FMC CORP
Form 10-Q
August 03, 2016

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

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2016
or
o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _______ to _______
Commission File Number 1-2376

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

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

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

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS YES x NO o

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS SUBMITTED ELECTRONICALLY AND POSTED ON ITS CORPORATE WEBSITE, IF ANY, EVERY INTERACTIVE DATA FILE REQUIRED TO BE SUBMITTED AND POSTED PURSUANT TO RULE 405 OF REGULATION S-T DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO SUBMIT AND POST SUCH FILES) YES x NO o

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, A NON-ACCELERATED FILER OR A SMALLER REPORTING COMPANY. SEE THE DEFINITIONS OF "LARGE ACCELERATED FILER," "ACCELERATED FILER," AND "SMALLER REPORTING COMPANY" IN RULE 12B-2 OF THE EXCHANGE ACT. (CHECK ONE):

LARGE ACCELERATED FILER	x	ACCELERATED FILER	o
NON-ACCELERATED FILER	o	SMALLER REPORTING COMPANY	o

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

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE

Class	Outstanding at June 30, 2016
Common Stock, par value $0.10 per share	133,809,183

FMC CORPORATION
INDEX

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in Millions, Except Per Share Data)	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
	(unaudited)		(unaudited)	
Revenue	$810.3	$887.1	$1,609.1	$1,546.5
Costs and Expenses				
Costs of sales and services	509.0	581.3	1,026.4	990.0
Gross margin	301.3	305.8	582.7	556.5
Selling, general and administrative expenses	129.1	156.0	255.6	453.9
Research and development expenses	35.1	39.0	71.1	65.6
Restructuring and other charges (income)	12.3	10.3	24.7	32.6
Total costs and expenses	685.5	786.6	1,377.8	1,542.1
Income from continuing operations before equity in (earnings) loss of affiliates, interest expense, net and income taxes	124.8	100.5	231.3	4.4
Equity in (earnings) loss of affiliates	—	(0.1)	—	—
Interest expense, net	20.0	24.7	40.8	38.7
Income (loss) from continuing operations before income taxes	104.8	75.9	190.5	(34.3)
Provision (benefit) for income taxes	32.0	17.8	62.9	(31.3)
Income (loss) from continuing operations	72.8	58.1	127.6	(3.0)
Discontinued operations, net of income taxes	(5.8)	688.2	(11.9)	703.8
Net income (loss)	67.0	746.3	115.7	700.8
Less: Net income attributable to noncontrolling interests	1.8	4.0	2.2	5.3
Net income (loss) attributable to FMC stockholders	$65.2	$742.3	$113.5	$695.5
Amounts attributable to FMC stockholders:				
Continuing operations, net of income taxes	$71.0	$54.1	$125.4	$(8.3)
Discontinued operations, net of income taxes	(5.8)	688.2	(11.9)	703.8
Net income (loss) attributable to FMC stockholders	$65.2	$742.3	$113.5	$695.5
Basic earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.53	$0.40	$0.93	$(0.06)
Discontinued operations	(0.04)	5.14	(0.09)	5.27
Net income (loss) attributable to FMC stockholders	$0.49	$5.54	$0.84	$5.21
Diluted earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.53	$0.40	$0.93	$(0.06)
Discontinued operations	(0.04)	5.12	(0.09)	5.27
Net income (loss) attributable to FMC stockholders	$0.49	$5.52	$0.84	$5.21

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

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in Millions)	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
	(unaudited)		(unaudited)	
Net income (loss)	$67.0	$746.3	$115.7	$700.8
Other comprehensive income (loss), net of tax:				
Foreign currency adjustments:				
Foreign currency translation gain (loss) arising during the period	(20.1)	(2.3)	32.2	(42.0)
Total foreign currency translation adjustments [1]	(20.1)	(2.3)	32.2	(42.0)
Derivative instruments:				
Unrealized hedging gains (losses) and other, net of tax of zero and ($1.7) for the three and six months ended June 30, 2016 and $1.5 and $3.5 for the three and six months ended June 30, 2015, respectively	(1.6)	2.9	0.7	5.2
Reclassification of deferred hedging (gains) losses and other, included in net income, net of tax of $0.9 and $2.1 for the three and six months ended June 30, 2016 and $(0.4) and ($1.6) for the three and six months ended June 30, 2015, respectively [3]	1.7	(0.1)	4.1	(1.9)
Total derivative instruments, net of tax of $0.9 and $0.4 for the three and six months ended June 30, 2016 and $1.1 and $1.9 for the three and six months ended June 30, 2015, respectively	0.1	2.8	4.8	3.3
Pension and other postretirement benefits:				
Unrealized actuarial gains (losses) and prior service (costs) credits, net of tax of zero for the three and six months ended June 30, 2016 and zero and ($4.7) for the three and six months ended June 30, 2015, respectively [2]	—	(1.2)	—	(7.1)
Reclassification of net actuarial and other (gain) loss and amortization of prior service costs, included in net income, net of tax of $3.7 and $7.3 for the three and six months ended June 30, 2016 and $5.5 and $12.2 the three and six months ended June 30, 2015, respectively [3]	7.1	9.7	13.4	21.4
Total pension and other postretirement benefits, net of tax of $3.7 and $7.3 for the three and six months ended June 30, 2016 and $5.5 and $7.5 for the three and six months ended June 30, 2015, respectively	7.1	8.5	13.4	14.3
Other comprehensive income (loss), net of tax	(12.9)	9.0	50.4	(24.4)
Comprehensive income (loss)	$54.1	$755.3	$166.1	$676.4
Less: Comprehensive income attributable to the noncontrolling interest	1.7	3.7	2.2	5.0
Comprehensive income (loss) attributable to FMC stockholders	$52.4	$751.6	$163.9	$671.4

---

(1) Income taxes are not provided on the equity in undistributed earnings of our foreign subsidiaries or affiliates since it is our intention that such earnings will remain invested in those affiliates indefinitely.

(2) At December 31st of each year, we remeasure our pension and postretirement plan obligations at which time we record any actuarial gains (losses) and prior service (costs) credits to other comprehensive income. The interim adjustments noted above typically reflect the foreign currency translation impacts from the unrealized actuarial gains (losses) and prior service (costs) credits related to our foreign pension and postretirement plans. The amounts for the six months ended June 30, 2015 include adjustments, recorded during the three months ended March 31, 2015, to comprehensive income as the results of the disposal of our FMC Alkali Chemicals division. This disposal

triggered a curtailment of our U.S. pension plans. See Note 14 for more information.

(3) For more detail on the components of these reclassifications and the affected line item in the condensed consolidated statements of income (loss) see Note 13.

