UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): May 31, 2019

CORTEVA, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-38710	82-4979096
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS Employer Identification No.)

974 Centre Road
Wilmington, Delaware 19805
(Address of principal executive offices) (Zip Code)

(302) 774-1000
(Registrant's telephone numbers, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**CTVA**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 8.01. Other Events.

Corteva, Inc. (the “Company”) is filing with this Current Report on Form 8-K the unaudited pro forma combined balance sheet as of March 31, 2019 and the unaudited pro forma combined statement of income for the three months ended March 31, 2019 of Corteva, Inc. (collectively, the “pro forma financial statements”) and the unaudited combined financial statements of The Dow Agricultural Sciences Business as of March 31, 2019 and for the three months ended March 31, 2019 and March 31, 2018.

The pro forma financial statements and the unaudited combined financial statements of The Dow Agricultural Sciences Business are attached hereto as Exhibit 99.1 and Exhibit 99.2 and are incorporated by reference in this Item 8.01.

The unaudited pro forma financial statements give effect to the Internal Reorganization, the Debt Retirement Transactions and the Corteva Distribution, each as defined in Exhibit 99.1.

Item 9.01 - Financial Statements and Exhibits

(b) Pro Forma Financial Information.

The following information is attached hereto as Exhibits 99.1 and 99.2 and incorporated herein by reference:

(i) the Unaudited Pro Forma Combined Balance Sheet and Statement of Income of Corteva, Inc. as of and for the three months ended March 31, 2019; and

(ii) the Unaudited Combined Financial Statements of The Dow Agricultural Sciences Business as of March 31, 2019 and for the three months ended March 31, 2019 and March 31, 2018.

(d) Exhibits

Exhibit Number	Exhibit Description
99.1	Unaudited Pro Forma Balance Sheet and Income Statement of Corteva, Inc. as of and for the three months ended March 31, 2019.
99.2	Unaudited Combined Financial Statements of The Dow Agricultural Sciences Business as of March 31, 2019 and for the three months ended March 31, 2019 and March 31, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CORTEVA, INC.
(Registrant)

By:	/s/ Gregory R. Friedman
Name:	Gregory R. Friedman
Title:	Executive Vice President, Chief Financial Officer

Date: May 31, 2019

Exhibit 99.1

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

DowDuPont Inc. ("DowDuPont") was formed on December 9, 2015, to effect an all-stock merger of equals strategic combination between The Dow Chemical Company ("Historical Dow") and E. I. du Pont de Nemours and Company ("Historical DuPont"). On August 31, 2017 at 11:59 pm ET, (the "Merger Effectiveness Time") pursuant to the Agreement and Plan of Merger, dated as of December 11, 2015, as amended on March 31, 2017 (the "Merger Agreement"), Historical Dow and Historical DuPont each merged with wholly owned subsidiaries of DowDuPont ("Mergers") and, as a result of the Mergers, Historical Dow and Historical DuPont became subsidiaries of DowDuPont (collectively, the "Merger"). Prior to the Merger, DowDuPont did not conduct any business activities other than those required for its formation and matters contemplated by the Merger Agreement. DowDuPont completed, as of April 1, 2019 the separation of its materials science business (the "Dow Distribution").

For purposes of DowDuPont's financial statement presentation, Historical Dow was determined to be the accounting acquirer in the Merger and Historical DuPont's assets and liabilities are reflected at fair value as of the Merger Effectiveness Time in the historical financial statements of DowDuPont. In connection with the Merger and the related accounting determination, Historical DuPont elected to apply push down accounting and reflect in its historical financial statements the fair value of its assets and liabilities. For purposes of Historical DuPont's financial statement presentation, periods following the closing of the Merger are labeled "Successor" and reflect DowDuPont's basis in the fair values of the assets and liabilities of Historical DuPont. All periods prior to the closing of the Merger reflect the historical accounting basis in Historical DuPont's assets and liabilities and are labeled "Predecessor." Historical DuPont's historical financial statements include a black line division between the columns titled "Predecessor" and "Successor" to signify that the amounts shown for the periods prior to and following the Merger are not comparable.

In connection with the Dow Distribution and the Corteva Distribution (defined below), DowDuPont formed two wholly-owned subsidiaries: Dow Inc. ("Dow"), to serve as a holding company for its materials science business, and Corteva, Inc. ("Corteva" or "the company"), to serve as a holding company for its agriculture business. As a result of the Internal Reorganization (defined below), Corteva, Inc. will own 100% of the outstanding common stock of Historical DuPont. Stockholders of Historical DuPont's preferred stock will continue to hold such shares following the Corteva Distribution. After the Corteva Distribution, Historical DuPont will remain a subsidiary of Corteva, Inc., will continue to be a reporting company and will comply with the requirements of the Exchange Act.

Historical DuPont has been determined to best represent the predecessor entity to Corteva. As such, the unaudited pro forma combined balance sheet as of March 31, 2019 and unaudited pro forma combined statement of income for the three months ended March 31, 2019 (collectively the "pro forma financial statements") are derived from the unaudited interim consolidated financial statements of Corteva with Historical DuPont reflected as the predecessor, filed by the company on Form 10-Q on May 31, 2019, and the unaudited interim combined financial statements of the Historical Dow's agriculture business ("Dow AgroSciences"). The unaudited interim combined financial statements of Dow AgroSciences are incorporated by reference herein and filed as Exhibit 99.2 to this Current Report on Form 8-K filed by the company on May 31, 2019. For the unaudited pro forma combined statements of income for the years ended December 31, 2018, 2017 and 2016, please refer to the sections entitled "Unaudited Pro Forma Combined Financial Statements" and Notes to the Unaudited Pro Forma Combined Financial Statements" contained in the information statement filed as Exhibit 99.1 to Amendment No. 4 to the Registration Statement on Form 10 (File No. 001-38710) filed by Corteva with the Securities and Exchange Commission on May 6, 2019.

On June 1, 2019 (the "distribution date"), DuPont de Nemours, Inc. ("DuPont") (formerly known as DowDuPont Inc.) is expected to complete the previously announced separation of its agriculture business (the "Corteva Distribution"). The separation is expected to be completed by way of a pro rata distribution of all of the then-issued and outstanding shares of common stock, par value $0.01 per share, of Corteva, Inc., to holders of record of DowDuPont common stock as of the close of business on May 24, 2019 (the "record date").

Prior to the Dow Distribution, Historical Dow conveyed or transferred the assets and liabilities aligned with Dow AgroSciences to separate legal entities (the "Dow AgroSciences entities") and the assets and liabilities associated with its specialty products business to separate legal entities (the "Dow Specialty Products entities"). On April 1, 2019, the Dow AgroSciences entities and the Dow Specialty Products entities were transferred and conveyed to DowDuPont.

In furtherance of the Distributions, Historical DuPont engaged in a series of internal reorganization and realignment steps (the "Internal Reorganization") to realign its businesses into three subgroups: agriculture, materials science and specialty products. As part of the Internal Reorganization:

- the assets and liabilities aligned with Historical DuPont's materials science business (including Historical DuPont's ethylene and ethylene copolymers business, excluding its ethylene acrylic elastomers business, were transferred or conveyed to separate legal entities (the "DuPont Materials Science entities") that were ultimately conveyed by DowDuPont to Dow;
- the assets and liabilities aligned with Historical DuPont's specialty products business were transferred or conveyed to separate legal entities (the "DuPont Specialty Products entities");
- on April 1, 2019, Historical DuPont distributed the DuPont Materials Science entities to DowDuPont, which DowDuPont then conveyed to Dow;
- on May 1, 2019, Historical DuPont distributed the DuPont Specialty Products entities to DowDuPont; and
- on May 2, 2019, DowDuPont conveyed the Dow AgroSciences entities to Historical DuPont; in connection with the foregoing, Historical DuPont issued additional shares of its common stock to DowDuPont.

As a result of the foregoing, at May 2, 2019, Historical DuPont held all or substantially all the assets and liabilities associated with DowDuPont's combined agriculture business.

The following pro forma financial statements reflect Historical DuPont's materials science and specialty products divestitures as discontinued operations and the receipt of Dow AgroSciences as a common control combination. Beginning in the second quarter of 2019, the historical financial statements and related notes of the company will be retrospectively adjusted to reflect the discontinued operations for each period presented, as well as to include Dow AgroSciences from the Merger Effectiveness Time onward.

In contemplation of the Distributions and to achieve the respective credit profiles of each of the intended future companies, DowDuPont completed a series of financing transactions, which included an offering of senior unsecured notes and the establishment of new term loan facilities (the "financing transactions"). Additionally, in the second quarter of 2019, DowDuPont issued commercial paper. DowDuPont has contributed a portion of the net proceeds of the notes offering and commercial paper to Historical DuPont and Corteva to pay off or retire a portion of Historical DuPont's existing debt liabilities (the "Debt Retirement Transactions"). See Note 1 for further discussion of the Debt Retirement Transactions.

The following pro forma financial statements give effect to the following:

- The unaudited pro forma combined balance sheet as of March 31, 2019 gives effect to the Internal Reorganization, Debt Retirement Transactions and the Corteva Distribution as if they had been consummated on March 31, 2019.
- The unaudited pro forma combined statement of income for the three months ended March 31, 2019 gives effect to the Merger, Internal Reorganization, Debt Retirement Transactions and the Corteva Distribution as if they had been consummated on January 1, 2019.

The pro forma financial statements are presented for informational purposes only, and do not purport to represent what the results of operations or financial position would have been had the Merger, Internal Reorganization, Debt Retirement Transactions and the Corteva Distribution been consummated on the dates indicated, nor do they purport to project the results of operations or financial position for any future period or as of any future date.

