 million and \$86 million at December 31, 2018 and 2017, respectively.

NOTE 8. 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 DowDuPont. 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, 2018, 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:

	 Y	ear ended	December 3	1,	
	 2018		2017		2016
Revenues	\$ 117	\$	127	\$	116
Income from continuing operations before income taxes	13		21		21
Net cash provided by operating activities	16		25		26

NOTE 9. INTANGIBLE ASSETS

The cost and accumulated amortization of intangible assets at December 31, 2018 and 2017 were as follows:

		December	31, 2018			December	31, 2017		
	rrying nount		umulated ortization	 Net	rrying nount		ımulated ortization]	Net
Patents, trademarks and technology	\$ 18	\$	9	\$ 9	\$ 17	\$	6	\$	11
Other intangibles	 14		7	 7	 15		6	<u> </u>	9
Total	\$ 32	\$	16	\$ 16	\$ 32	\$	12	\$	20

Amortization expense was \$3 million, \$3 million and \$4 million for the years ended December 31, 2018, 2017 and 2016, respectively.

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

Year ending December 31,	 Amount
2019	\$ 3
2020	3
2021	3
2022	3
2023	3

NOTE 10. OTHER NONCURRENT ASSETS

Other noncurrent assets at December 31, 2018 and 2017 consisted of the following:

		Decen	ıber 31,	
	2	018	2	2017
Spare parts inventory	\$	25	\$	13
Notes receivable		10		9
Pension assets		46		1
Debt issuance costs		4		4
Other	<u> </u>	4		11
Total	\$	89	\$	38

NOTE 11. ACCRUED LIABILITIES

Accrued liabilities at December 31, 2018 and 2017 consisted of the following:

	December 31,				
	2	2018		2017	
Payroll and benefits	\$	49	\$	50	
Restructuring and plant closing costs		18		11	
Rebate accrual		19		22	
Current taxes payable		_		14	
Asset retirement obligation		10		19	
Taxes other than income taxes		2		2	
Pension liabilities		1		1	
Deferred income		_		69	
Other miscellaneous accruals		36		56	
Total	\$	135	\$	244	

NOTE 12. 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, 2018, 2017 and 2016, accrued restructuring and plant closing costs by type of cost and initiative consisted of the following:

	orkforce luctions ⁽¹⁾	res	Other structuring costs	т	otal ⁽²⁾
Accrued liabilities as of January 1, 2016	\$ 90	\$	_	\$	90
2016 charges for 2015 and prior initiatives	3		16		19
2016 charges for 2016 initiatives	6		_		6
Distribution of prefunded restructuring costs 2016 payments for 2015 and prior initiatives	(36) (36)		— (16)		(36) (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 2017 payments for 2016 and prior initiatives 2017 payments for 2017 initiatives	(1) (12) (8)		(8) (4)		(1) (20) (12)
Foreign currency effect on liability balance	1	-	_	_	1
Accrued liabilities as of December 31, 2017	\$ 34	\$		\$	34
2018 charges for 2017 and prior initiatives	 2	· ·	16	_	18
2018 charges for 2018 initiatives	17		2		19
2018 payments for 2017 and prior initiatives	(17)		(16)		(33)
2018 payments for 2018 initiatives	(2)		(2)		(4)
Foreign currency effect on liability balance	 (2)				(2)
Accrued liabilities as of December 31, 2018	\$ 32	\$		\$	32

⁽¹⁾ The total workforce reduction reserves of \$32 million relate to the termination of 591 positions, of which three positions had been terminated but not yet paid as of December 31, 2018.

⁽²⁾ Accrued liabilities remaining at December 31, 2018, 2017 and 2016 by year of initiatives were as follows:

	December 31,					
	2	018	2	017	2	2016
2016 initiatives and prior	\$	4	\$	9	\$	21
2017 initiatives		14		25		_
2018 initiatives		14				
Total	\$	32	\$	34	\$	21

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

	tanium Dioxide	formance dditives	1	Total
Accrued liabilities as of January 1, 2016	\$ 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	<u> </u>	1
Accrued liabilities as of December 31, 2017	\$ 30	\$ 4	\$	34
2018 charges for 2017 and prior initiatives	18			18
2018 charges for 2018 initiative	15	4		19
2018 payments for 2017 and prior initiatives	(28)	(5)		(33)
2018 payments for 2018 initiatives	(1)	(3)		(4)
Foreign currency effect on liability balance	 (2)	 _		(2)
Accrued liabilities as of December 31, 2018	\$ 32	\$ 	\$	32
Current portion of restructuring reserves	\$ 18	\$ 	\$	18
Long-term portion of restructuring reserve	14	_		14

Details with respect to cash and noncash restructuring charges for the years ended December 31, 2018, 2017 and 2016 by initiative are provided below:

Cash charges	\$ 37
Pension-related charges	25
Accelerated depreciation	556
Other non-cash charges	 10
Total 2018 Restructuring, Impairment of Plant Closing and Transition Costs	\$ 628
Cash charges	\$ 45
Accelerated depreciation	3
Impairment of assets	3
Other non-cash charges	 11
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 and Plant Closing and Transition Costs	\$ 35

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 were reducing our workforce by approximately 900 positions. In connection with this restructuring program, we recorded restructuring expense of nil, nil, \$3 million for the years ended December 31, 2018, 2017, and 2016, respectively. We do not expect to incur any additional charges as part of this program.