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

FMC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in Millions, Except Share and Par Value Data)	June 30, 2016	December 31, 2015
ASSETS	(unaudited)	
Current assets		
Cash and cash equivalents	$93.6	$ 78.6
Trade receivables, net of allowance of $17.2 in 2016 and $13.9 in 2015	1,627.6	1,851.4
Inventories	881.9	800.2
Prepaid and other current assets	296.0	241.7
Total current assets	$2,899.1	$ 2,971.9
Investments	2.8	2.5
Property, plant and equipment, net	1,025.9	1,016.4
Goodwill	795.0	776.1
Other intangibles, net	851.7	837.0
Other assets including long-term receivables, net	430.4	435.1
Deferred income taxes	277.3	286.9
Total assets	$6,282.2	$ 6,325.9
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt and current portion of long-term debt	$53.2	$ 112.6
Accounts payable, trade and other	440.4	403.6
Advance payments from customers	5.1	249.9
Accrued and other liabilities	320.5	337.6
Accrued customer rebates	394.5	256.1
Guarantees of vendor financing	102.8	67.2
Accrued pension and other postretirement benefits, current	6.4	6.4
Income taxes	31.2	19.9
Total current liabilities	$1,354.1	$ 1,453.3
Long-term debt, less current portion	1,988.9	2,036.3
Accrued pension and other postretirement benefits, long-term	156.9	194.2
Environmental liabilities, continuing and discontinued	263.1	281.8
Deferred income taxes	172.6	173.2
Other long-term liabilities	304.7	278.8
Commitments and contingent liabilities (Note 17)		
Equity		
Preferred stock, no par value, authorized 5,000,000 shares; no shares issued in 2016 or 2015	—	—
Common stock, $0.10 par value, authorized 260,000,000 shares; 185,983,792 issued shares at 2016 and 2015	18.6	18.6
Capital in excess of par value of common stock	427.8	417.7
Retained earnings	3,454.2	3,385.0
Accumulated other comprehensive income (loss)	(406.9)	(457.3)
Treasury stock, common, at cost - 2016: 52,174,609 shares, 2015: 52,328,015 shares	(1,496.6)	(1,498.3)
Total FMC stockholders’ equity	$1,997.1	$ 1,865.7
Noncontrolling interests	44.8	42.6
Total equity	$2,041.9	$ 1,908.3
Total liabilities and equity	$6,282.2	$ 6,325.9

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

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in Millions)	Six Months Ended June 30	
	2016	2015
	(unaudited)	
Cash provided (required) by operating activities of continuing operations:		
Net income (loss)	$115.7	$700.8
Discontinued operations	11.9	(703.8)
Income (loss) from continuing operations	$127.6	$(3.0)
Adjustments from income from continuing operations to cash provided (required) by operating activities of continuing operations:		
Depreciation and amortization	67.2	54.2
Restructuring and other charges (income)	24.7	32.6
Deferred income taxes	(4.6)	21.2
Pension and other postretirement benefits	7.8	22.6
Share-based compensation	11.2	8.3
Excess tax benefits from share-based compensation	(0.4)	(2.0)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
Trade receivables, net	216.6	241.4
Guarantees of vendor financing	36.1	1.2
Inventories	(89.7)	(40.8)
Accounts payable	36.8	(111.9)
Advance payments from customers	(244.8)	(184.8)
Accrued customer rebates	138.3	121.5
Income taxes	27.6	6.5
Pension and other postretirement benefit contributions	(26.3)	(51.8)
Environmental spending, continuing, net of recoveries	(11.4)	(13.5)
Restructuring and other spending	(13.7)	(10.5)
Change in other operating assets and liabilities, net (1)	(60.4)	(213.7)
Cash provided (required) by operating activities of continuing operations	$242.6	$(122.5)
Cash provided (required) by operating activities of discontinued operations:		
Environmental spending, discontinued, net of recoveries	(10.1)	(4.0)
Other discontinued reserves	(8.0)	(8.6)
Operating activities of discontinued operations, net of recoveries	—	(37.5)
Cash provided (required) by operating activities of discontinued operations	$(18.1)	$(50.1)

(1) Changes in all periods primarily represent timing of payments associated with all other operating assets and liabilities. Additionally, the June 30, 2015 change is impacted by a $99.6 million reduction in the Cheminova acquisition hedge liability and the non-cash Cheminova inventory fair value amortization of $19.3 million. Total cash payments during the six months ended June 30, 2015 associated with the Cheminova acquisition hedges were $264.8 million, which includes $165.5 million that were accrued and paid within the period.

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

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(in Millions)	Six Months Ended June 30 2016	2015
	(unaudited)	
Cash provided (required) by investing activities of continuing operations:		
Capital expenditures	$(55.2)	$(65.2)
Proceeds from disposal of property, plant and equipment	1.1	1.6
Acquisitions, net of cash acquired	—	(1,205.1)
Other investing activities	(5.6)	(19.3)
Cash provided (required) by investing activities of continuing operations	$(59.7)	$(1,288.0)
Cash provided (required) by investing activities of discontinued operations:		
Proceeds from divestitures	—	1,653.2
Other discontinued investing activities	—	(15.6)
Cash provided (required) by investing activities of discontinued operations	$—	$1,637.6
Cash provided (required) by financing activities of continuing operations:		
Increase (decrease) in short-term debt	(59.4)	(394.6)
Repayments of long-term debt	(50.8)	(1,023.7)
Financing fees	(0.7)	—
Proceeds from borrowings of long-term debt	2.8	1,650.0
Issuances of common stock, net	2.1	5.6
Excess tax benefits from share-based compensation	0.4	2.0
Dividends paid (2)	(44.3)	(42.2)
Other repurchases of common stock	(1.2)	(3.2)
Cash provided (required) by financing activities of continuing operations	$(151.1)	$193.9
Effect of exchange rate changes on cash and cash equivalents	1.3	(2.9)
Increase (decrease) in cash and cash equivalents	15.0	368.0
Cash and cash equivalents, beginning of period	78.6	109.5
Cash and cash equivalents, end of period	$93.6	$477.5

(2) See Note 13 regarding quarterly cash dividend.

Supplemental disclosure of cash flow information: Cash paid for interest, net of capitalized interest was $39.2 million and $37.9 million, and income taxes paid, net of refunds were $37.7 million and $19.0 million for the six months ended June 30, 2016 and 2015, respectively. Non-cash additions to property, plant and equipment were $24.2 million and $4.6 million for the six months ended June 30, 2016 and 2015.

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

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1: Financial Information and Accounting Policies
In our opinion the condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) applicable to interim period financial statements and reflect all adjustments necessary for a fair statement of results of operations for the three and six months ended June 30, 2016 and 2015, cash flows for the six months ended June 30, 2016 and 2015, and our financial positions as of June 30, 2016 and December 31, 2015. All such adjustments included herein are of a normal, recurring nature unless otherwise disclosed in the Notes. The results of operations for the three and six months ended June 30, 2016 and 2015 are not necessarily indicative of the results of operations for the full year. The condensed consolidated balance sheets as of June 30, 2016 and December 31, 2015, and the related condensed consolidated statements of income (loss), condensed consolidated statements of comprehensive income (loss) and condensed consolidated statements of cash flows for the six months ended June 30, 2016 and 2015, have been reviewed by our independent registered public accountants. The review is described more fully in their report included herein. Our accounting policies are set forth in detail in Note 1 to the consolidated financial statements included with our Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2015 (the “2015 10-K”).