One-time transaction-related costs incurred prior to, or concurrent with, the closing of the Merger and the expected Corteva Distribution are not included in the unaudited pro forma combined statement of income. The pro forma financial statements do not reflect restructuring or integration activities or other costs following the separation and distribution transactions that may be incurred to achieve cost or growth synergies of Corteva. As no assurance can be made that these costs will be incurred or the growth synergies will be achieved, no adjustment has been made.

In connection with the Distributions, Corteva entered into certain agreements that will effect the Corteva Distribution and provide a framework for Corteva's relationship with DuPont and Dow, including each of the following:

- Separation and Distribution Agreement by and among Corteva, DuPont and Dow;
- Tax Matters Agreement by and among Corteva, DuPont and Dow;
- Employee Matters Agreement by and among Corteva, DuPont and Dow; and
- Intellectual Property Cross-License Agreement by and among Corteva, Dow and the parties thereto.

These agreements will provide for the terms of the separation between Corteva, DuPont and Dow of the assets, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) of DowDuPont and its subsidiaries attributable to the periods prior to, at and after Corteva's and Dow's respective separations from DowDuPont and will govern the relationship among Corteva, DuPont and Dow subsequent to the completion of the separations and distributions.

The unaudited pro forma combined balance sheet as of March 31, 2019 does not reflect certain tax asset and liability balances that may differ from balances presented in the unaudited pro forma combined balance sheet below, pursuant to the implementation of the Tax Matters Agreement. In connection with the Distributions, Corteva, DowDuPont and Dow have finalized the material terms of an amendment to the agreement to allocate certain liabilities and other items. Corteva's pro forma combined balance sheet as of March 31, 2019 has been adjusted to reflect indemnification receivables and payables arising under the terms of the Tax Matters Agreement related to tax payables and receivables. See Note 2 for further details. Management anticipates additional impacts from the amendment to the Tax Matters Agreement, however, the full financial impact cannot be determined at this time and will depend on, among other factors, the income of, and tax attributes generated and utilized by, each of Corteva, DowDuPont, Dow and their respective subsidiaries, which, in each case, will be determined on or before the filing of the consolidated U.S. federal income tax return for the 2019 calendar year.

Corteva, Inc. Unaudited Pro Forma Combined Balance Sheet as of March 31, 2019

(in millions)	Successor Corteva Continuing Operations(1) Note 4	Separation and Debt Retirement Pro Forma Adjustments Note 2		Pro Forma Corteva
Assets				
Current assets				
Cash and cash equivalents	$ 1,759	$ 500	(j)	$ 2,259
Marketable securities	5	—		5
Accounts and notes receivable – net	6,538	96	(a) (e)	6,634
Inventories	4,951	—		4,951
Other current assets	1,323	—		1,323
Total current assets	14,576	596		15,172
Investment in nonconsolidated affiliates	77	—		77
Net property	4,521	—		4,521
Goodwill	10,203	—		10,203
Other intangible assets	11,961	—		11,961
Deferred income tax assets	215	(6)	(d)	209
Other assets	2,281	11	(d)	2,292
Total assets	$ 43,834	$ 601		$ 44,435
Liabilities and Equity				
Current liabilities				
Short-term borrowings and finance lease obligations	$ 3,201	$ (485)	(k)	$ 2,716
Accounts payable	3,128	(25)	(a)	3,103
Income taxes payable	194	—		194
Accrued and other current liabilities	4,063	110	(a) (b) (e) (l)	4,173
Total current liabilities	10,586	(400)		10,186
Long-term debt	6,297	(6,114)	(k)	183
Other noncurrent liabilities				
Deferred income tax liabilities	1,433	24	(m)	1,457
Pension and other postemployment benefits – noncurrent	5,554	(48)	(d)	5,506
Other noncurrent obligations	2,019	(4)	(c)	2,015
Total noncurrent liabilities	15,303	(6,142)		9,161
Stockholders' equity				
Common stock(2)	—	7	(f) (o)	7
Additional paid-in capital	20,101	7,132	(f) (o)	27,233
Accumulated deficit	(20)	4	(o)	(16)
Accumulated other comprehensive loss	(2,408)	—		(2,408)
Total stockholders' equity	17,673	7,143		24,816
Noncontrolling interests	272	—		272
Total equity	17,945	7,143		25,087
Total liabilities and equity	$ 43,834	$ 601		$ 44,435

(1) Represents the company's current best estimate of Corteva's pro forma historical balance sheet, reflecting the discontinued operations of Historical DuPont's materials science and specialty products businesses, as well as the common control combination of Dow AgroSciences. See note 4 for further details. Actual results could differ from these estimates.

(2) Represents the expected common stock outstanding as of the record date of the distribution.

See accompanying Notes to the Unaudited Pro Forma Combined Financial Statements.

Corteva, Inc. Unaudited Pro Forma Combined Statement of Income
for the Three Months Ended March 31, 2019

(in millions, except per share amounts)	Successor Corteva Continuing Operations(1) Note 4	Pro Forma Adjustments Note 2		Pro Forma Corteva
Net sales	$ 3,399	$ —	(a)	$ 3,399
Cost of goods sold	2,211	(189)	(a) (h) (p)	2,022
Research and development expense	299	—		299
Selling, general and administrative expenses	735	3	(a) (h)	738
Amortization of intangibles	101	—		101
Restructuring and asset-related charges – net	61	—		61
Integration and separation costs	212	(112)	(g)	100
Sundry income – net	31	—		31
Interest expense	59	(45)	(n)	14
(Loss) income from continuing operations before income taxes	(248)	343		95
(Benefit from) provision for income taxes on continuing operations	(66)	47	(a) (g) (h) (i) (n) (p)	(19)
(Loss) income from continuing operations after income taxes	(182)	296		114
Net income from continuing operations attributable to noncontrolling interests	8	—		8
Net (loss) income from continuing operations attributable to Corteva common stockholders	$ (190)	$ 296		$ 106
Earnings per common share from continuing operations (note 3):				
Basic				$ 0.14
Diluted				$ 0.14
Weighted average common shares outstanding (note 3):				
Basic				747.2
Diluted				750.2

(1) Represents the company's current best estimate of Corteva's retrospectively revised historical financial statements, reflecting the discontinued operations of Historical DuPont's materials science and specialty products businesses, as well as the common control combination of Dow AgroSciences. See note 4 for further details. Actual results could differ from these estimates.

See accompanying Notes to the Unaudited Pro Forma Combined Financial Statements.

NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF THE TRANSACTIONS AND BASIS OF PRESENTATION

The pro forma financial statements include adjustments related to the Merger, the Internal Reorganization, the Debt Retirement Transactions and the Corteva Distribution, as required by Article 11 of SEC Regulation S-X. Historical DuPont has been determined to best represent the predecessor entity to Corteva. As a result, the historical financial statements of Corteva reflected in the pro forma financial statements are those of Historical DuPont. The historical consolidated financial information has been adjusted to give effect to events that are (1) directly attributable to the Merger, the Internal Reorganization, the Debt Retirement Transactions and the Corteva Distribution, (2) factually supportable and (3) with respect to the unaudited pro forma combined statements of income, expected to have a continuing impact on the consolidated results. Further, these pro forma adjustments contain estimates, which are based on information currently available to management and are subject to change, which could have a material impact on these pro forma financial statements.

The Merger

At the Merger Effectiveness Time, pursuant to the merger agreement, Historical DuPont and Historical Dow each merged with subsidiaries of DowDuPont and, as a result, Historical DuPont and Historical Dow became subsidiaries of DowDuPont.

One-time transaction-related expenses incurred prior to, or concurrent with, the closing of the Merger are not included in the unaudited pro forma combined statement of income.

The Internal Reorganization

Distribution of Historical DuPont’s Materials Science and Specialty Products Businesses

Beginning in the second quarter of 2019, Corteva’s distributions of Historical DuPont’s materials science and specialty products businesses will be accounted for as discontinued operations. As such, pro forma adjustments related to the distributions have been prepared in accordance with the discontinued operations guidance in ASC 205 and therefore do not allocate any general corporate overhead expenses of Historical DuPont to the materials science and specialty products businesses and include only those costs that are directly related to the discontinued businesses and are not expected to continue. The company’s current estimates for discontinued operations are preliminary and could change as the company finalizes discontinued operations accounting. As such, the pro forma financial statements do not reflect what Corteva’s results of operations or financial position would have been on a stand-alone basis and are not necessarily indicative of Corteva’s future results of operations. See Note 4 for additional information.

Common Control Combination of Dow AgroSciences

Corteva’s acquisition of Dow AgroSciences will be treated as a transfer between entities under common control. As such, the company will record the assets, liabilities, and equity of the Dow AgroSciences business on its balance sheet at their historical basis. Transfers of businesses between entities under common control requires the financial statements to be presented as if the transaction had occurred at the point at which common control first existed (Merger Effectiveness Time). Beginning in the second quarter of 2019, Corteva’s historical financial statements and related notes will be retrospectively adjusted to include the historical balances of Dow AgroSciences from September 1, 2017 onward.

The unaudited pro forma combined balance sheet as of March 31, 2019 is presented as if the common control combination of Dow AgroSciences had occurred on March 31, 2019 and the unaudited pro forma combined statement of income is presented as if the common control combination of Dow AgroSciences had occurred on January 1, 2019. Transactions between Dow AgroSciences and Historical DuPont Agriculture have been eliminated as if Dow AgroSciences and Historical DuPont’s agriculture business were consolidated affiliates since January 1, 2019.