In July 2016, we announced plans to close our Umbogintwini, South Africa TiO₂ manufacturing facility. As part of the program, we recorded restructuring expense of \$3 million, \$4 million and \$6 million for the years ended December 31, 2018, 2017 and 2016, respectively. We recorded an impairment charge of \$1 million for our Umbogintwini facility in 2016. We expect to incur additional charges of approximately \$7 million through 2022.

In March 2017, we announced a plan to close the white end finishing and packaging operation of our TiO₂ 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 \$15 million and \$34 million in the years ended December 31, 2018 and 2017, respectively. 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 2022.

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 \$16 million and \$7 million for the years ended December 31, 2018 and 2017, respectively, of which \$14 million and \$3 million was accelerated depreciation, respectively. We do not expect to incur any additional charges as part of this program.

In May 2018, we implemented a plan to close portions of our Color Pigments manufacturing facility in Augusta, Georgia. As part of the program, we recorded restructuring expense of \$129 million for the year ended December 31, 2018 of which \$125 million was accelerated depreciation. We expect to incur additional charges of approximately \$1 million through the end of 2019.

In August 2018, we implemented a plan to close our Color Pigments manufacturing sites in Beltsville, Maryland. As part of the program, we expect to incur charges of approximately \$2 million through 2019, of which \$1 million relates to accelerated depreciation.

In September 2018, we announced a plan to close our Pori, Finland TiO2 manufacturing facility. As part of the program, we recorded restructuring expense of \$465 million for the year ended December 31, 2018, of which \$417 million related to accelerated depreciation, \$39 million related to employee benefits, and \$9 million related to the write-off of other assets. This restructuring expense consists of \$39 million of cash and \$426 million related of noncash charges. We expect to incur additional charges of approximately \$170 million through the end of 2024, of which \$68 million relates to accelerated depreciation, \$97 million relates to plant shut down costs, \$3 million relates to other employee costs, and \$2 million relates to the write-off of other assets. Future charges consist of \$70 million of noncash costs and \$100 million of cash costs.

NOTE 13. 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,			
	2	018		2017
Asset retirement obligations at beginning of year	\$	45	\$	39
Accretion expense		2		2
Liabilities incurred		_		5
Liabilities settled		(8)		(5)
Foreign currency effect on reserve balance		(2)		4
Asset retirement obligations at end of year	\$	37	\$	45

NOTE 14. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities at December 31, 2018 and 2017 consisted of the following:

	 December 31,			
	 2018		2017	
Pension liabilities	\$ 253	\$	230	
Employee benefit accrual	4		4	
Asset retirement obligations	27		26	
Other postretirement benefits	3		3	
Environmental reserves	11		11	
Restructuring and plant closing costs	14		23	
Other	 1		9	
Total	\$ 313	\$	306	

NOTE 15. DEBT

Outstanding debt, net of issuance costs of \$13 million and \$12 million as of December 31, 2018 and December 31, 2017, respectively, consisted of the following:

	December 31, 2018			December 31, 2017		
Senior notes	\$	370	\$	370		
Term loan facility		365		367		
Other		13		20		
Total debt—excluding debt to affiliates	\$	748	\$	757		
Less: short-term debt and current portion of long-term debt		8		14		
Total long-term debt—excluding debt to affiliates	\$	740	\$	743		
Long-term debt to affiliates						
Total long-term debt	\$	740	\$	743		

The estimated fair value of the Senior Notes was \$300 million and \$396 million as of December 31, 2018 and 2017, respectively. The estimated fair value of the Term Loan Facility was \$355 million and \$378 million as of December 31, 2018 and 2017, respectively. 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, Term Loan Facility and cross-currency swaps as of December 31, 2018 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.

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

Substantially all Huntsman receivables or payable 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 affiliates" on our consolidated and combined balance sheets. See " Note 19. 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 Special Purpose Entity, 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 A/R Programs by Venator and at which time we discontinued our participation in the A/R Programs.

The entities' allocated losses on the A/R Programs for the years ended December 31, 2018, 2017 and 2016 were nil, \$1 million and \$5 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	
2019	\$	1
2020		2
2021		1
2022		1
Thereafter		8
Total minimum payments		13
Less: Amounts representing interest		(3)
Present value of minimum lease payments		10
Less: Current portion of capital leases		(1)
Long-term portion of capital leases	\$	9

Maturities

The scheduled maturities of our debt (excluding debt to affiliates) by year as of December 31, 2018 are as follows:

Year ended December 31,	Amo	ount
2019	\$	7
2020		4
2021		5
2022		4
2023		5
Thereafter		723
Total	\$	748

NOTE 16. 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 operations data for discontinued operations:

	Year ended December 31,					
		2018		2017		2016
Revenues:						
Trade sales, services and fees, net	\$	_	\$	15	\$	110
Related party sales				17		60
Total revenues	1			32		170
Cost of goods sold		_		26		147
Operating expenses:						
Selling, general, and administrative (includes corporate						
allocations from Huntsman of nil, \$1 and \$7, respectively)				(7)		15
Restructuring, impairment and plant closing costs				1		
Other income, net	-			1		(1)
Total operating expenses	1			(5)		14
Income from discontinued operations before tax		_		11		9
Income tax expense	1			(3)		(1)
Net income from discontinued operations	\$		\$	8	\$	8

NOTE 17. 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 changes in the fair value of the swaps are deferred in other comprehensive loss and subsequently recognized in other income in the audited 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 an asset of \$6 million and a liability of \$5 million at December 31, 2018 and 2017, respectively, and was recorded as other long-term assets and other long-term liabilities on our consolidated and combined balance sheets, respectively. 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 2018 and 2017 the changes in accumulated other comprehensive loss associated with these cash flow hedging activities was a gain of \$11 million and a loss of \$5 million, respectively. As of December 31, 2018, accumulated other comprehensive loss of nil is expected to be reclassified to earnings during the next twelve months. 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, 2018 and 2017 we had \$89 million and \$109 million, respectively, 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).