Note 2: Recently Issued and Adopted Accounting Pronouncements and Regulatory Items
New accounting guidance and regulatory items
In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments” ("ASU 2016-13"). ASU 2016-13 replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses. The update is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The new standard is effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date), with early adoption permitted for fiscal years beginning after December 15, 2018. We are evaluating the effect the guidance will have on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718) ("ASU 2016-09"). ASU 2016-09 identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. The new standard is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years (i.e. a January 1, 2017 effective date). We are evaluating the effect the guidance will have on our consolidated financial statements.

In February 2016, the FASB issued its new lease accounting guidance in ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e. a January 1, 2019 effective date). We are evaluating the effect the guidance will have on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments--Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. We are evaluating the effect the guidance will have on our consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, Simplifying the Measurement of Inventory. This new standard changes the criteria by which to measure inventory. Prior to the issuance of this new standard, inventory was measured at the lower of cost or market value. This required three separate data points in order to measure inventory. The three data points were cost, market with a ceiling of net realizable value and market with a floor of net realizable value less a normal profit margin. This amendment eliminates the two data points defining "market" and replaces them with one, net realizable value. Net realizable value is the estimated selling

Table of Contents

prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This amendment does not impact inventory measured using last-in, first-out. We are required to adopt this standard in the first quarter of 2017 and early adoption is permitted. We believe the adoption will not have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. We intend to adopt this standard for interim and annual periods beginning after December 15, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. In 2016, the FASB issued final amendments to clarify the implementation guidance for principal versus agent considerations, identifying performance obligations and the accounting for licenses of intellectual property. We are evaluating the effect that ASU 2014-09 and subsequent amendments will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

Recently adopted accounting guidance
In April 2015, the FASB issued ASU 2015-05, Customer's Accounting for Fees Paid in Cloud Computing Arrangements, which provides guidance to determine when a customer's fees paid in a cloud computing arrangement include a software license. If a cloud computing arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the arrangement does not include a software license, the customer should account for a cloud computing arrangement as a service contract. The new standard was effective for annual reporting periods beginning after December 15, 2015 (i.e. January 1, 2016) and entities may elect to adopt the ASU prospectively or retrospectively. We have adopted the standard prospectively. There was no impact on our financial condition, results of operations or cash flows as a result of the adoption of this guidance.

Note 3: Acquisitions
Cheminova A/S
On April 21, 2015, pursuant to the terms and conditions set forth in the Purchase Agreement, we completed the acquisition of 100 percent of the outstanding equity of Cheminova A/S, a Denmark Aktieselskab ("Cheminova") from Auriga Industries A/S, a Denmark Aktieselskab for an aggregate purchase price of $1.2 billion, excluding assumed net debt and hedged-related costs totaling $0.6 billion (the “Acquisition”). The Acquisition was funded with the October 10, 2014 term loan which was secured for the purposes of the Acquisition.
Cheminova is being integrated into our FMC Agricultural Solutions segment and has been included within our results of operations since the date of acquisition. The acquisition of Cheminova broadens our supply capabilities and strengthens our geographic footprint, particularly in Europe. Revenue and Income from continuing operations before income taxes attributable to Cheminova, since the date of acquisition, for the three and six months ended June 30, 2015 were approximately $217.0 million and $27.0 million, respectively.

Purchase Price Allocation
The acquisition of Cheminova has been accounted for under the GAAP business combinations accounting guidance, and as such we have applied acquisition accounting. Acquisition accounting requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The aggregate purchase price noted above was allocated to the major categories of assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date using primarily Level 2 and Level 3 inputs (see Note 16 for an explanation

of Level 2 and 3 inputs). These Level 2 and Level 3 valuation inputs include an estimate of future cash flows and discount rates. Additionally, estimated fair values are based, in part, upon outside preliminary appraisals for certain assets, including specifically-identified intangible assets.
The purchase price allocation was finalized as of March 31, 2016. The allocation was subject to change within the measurement period (up to one year from the acquisition date) as additional information concerning final asset and liability valuations was

Table of Contents

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

obtained. Any changes to the initial allocation are referred to as measurement-period adjustments.
Measurement-period adjustments since the filing of our 2015 Form 10-K were primarily related to decreases in the estimated fair values of certain current assets, property, plant and equipment and income taxes payable. These decreases were offset by increases in current liabilities, intangible assets and deferred income taxes. The effect of all measurement-period adjustments in the first quarter of 2016 resulted in an increase to recognized goodwill of approximately $20 million.
The following table summarizes the consideration paid for Cheminova and the amounts of the assets acquired and liabilities assumed as of the acquisition date.

Purchase Price Allocation	
(in Millions)	
Trade receivables	$488.1
Inventories (1)	362.4
Other current assets	53.6
Property, plant & equipment	186.4
Intangible assets (2)	
Customer relationships	294.1
Brands	362.8
In-process research & development	1.4
Goodwill (3)	468.8
Other assets	84.5
Total fair value of assets acquired	$2,302.1
Short-term debt	140.5
Other current liabilities	432.3
Environmental reserves	47.2
Long-term debt (4)	273.1
Deferred tax liabilities	165.1
Other liabilities	38.8
Total fair value of liabilities assumed	1,097.0
Total cash paid, less cash acquired	$1,205.1

---

(1) Fair value of finished goods inventory acquired included a step-up in the value of approximately $57.8 million, of which $19.3 million was expensed in the three and six months ended June 30, 2015 all of which was expensed in the full year 2015 and included in "Cost of sales and services" on the condensed consolidated income statement.

(2) The weighted average useful life of the acquired finite-lived intangibles, which primarily represents the customer relationships, is approximately 20 years.

(3) Goodwill largely consists of expected cost synergies and economies of scale resulting from the business combination. None of the acquired goodwill will be deductible for income tax purposes.

(4) Long-term debt assumed primarily consisted of mortgage debt and borrowings under existing Cheminova credit facilities that were settled by FMC’s term loan in the second quarter of 2015.

Unaudited Pro Forma Financial Information
The following unaudited pro forma results of operations assume that the Acquisition occurred at the beginning of the periods presented. The pro forma amounts include certain adjustments, including interest expense on the borrowings utilized to complete the acquisition, depreciation and amortization expense and income taxes. The pro forma amounts

for the three and six month periods below exclude acquisition-related charges. The pro forma results do not include adjustments related to cost savings or other synergies that are anticipated as a result of the Acquisition. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations would have been if the acquisition had occurred as of January 1, 2015, nor are they indicative of future results of operations.