Debt Retirement Transactions

At the time of the Corteva Distribution, it is expected that Corteva will have a credit profile substantially similar to that of Historical DuPont prior to the Merger. Corteva is targeted to have an A- credit rating (expressed in Standard & Poor’s (“S&P”) nomenclature) primarily reflecting obligations relating to certain Historical DuPont defined pension plans, including Historical DuPont’s principal U.S. pension plan, certain non-U.S. pension plans and other post-employment benefit liabilities. In contemplation of the Distributions and in preparation to achieve the respective credit profiles of each of the intended future companies, DowDuPont completed a series of financing transactions and commercial paper issuance. DowDuPont used the proceeds from its financing transactions and commercial paper issuance to reduce Corteva's outstanding liabilities in line with Corteva's target credit profile (the "Liabilities Reduction"). Therefore, the unaudited pro forma combined balance sheet as of March 31, 2019 reflects the Liabilities Reduction through the retirement of certain of Historical DuPont's outstanding debt securities and term loans based on short-term and long-term debt balances and pension obligations outstanding as of March 31, 2019. The unaudited pro forma combined statement of income reflect adjustments assuming the Liabilities Reduction was achieved on January 1, 2019.

Certain Debt Retirement Transactions were undertaken by Historical DuPont in the fourth quarter of 2018 and April and May of 2019 as part of the Liabilities Reduction. Specifically, Historical DuPont offered to purchase for cash any and all outstanding debt securities listed in the table below from each registered holder of the applicable series of debt securities (the "Tender Offers").

(in millions)	*Amount*
5.750% Senior Notes due 2019	$ 500
4.625% Senior Notes due 2020	1,000
3.625% Notes due 2021	1,000
4.250% Notes due 2021	500
2.800% Notes due 2023	1,250
6.500% Debentures due 2028	300
5.600% Senior Notes due 2036	400
4.900% Notes due 2041	500
4.150% Notes due 2043	750
Total	$6,200

In the fourth quarter of 2018, Historical DuPont retired $4,409 million of such debt securities in connection with the Tender Offers, which expired on December 11, 2018. Historical DuPont paid a total of $4,849 million, which included breakage fees and all applicable accrued and unpaid interest. DowDuPont contributed cash (generated from the financing transactions) to Historical DuPont to fund the settlement of the Tender Offers and payment of associated fees.

On March 22, 2019, Historical DuPont issued notices of redemption in full of all of its remaining outstanding fixed-rate notes other than the fixed-rate SMR Notes (as defined below) (the "Make Whole Notes"). The Make Whole Notes were redeemed on April 22, 2019 at the make-whole redemption prices set forth in the respective Make Whole Notes. On and after the date of redemption, the Make Whole Notes were no longer deemed outstanding, interest on the Make Whole Notes ceased to accrue and all rights of the holders of the Make Whole Notes were terminated.

On May 2, 2019, Historical DuPont terminated its Term Loan Facility and repaid the aggregate outstanding principal amount of $3 billion plus accrued and unpaid interest through and including May 1, 2019.

On May 17, 2019, Historical DuPont redeemed its $1,250 million aggregate principal amount of 2.200% Notes due 2020 and $750 million aggregate principal amount of Floating Rate Notes due 2020 (collectively, the "SMR Notes"). On and after the date of redemption, the SMR Notes were no longer deemed outstanding, interest on the SMR Notes ceased to accrue and all rights of the holders of the SMR Notes were terminated.

In connection with the 2019 transactions described in the preceding three paragraphs, Historical DuPont paid a total of $6.6 billion, which included breakage fees and accrued and unpaid interest on the Make Whole Notes, Term Loan Facility and SMR Notes. Historical DuPont funded the payments with cash from operations and cash contributions from DowDuPont. These payments and redemptions have been reflected in the pro forma financial statements.

In furtherance of achieving the company's credit profile target, Corteva may take various steps, which may include further retirement of financial debt and maintenance of meaningful intra-year debt supporting seasonality. Any specific future actions, related to the Liabilities Reduction will depend on various factors existing at that time, including results of operations, market conditions and capital structure considerations.

The Separation and Distribution of Corteva

The Corteva Distribution will occur by way of a pro rata distribution to DowDuPont stockholders. Each DowDuPont stockholder will be entitled to receive one share of Corteva common stock for every three shares of DowDuPont common stock held by such stockholder at the close of business on May 24, 2019, the record date of the distribution. The actual number of shares of Corteva common stock that DowDuPont will distribute will depend on the number of shares of DowDuPont common stock outstanding on the record date.

One-time transaction-related expenses incurred relating to the separation and distribution of Corteva are not included in the unaudited pro forma combined statement of income.

NOTE 2 – SEPARATION, DEBT RETIREMENT AND MERGER RELATED PRO FORMA ADJUSTMENTS

Separation Pro Forma Adjustments

The pro forma financial statements reflect the following adjustments related to the separation and distribution transactions:

(a) The Telone® Soil Fumigant business ("Telone®") will not transfer to Corteva as part of the common control combination of Dow AgroSciences. A distribution agreement was entered into between Corteva and Dow that allows for Corteva to become the exclusive distributor of Telone® products for Dow after the separation and distribution transactions. This adjustment reflects the impact to the pro forma financial statements of the removal of Telone® balances that will not transfer to Corteva as well as the impact of the Telone® distribution agreement.

The below represents amounts that were removed from the pro forma financial statements:

Balance Sheet

(in millions)	*As of March 31, 2019*
Accounts and notes receivable – net	$ (93)
Total assets	$ (93)
Accounts payable	$ (25)
Accrued and other current liabilities	(50)
Total liabilities	$ (75)

Statement of Income

(in millions)	*For the Three Months Ended March 31, 2019*
Net sales	$ (30)
Cost of goods sold	(9)
Income from continuing operations before income taxes	(21)
Provision for income taxes on continuing operations(1)	(22)
Income from continuing operations after income taxes	$ 1

(1) Adjustment represents the income tax impact of the pro forma adjustment using a blended statutory tax rate of 25% and the removal of tax expense recognized in the period related to separation activity. The blended statutory rate does not reflect Corteva's effective tax rate, which will include other items and may be significantly different than the rates assumed for purposes of preparing these pro forma financial statements.

The below represents the impact of the related distribution agreement between Corteva and Dow:

(in millions)		For the Three Months Ended March 31, 2019
Net sales	$	30
Cost of goods sold		20
Selling, general and administrative expenses		2
Income from continuing operations before income taxes		8
Provision for income taxes on continuing operations(1)		2
Income from continuing operations after income taxes	$	6

(1) Adjustment to record the income tax impact of the pro forma adjustment using a blended statutory tax rate of 25%. This rate does not reflect Corteva's effective tax rate, which will include other items and may be significantly different than the rates assumed for purposes of preparing these pro forma financial statements.

(b) Adjustment to include a $64 million amount due to Dow related to an indemnification outlined in the Separation Agreement.

(c) Adjustment to remove $4 million of liabilities related to litigation matters that are included in the financial statements of Dow AgroSciences, but will not transfer to Corteva as part of the common control combination.

(d) Adjustment to include $11 million of indemnification assets related to pension and other employee liabilities that will transfer to Corteva and be indemnified by Dow as well as to remove $48 million of pension and other employee liabilities and $6 million of related deferred tax assets that will not transfer between Corteva and Dow in connection with the separation.

(e) Adjustment to include indemnification receivables and payables of $220 million recorded to accounts and notes receivable – net and $127 million recorded to accrued and other current liabilities, respectively, required under the terms of the Tax Matters Agreement. Additionally, $4 million of income tax receivables were removed from accounts and notes receivable – net related to Dow AgroSciences that will not transfer to Corteva and $27 million of income taxes payable were included in accounts and notes receivable – net due to jurisdictional netting pursuant to the terms of the Tax Matters Agreement.

(f) Adjustment to reflect the number of common shares expected to be outstanding upon completion of the separation and related transactions. As of the distribution date, equity will be adjusted to reflect the distribution of Corteva shares of common stock to DowDuPont shareholders, at a distribution ratio of one share of Corteva common stock for every three shares of DowDuPont common stock.

(g) Adjustment to eliminate one-time transaction costs directly attributable to the expected distribution transactions. The below represents the impact to the unaudited pro forma combined statement of income:

(in millions)		For the Three Months Ended March 31, 2019
Integration and separation costs	$	(112)
Provision for income taxes on continuing operations(1)	$	25

(1) Represents the income tax effect of the elimination of one-time transaction costs directly attributable to the expected distribution transactions calculated using enacted statutory tax rates applicable at the legal entity in which the pre-tax adjustment was made.

(h) Adjustment reflects the impact of certain manufacturing, leasing and supply agreements executed in connection with the separation:

(in millions)	*For the Three Months Ended March 31, 2019*
Costs of goods sold	$ 5
Selling, general and administrative expenses	$ 1
Provision for income taxes on continuing operations(1)	$ (1)

(1) Represents the income tax effect of the manufacturing, leasing and supply agreements calculated using enacted statutory tax rates applicable at the legal entity in which the pre-tax adjustments were made.

(i) Reflects the impact on the (benefit from) provision for income taxes on continuing operations for Corteva, as if Historical DuPont and Dow AgroSciences were consolidated affiliates for the Successor periods. For the three months ended March 31, 2019, an income tax benefit was recorded to reflect of $3 million.

Debt Retirement Transactions Pro Forma Adjustments

The pro forma financial statements reflect the following adjustments related to the Debt Retirement Transactions:

(j) Adjustment to cash represents the following:

(in millions)	*As of March 31, 2019*
Cash contribution from DowDuPont	$ 7,139
Payment of fees and expenses	(78)
Pay off or retirement of outstanding liabilities	(6,530)
Pay off of accrued interest	(31)
Total adjustment to cash	$ 500

(k) Adjustment to short-term borrowings and finance lease obligations and long-term debt represents the following:

(in millions)	*As of March 31, 2019*
Pay off of outstanding liabilities	$ (474)
Write-off of associated fair value adjustment	(11)
Total adjustment to short-term borrowings and finance lease obligations	$ (485)
Pay off of outstanding liabilities	$ (6,056)
Write-off of associated debt issuance costs	1
Write-off of associated fair value adjustment	(59)
Total adjustment to long-term debt	$ (6,114)

(l) Reflects the pay off of $31 million of accrued interest related to the above noted outstanding liabilities.