NOTE 18. 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, 2018, we were authorized to grant up to 12.8 million shares under the LTIP. As of December 31, 2018, we had 11.1 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 nil, \$2 million and \$2 million for the years ended December 31, 2018, 2017 and 2016, respectively. 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 \$6 million and \$3 million in compensation cost related to the converted awards and new awards granted under the LTIP for the years ended December 31, 2018 and

2017, respectively. The total income tax benefit recognized in the statement of operations for stock-based compensation arrangements was \$1 million, \$1 million and nil for the years ended December 31, 2018, 2017 and 2016, 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'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	
Dividend yield	2.4%	5.6%	
Expected volatility	56.9%	57.9%	
Risk-free interest rate	2.0%	1.4%	
Expected life of stock options granted during the period	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 was 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'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 Decem	iber 31,
	2017	2016
Dividend yield		
Expected volatility	39.6%	39.2%
Risk-free interest rate	1.9%	1.8%
Expected life of stock options granted during the period	5.5 years	4.7 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'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 2018 and 2017 under the LTIP.

	Tear chucu Dec	chiber 51,
	2018	2017
Dividend yield		_
Expected volatility	38.8%	41.0%
Risk-free interest rate	2.8%	2.0%
Expected life of stock options granted during the period	6.0 years	6.0 years

Voor anded December 31

The table below presents the changes in stock option awards for our ordinary shares from December 31, 2017 through December 31, 2018.

	Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)			(in years)	(in millions)
Outstanding at December 31, 2017	628	\$	12.24		
Granted	412		21.82		
Exercised					
Forfeited	(37)		14.10		
Expired			_		
Outstanding at December 31, 2018	1,003		16.10	8.5	\$ _
Exercisable at December 31, 2018	290		11.74	7.3	

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, 2018, 2017 and 2016, the total intrinsic value of stock options exercised was nil, each.

The weighted-average grant-date fair value of stock options granted during 2018, 2017 and 2016 was \$9.12, \$7.68 and \$2.21 per option, respectively. As of December 31, 2018, there was \$3 million of total unrecognized compensation cost related to nonvested stock option arrangements granted under the LTIP and Huntsman Plans. That cost is expected to be recognized over a weighted-average period of 1.9 years.

Restricted Stock Units

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 year ended December 31, 2016, the weighted-average expected volatility rate was 39.3% and the weighted average risk-free interest rate was 0.9%. For the performance awards granted during the year ended December 31, 2016, the number of shares earned varies based upon Huntsman achieving certain performance criteria over two -year and three -year performance periods. The performance criteria are total stockholder return of Huntsman'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 was 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 December 31, 2017 through December 31, 2018.

	Shares		Veighted Average rant-Date air Value
	(in thousands)		
Nonvested at December 31, 2017	504	\$	13.96
Granted	219		21.83
Vested (1)	(251)		12.34
Forfeited	(24)	_	14.17
Nonvested at December 31, 2018	448		18.71

⁽¹⁾ As of December 31, 2018, a total of 53,779 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, 2018, 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 1.8 years.

NOTE 19. 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,							
	2	2018	2017		2016			
Income tax (benefit) expense:								
U.K.								
Current	\$	2	\$ —	\$	_			
Deferred			_		_			
Non-U.K.								
Current		9	30		(9)			
Deferred		(19)	20		(14)			
Total	\$	(8)	\$ 50	\$	(23)			

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,					
		2018		2017	2016	
(Loss) income from continuing operations before income taxes	\$	(165)	\$	186	\$	(108)
Expected tax expense (benefit) at U.K. statutory rate of		. ,				. ,
19%, 19% and 20%, respectively	\$	(31)	\$	35	\$	(22)
Change resulting from:						
Non-U.K. tax rate differentials		(7)		(1)		(19)
Other non-U.K. tax effects, including nondeductible expenses, tax						
effect of rate changes and transfer pricing adjustments		(5)		_		(7)
Non-taxable portion of gain on sale of businesses		_		_		(3)
Unrealized currency exchange gains and losses		_		7		1
Tax authority audits and dispute resolutions				1		(1)
Tax benefit of losses with valuation allowances as a result of other						
comprehensive income						(1)
Change in valuation allowance		39		3		27
Effects of U.S. tax reform		_		3		
Other, net		(4)		2		2
Total income tax expense (benefit)	\$	(8)	\$	50	\$	(23)

Venator operates in over 20 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 or lower than the U.K. statutory rate. Losses earned in countries with higher average statutory rates than the U.K., resulted in higher tax benefit of \$7 million for the year ended December 31, 2018. Income earned in countries with lower average statutory rates than the U.K., resulted in lower tax expense of \$1 million and \$19 million, respectively, for the years ended December 31, 2017 and 2016, 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, 2018, this resulted in a tax expense of nil. For 2017, this resulted in a tax expense of \$7 million. For 2016, this resulted in a tax benefit of \$1 million.