Table of Contents

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

	Three Months Ended June 30		Six Months Ended June 30	
(in Millions)	2016	2015	2016	2015
Pro forma Revenue [1]	$810.3	$945.0	$1,609.1	$1,908.0
Pro forma Diluted earnings per share [1]	$0.49	$5.68	$0.84	$6.23

____

(1) For the three and six months ended June 30, 2016, pro forma results and actual results are the same.

Acquisition-related charges

Pursuant to GAAP, costs incurred to complete the Acquisition as well as costs incurred to integrate Cheminova into our operations are expensed as incurred. The following table summarizes the costs incurred associated with these combined activities.

	Three Months Ended June 30		Six Months Ended June 30	
(in Millions)	2016	2015	2016	2015
Acquisition-related charges				
Legal and professional fees [1]	$5.0	$29.0	$12.4	$39.6
Inventory fair value amortization [2]	—	19.3	—	19.3
(Gain)/loss on hedging purchase price [3]	—	(8.0)	—	172.1
Total Acquisition-related charges [4]	$5.0	$40.3	$12.4	$231.0
Restructuring charges and asset disposals				
Cheminova restructuring	5.9	4.8	8.9	4.8
Total Cheminova restructuring charges [4] [5]	$5.9	$4.8	$8.9	$4.8

____

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

(2) On the consolidated statements of income (loss), these charges are included in “Costs of sales and services.”

(3) See "Cheminova Acquisition Hedge Costs" below for more information on these charges. These charges are recorded as a component of “Selling, general and administrative expense" on the condensed consolidated statements of income (loss).

(4) Acquisition-related charges and restructuring charges to integrate Cheminova with Agricultural Solutions are expected to be completed in 2016.

(5) See Note 8 for more information. These charges are recorded as a component of “Restructuring and other charges (income)” on the condensed consolidated statements of income (loss).

Cheminova Acquisition Hedge Costs

Pursuant to the terms and conditions set forth in the Purchase Agreement, we acquired all of the outstanding equity of Cheminova from Auriga for an aggregate purchase price of 8.5 billion Danish krone ("DKK"). At the time we entered into the Purchase Agreement, the U.S. dollar ("USD" or “$”) to DKK exchange rate was USD $1.00 to DKK 5.77, resulting in a USD purchase price of $1.47 billion, excluding assumed debt of approximately $0.3 billion. In order to minimize our exposure to adverse changes in the USD to DKK exchange rate from September 8, 2014 to April 21, 2015 (the acquisition close date), we entered into a series of foreign currency forward contracts ("FX forward contracts"). The FX forward contracts provided us the ability to fix the USD to DKK exchange rate for most of the

DKK 8.5 billion purchase price, thereby limiting our exposure to foreign currency rate fluctuations. Over the period from September 2014 to April 21, 2015 the USD strengthened against the DKK by approximately 21 percent to an exchange rate of USD $1.00 to DKK 6.96. The strengthening of the USD against the DKK results in a lower USD purchase price for Cheminova. Partially offsetting this was a mark-to-market net loss settlement on the FX forward contracts of $172.1 million during the first six months of 2015.

Table of Contents

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

Note 4: Goodwill and Intangible Assets
The changes in the carrying amount of goodwill by business segment are presented in the table below:

(in Millions)	FMC Agricultural Solutions	FMC Health and Nutrition	FMC Lithium	Total
Balance, December 31, 2015	$ 479.5	$ 296.6	$ —	$ 776.1
Acquisitions	—	—	—	—
Purchase price allocation adjustments (See Note 3)	20.4	—	—	20.4
Foreign currency adjustments	—	(1.5)	—	(1.5)
Balance, June 30, 2016	$ 499.9	$ 295.1	$ —	$ 795.0

There were no events or circumstances indicating that goodwill might be impaired as of June 30, 2016.

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

	June 30, 2016			December 31, 2015		
(in Millions)	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization (finite-lived)						
Customer relationships	$449.6	$ (52.0)	$397.6	$435.5	$ (40.8)	$394.7
Patents	2.2	(0.4)	1.8	2.2	(0.3)	1.9
Brands [(1)]	15.4	(4.5)	10.9	14.2	(2.7)	11.5
Purchased and licensed technologies	71.3	(31.8)	39.5	71.0	(29.5)	41.5
Other intangibles	3.2	(2.3)	0.9	3.5	(2.2)	1.3
	$541.7	$ (91.0)	$450.7	$526.4	$ (75.5)	$450.9
Intangible assets not subject to amortization (indefinite life)						
Brands [(1)]	$399.5		$399.5	$384.7		$384.7
In-process research & development	1.5		1.5	1.4		1.4
	$401.0		$401.0	$386.1		$386.1
Total intangible assets	$942.7	$(91.0)	$851.7	$912.5	$(75.5)	$837.0

(1) Represents trademarks, trade names and know-how.

At June 30, 2016, the finite-lived and indefinite life intangibles were allocated among our business segments as follows:

(in Millions)	Finite-lived	Indefinite Life
FMC Agricultural Solutions	$ 384.5	$ 385.7
FMC Health and Nutrition	65.2	15.3
FMC Lithium	1.0	—
Total	$ 450.7	$ 401.0

	Three Months Ended June 30		Six Months Ended June 30	
(in Millions)	2016	2015	2016	2015
Amortization expense	$7.3	$5.5	$14.5	$8.1

The estimated pre-tax amortization expense for fiscal year 2016 is $30 million and is estimated to be $30 million for each fiscal year from 2017 to 2020. The estimated pre-tax amortization expense may fluctuate due to changes in foreign currency.

Table of Contents

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

Note 5: Receivables

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

(in Millions)	
Balance, December 31, 2014	$37.2
Additions — charged to expense	5.9
Transfer to long-term allowance	(29.2)
Balance, December 31, 2015	13.9
Additions — charged to expense	2.7
Net Recoveries and write-offs	0.6
Balance, June 30, 2016	$17.2

The company has financing receivables that represent long-term customer receivable balances related to past due accounts which are not expected to be collected within the current year. The net long-term customer receivables were $102.5 million as of June 30, 2016. These long-term customer receivable balances and the corresponding allowance are included in Other assets on the condensed consolidated balance sheet. For these long-term customer receivables, interest is no longer accrued when the receivable is determined to be delinquent and classified as long-term based on the estimated timing of collection.