(m) Adjustment to derecognize a $24 million deferred tax asset associated with the pay off of the company’s long-term borrowings. The deferred tax asset was recognized in relation to the fair value determination of the company’s long-term borrowings as a result of the Merger and is included within deferred tax liabilities of Historical DuPont due to jurisdictional netting.

(n) Adjustment to interest expense represents the following:

(in millions)		*For the Three Months Ended March 31, 2019*
Removal of Historical DuPont interest expense	$	(44)
Removal of amortization of Historical DuPont debt issuance costs		(1)
Total adjustment to interest expense	$	(45)
Provision for income taxes on continuing operations(1)	$	10

(1) Adjustment to record the income tax impact of the debt retirement pro forma adjustments using a blended federal and state rate of 23% for the three months ended March 31, 2019.

(o) Adjustment to equity for the separation and Debt Retirement Transactions pro forma adjustments represents the following:

	As of March 31, 2019		
(in millions)	*Accumulated deficit*	*Additional paid-in capital*	*Common stock*
Removal of Telone® business	$ (18)	$ —	$ —
Adjustment to include amount due to Dow for indemnification	(64)	—	—
Removal of Dow AgroSciences litigation liabilities	4	—	—
Removal of Dow AgroSciences Pension Liability (net of tax)	53	—	—
Adjustment to include tax indemnifications and remove Dow AgroSciences tax receivables and payables	62	—	—
Adjustment to include expected common shares	—	(7)	7
Cash contribution from DowDuPont	—	7,139	—
Payment of fees and expenses	(78)	—	—
Write-off of associated fair value adjustment	70	—	—
Write-off of unamortized debt issuance costs	(1)	—	—
Adjustment to deferred tax liabilities	(24)	—	—
Total adjustment to equity	$ 4	$ 7,132	$ 7

Merger Pro Forma Adjustments

The unaudited pro forma combined statement of income reflects the following adjustments related to the Merger:

(p) Adjustment to remove the amortization of Historical DuPont's agriculture business' inventory step-up recognized in connection with the Merger, as the incremental amortization is directly attributable to the Merger and will not have a continuing impact, and the related impact to the provision for income taxes represents the following:

(in millions)		*For the Three Months Ended March 31, 2019*
Cost of goods sold	$	(205)
Provision for income taxes on continuing operations(1)	$	36

(1) Represents the income tax effect of the removal of inventory step-up amortization calculated using enacted statutory tax rates applicable at the legal entity in which the pre-tax adjustment was made.

NOTE 3 – CORTEVA EARNINGS PER SHARE INFORMATION

Pro forma net income attributable to Corteva common stockholders is used as the numerator for basic and diluted pro forma net income per share.

The table below contains the reconciliation of the denominator for basic and diluted earnings per share calculations for the three months ended March 31, 2019:

(Shares in millions)	*For the Three Months Ended March 31, 2019*
DowDuPont common shares outstanding(1)	2,241.7
Distribution ratio	1:3
Corteva pro forma common shares outstanding – basic	747.2
Dilutive impact of DowDuPont equity-based awards (2)	9.1
Distribution ratio	1:3
Pro forma diluted impact of Corteva common shares outstanding	3.0
Corteva pro forma common shares outstanding – diluted	750.2

(1) Based on 2,246.3 million DowDuPont common shares outstanding at March 31, 2019, less 4.6 million of employee stock ownership plan shares that had not been released and were not considered outstanding.
(2) Represents the DowDuPont share amount for the three months ended March 31, 2019.

The unaudited pro forma diluted earnings per common share outstanding gives effect to the potential dilution from common shares related to stock-based awards granted to Corteva employees under DowDuPont's stock-based compensation programs. This calculation may not be indicative of the dilutive effect that will actually result from Corteva's stock-based awards issued in connection with the adjustment of outstanding DowDuPont stock-based awards or the grant of new stock-based awards. The number of dilutive shares of common stock underlying Corteva's stock-based awards issued in connection with the adjustment of outstanding DowDuPont stock-based awards will not be determined until the distribution date or shortly thereafter. For the purposes of preparing the unaudited pro forma diluted earnings per common share outstanding, the company believes an estimate based on applying the distribution ratio to the DowDuPont dilutive impact for the three months ended March 31, 2019 provides a reasonable approximation of the potential dilutive effect of the stock-based awards.

NOTE 4 – INTERNAL REORGANIZATION

The pro forma financial statements, as shown below, present the pro forma results of operations and financial position of Historical DuPont, after giving effect to the following transactions:

- Internal Reorganization of Historical DuPont's materials science and specialty products businesses, which are reflected in all periods below as discontinued operations, in accordance with ASC 205.
- Acquisition of Dow AgroSciences, which is reflected as a transfer between entities under common control.

Pro forma adjustments reflecting the above transactions are expected to be reflected in Corteva's retrospectively revised historical financial statements, beginning in the second quarter of 2019. The pro forma financial statements do not reflect what Corteva's results of operations or financial position would have been on a stand-alone basis and are not necessarily indicative of Corteva's future results of operations or financial position.

Corteva, Inc. Unaudited Pro Forma Combined Balance Sheet as of March 31, 2019

(in millions)	Successor Historical DuPont As Reported	Dow AgroSciences As Reported	Discontinued Operations	Historical Adjustments(1)		Successor Corteva Continuing Operations(2)
Assets						
Current assets						
Cash and cash equivalents	$ 3,796	$ 37	$ (2,074)	$ —		$ 1,759
Marketable securities	18	—	(13)	—		5
Accounts and notes receivable – net	6,768	2,689	(2,943)	24	(a) (b) (c)	6,538
Inventories	7,147	1,943	(4,088)	(51)	(a)	4,951
Other current assets	1,515	132	(332)	8	(a)	1,323
Total current assets	19,244	4,801	(9,450)	(19)		14,576
Investment in nonconsolidated affiliates	1,366	12	(1,301)	—		77
Net property	12,083	1,252	(8,814)	—		4,521
Goodwill	40,638	1,344	(31,779)	—		10,203
Other intangible assets	25,724	177	(13,940)	—		11,961
Deferred income tax assets	306	133	(121)	(103)	(c)	215
Other assets	2,476	319	(570)	56	(b)	2,281
Total assets	$ 101,837	$ 8,038	$ (65,975)	$ (66)		$ 43,834
Liabilities and Equity						
Current liabilities						
Short-term borrowings and finance lease obligations	$ 3,205	$ 14	$ (18)	$ —		$ 3,201
Accounts payable	4,200	1,409	(2,263)	(218)	(a)	3,128
Income taxes payable	137	127	(274)	204	(c)	194
Accrued and other current liabilities	4,400	576	(947)	34	(a) (b)	4,063
Total current liabilities	11,942	2,126	(3,502)	20		10,586
Long-term debt	6,320	4	(27)	—		6,297
Other noncurrent liabilities						
Deferred income tax liabilities	5,164	173	(3,782)	(122)	(c)	1,433
Pension and other postemployment benefits – noncurrent	6,524	119	(1,089)	—		5,554
Other noncurrent obligations	2,052	374	(463)	56	(b)	2,019
Total noncurrent liabilities	20,060	670	(5,361)	(66)		15,303
Stockholders' equity						
Common stock	—	—	—	—		—
Preferred stock	239	—	—	(239)	(d)	—
Additional paid-in capital	79,843	—	(59,742)	—		20,101
(Accumulated deficit) retained earnings	(7,906)	6,071	1,835	(20)	(f)	(20)
Accumulated other comprehensive loss	(2,576)	(859)	1,027	—		(2,408)
Total stockholders' equity	69,600	5,212	(56,880)	(259)		17,673
Noncontrolling interests	235	30	(232)	239	(d)	272
Total equity	69,835	5,242	(57,112)	(20)		17,945
Total liabilities and equity	$ 101,837	$ 8,038	$ (65,975)	$ (66)		$ 43,834

(1) See disclosures following these pro forma financial statements for further details regarding the Historical Adjustments.

(2) Represents the company's current best estimate of Corteva's pro forma historical balance sheet, reflecting the discontinued operations of Historical DuPont's materials science and specialty products businesses, as well as the common control combination of Dow AgroSciences. Actual results could differ from these estimates.

Corteva, Inc. Unaudited Pro Forma Combined Statement of Income for the Three Months Ended March 31, 2019

(in millions)	Successor Historical DuPont As Reported	Dow AgroSciences As Reported	Discontinued Operations	Historical Adjustments(1)		Successor Corteva Continuing Operations(2)
Net sales	$ 6,288	$ 1,449	$ (4,178)	$ (160)	(a)	$ 3,399
Cost of goods sold	4,235	939	(2,794)	(169)	(a) (g)	2,211
Research and development expense	355	102	(157)	(1)	(g)	299
Selling, general and administrative expenses	970	171	(410)	4	(g)	735
Amortization of intangibles	320	5	(224)	—		101
Restructuring and asset-related charges – net	55	49	(45)	2	(g)	61
Integration and separation costs	405	—	(208)	15	(g)	212
Sundry income (expense) – net	157	(4)	(122)	—		31
Interest expense	56	3	—	—		59
Income (loss) from continuing operations before income taxes	49	176	(462)	(11)		(248)
(Benefit from) provision for income taxes on continuing operations	(40)	80	(103)	(3)	(a)	(66)
Income (loss) from continuing operations after income taxes	89	96	(359)	(8)		(182)
Net income from continuing operations attributable to noncontrolling interests	4	6	(4)	2	(e)	8
Net income (loss) from continuing operations attributable to Corteva	85	90	(355)	(10)		(190)
Preferred stock dividends	2	—	—	(2)	(e)	—
Net income (loss) from continuing operations attributable to Corteva common stockholders	$ 83	$ 90	$ (355)	$ (8)		$ (190)

(1) See disclosures following these pro forma financial statements for further details regarding the Historical Adjustments.