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

	Year ended December 31,					
	2018		2017		2016	
\$	80	\$	76	\$	(20)	
	(245)		110		(88)	
\$	(165)	\$	186	\$	(108)	

Components of deferred income tax assets and liabilities at December 31, 2018 and 2017 were as follows:

	December 31,				
		2018		2017	
Deferred income tax assets:					
Net operating loss carryforwards	\$	313	\$	325	
Pension and other employee compensation		48		50	
Property, plant and equipment		28		47	
Intangible assets		6		13	
Other, net		43		41	
Total	\$	438	\$	476	
Total deferred income tax liabilities:					
Property, plant and equipment	\$	(32)	\$	(55)	
Pension and other employee compensation		(4)			
Other, net		(4)		(1)	
Total	\$	(40)	\$	(56)	
Net deferred tax assets before valuation allowance	\$	398	\$	420	
Valuation allowance		(220)	-	(253)	
Net deferred tax assets	\$	178	\$	167	
Non-current deferred tax assets		178		167	
Non-current deferred tax liabilities					
Net deferred tax assets	\$	178	\$	167	

Venator has NOLs of \$1,132 million in various jurisdictions, all of which have no expiration dates except for \$157 million which expires on December 31, 2028 and is subject to a valuation allowance. Venator has total net deferred tax assets, before valuation allowance, of \$398 million, including \$313 million of tax-effected NOLs. After taking into account deferred tax liabilities, Venator has recognized valuation allowance on net deferred tax assets of \$220 million, including valuation allowances in the following countries: Finland, France, Italy, Spain, South Africa, and the U.K. Venator also has net deferred tax assets of \$178 million, not subject to valuation allowances, primarily in Germany, Malaysia, and the U.S. Venator's NOLs are principally located in Finland, France, Germany, Italy, Spain, South Africa, U.S. 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 2018, Venator established valuation allowances of \$54 million in Finland in connection with our announcement to close our Pori, Finland manufacturing facility. Given ongoing costs related to the restructuring we do not expect sufficient positive income to utilize net deferred tax assets. In addition, based on the increased and sustained profitability in our TiO2 business in Spain, Venator released valuation allowances on certain net deferred tax assets. Because Spain places limitation on the utilization of NOLs, we recorded a partial valuation allowance release of \$5 million. We do not currently anticipate releasing any valuation allowances in the U.K. due to insufficient positive evidence based on our 2018 results and future forecast.

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.

The following is a reconciliation of the unrecognized tax benefits:

	 2018	2	2017	 2016
Unrecognized tax benefits as of January 1	\$ 23	\$	20	\$ 22
Gross increases and decreases—tax positions taken during a prior period Gross increases and decreases—tax positions taken during the current	2			_
period			1	(1)
Decreases related to settlements of amounts due to tax authorities				
Reductions resulting from the lapse of statutes of limitation	(7)			
Foreign currency movements	(1)		2	 (1)
Unrecognized tax benefits as of December 31,	\$ 17	\$	23	\$ 20

As of December 31, 2018, 2017 and 2016, the amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is \$14 million, \$13 million and \$11 million, respectively.

In accordance with Venator's accounting policy, it recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense, which were insignificant for each of the years ended December 31, 2018, 2017 and 2016.

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
Finland	2012 and later
France	2015 and later
Germany	2007 and later
Italy	2013 and later
Malaysia	2013 and later
Spain	2008 and later
United Kingdom	2017 and later
United States federal	2015 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 \$2 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. We have included the effects of these provisions in 2018.

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.

As a result of our initial analysis of the impact of the 2017 Tax Act, we recorded a provisional decrease of \$3 million to our deferred tax assets, with a corresponding net deferred tax expense of \$3 million, related to the re-measurement of our deferred taxes in connection with the reduced U.S. federal income tax rate for the year ended December 31, 2017. We have completed our accounting for the income tax effects of the 2017 Tax Act in 2018 with no material adjustment to our provisional estimate initially recorded.

In addition, for U.S. federal income tax purposes Huntsman recognized 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 was 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 and 2018. 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, 2018, our non-U.K. subsidiaries have no plan to distribute earnings in a manner that would cause them to be subject to material U.K., U.S., or other local country taxation. As of December 31, 2017, our non-U.K. subsidiaries made no distribution of earnings that caused them to be subject to material U.K., U.S., or other local country taxation. As of December 31, 2016, there were no unremitted earnings of subsidiaries to consider for indefinite reinvestment.

NOTE 20. 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, 2018 and 2017, the amount related to the U.S. benefit plans is \$10 million and \$11 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, 2018 and 2017 was \$7 million and \$8 million, respectively, or 1% each.

The following table sets forth the funded status of the plans for Venator and the amounts recognized in the consolidated and combined balance sheets at December 31, 2018 and 2017:

	Defined Benefit Plans		Other Postretirement Benefit Plans					
		2018		2017		2018		2017
Change in benefit obligation								
Benefit obligation at beginning of year	\$	1,136	\$	1,053	\$	3	\$	3
Service cost		5		5		_		
Interest cost		25		25				
Actuarial gain		(60)		(1)				
Gross benefits paid		(58)		(55)		_		
Plan amendments		6						_
Exchange rates		(56)		116				_
Curtailments		23		(4)		_		
Transfers				(3)				
Benefit obligation at end of year	\$	1,021	\$	1,136	\$	3	\$	3
Accumulated benefit obligation at end of year		983		1,091				
Change in plan assets								
Fair value of plan assets at beginning of year	\$	906	\$	790	\$	_	\$	_
Actual return on plan assets		(34)		63				_
Employer contribution		47		29		_		
Gross benefits paid		(58)		(55)		_		
Transfers		_		(5)		_		
Exchange rates		(48)		84				
Fair value of plan assets at end of year	\$	813	\$	906	\$		\$	
Funded status								
Fair value of plan assets	\$	813	\$	906	\$	_	\$	
Benefit obligation		(1,021)		(1,136)		(3)		(3)
Accrued benefit cost	\$	(208)	\$	(230)	\$	(3)	\$	(3)
Amounts recognized in balance sheet:								
Noncurrent asset	\$	46	\$	1	\$	_	\$	
Current liability		(1)		(1)		<u> </u>		<u> </u>
Noncurrent liability Total	\$	(253) (208)	\$	(230) (230)	\$	(3)	\$	(3)
Amounts recognized in accumulated other comprehensive	Þ	(208)	Þ	(230)	Þ	(3)	Þ	(3)
loss:								
Net actuarial loss (gain)	\$	302	\$	296	\$	(4)	\$	(4)
Prior service cost (credit)	Ψ	11	Ψ	7	Ψ	(1)	Ψ	(1)
Total	\$	313	\$	303	\$	(5)	\$	(5)
- 	Ψ		Ψ	- 00	Ψ	(0)	*	(0)

The amounts in accumulated other comprehensive loss 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	\$	15	\$	_
Prior service cost		1		
Total	\$	16	\$	

Components of net periodic benefit costs for the years ended December 31, 2018, 2017 and 2016 were as follows:

		Defined Benefit Plans						
	2	2018		2017		2016		
Service cost	\$	5	\$	5	\$	4		
Interest cost Expected return on plan assets		25 (47)		25 (43)		31 (39)		
Amortization of actuarial loss		15		16		10		
Amortization of prior service cost		3		1		1		
Curtailment loss (gain)		23		(4)		_		
Net periodic benefit cost	\$	24	\$	_	\$	7		
F	<u> </u>		-			·		
		Othor	Dogtwati	noment Denefit	Dlane			

	Other Postretirement Benefit Plans					
	2018	2016				
Amortization of actuarial loss	_	1				
Amortization of prior service credit		(3)				
Net periodic benefit credit	<u> </u>	\$ (2)	<u>\$</u>			

The amounts recognized in net periodic benefit cost and other comprehensive (loss) income for the years ended December 31, 2018, 2017 and 2016 were as follows:

	Defined Benefit Plans					
		2018		2017		2016
Current year actuarial gain (loss)	\$	45	\$	(24)	\$	86
Amortization of actuarial loss		(15)		(16)		(11)
Current year prior service cost		5				
Amortization of prior service cost		(3)		(1)		(1)
Curtailment effects		(23)		4		_
Other				(3)		
Total recognized in other comprehensive income (loss)		9		(40)		74
Amount related to discontinued operations						(8)
Total recognized in other comprehensive income (loss) from continuing						
operations		9		(40)		66
Net periodic benefit cost		24				7
Total recognized in net periodic benefit cost and other comprehensive income				,		
(loss)	\$	33	\$	(40)	\$	81

	Other Postretirement Benefit Plans					5
	2018		2017			2016
Current year actuarial loss	\$	_	\$	(1)	\$	
Amortization of actuarial loss		_		(1)		_
Current year prior service credits						(2)
Amortization of prior service credit				3		
Total recognized in other comprehensive (loss) income		_		1		(2)
Net periodic benefit cost				(2)		
Total recognized in net periodic benefit cost and other comprehensive						
loss	\$		\$	(1)	\$	(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			
	2018	2017	2016	
Projected benefit obligation:				
Discount rate	2.38%	2.21%	2.28%	
Rate of compensation increase	3.69%	3.74%	3.79%	
Net periodic pension cost:				
Discount rate	2.21%	1.86%	3.27%	
Rate of compensation increase	3.74%	3.53%	3.24%	
Expected return on plan assets	5.23%	5.71%	5.22%	

	Other Postretirement Benefit Plans				
	2018	2017	2016		
Projected benefit obligation:					
Discount rate	3.50%	3.38%	3.72%		
Net periodic pension cost:					
Discount rate	3.30%	3.72%	6.94%		

At December 31, 2018 and 2017, the health care trend rate used to measure the expected increase in the cost of benefits was assumed to be 4.90% and 6.75%, respectively, decreasing to 3.90% 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.

	 Determoer 31,				
	 2018		2017		
Projected benefit obligation	\$ 385	\$	364		
Fair value of plan assets	131		133		

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, 2018 and 2017 were as follows:

Dogombon 21

	 December 51,				
	 2018		2017		
Projected benefit obligation	\$ 385	\$	364		
Accumulated benefit obligation	375		355		
Fair value of plan assets	131		133		

Expected future contributions and benefit payments are as follows:

	efined efit Plans	Other Postretirement Benefit Plans
2019 expected employer contributions:		
To plan trusts	\$ 25	\$
Expected benefit payments:		
2019	38	
2020	41	
2021	43	
2022	44	_
2023	46	_
2024 - 2028	236	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 \$813 million and \$906 million at December 31, 2018 and 2017, respectively. The following plan assets are measured at fair value on a recurring basis:

Asset Category	Dec	ember 31, 2018	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	\$	213	\$	202	\$	11	\$	_	
Fixed income		547		39		501		7	
Real estate/other		34		_		6		28	
Cash and cash equivalents	<u></u>	19		19					
Total pension plan assets	\$	813	\$	260	\$	518	\$	35	