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

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

(in Millions)	
Balance, December 31, 2014	$—
Transfer from allowance for doubtful accounts (see above)	29.2
Net Recoveries and write- offs	—
Balance, December 31, 2015	$29.2
Additions - charged to expense	4.1
Net Recoveries and write- offs	—
Balance June 30, 2016	$33.3

Note 6: Inventories

Inventories consisted of the following:

(in Millions)	June 30, 2016	December 31, 2015
Finished goods	$399.7	$ 350.0

Work in process	276.8	275.4
Raw materials, supplies and other	363.7	335.6
First-in, first-out inventory	$1,040.2	$ 961.0
Less: Excess of first-in, first-out cost over last-in, first-out cost	(158.3)	(160.8)
Net inventories	$881.9	$ 800.2

13

Table of Contents

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

Note 7: Property, Plant and Equipment
Property, plant and equipment consisted of the following:

(in Millions)	June 30, 2016	December 31, 2015
Property, plant and equipment	$1,796.0	$ 1,784.6
Accumulated depreciation	(770.1)	(768.2)
Property, plant and equipment, net	$1,025.9	$ 1,016.4

Note 8: Restructuring and Other Charges (Income)
Our restructuring and other charges (income) are comprised of restructuring, asset disposals and other charges (income) as noted below:

	Three Months Ended June 30		Six Months Ended June 30	
(in Millions)	2016	2015	2016	2015
Restructuring charges and asset disposals	$9.1	$6.8	$12.3	$12.2
Other charges (income), net	3.2	3.5	12.4	20.4
Total restructuring and other charges	$12.3	$10.3	$24.7	$32.6

Restructuring charges and asset disposals
Detail on the 2016 restructuring charges and asset disposal activities is provided below. For detail on restructuring activities which commenced prior to 2016, see Note 7 to our consolidated financial statements included with our 2015 Form 10-K.
2016 Restructuring Activities
Cheminova Restructuring
In 2015, we completed the acquisition of Cheminova; see Note 3 for more details. As part of the integration of Cheminova into our existing FMC Agricultural Solutions segment we implemented a restructuring plan. The restructuring plan includes workforce reductions, relocation of current operating locations, lease termination fees and fixed asset accelerated depreciation as well as fixed asset disposal charges at several of our FMC Agricultural Solutions' facilities. In 2016, these restructuring activities continued; however, we expect the restructuring charges to be completed in 2016.

Table of Contents

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

(in Millions)	Restructuring Charges Severance and Employee Benefits (1)	Other Charges (Income) (2)	Asset Disposal Charges (3)	Total
Cheminova Restructuring	$3.2	$ 1.4	$ 1.3	$5.9
Other Items	0.6	—	2.6	3.2
Three months ended June 30, 2016	$3.8	$ 1.4	$ 3.9	$9.1
Cheminova Restructuring	$4.4	$ 0.3	$ 0.1	$4.8
Health and Nutrition Restructuring	0.8	—	1.0	1.8
Other Items	—	0.2	—	0.2
Three months ended June 30, 2015	$5.2	$ 0.5	$ 1.1	$6.8
Cheminova Restructuring	$5.1	$ 1.3	$ 2.5	$8.9
Other Items	0.4	0.4	2.6	3.4
Six months ended June 30, 2016	$5.5	$ 1.7	$ 5.1	$12.3
Cheminova Restructuring	$4.4	$ 0.3	$ 0.1	$4.8
Health and Nutrition Restructuring	1.6	0.1	2.2	3.9
Other Items	3.6	(0.1)	—	3.5
Six months ended June 30, 2015	$9.6	$ 0.3	$ 2.3	$12.2

(1) Represents severance and employee benefit charges. Income represents adjustments to previously recorded severance and employee benefits.

(2) Primarily represents costs associated with lease payments, contract terminations, and other miscellaneous exit costs. Other Income primarily represents favorable developments on previously recorded exit costs as recoveries associated with restructuring.

(3) Primarily represents accelerated depreciation and impairment charges on long-lived assets, which were or are to be abandoned. To the extent incurred the acceleration effect of re-estimating settlement dates and revised cost estimates associated with asset retirement obligations due to facility shutdowns are also included within the asset disposal charges.

Roll forward of restructuring reserves

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

(in Millions)	Balance at 12/31/15 (3)	Change in reserves (2)	Cash payments	Other	Balance at 6/30/16 (3)
Cheminova Restructuring	$ 8.7	$ 6.4	$ (9.9)	$(4.2)	$ 1.0
Other Workforce Related and Facility Shutdowns (1)	6.5	0.8	(3.7)	(0.3)	3.3
Restructuring activities related to discontinued operations (4)	0.4	—	—	—	0.4
Total	$ 15.6	$ 7.2	$ (13.6)	$(4.5)	$ 4.7

(1) Primarily severance costs related to workforce reductions and facility shutdowns noted in the "Other Items" sections above.

(2) Primarily severance, exited lease, contract termination and other miscellaneous exit costs. Any accelerated depreciation and impairment charges noted above that impacted our property, plant and equipment balances and are not included in the above tables.

(3) Included in "Accrued and other liabilities" on the condensed consolidated balance sheets.

(4) Cash spending associated with restructuring activities of discontinued operations is reported within "Other discontinued reserves" on the condensed consolidated statements of cash flows.

Table of Contents

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

Other charges (income), net

(in Millions)	Three Months Ended June 30 2016	2015	Six Months Ended June 30 2016	2015
Environmental charges, net	$2.5	$3.5	$9.1	$5.4
Argentina devaluation	—	—	4.2	—
Other items, net	0.7	—	(0.9)	15.0
Other charges (income), net	$3.2	$3.5	$12.4	$20.4

Environmental charges, net
Environmental charges represent the net charges associated with environmental remediation at continuing operating sites. See Note 11 for additional details.
Argentina Devaluation
On December 17, 2015, the Argentina government initiated actions to significantly devalue its currency. These actions continued into a portion of first quarter of 2016. These actions created an immediate loss associated with the impacts of the remeasurement of our local balance sheet. The loss was attributable to our Lithium and Agricultural Solutions operations. Because of the severity of the event and its immediate impact to our operations in the country, the charge associated with the remeasurement was included within restructuring and other charges in our condensed consolidated income statement during the period. We believe these actions have ended and do not expect further charges for remeasurement to be included within restructuring and other charges.
Other items, Net
During 2015, our FMC Agricultural Solutions segment entered into collaboration and license agreements with various third parties for the purpose of obtaining certain technology and intellectual property rights relating to compounds under development. The rights and technology obtained is referred to as in-process research and development and in accordance with GAAP, the amounts paid are expensed as incurred since they were acquired outside of a business combination. We entered into one such arrangement in the first quarter of 2015.

Note 9: Debt
Debt maturing within one year:

(in Millions)	June 30, 2016	December 31, 2015
Short-term foreign debt [1]	$ 50.8	$ 87.2
Commercial paper	—	23.9
Total short-term debt	$ 50.8	$ 111.1
Current portion of long-term debt	2.4	1.5
Short-term debt and current portion of long-term debt	$ 53.2	$ 112.6

(1) At June 30, 2016, the average interest rate on the borrowings was 9.5%. We often provide parent-company guarantees to lending institutions that extend credit to our foreign subsidiaries.