(2) Represents the company's current best estimate of Corteva's retrospectively revised historical financial statements, reflecting the discontinued operations of Historical DuPont's materials science and specialty products businesses, as well as the common control combination of Dow AgroSciences. Actual results could differ from these estimates.

Historical Adjustments

The following pro forma adjustments are expected to be reflected in Corteva's retrospectively revised historical financial statements:

(a) Adjustment primarily relates to the elimination of intercompany transactions between Historical DuPont and Dow AgroSciences for the Successor periods, as if they were combined affiliates. The following tables summarize the intercompany elimination adjustments in the unaudited pro forma combined balance sheet and the unaudited pro forma combined statement of income:

Balance Sheet

(in millions)	*As of March 31, 2019*
Accounts and notes receivable – net	$ (201)
Inventories	(51)
Other current assets	8
Total current assets	$ (244)
Accounts payable	$ (218)
Accrued and other current liabilities	13
Total current liabilities	$ (205)

Statement of Income

(in millions)	*For Three Months Ended March 31, 2019*
Net sales	$ (160)
Cost of goods sold	(149)
(Loss) income from continuing operations before income taxes	(11)
(Benefit from) income taxes on continuing operations(1)	(3)
(Loss) income from continuing operations after income taxes	$ (8)

(1) Represents the income tax effect of the elimination of intercompany inventory transactions calculated using enacted statutory tax rates applicable at the legal entity in which the pre-tax adjustments were made.

(b) DuPont will indemnify Corteva against certain litigation, environmental and employee-related liabilities that arose prior to the distribution. Within the unaudited pro forma combined balance sheet, these liabilities are included in the Successor Historical DuPont column and are removed in the Discontinued Operations column. The indemnified liabilities of $21 million and $56 million are included in accrued and other current liabilities and other noncurrent obligations, respectively, and the related indemnification assets of $21 million and $56 million are included in accounts and notes receivable – net and other assets, respectively.

(c) Reflects the impact on income tax receivables and payables and deferred tax assets and liabilities from jurisdictional netting and a reduction in deferred tax asset valuation allowances due to the assessment of Historical DuPont and Dow AgroSciences deferred tax assets, as if they were consolidated affiliates.

(d) Adjustment to reflect the reclassification of the Historical DuPont preferred stock from preferred stock to noncontrolling interests on the balance sheet, which remain outstanding and unaffected by the Merger, Internal Reorganization and the Corteva Distribution.

(e) Adjustment to reflect the reclassification of the dividends for Historical DuPont preferred stock from preferred stock dividends to net income from continuing operations attributable to noncontrolling interests in the unaudited pro forma combined statement of income, which remain outstanding and unaffected by the Merger, Internal Reorganization and the Corteva Distribution.

(f) Reflects the impact to Corteva's retained earnings from pro forma adjustments described above.

(g) In order to align the financial statement presentation of Dow AgroSciences to that of Corteva's continuing operations, certain reclassification adjustments have been made to the unaudited pro forma combined statement of income as follows:

(in millions)	*For Three Months Ended March 31, 2019*	
Cost of goods sold	$ (1)	
Selling, general and administrative expenses	$ (1)	
Restructuring and asset-related charges – net		$ 2
Cost of goods sold	$ (7)	
Research and development expense	$ (1)	
Selling, general and administrative expenses	$ (7)	
Integration and separation costs		$ 15
Cost of goods sold(1)	$ (12)	
Selling, general and administrative expenses(1)		$ 12

(1) Reflects reclassification of certain allocated Historical Dow leveraged function costs out of cost of goods sold to selling, general and administrative expenses in order to align with Corteva's presentation of similar costs.

The Dow Agricultural Sciences Business

COMBINED FINANCIAL STATEMENTS

For the periods ended March 31, 2019 and March 31, 2018

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The Dow Agricultural Sciences Business

Combined Statements of Income and Comprehensive Income

In millions (Unaudited)	Three Months Ended Mar 31, 2019	Three Months Ended Mar 31, 2018
Net Sales	$1,449	$1,483
Cost of sales	939	908
Research and development expenses	102	116
Selling, general and administrative expenses	171	201
Amortization of intangibles	5	6
Restructuring and asset related charges - net	49	71
Equity in earnings of nonconsolidated affiliates	—	(1)
Sundry income (expenses) - net	(4)	6
Interest expense	3	1
Income before income taxes	176	185
Provision for income taxes	80	52
Net Income	96	133
Net income attributable to noncontrolling interests	6	11
Net income attributable to the Business	90	122
Other Comprehensive Income, net of tax		
Cumulative translation adjustments	(4)	33
Pension and other postretirement benefit plan	3	2
Total other comprehensive income	(1)	35
Comprehensive income	95	168
Comprehensive income attributable to noncontrolling interests, net of tax	6	11
Comprehensive income attributable to the Business	$ 89	$ 157

See Notes to the Combined Financial Statements

The Dow Agricultural Sciences Business

Combined Balance Sheets

In millions (Unaudited)	*Mar 31, 2019*	*Dec 31, 2018*
Assets		
Current Assets		
Cash and cash equivalents	$ 37	$ 58
Accounts and notes receivable:		
Trade (net of allowance for doubtful receivables - 2019: $61; 2018: $58)	2,082	1,985
Other	607	730
Inventories	1,943	1,811
Other current assets	132	124
Total current assets	4,801	4,708
Investment in nonconsolidated affiliates	12	50
Property		
Property	3,671	3,656
Less accumulated depreciation	2,419	2,389
Net property	1,252	1,267
Other Assets		
Goodwill	1,344	1,344
Other intangible assets (net of accumulated amortization - 2019: $342; 2018: $365)	177	183
Noncurrent receivables	30	30
Operating lease right-of-use assets	240	—
Deferred income tax assets	133	140
Deferred charges and other assets	49	51
Total other assets	1,973	1,748
Total Assets	$8,038	$7,773
Liabilities and Equity		
Current Liabilities		
Notes payable	$ 11	$ 7
Long-term debt due within one year	3	3
Accounts payable:		
Trade	567	589
Other	842	797
Operating lease liabilities - current	49	—
Income taxes payable	127	154
Accrued and other current liabilities	527	665
Total current liabilities	2,126	2,215
Long-Term Debt	4	5
Other Noncurrent Liabilities		
Deferred income tax liabilities	173	168
Pension and other postretirement benefits	119	124
Operating lease liabilities - noncurrent	191	—
Other noncurrent obligations	183	202
Total other noncurrent liabilities	666	494
Combined Equity		
Net parent investment	6,071	5,893
Accumulated other comprehensive loss	(859)	(858)
Total Business equity	5,212	5,035
Noncontrolling interests	30	24
Total combined equity	5,242	5,059
Total Liabilities and Combined Equity	$8,038	$7,773

See Notes to the Combined Financial Statements

The Dow Agricultural Sciences Business

Combined Statements of Cash Flows

In millions (Unaudited)	Three Months Ended Mar 31, 2019	Three Months Ended Mar 31, 2018
Operating Activities		
Net Income	$ 96	$ 133
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization	46	48
Provision for deferred income tax	13	4
Earnings of nonconsolidated affiliates less than dividends received	—	1
Net gain on sales of property, businesses and consolidated companies	(10)	—
Net loss on sales of ownership interests in nonconsolidated affiliates	24	—
Restructuring and asset related charges - net	49	71
Changes in assets and liabilities:		
Trade accounts receivable	(97)	(602)
Inventories	(150)	(132)
Trade accounts payable	(22)	(10)
Other assets and liabilities, net	(68)	30
Cash used for operating activities	(119)	(457)
Investing Activities		
Capital expenditures	(38)	(30)
Proceeds from sales of property	25	9
Proceeds from sale of ownership interest in nonconsolidated affiliates	21	—
Proceeds from sales and maturities of investments	4	—
Cash (used for) provided by investing activities	12	(21)
Financing Activities		
Net transfers from parent	88	437
Changes in short-term notes payable	(1)	1
Payments on long-term debt	(1)	(2)
Cash provided by financing activities	86	436
Summary		
Decrease in cash and cash equivalents	(21)	(42)
Cash and cash equivalents at beginning of period	58	106
Cash and cash equivalents at end of period	$ 37	$ 64

See Notes to the Combined Financial Statements

The Dow Agricultural Sciences Business

Combined Statements of Equity

In millions (Unaudited)	*Net Parent Investment*	*Accumulated Other Comprehensive Loss*	*Noncontrolling Interests*	*Total Combined Equity*
2018				
Balance at December 31, 2017	$ 5,405	$ (797)	$ 41	$ 4,649
Net Income	122	—	11	133
Other comprehensive income	—	35	—	35
Net transfers from parent	437	—	—	437
Balance at March 31, 2018	$ 5,964	$ (762)	$ 52	$ 5,254
2019				
Balance at December 31, 2018	$ 5,893	$ (858)	$ 24	$ 5,059
Net Income	90	—	6	96
Other comprehensive loss	—	(1)	—	(1)
Net transfers from parent	88	—	—	88
Balance at March 31, 2019	$ 6,071	$ (859)	$ 30	$ 5,242

See Notes to the Combined Financial Statements

NOTE 1 - DESCRIPTION OF THE BUSINESS

The accompanying combined financial statements present the combined assets, liabilities, revenues and expenses related to the Agricultural Sciences Business (the “Business”) of The Dow Chemical Company (“Dow” or the “Company”). Effective August 31, 2017, Dow and E. I. du Pont de Nemours and Company (“DuPont”) each merged with subsidiaries of DowDuPont Inc. (“DowDuPont”) and, as a result, Dow and DuPont became subsidiaries of DowDuPont. The Business leverages the Company’s technology, customer relationships and industry knowledge to improve the quantity, quality and safety of the global food supply and the global production agriculture industry. Land available for worldwide agricultural production is increasingly limited so production growth will need to be achieved principally through improving crop yields and productivity. The Business serves the global production agriculture industry with crop protection products for weed control, disease control and insect control offerings for foliar or soil application or as a seed treatment. It is also a global leader in providing seed/plant biotechnology products and technologies to improve the productivity and profitability of its customers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The combined financial statements present the results of operations, financial position, and cash flows of the Business and have been derived from the consolidated financial statements and accounting records of Dow using the historical results of operations and historical basis of assets and liabilities of the Business. The combined financial statements of the Business have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and accounted for as a private company. Investments in nonconsolidated affiliates (20-50 percent owned companies, joint ventures and partnerships) are accounted for using the equity method.