Asset Category	Dec	eember 31, 2017	Fair Value Amounts Using Quoted Prices in Active Markets for Identical Assets (Level 1) Significant Other Observable Inputs (Level 2) \$ 252 \$ 13 41 550 — 3 5 5 \$ 298 \$ 571	Other bservable Inputs	 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

		Real Est ear ended	ate/Other December	31,
		2018		2017
Fair Value Measurements of Plan Assets Using Significant Unobservable Inputs (Level 3)				
Balance at the beginning of the period	\$	30	\$	27
Return on pension plan assets Purchases, sales and settlements		(1) (1)		5 (2)
Transfers (out of) into Level 3				
Disposals		_		
Balance at the end of the period	\$	28	\$	30
	Y	Fixed l ear ended I		31,
	2	018		2017
Fair Value Measurements of Plan Assets Using Significant Unobservable Inputs (Level 3)				
Balance at the beginning of the period	\$	7	\$	6
Return on pension plan assets				1
Purchases, sales and settlements				_
Transfers (out of) into Level 3				
Balance at the end of the period	\$	7	\$	7

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 5.71%. The asset allocation for our pension plans at December 31, 2018 and 2017 and the target allocation for 2019, by asset category, are as follows:

Asset category	Target allocation 2019	Allocated at December 31, 2018	Allocated at December 31, 2017
Pension plans:			
Equities	29%	26%	29%
Fixed income	61%	64%	66%
Real estate/other	1%	1%	4%
Cash	9%	9%	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 2018.

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"). Venator has not determined whether the medical benefits provided by these postretirement benefit plans are actuarially equivalent to those provided by the Act. Venator does not collect 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, 2018, 2017 and 2016 was \$8 million, \$8 million and \$7 million, respectively, primarily related to the 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, \$3 million and \$1 million for the years ended December 31, 2018, 2017 and 2016, respectively.

NOTE 21. RELATED PARTY TRANSACTIONS

Transactions with Huntsman

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

Prior to the separation, Huntsman's executive, information technology, EHS and certain other corporate departments performed certain administrative and other services for Venator. Additionally, Huntsman performed certain site services for Venator. Expenses incurred by Huntsman 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. Management believes that such expense allocations are reasonable. Corporate allocations include allocated selling, general, and administrative expenses of nil, \$62 million and \$104 million for the years ended December 31, 2018, 2017 and 2016, 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 15. Debt" and "Note 17. Derivatives and Hedging Activities." See description of our arrangement with Huntsman as part of the separation in "Note 19. 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 \$65 million, \$64 million and \$67 million for the years ended December 31, 2018, 2017 and 2016, respectively. Proceeds from this arrangement are recorded as a reduction of cost of goods sold in Venator's consolidated and combined statements of operations. Related to this same arrangement, purchases of finished goods from LPC were \$167 million, \$158 million and \$158 million for the years ended December 31, 2018, 2017 and 2016, respectively. The related accounts receivable from affiliates and accounts payable to affiliates as of December 31, 2018 and 2017 are recognized in the consolidated and combined balance sheets.

NOTE 22. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

We have various purchase commitments extending through 2029 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 2019. 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, 2018, 2017 and 2016, we made minimum payments under such take or pay contracts without taking the product of nil, \$2 million and \$1 million, respectively. Total purchase commitments as of December 31, 2018 were as follows:

Year ended December 31,	Amount
2019	\$ 110
2020	105
2021	62
2022	61
2023	6
Thereafter	25

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 \$16 million, \$13 million and \$9 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Future minimum lease payments under noncancelable operating leases as of December 31, 2018 were as follows:

Year ended December 31,	 Amounts
2019	\$ 13
2020	11
2021	9
2022	6
2023	4
Thereafter	 40
Total	\$ 83

Legal Proceedings

Shareholder Litigation

On February 8, 2019 we, certain or our executive officers, Huntsman and certain banks who acted as underwriters in connection with our IPO and secondary offering were named as defendants in a proposed class action civil suit filed in the District Court for the State of Texas, Dallas County, by a purchaser of our ordinary shares in connection with our IPO on August 3, 2017 and our secondary offering on December 1, 2017. The plaintiff, Macomb County Employees' Retirement System, alleges that inaccurate and misleading statements were made regarding our response to the fire that occurred at our Pori, Finland manufacturing facility, among other allegations. The plaintiff seeks to determine that the proceeding is a class action, and to obtain alleged compensatory damages, costs, rescission and equitable relief. We may be required to indemnify our executive officers, Huntsman and the banks who acted as underwriters in our IPO and secondary offerings for losses incurred by them in connection with these matters pursuant to our agreements with such parties. Because of the early stage of this litigation, we are unable to reasonably estimate any possible loss or range of loss and we have made no accrual with regard to this matter.

Other Matters

We are a party to various 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 23. 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, 2018, 2017 and 2016, our capital expenditures for EHS matters totaled \$9 million, \$10 million and \$11 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, liabilities 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 the EU, 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.

In connection with our previously announced intention to close our TiO2 manufacturing facility in Pori, Finland, we expect to incur environmental costs related to the cleanup of the facility upon its eventual closure, including remediation costs related to the landfill located on the site. While we do not currently have enough information to be able to estimate the range of potential costs for the cleanup of this facility, these costs could be material to our consolidated and combined financial statements.

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, 2018 and 2017, we had environmental reserves of \$12 million, each. We may incur additional losses for environmental remediation.