Table of Contents

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

Long-term debt:

(in Millions)	June 30, 2016 Interest Rate Percentage	June 30, 2016 Maturity Date	June 30, 2016	December 31, 2015
Pollution control and industrial revenue bonds (less unamortized discounts of $0.2 and $0.2, respectively)	0.6-6.5%	2021-2035	$141.6	$ 141.5
Senior notes (less unamortized discount of $1.5 and $1.7, respectively)	3.95 - 5.2%	2019-2024	998.5	998.3
Term Loan Facility	1.8%	2020	850.0	900.0
Credit Facility [1]	2.9%	2019	—	—
Foreign debt	0 - 9.3%	2016-2024	12.7	9.9
Debt issuance cost			(11.5)	(11.9)
Total long-term debt			$1,991.3	$ 2,037.8
Less: debt maturing within one year			2.4	1.5
Total long-term debt, less current portion			$1,988.9	$ 2,036.3

(1) Letters of credit outstanding under our Credit Facility totaled $59.2 million and available funds under this facility were $1,440.8 million at June 30, 2016, which reflects borrowings under our commercial paper program.

Covenants
Among other restrictions, our Credit Facility and Term Loan Facility contain financial covenants applicable to FMC and its consolidated subsidiaries related to leverage (measured as the ratio of debt to adjusted earnings) and interest coverage (measured as the ratio of adjusted earnings to interest expense). Our actual leverage for the four consecutive quarters ended June 30, 2016, was 3.9 which is below the maximum leverage of 4.5 at June 30, 2016. Our actual interest coverage for the four consecutive quarters ended June 30, 2016, was 7.1 which is above the minimum interest coverage of 3.5. We were in compliance with all covenants at June 30, 2016.

Note 10: Discontinued Operations
FMC Alkali:
On April 1, 2015, we completed the previously disclosed sale of our FMC Alkali Chemicals division ("ACD") for $1,649.8 million to a wholly owned subsidiary of Tronox Limited ("Tronox"). The sale resulted in approximately $1,198.5 million in after-tax cash proceeds. The sale resulted in a pre-tax gain of $1,080.2 million ($702.1 million net of tax) in the second quarter of 2015.

The results of our discontinued FMC ACD operations are summarized below:

(in Millions)	Three Months Ended June 30 2016	Three Months Ended June 30 2015	Six Months Ended June 30 2016	Six Months Ended June 30 2015
Revenue	$—	$—	$—	$194.0
Costs of sales and services	—	—	—	149.2
Income (loss) from discontinued operations before income taxes [1]	—	1,069.8	—	1,088.7
Provision for income taxes	—	372.0	—	372.4
Total discontinued operations of FMC ACD, net of income taxes	$—	$697.8	$—	$716.3

Less: discontinued operations of FMC ACD attributable to noncontrolling interests	$ — $ —	$ — $ —
Discontinued operations of FMC ACD, net of income taxes, attributable to FMC Stockholders	$ — $ 697.8	$ — $ 716.3

17

Table of Contents

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

(1) For the three months ended June 30, 2015, amounts include $3.7 million of divestiture related charges. For the six months ended June 30, 2015, amounts include $2.2 million of allocated interest expense, $15.0 million of divestiture related charges and $5.3 million of a pension curtailment charge. Interest was allocated in accordance with relevant discontinued operations accounting guidance.

In addition to our discontinued FMC Alkali Chemicals division, our other discontinued operations include adjustments to retained liabilities. The primary liabilities retained include environmental liabilities, other postretirement benefit liabilities, self-insurance, long-term obligations related to legal proceedings and historical restructuring activities. Our discontinued operations comprised the following:

(in Millions)	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
Adjustment for workers' compensation, product liability, other postretirement benefits and other, net of income tax benefit (expense) of ($0.5) and $0.2 for the three and six months ended 2016 and zero and ($0.3) for the three and six months ended 2015, respectively	$0.3	$2.4	$(0.1)	$(0.1)
Provision for environmental liabilities, net of recoveries, net of income tax benefit of $1.2 and $2.5 for the three and six months ended 2016 and $2.6 and $4.6 for the three and six months ended 2015, respectively [(1)]	(1.9)	(7.5)	(4.8)	(8.0)
Provision for legal reserves and expenses, net of recoveries, net of income tax benefit (expense) of $2.4 and $4.1 for the three and six months ended 2016 and $2.8 and $2.7 for the three and six months ended 2015, respectively	(4.2)	(4.5)	(7.0)	(4.4)
Discontinued operations of FMC Alkali Chemicals, net of income tax benefit (expense) of zero and zero for the three and six months ended 2016 and ($372.0) and ($372.4) for the three and six months ended 2015, respectively	—	697.8	—	716.3
Discontinued operations, net of income taxes	$(5.8)	$688.2	$(11.9)	$703.8

____

(1) See a roll forward of our environmental reserves, as well as, discussion on significant environmental issues that occurred during the 2016 in Note 11.

Note 11: Environmental Obligations

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

(in Millions)	Gross	Recoveries [(3)]	Net
Total environmental reserves at December 31, 2015	$348.2	$ (7.3)	$340.9
Provision/(benefit)	18.2	—	18.2
(Spending)/recoveries	(22.0)	—	(22.0)
Foreign currency translation adjustments	1.3	—	1.3
Net change	(2.5)	—	(2.5)
Total environmental reserves at June 30, 2016	$345.7	$ (7.3)	$338.4
Environmental reserves, current [(1)]	79.6	(4.3)	75.3
Environmental reserves, long-term [(2)]	266.1	(3.0)	263.1

Total environmental reserves at June 30, 2016	$345.7	$ (7.3)	$338.4

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

The estimated reasonably possible environmental loss contingencies, net of expected recoveries, exceed amounts accrued by approximately $230 million at June 30, 2016. This reasonably possible estimate is based upon information available as of the date

Table of Contents

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

of the filing but the actual future losses may be higher given the uncertainties regarding the status of laws, regulations, enforcement policies, the impact of potentially responsible parties, technology and information related to individual sites. Potential environmental obligations that have not been reserved may be material to any one quarter's or year's results of operations in the future. However, we believe any such liability arising from such potential environmental obligations is not likely to have a material adverse effect on our liquidity or financial condition as it may be satisfied over many years.
The table below provides a roll forward of our environmental recoveries representing probable realization of claims against insurance carriers and other third parties. These recoveries are recorded as "Other assets" in the condensed consolidated balance sheets.

(in Millions)	12/31/2015	Increase in Recoveries	Cash Received	6/30/2016
Environmental recoveries	$ 22.7	1.8	(0.5)	$ 24.0

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

	Three Months Ended June 30		Six Months Ended June 30	
(in Millions)	2016	2015	2016	2015
Environmental provisions, net - recorded to liabilities (1)	$5.6	$13.6	$18.2	$18.0
Environmental provisions, net - recorded to assets (2)	—	—	(1.8)	—
Environmental provision, net	$5.6	$13.6	$16.4	$18.0
Continuing operations (3)	2.5	3.5	9.1	5.4
Discontinued operations (4)	3.1	10.1	7.3	12.6
Environmental provision, net	$5.6	$13.6	$16.4	$18.0

____

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

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

(3) Recorded as a component of “Restructuring and other charges (income)” on the condensed consolidated statements of income (loss), see Note 8. Environmental obligations for continuing operations primarily represent obligations at shut down or abandoned facilities within businesses that do not meet the criteria for presentation as discontinued operations.