The combined statements of income and comprehensive income include allocations of certain expenses for services from Dow, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, ethics and compliance, shared services, employee benefits and incentives, insurance and stock-based compensation. These expenses have been allocated on the basis of direct usage when identifiable, with the remainder allocated on the basis of headcount or other measures. The Business considers the basis on which the expenses have been allocated to be a reasonable reflection of the utilization of services provided. The allocations may not, however, reflect the expense the Business would have incurred as a stand-alone company. The amount of actual costs that may have been incurred if the Business was a stand-alone company would depend on a number of factors, including the Business’s chosen organizational structure, what functions were outsourced or performed by the Business employees, and strategic decisions made in areas such as information technology and infrastructure.

All debt costs incurred by the Business have been recorded in the combined financial statements.

As a direct ownership relationship did not exist among the various operations comprising the Business, a “Net parent investment” account is shown in lieu of stockholders’ equity in the combined financial statements. All significant transactions between Dow and the Business have been included in the combined financial statements and were settled for cash through Dow’s centralized cash management system. The total net effect of the settlement of these related party transactions is reflected in the combined statements of cash flows as a financing activity and net parent investment in the combined balance sheet.

Adoption of Accounting Standards

In the first quarter of 2019, the Business adopted Accounting Standards Update (“ASU”) 2016-02, “Leases (Topic 842),” and associated ASUs related to Topic 842. See Notes 3 and 11 for additional information. The business added a significant accounting policy for leases as a result of the adoption of Topic 842:

Leases

The Business determines whether a contract contains a lease at contract inception. A contract contains a lease if there is an identified asset and the Business has the right to control the asset.

Operating lease right-of-use (“ROU”) assets represent the Business’s right to use an underlying asset for the lease term, and lease liabilities represent the Business’s obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Business uses the incremental borrowing rate ("IBR") in determining the present value of lease payments, unless the implicit rate is readily determinable. If lease terms include options to extend or terminate the lease, the ROU asset and lease liability are measured based on the reasonably certain decision. Leases with a term of 12 months or less at the commencement date are not recognized on the balance sheet and are expensed as incurred.

The Business has lease agreements with lease and non-lease components, which are accounted for as a single lease component for all classes of leased assets for which the Business is the lessee. Additionally, for certain equipment leases, the portfolio approach is applied to account for the operating lease ROU assets and lease liabilities. In the combined statements of income, lease expense for operating lease payments is recognized on a straight-line basis over the lease term. For finance leases, interest expense is recognized on the lease liability and the ROU asset is amortized over the lease term.

Some leasing arrangements require variable payments that are dependent upon usage or output, or may vary for other reasons, such as insurance or tax payments. Variable lease payments are recognized as incurred and are not presented as part of the ROU asset or lease liability.

NOTE 3 - RECENT ACCOUNTING GUIDANCE

Recently Adopted Accounting Guidance

In the first quarter of 2019, the Business adopted ASU 2016-02, "Leases (Topic 842)," and associated ASUs related to Topic 842, which requires organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The new guidance requires that a lessee recognize assets and liabilities for leases, and recognition, presentation and measurement in the financial statements will depend on its classification as a finance or operating lease. In addition, the new guidance requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. Lessor accounting remains largely unchanged from legacy U.S. GAAP but does contain some targeted improvements to align with the new revenue recognition guidance in Topic 606, issued in 2014. The new standard was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, and early adoption was permitted.

The Business adopted Topic 842 using the modified retrospective transition approach, applying the new standard to leases existing at the date of initial adoption. The Business elected to apply the transition requirements at the effective date rather than at the beginning of the earliest comparative period presented with a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption, and prior periods were not restated. In addition, the Business elected to apply the package of practical expedients permitted under the transition guidance which does not require reassessment of prior conclusions, lease classification and initial direct lease costs. The Business did not elect to use the hindsight practical expedient in determining the lease term or assessing impairment of ROU assets. Adoption of the new standard resulted in the recording of lease assets and liabilities of $250 million at January 1, 2019. The adoption of the new guidance did not have a material impact on the Business's combined statements of income and had no impact on cash flows. See Note 11 for additional information.

Accounting Guidance Issued But Not Adopted at March 31, 2019

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement," which is part of the FASB disclosure framework project to improve the effectiveness of disclosures in the notes to the financial statements. The amendments in the new guidance remove, modify and add certain disclosure requirements related to fair value measurements covered in Topic 820, "Fair Value Measurement." The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for either the entire standard or only the requirements that modify or eliminate the disclosure requirements, with certain requirements applied prospectively, and all other requirements applied retrospectively to all periods presented. The Business is currently evaluating the impact of adopting this guidance.

In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract," which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in Topic 350, "Intangibles - Goodwill and Other" to determine which implementation costs to capitalize as assets or expense as incurred. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted and an entity can elect to apply the new guidance on a prospective or retrospective basis. The Business is currently evaluating the impact of adopting this guidance.

NOTE 4 - REVENUE

Revenue Recognition

The majority of the Business's revenue is derived from product sales. In the three months ended March 31, 2019, 99 percent (99 percent in the three months ended March 31, 2018) of the Business's revenue related to product sales with the remaining balance primarily related to the licensing of patents and technologies. Product sales consist of sales of the Business's products to manufacturers, distributors and farmers and considers order confirmations or purchase orders, which in some cases are governed by master supply agreements, to be contracts with a customer. The Business enters into licensing arrangements in which it licenses certain rights of its patents and technology to customers. Revenue from Business's licenses for patents and technology is derived from sales-based royalties and licensing arrangements based on billing schedules established in each contract.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to unsatisfied or partially unsatisfied performance obligations. At March 31, 2019, the Business had remaining performance obligations related to material rights granted to customers for contract renewal options of $100 million ($102 million at December 31, 2018). The Business expects revenue to be recognized for the remaining performance obligations over the next one to six years.

The remaining performance obligations are for product sales that have expected durations of one year or less or variable consideration attributable to royalties for licenses of patents and technology.

Disaggregation of Revenue

The Business disaggregates its revenue from contracts with customers by principal product group and geographic region, as the Business believes it best depicts the nature, amount, timing and uncertainty of its revenue and cash flows. See details in the table below:

Net Trade Revenue by Principal Product Group

In millions	*Three Months Ended Mar 31, 2019*	*Three Months Ended Mar 31, 2018*
Crop Protection	$ 1,122	$ 1,112
Seed	327	371
Total	$ 1,449	$ 1,483

Net Trade Revenue by Geographic Region

In millions	Three Months Ended Mar 31, 2019	Three Months Ended Mar 31, 2018
US & Canada	$ 616	$ 723
EMEA[1]	469	443
Asia Pacific	152	133
Latin America	212	184
Total	$ 1,449	1,483

1. Europe, Middle East and Africa.

Contract Balances

The Business receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets include amounts related to Business's contractual right to consideration for completed performance obligations not yet invoiced. Contract liabilities include payments received in advance of performance under the contract and are realized when the associated revenue is recognized under the contract. "Contract liabilities - current" primarily reflects deferred revenue from prepayments from customers for product to be delivered in 12 months or less. "Contract liabilities - noncurrent" includes advance payments that the Business has received from customers related to long-term supply agreements and royalty payments that are deferred and recognized over the life of the contract.

Revenue recognized in the first three months of 2019 from amounts included in contract liabilities at the beginning of the period was approximately $8 million (approximately $8 million in the first three months of 2018). In the first three months of 2019, the amount of contract assets reclassified to receivables as a result of the right to the transaction consideration becoming unconditional was insignificant (insignificant in the first three months of 2018).

The following table summarizes the contract balances at March 31, 2019 and December 31, 2018:

Contract Balances

In millions	Mar 31, 2019	Dec 31, 2018
Accounts and notes receivable - trade	$ 2,082	$ 1,985
Contract assets - current[1]	18	18
Contract assets - noncurrent[2]	46	46
Contract liabilities - current[3]	30	31
Contract liabilities - noncurrent[4]	70	72

1. Included in "Other current assets" in the combined balance sheets.
2. Included in "Deferred charges and other assets" in the combined balance sheets.
3. Included in "Accrued and other current liabilities" in the combined balance sheets.
4. Included in "Other noncurrent obligations" in the combined balance sheets.