NOTE 24. OTHER COMPREHENSIVE LOSS

Other comprehensive loss consisted of the following:

	Foreign currency translation adjustment ⁽¹⁾	Pension and other postretirement benefits adjustments, net of tax ⁽²⁾	Other comprehensive income of unconsolidated affiliates	Hedging instruments	Total	Amounts attributable to noncontrolling interests	Amounts attributable to Venator
Beginning balance, January 1, 2017 Adjustment due to discontinued operations	(112)	(306)	(5)	_	(423)	_	(423)
Tax expense Other comprehensive (loss) income before	_	(3)	_	_	(3)	_	(3)
reclassifications Tax expense Amounts reclassified from accumulated other comprehensive	101	4 (1)	_	(5)	100 (1)	_	100 (1)
loss, gross ⁽³⁾ Tax expense Net current-period other comprehensive (loss) income		15 ————————————————————————————————————			15 ————————————————————————————————————		15
Ending balance, December 31, 2017 Adjustment due to discontinued operations	(6)	(267)	(5)	(5)	(283)		(283)
Tax expense Other comprehensive (loss) income before reclassifications	(90)	(27)	_	_ 11	(106)	_	(106)
Tax expense Amounts reclassified from accumulated other comprehensive	_	(2)	_	_	(2)	_	(2)
loss, gross ⁽³⁾ Tax expense Net current-period other comprehensive							
(loss) income Ending balance, December 31, 2018	(90) \$ (96)	(11) \$ (278)	\$ (5)	\$ 6	(90) \$ (373)	<u> </u>	(90) \$ (373)

⁽¹⁾ Amounts are net of tax of nil each as of January 1, 2017, December 31, 2017 and December 31, 2018.

⁽²⁾ Amounts are net of tax of \$56 million, \$52 million and \$50 million as of January 1, 2017, December 31, 2017 and December 31, 2018, respectively.

⁽³⁾ See table below for details about the amounts reclassified from accumulated other comprehensive loss.

	 Year Decem	ended ber 31	,	Affected line item in the statement where net income is presented
	2018		2017	
Details about Accumulated Other Comprehensive Loss	_			
Components:				
Amortization of pension and other postretirement benefits:				
Actuarial loss	\$ 15	\$	17	(a)
Prior service cost	 3		(2)	(a)
	18		15	Total before tax
Income tax benefit	 			Income tax (expense) benefit
Total reclassifications for the period	\$ 18	\$	15	Net of tax

⁽a) These accumulated other comprehensive loss components are included in the computation of net periodic pension costs. See "Note 20. Employee Benefit Plans."

NOTE 25. 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. We have historically conducted other business within components of legal entities we operated in conjunction with Huntsman businesses, and such businesses are included within the corporate and other line item below.

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:

		Ye	ear ended	l December 3	1,	
		2018		2017		2016
Revenues:						
Titanium Dioxide	\$	1,666	\$	1,604	\$	1,554
Performance Additives		599		605		585
Total	\$	2,265	\$	2,209	\$	2,139
Segment adjusted EBITDA ⁽¹⁾ :						
Titanium Dioxide	\$	417	\$	387	\$	61
Performance Additives		62		72		69
Corporate and other		(43)		(64)		(53)
Total	\$	436	\$	395	\$	77
Reconciliation of adjusted EBITDA to net (loss) income:						
Interest expense		(53)		(100)		(59)
Interest income		13		60		15
Income tax benefit (expense)—continuing operations		8		(50)		23
Depreciation and amortization		(132)		(127)		(114)
Net income attributable to noncontrolling interests		6		10		10
Other adjustments:						
Business acquisition and integration expenses		(20)		(5)		(11)
Separation expense, net		(2)		(7)		_
U.S. income tax reform		_		34		_
Net income of discontinued operations, net of tax		_		8		8
(Loss) gain on disposition of business/assets		(2)				22
Certain legal settlements and related expenses				(1)		(2)
Amortization of pension and postretirement actuarial losses		(15)		(17)		(10)
Net plant incident credits (costs)		232		(4)		(1)
Restructuring, impairment and plant closing and transition costs		(628)		(52)		(35)
Net (loss) income	\$	(157)	\$	144	\$	(77)
Depreciation and Amortization:						
Titanium Dioxide	\$	93	\$	85	\$	87
Performance Additives		27		36		19
Corporate and other		12		6		8
Total	\$	132	\$	127	\$	114
		Y	ear ende	d December 3	1,	
G. M. I.E W.	-	2018		2017		2016
Capital Expenditures:	ф	201	¢.	1.70	Ф	72
Titanium Dioxide	\$	301	\$	178	\$	73
Performance Additives		24		17		30
Corporate and other		1		2		
Total	\$	326	\$	197	\$	103
Total Assets ⁽²⁾ :						
Titanium Dioxide	\$	1,631	\$	1,794	\$	1,561
Performance Additives		592		703		764
Corporate and other		262		350		210
Total	\$	2,485	\$	2,847	\$	2,535

⁽¹⁾ Adjusted EBITDA is defined as net (loss) income before interest expense, interest income, income tax benefit (expense), 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 expense, net; (c) U.S. income tax reform; (d) (loss) gain 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.