(4) Recorded as a component of “Discontinued operations, net of income taxes" on the condensed consolidated statements of income (loss), see Note 10.

A more complete description of our environmental contingencies and the nature of our potential obligations are included in Notes 1 and 10 to our consolidated financial statements in our 2015 Form 10-K. See Note 10 to our consolidated financial statements in our 2015 Form 10-K for a description of significant updates to material environmental sites. There have been no significant updates since the information included in our 2015 Form 10-K other than the update provided below.

On June 21, 2016, the Environmental Protection Agency ("EPA") issued its Proposed Cleanup Plan for the Portland Harbor Superfund Site ("the Proposed Plan"). The Proposed Plan is open for public comment through September 6, 2016. Any potential liability to FMC will represent a portion of the costs of the remedy the EPA selects for Portland Harbor. Based on the current information available in the Proposed Plan as well as the large number of responsible parties for the Superfund Site, we are unable to develop a reasonable estimate of our potential exposure for Portland Harbor at this time.

Note 12: Earnings Per Share

Earnings per common share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding during the period on a basic and diluted basis.

Our potentially dilutive securities include potential common shares related to our stock options, restricted stock and restricted stock units. Diluted earnings per share ("Diluted EPS") considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an antidilutive effect. Diluted EPS excludes the impact of potential common shares related to our stock options in periods in which the option exercise price is greater than the average market price of our common stock for the period. For the three and six months ended June 30, 2016, there were 1.3 million and 1.8 million potential common shares excluded from Diluted EPS. There were 1.0 million potential common shares excluded from Diluted EPS for the three months ended June 30, 2015. For the six months ended June 30, 2015, we had a net loss from continuing operations attributable to FMC stockholders; as such all 1.9 million potential common shares were excluded from Diluted EPS.

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

Table of Contents

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

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

(in Millions, Except Share and Per Share Data)	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
Earnings (loss) attributable to FMC stockholders:				
Continuing operations, net of income taxes	$71.0	$54.1	$125.4	$(8.3)
Discontinued operations, net of income taxes	(5.8)	688.2	(11.9)	703.8
Net income (loss) attributable to FMC stockholders	$65.2	$742.3	$113.5	$695.5
Less: Distributed and undistributed earnings allocable to restricted award holders	(0.3)	(2.0)	(0.3)	—
Net income (loss) allocable to common stockholders	$64.9	$740.3	$113.2	$695.5
Basic earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.53	$0.40	$0.93	$(0.06)
Discontinued operations	(0.04)	5.14	(0.09)	5.27
Net income (loss) attributable to FMC stockholders	$0.49	$5.54	$0.84	$5.21
Diluted earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.53	$0.40	$0.93	$(0.06)
Discontinued operations	(0.04)	5.12	(0.09)	5.27
Net income (loss) attributable to FMC stockholders	$0.49	$5.52	$0.84	$5.21
Shares (in thousands):				
Weighted average number of shares of common stock outstanding - Basic	133,929	133,714	133,865	133,643
Weighted average additional shares assuming conversion of potential common shares	647	731	570	—
Shares – diluted basis	134,576	134,445	134,435	133,643

Note 13: Equity

The table provides a roll forward of equity, equity attributable to FMC stockholders, and equity attributable to noncontrolling interests.

(in Millions, Except Per Share Data)	FMC Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2015	$ 1,865.7	$ 42.6	$ 1,908.3
Net income (loss)	113.5	2.2	115.7
Stock compensation plans	12.7	—	12.7
Excess tax benefits from share-based compensation	(0.4)	—	(0.4)
Shares for benefit plan trust	0.1	—	0.1
Net pension and other benefit actuarial gains/(losses) and prior service costs, net of income tax (1)	13.4	—	13.4
Net hedging gains/(losses) and other, net of income tax (1)	4.8	—	4.8
Foreign currency translation adjustments (1)	32.2	—	32.2
Dividends ($.165 per share)	(44.3)	—	(44.3)
Repurchases of common stock	(0.6)	—	(0.6)
Balance at June 30, 2016	$ 1,997.1	$ 44.8	$ 2,041.9

(1) See condensed consolidated statements of comprehensive income (loss).

Accumulated other comprehensive income (loss)

Summarized below is the roll forward of accumulated other comprehensive income (loss), net of tax.

(in Millions)	Foreign currency adjustments	Derivative Instruments[1]	Pension and other postretirement benefits [2]	Total
Accumulated other comprehensive income (loss), net of tax at December 31, 2015	$ (147.3)	$ (6.2)	$ (303.8)	$(457.3)
2016 Activity				
Other comprehensive income (loss) before reclassifications [3]	32.2	0.7	—	$32.9
Amounts reclassified from accumulated other comprehensive income (loss)	—	4.1	13.4	$17.5
Accumulated other comprehensive income (loss), net of tax at June 30, 2016	$ (115.1)	$ (1.4)	$ (290.4)	$(406.9)

(in Millions)	Foreign currency adjustments	Derivative Instruments [1]	Pension and other postretirement benefits [2]	Total
Accumulated other comprehensive income (loss), net of tax at December 31, 2014	$ (50.4)	$ (3.9)	$ (321.5)	$(375.8)
2015 Activity				
Other comprehensive income (loss) before reclassifications [3]	(41.7)	5.2	(7.1)	$(43.6)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1.9)	21.4	$19.5
Accumulated other comprehensive income (loss), net of tax at June 30, 2015	$ (92.1)	$ (0.6)	$ (307.2)	$(399.9)

(1) See Note 16 for more information.
(2) See Note 14 for more information.
(3) Excludes foreign currency translation adjustments attributable to noncontrolling interests.

20

Table of Contents

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

Reclassifications of accumulated other comprehensive income (loss)

The table below provides details about the reclassifications from Accumulated Other Comprehensive Income (Loss) and the affected line items in the condensed consolidated statements of income (loss) for each of the periods presented.