NOTE 5 - RESTRUCTURING AND ASSET RELATED CHARGES

DowDuPont Agriculture Division Restructuring Program

During the fourth quarter of 2018 and in connection with the ongoing integration activities, DowDuPont approved restructuring actions to simplify and optimize certain organizational structures within the Business in preparation for its intended separation as a standalone company. For the three months ended March 31, 2019, the Business recorded a favorable adjustment of $4 million to the severance and related benefit costs reserve. The impact of this adjustment is shown as “Restructuring and asset related charges - net” in the combined statements of income. The Business expects actions related to the Business to be substantially complete by mid-2019.

The Business recorded pretax restructuring charges of $21 million inception-to-date under the Agriculture Division Program, consisting of severance and related benefit costs of $20 million and asset write-downs and write-offs of $1 million. The following table summarizes the activities related to the DowDuPont Agriculture Division Restructuring Program:

The following table summarizes the activities related to the Business.

DowDuPont Agriculture Division Restructuring Program

In millions	*Severance and Related Benefit Costs*	*Asset Write-downs and Write-offs*	*Total*
2018 Restructuring Charges	$ 24	$ 1	$ 25
Charges against the reserve	—	(1)	(1)
Cash payments	(1)	—	(1)
Reserve balance at December 31, 2018	$ 23	$ —	$ 23
Adjustments to the reserve	(4)	—	(4)
Cash payments	(8)	—	(8)
Reserve balance at Mar 31, 2019	$ 11	$ —	$ 11

DowDuPont Cost Synergy Program

In September and November 2017, DowDuPont approved post-merger restructuring actions under the DowDuPont Cost Synergy Program (the "Synergy Program") which was designed to integrate and optimize the organization following the Merger and in preparation for the business separations. For the three months ended March 31, 2019, the Business recorded pretax restructuring charges of $53 million, consisting of severance and related benefit costs of $10 million, asset write-downs and write-offs of $24 million and costs associated with exit and disposal activities of $19 million. For the three months ended March 31, 2018, the Business recorded pretax restructuring charges of $71 million, consisting of severance and related benefit costs of $27 million, asset write-downs and write-offs of $43 million and costs associated with exit and disposal activities of $1 million. The impact of these charges is shown as "Restructuring and asset related charges - net" in the combined statements of income. The Business expects actions related to the Synergy Program to be substantially complete by the end of 2019.

The Business recorded pretax restructuring charges of $511 million inception-to-date under the Synergy Program, consisting of severance and related benefit costs of $105 million, asset write-downs and write-offs of $287 million and costs associated with exit and disposal activities of $119 million.

The following table summarizes the activities related to the Synergy Program.

Synergy Program

In millions	*Severance and Related Benefit Costs*	*Asset Write-downs and Write-offs*	*Cost Associated with Exit and Disposal Activities*	*Total*
Reserve balance at Dec 31, 2018	$ 36	$ —	$ 60	$ 96
Adjustments to the reserve	10	24	19	53
Charges against the reserve	—	(24)	—	(24)
Cash payments	(26)	—	(8)	(34)
Reserve balance at March 31, 2019	$ 20	$ —	$ 71	$ 91

NOTE 6 - SUPPLEMENTARY INFORMATION

The Business uses “Sundry income (expense) - net” to record a variety of income and expense items such as foreign currency exchange gains and losses, interest income, dividends from investments, gains and losses on sales of investments and assets, non-operating pension and other postretirement benefit plan credits or costs, and certain litigation matters. For the three months ended March 31, 2019, “Sundry income (expense) - net” was expense of $4 million compared with income of $6 million for the three months ended March 31, 2018.

During March 2019, the Business completed the sale of its ownership interest in Barenbrug Holding B.V., a nonconsolidated affiliate. The Business received pretax proceeds of $21 million, net of costs to sell and other transaction expenses. The Business recorded a pretax loss of $24 million on the sale, which is included in “Sundry income (expense) - net” in the combined statements of income.

Accounts Payable - Other

“Accounts Payable - Other” was $842 million at March 31, 2019 and $797 million at December 31, 2018, which included Accounts Payable - Trade Promotion of $536 million at March 31, 2019 and $380 million at December 31, 2018. Accounts Payable - related party companies was $73 million at March 31, 2019 and $166 million at December 31, 2018. No other component of “Accounts Payable: Other” was more than 5 percent of total current liabilities.

Accrued and Other Current Liabilities

“Accrued and other current liabilities” were $527 million at March 31, 2019 and $665 million at December 31, 2018, which included customer prepayments of $158 million at March 31, 2019 and $305 million at December 31, 2018. No other component of accrued liabilities was more than 5 percent of total current liabilities.

Other Noncurrrent Obligations

“Other noncurrent obligations” were $183 million at March 31, 2019 and $202 million at December 31, 2018 including deferred cash award accrual, environmental clean-up accrual, long-term accounts payable, and noncurrent deferred income. No component of other noncurrent obligations was more than 5 percent of total liabilities.

NOTE 7 - INCOME TAXES

During the periods presented, the Business’s operations are included in the consolidated U.S. federal, certain state and local and foreign income tax returns filed by DowDuPont, where applicable. The Business also files certain separate state and local and foreign income tax returns. The income tax provision (benefit) included in these Combined Financial Statements has been calculated using the separate return basis, as if the Business entities filed separate tax returns. It is possible that the Business will make different tax accounting elections and assertions subsequent to separation. Therefore, the Business’s income taxes, as presented in the Combined Financial Statements, may not be indicative of the income taxes that the Business will generate in the future. In jurisdictions where the Business has been included in tax returns filed by DowDuPont, any income taxes payable resulting from the related income tax provisions have been reflected in the balance sheet within “Net Parent Investment.” Income taxes paid may contain amounts that are settled as deemed contributions or distributions with Parent.

The effective income tax rate for the three months ended March 31, 2019 was 45.2 percent compared to 28.4 percent for the three months ended March 31, 2018. The effective tax rates for these periods are based on the current estimate of full year results including the effect of taxes related to discrete events which are recorded in the interim period in which they occur. The effective income tax rate for the three months ended March 31, 2019 was favorably impacted by the geographic mix of earnings and unfavorably impacted by tax impacts related to spin preparation activities, including a one-time $23 million tax related to various transactions in connection with the separation of the Agricultural Sciences business, non-deductible restructuring costs, certain provisions in the Tax Cuts and Jobs Act (“The Act”) related to taxability of foreign earnings, and discrete income tax charges for foreign exchange. The effective tax rate for the three months ended March 31, 2018 was unfavorably impacted by non-deductible restructuring costs and certain provisions in The Act related to the taxability of foreign earnings

Each year the Business files tax returns in the various national, state and local income taxing jurisdictions in which it operates. These tax returns are subject to examination and possible challenge by the tax authorities. Positions challenged by the tax authorities may be settled or appealed by the Business. As a result, there is an uncertainty in income taxes recognized in the Business’s financial statements in accordance with accounting for income taxes and accounting for uncertainty in income taxes. The ultimate resolution of such uncertainties is not expected to have a material impact on the Business’s results of operations.

NOTE 8 - INVENTORIES

The following table provides a breakdown of inventories:

Inventories

In millions	*Mar 31, 2019*	*Dec 31, 2018*
Finished goods	$1,024	$ 863
Work in process	714	737
Raw materials	156	162
Supplies	49	49
Total inventories	$1,943	$1,811

NOTE 9 - ACCOUNTS RECEIVABLE

The Business's trade accounts receivable for the periods presented were subject to inclusion in Dow's various trade accounts receivable securitization programs. This program has historically sold account receivables of select entities on a revolving basis to certain multi-seller commercial paper conduit entities. The loss on the sale of receivables is recorded as interest expense by Dow; none of this loss is allocated to the Business. In 2017, Dow held a beneficial interest in certain conduits that were recorded as an asset on Dow's balance sheet. This asset is considered part of Dow's centralized cash and debt management activities, and as such, no portion of the asset has been allocated to the Business. In the fourth quarter of 2017, Dow suspended further sales of trade accounts receivable through these facilities and began reducing outstanding balances through collections of trade accounts receivable previously sold to such conduits. In September 2018, the North American facilities were amended and the terms of the agreements changed from off-balance sheet arrangements to secured borrowing arrangements. The Business transfers its North American's accounts receivable to a Dow special purpose entity that is considered part of Dow's centralized cash and debt management activities. Trade accounts receivable derecognized from the combined balance sheet of the Business were $2 million at March 31, 2019 and $5 million at December 31, 2018.

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES

Environmental Matters

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies. These obligations are included in "Accrued and other current liabilities" and "Other noncurrent obligations" in the combined balance sheet. This is management's best estimate of the costs for remediation and restoration with respect to environmental matters for which the Business has accrued liabilities, although it is reasonably possible that the ultimate cost with respect to these particular matters could range up to approximately two and a half times that amount. Consequently, it is reasonably possible that environmental remediation and restoration costs in excess of amounts accrued could have a material impact on the Business's results of operations, financial condition and cash flows. It is the opinion of the Business's management, however, that the possibility is remote that costs in excess of the range disclosed will have a material impact on the Business's results of operations, financial condition or cash flows. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, and emerging remediation technologies for handling site remediation and restoration. The Business had accrued obligations of $32 million as of March 31, 2019 and $31 million at December 31, 2018 for probable environmental remediation and restoration costs.

Litigation

The Business is party to a number of claims and lawsuits arising out of the normal course of business with respect to product liability, patent infringement, governmental regulation, contract and commercial litigation, and other actions. Certain of these actions purport to be class actions and seek damages in very large amounts. All such claims are being contested. The Business participates in an active risk management program consisting of numerous insurance policies secured from many carriers at various times. These policies may provide coverage that could be utilized to minimize the financial impact. It is the opinion of the Business's management that the possibility is remote that the aggregate of all such other claims and lawsuits will have a material adverse impact on the results of operations, financial condition and cash flows of the Business.