	Year ended December 31,						
By Geographic Area		2018	2017		2016		
Revenues ⁽¹⁾ :							
United States	\$	518	\$	526	\$	491	
Germany		257		230		210	
China		131		112		113	
Italy		126		126		130	
United Kingdom		116		114		102	
Spain		96		86		79	
France		89		94		98	
India		65		63		54	
Canada		55		56		59	
Other nations		812		802		803	
Total	\$	2,265	\$	2,209	\$	2,139	
Long Lived Assets:							
Germany	\$	263	\$	256	\$	215	
United Kingdom		180		208		198	
Italy		164		170		155	
United States		111		253		263	
Finland ⁽²⁾		69		257		146	
Other nations		207		223		201	
Total	\$	994	\$	1,367	\$	1,178	

⁽¹⁾ Geographic information for revenues is based upon countries into which product is sold.
(2) The Pori, Finland plant closure was announced in the third quarter of 2018 and is anticipated to be completed in 2022.

NOTE 26. SELECTED UNAUDITED QUARTERLY FINANCIAL DATA

2018	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	\$ 622	\$ 626	\$ 533	\$ 484
Cost of goods sold	454	193	463	440
Restructuring, impairment and plant closing and transition costs	9	136	428	55
Income (loss) from continuing operations	80	198	(366)	(69)
Net income (loss)	80	198	(366)	(69)
Net income (loss) attributable to Venator	78	196	(368)	(69)
Basic income (loss) per share:				
Income (loss) from continuing operations attributable to Venator Materials PLC ordinary shareholders	0.73	1.84	(3.46)	(0.65)
Net income (loss) attributable to Venator Materials PLC ordinary	0.75	1.01	(3.10)	(0.02)
shareholders	0.73	1.84	(3.46)	(0.65)
Diluted income (loss) per share:				
Income (loss) per share from continuing operations attributable to Venator Materials PLC ordinary shareholders Net income (loss) per share attributable to Venator Materials PLC	0.73	1.84	(3.46)	(0.65)
ordinary shareholders	0.73	1.84	(3.46)	(0.65)
2017	0.75	1.0.	(3.10)	(0.00)
Revenue	537	562	582	528
Cost of goods sold	465	480	448	388
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 (loss) income per share:	, ,			
(Loss) income per share from continuing operations attributable to Venator Materials PLC ordinary shareholders Net (loss) income per share attributable to Venator Materials PLC	(0.23)	0.29	0.48	0.64
ordinary shareholders	(0.15)	0.29	0.48	0.64
Diluted (loss) income per share:	,			
(Loss) income per share from continuing operations attributable to Venator Materials PLC ordinary shareholders Net (loss) income per share attributable to Venator Materials PLC	(0.23)	0.29	0.48	0.64
ordinary shareholders	(0.15)	0.29	0.48	0.64

FREE CASH FLOW RECONCILIATION

	Year Ended Decemb		
		2018	2017
Free cash flow ^(a) :			
Net cash provided by operating activities from continuing operations	\$	282 \$	337
Capital expenditures		(326)	(197)
Cash received from (investment in) unconsolidated affiliates, net		4	(6)
Other investing activities excluding transactions with former parent and cash flows related to sales of businesses/assets		_	71
Non-recurring separation costs ^(b)		2	7
Total free cash flow	\$	(38) \$	212
Adjusted EBITDA	\$	436 \$	395
Capital expenditures excluding cash paid for Pori rebuild		(114)	(103)
Cash paid for interest		(46)	(28)
Cash paid for income taxes		(34)	(21)
Primary working capital change		(105)	35
Restructuring		(37)	(33)
Maintenance & other		(78)	(2)
Net cash flows associated with Pori		(60)	(31)
Total free cash flow ^(a)	\$	(38) \$	212

⁽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 12, 2019, there were three shareholders of record and the closing price of our ordinary shares on the New York Stock Exchange was \$5.52 per share.

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.

Purchases of Equity Securities by the Company

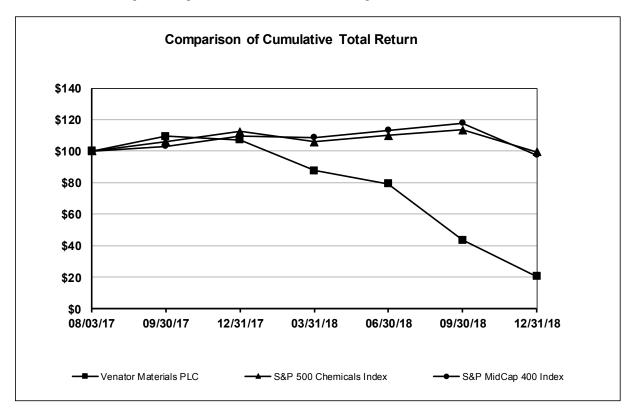
The following table provides information with respect to shares of equity-based awards granted under our share incentive plans that we withheld upon vesting to satisfy our tax withholding obligations during the three months ended December 31, 2018.

	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		\$ —		\$ —
November			_	_
December	24,021	4.19		
Total	24,021	\$ 4.19		<u>\$</u>

⁽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



Douglas D. Anderson Independent Director



Daniele Ferrari Independent Director



Kathy Patrick Independent Director



Simon Turner President and Chief **Executive Officer**

Management Team

Simon Turner President and Chief **Executive Officer**

Kurt Ogden Executive Vice President and Chief Financial Officer

Dr Rob Portsmouth Senior Vice President EHS, Innovation and Technology

Mahomed Maiter

Executive Vice President. **Business Operations**

Russ Stolle

Executive Vice President, General Counsel and Chief Compliance Officer

Investor Information

Global Headquarters

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

Independent Registered Public Accounting Firm

Deloitte 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: +1 832-663-4656 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 2019 Annual General Meeting of shareholders will take place on Tuesday, June 11, 2019 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