The Business insured certain litigation matters through the Dow's insurance company. Litigation liability was $80 million and $75 million included in "Accrued and other current liabilities" and "Other noncurrent obligations" at March 31, 2019 and December 31, 2018 respectively. Insured litigation receivables were $67 million and $68 million included in "Accounts and notes receivable - other" at March 31, 2019 and December 31, 2018 respectively.

Guarantees

The following table provides a summary of final expiration, maximum future payments and recorded liability reflected in the balance sheet for guarantees:

Guarantees

	Mar 31, 2019			*Dec 31, 2018*		
In millions	*Final Expiration*	*Maximum Future Payments*	*Recorded Liability*	*Final Expiration*	*Maximum Future Payments*	*Recorded Liability*
Guarantees	2020	241	3	2020	$ 250	4

Guarantees arise during the ordinary course of business from relationships with customers and nonconsolidated affiliates when the Business undertakes an obligation to guarantee the performance of others (via delivery of cash or other assets) if specified triggering events occur. With guarantees, such as financial contracts, non-performance by the guaranteed party triggers the obligation of the Business to make payments to the beneficiary of the guarantee. The Business's current expectation is that future payment or performance related to the non-performance of others is considered remote.

NOTE 11 - LEASES

Operating lease ROU assets are included in "Operating lease right-of-use assets" while finance lease ROU assets are included in "Net property" in the combined balance sheets. With respect to lease liabilities, operating lease liabilities are included in "Operating lease liabilities - current" and "Operating lease liabilities - noncurrent," and finance lease liabilities are included in "Long-term debt due within one year" and "Long-Term Debt" in the combined balance sheets.

The Business routinely leases sales and administrative offices, production facilities, warehouses and tanks for product storage, motor vehicles, railcars, computers and equipment. Some leases contain renewal provisions, purchase options and escalation clauses and the terms for these leased assets vary depending on the lease agreement. These leased assets have remaining lease terms that currently range from 1 to 44 years. See Notes 2 and 3 for additional information on leases.

The components of lease cost for operating and finance leases for the three months ended March 31, 2019 were as follows:

Lease Cost

In millions	*Three Months Ended Mar 31, 2019*
Operating lease cost	$ 16
Short-term lease cost	3
Variable lease cost	20
Total lease cost	$ 39

The following table provides supplemental cash flow information related to leases:

Other Lease Information

In millions	Three Months Ended Mar 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 16

The following table summarizes the lease-related assets and liabilities recorded in the combined balance sheets at March 31, 2019:

Lease Position

In millions	Balance Sheet Classification	Mar 31, 2019
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases[1]		$ 253
Assets		
Operating lease assets	Operating lease right-of-use assets	$ 240
Finance lease assets	Property	7
Finance lease amortization	Accumulated depreciation	(6)
Total lease Assets		$ 241
Liabilities		
Current		
Operating	Operating lease liabilities - current	$ 49
Finance	Long-term debt due within one year	1
Noncurrent		
Operating	Operating lease liabilities - noncurrent	191
Finance	Long-Term Debt	2
Total lease liabilities		$ 243

1. Includes $250 million related to the adoption of Topic 842. See Note 2 for additional information.

Lease Term and Discount Rate

	Mar 31, 2019
Weighted-average remaining lease term	
Operating leases	10 years
Finance leases	3 years
Weighted-average discount rate	
Operating leases	4.28%
Finance leases	3.39%

The following table provides the maturities of lease liabilities at March 31, 2019:

Maturities of Lease Liabilities at Mar 31, 2019

In millions	Operating Leases	Finance Leases
2019	$ 46	$ 1
2020	48	1
2021	38	—
2022	32	—
2023	30	—
2024 and thereafter	115	1
Total future undiscounted lease payments	$ 309	$ 3
Less imputed interest	69	—
Total present value of lease liabilities	$ 240	$ 3

At March 31, 2019, the Business did not have outstanding leases which had not yet commenced.

Future minimum lease payments for operating leases accounted for under ASC 840, “Leases,” with remaining non-cancelable terms in excess of one year at December 31, 2018 were as follows:

Minimum Lease Commitments at Dec 31, 2018

In millions	
2019	$ 31
2020	27
2021	21
2022	18
2023	15
2024 and thereafter	31
Total	$143

The Business provides guarantees related to certain leased assets, specifying the residual value that will be available to the lessor at lease termination through the sale of the assets to the lessee or third parties. The following table provides a summary of the final expiration, maximum future payment and recorded liability reflected in the combined balance sheets for residual value guarantees at March 31, 2019. There was no recorded liability related to these residual value guarantees at March 31, 2019, as payment of such residual value guarantees was not determined to be probable. The lease agreements do not contain any material restrictive covenants.

Lease Guarantees

	Mar 31, 2019		
In millions	*Final Expiration*	*Maximum Future Payments*	*Recorded Liability*
Residual value guarantees	2020	$ 119	$ —

NOTE 12 - ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table provides an analysis of the changes in accumulated other comprehensive loss for the three months ended March 31, 2019 and 2018:

Accumulated Other Comprehensive Loss

In millions	*Cumulative Translation Adj*	*Pension and Other Postretirement Benefits*	*Accum Other Comp Loss*
2018			
Balance at January 1, 2018	$ (763)	$ (34)	$ (797)
Other comprehensive income (loss) before reclassifications	33	—	33
Amounts reclassified from accumulated other comprehensive income (loss)	—	2	2
Net other comprehensive income (loss)	$ 33	$ 2	$ 35
Balance at March 31, 2018	$ (730)	$ (32)	$ (762)
2019			
Balance at January 1, 2019	$ (828)	$ (30)	$ (858)
Other comprehensive income (loss) before reclassifications	(4)	—	(4)
Amounts reclassified from accumulated other comprehensive income (loss)	—	3	3
Net other comprehensive income (loss)	$ (4)	$ 3	$ (1)
Balance at March 31, 2019	$ (832)	$ (27)	$ (859)

The tax effects on the net activity related to each component of other comprehensive income (loss) for the three months ended March 31, 2019 and 2018 were as follows:

Tax Benefit (Expense)

	Three Months Ended	
In millions	*Mar 31, 2019*	*Mar 31, 2018*
Cumulative translation adjustments	$ —	$ —
Pension and other postretirement benefit plans	(1)	—
Total benefit (expense) from income taxes related to other comprehensive income (loss) items	$ (1)	$ —

NOTE 13 - NONCONTROLLING INTERESTS

Ownership interests in the Business's subsidiaries held by parties other than the Business are presented separately from the Business equity in the combined balance sheet as "Noncontrolling interests." The amount of combined net income attributable to the Business and the noncontrolling interests are both presented on the face of the combined statements of income and comprehensive income.

The following table summarizes the activity for equity attributable to noncontrolling interests for the three months ended March 31, 2019 and 2018:

Noncontrolling Interests

	Three Months Ended	
In millions	*Mar 31, 2019*	*Mar 31, 2018*
Balance at January 1	$ 24	$ 41
Net income attributable to noncontrolling interests	6	11
Balance at end of period	$ 30	$ 52

NOTE 14 - PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

During the three months ended March 31, 2019, the Business recorded operating costs of $1 million and non-operating costs of $1 million related to its significant pension plans. During the three months ended March 31, 2018, the Business recorded operating costs of $1 million and non-operating costs of $1 million related to its significant pension plans.

On January 1, 2018, the Business adopted ASU 2017-07, which impacted the presentation of the components of net periodic benefit cost in the combined statements of income. Net periodic benefit cost, other than the service cost component, ("non-operating costs") is retrospectively included in "Sundry income (expense) – net" in the consolidated statements of income.

NOTE 15 - FAIR VALUE MEASUREMENTS

As part of the Synergy Program, the Business has or will shut down a number of manufacturing, R&D and corporate facilities around the world. Manufacturing facilities and related assets and R&D facilities associated with this plan were written down to zero. During the first three months of 2019, impairment charges related to the Synergy Program of $24 million were recognized. During the first three months of 2018, impairment charges related to the Synergy Program of $43 million were recognized. Impairment charges were included in " Restructuring and asset related charges - net" in the combined statements of income. See Note 5 for additional information on the Business's restructuring activities.

NOTE 16 - RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2019 and March 31, 2018, the Business purchased products used in production from Dow in the amount of $32 million and $35 million respectively.

Effective with the Merger, the Business reports transactions with DuPont and its affiliates as related party transaction. The following table presents amounts due to or due from DuPont and its affiliates at March 31, 2019 and December 31, 2018:

Balances Due To or Due From DuPont and its Affiliates

In millions	*Mar 31, 2019*	*Dec 31, 2018*
Accounts and notes receivable - Other	$ 121	$ 104
Accounts payable - Other	$ 73	$ 171

The following table presents revenue earned and expenses incurred related to transactions with DuPont and its affiliates:

Sales to DuPont and its Affiliates

In millions	*Three Months Ended Mar 31, 2019*	*Three Months Ended Mar 31, 2018*
Net sales	$ 75	$ 16
Cost of sales	$ 57	$ 13

NOTE 17 - SUBSEQUENT EVENTS

On April 1, 2019, DowDuPont completed the previously announced separation of its materials science business. As a result of the separation, Dow Inc. is now an independent, publicly traded company and Dow Inc. common stock is listed on the New York Stock Exchange under the symbol “DOW.” The Business became a wholly owned subsidiary of DowDuPont beginning on April 1, 2019 as a result of the separation. On May 2, 2019, DowDuPont conveyed the Business to DuPont.

Other than those described in the notes to the financial statements, no events have occurred after March 31, 2019, but before May 31, 2019, the date the financial statements were available to be issued, that require consideration as adjustments to, or disclosures in, the financial statements.