Details about Accumulated Other Comprehensive Income Components	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) [1]				Affected Line Item in the Condensed Consolidated Statements of Income (Loss)
	Three Months Ended June 30		Six Months Ended June 30		
(in Millions)	2016	2015	2016	2015	
Derivative instruments:					
Foreign currency contracts	$(2.1)	$9.2	(3.1)	17.9	Costs of sales and services
Energy contracts	(1.0)	(1.2)	(1.6)	(2.5)	Costs of sales and services
Foreign currency contracts	0.5	(7.5)	(1.5)	(11.9)	Selling, general and administrative expenses
Total before tax	(2.6)	0.5	(6.2)	3.5	
	0.9	(0.4)	2.1	(1.6)	Provision for income taxes
Amount included in net income	$(1.7)	$0.1	$(4.1)	$1.9	
Pension and other postretirement benefits [2]:					
Amortization of prior service costs	$(0.2)	$(0.2)	(0.4)	(0.6)	Selling, general and administrative expenses
Amortization of unrecognized net actuarial and other gains (losses)	(10.6)	(15.0)	(20.3)	(27.7)	Selling, general and administrative expenses
Recognized loss due to settlement and curtailment	—	—	—	(5.3)	Selling, general and administrative expenses [3]
Total before tax	$(10.8)	$(15.2)	(20.7)	(33.6)	
	3.7	5.5	7.3	12.2	Provision for income taxes
Amount included in net income	(7.1)	(9.7)	(13.4)	(21.4)	
Total reclassifications for the period	$(8.8)	$(9.6)	$(17.5)	$(19.5)	Amount included in net income

(1) Amounts in parentheses indicate charges to the condensed consolidated statements of income (loss).

(2) Pension and other postretirement benefits amounts include the impact from both continuing and discontinued operations. For detail on the continuing operations components of pension and other postretirement benefits, see Note 14.

(3) The loss due to curtailment for the six months ended June 30, 2015 related to the disposal of our FMC Alkali Chemicals division and was recorded to "Discontinued operations, net of income taxes" on the condensed consolidated statements of income (loss).

Dividends and Share Repurchases

For the six months ended June 30, 2016 and 2015, we paid dividends $44.3 million and $42.2 million, respectively. On July 21, 2016, we paid dividends totaling $22.2 million to our shareholders of record as of June 30, 2016. This amount is included in “Accrued and other liabilities” on the condensed consolidated balance sheet as of June 30, 2016.

During the six months ended June 30, 2016, no shares were repurchased under the publicly announced repurchase program. At June 30, 2016, $250.0 million remained unused under our Board-authorized repurchase program. This repurchase program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market conditions and other factors. We also reacquire shares from time to time from employees in connection with the vesting, exercise and forfeiture of awards under our equity compensation plans.

Table of Contents

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

Note 14: Pensions and Other Postretirement Benefits
The following table summarizes the components of net annual benefit cost (income):

(in Millions)	Three Months Ended June 30				Six Months Ended June 30			
	Pensions		Other Benefits		Pensions		Other Benefits	
	2016	2015	2016	2015	2016	2015	2016	2015
Components of net annual benefit cost (income):								
Service cost	$2.6	$3.5	$—	$ —	$5.3	$7.6	$—	$—
Interest cost	12.7	15.3	0.2	0.2	25.4	30.7	0.4	0.5
Expected return on plan assets	(21.9)	(22.3)	—	—	(43.7)	(44.5)	—	—
Amortization of prior service cost (credit)	0.2	0.2	—	—	0.4	0.5	—	0.1
Recognized net actuarial and other (gain) loss	10.3	15.2	(0.3)	(0.2)	20.5	28.2	(0.5)	(0.5)
Recognized loss due to curtailment (1)	—	—	—	—	—	4.8	—	0.5
Net periodic benefit cost (2)	$3.9	$11.9	$(0.1)	$ —	$7.9	$27.3	$(0.1)	$0.6

(1) Curtailment loss is associated with the disposal of our FMC Alkali Chemicals division and was recorded to discontinued operations within the condensed consolidated statements of income (loss).
(2) Net periodic benefit cost represents both continuing and discontinued operations.

We made voluntary cash contributions to our U.S. defined benefit pension plan in the six months ended June 30, 2016 and June 30, 2015 of $21.0 million and $49.0 million, respectively. We expect to make approximately $35.0 million in voluntary cash contributions to our U.S. defined benefit pension plan during 2016.

Note 15: Income Taxes
We determine our interim tax provision using an Estimated Annual Effective Tax Rate methodology (“EAETR”) in accordance with GAAP. The EAETR is applied to the year-to-date ordinary income, exclusive of discrete items. The tax effects of discrete items are then included to arrive at the total reported interim tax provision.
The determination of the EAETR is based upon a number of estimates, including the estimated annual pretax ordinary income in each tax jurisdiction in which we operate. As our projections of ordinary income change throughout the year, the EAETR will change period-to-period. The tax effects of discrete items are recognized in the tax provision in the period they occur in accordance with GAAP. Depending on various factors, such as the item’s significance in relation to total income and the rate of tax applicable in the jurisdiction to which it relates, discrete items in any quarter can materially impact the reported effective tax rate. As a global enterprise, our tax expense can be impacted by changes in tax rates or laws, the finalization of tax audits and reviews, as well as other factors. As such, there can be significant volatility in interim tax provisions.

Table of Contents

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

The below chart provides a reconciliation between our reported effective tax rate and the EAETR.

	Three Months Ended June 30					
	2016			2015		
(in Millions)	Before Tax	Tax	Effective Tax Rate % Impact	Before Tax	Tax	Effective Tax Rate % Impact
Continuing operations	$104.8	$32.0	30.5 %	$75.9	$17.8	23.5 %
Discrete items:						
Acquisition-related charges (1)	—	—		21.0	7.5	
Currency remeasurement (2)	4.9	(1.0)		17.7	6.7	
Other discrete items (3)	50.7	2.5		13.6	1.9	
Tax only discrete items (4)	—	(0.3)		—	(2.1)	
Total discrete items	$55.6	$1.2		$52.3	$14.0	
Continuing operations, before discrete items	$160.4	$33.2		$128.2	$31.8	
Quarterly effect of changes in the EAETR (5)			20.7 %			24.8 %

	Six Months Ended June 30					
	2016			2015		
(in Millions)	Before Tax	Tax	Effective Tax Rate % Impact	Before Tax	Tax	Effective Tax Rate % Impact
Continuing operations	$190.5	$62.9	33.0 %	$(34.3)	$(31.3)	91.3 %
Discrete items:						
Acquisition-related charges (1)	—	—		211.7	77.8	
Currency remeasurement (2)	7.2	(0.5)		24.0	3.9	
Other discrete items (3)	101.7	3.9		35.4	9.2	
Tax only discrete items (4)	—	(3.2)		—	0.9	
Total discrete items	$108.9	$0.2		$271.1	$91.8	
Continuing operations, before discrete items	$299.4	$63.1		$236.8	$60.5	
Year-to-date effect of changes in the EAETR (5)			21.1 %			25.5 %

---

(1) Due to the nature of acquisition-related charges incurred during 2016, these charges are not treated discretely in accordance with GAAP. As such, the amounts differ from total acquisition-related charges as presented in Note 3. Acquisition-related charges for the three and six months ended June 30, 2015 are primarily taxed at domestic tax rates resulting in a material tax benefit. The acquisition-related charges are comprised of legal and professional fees and a loss incurred from hedging activity associated with the purchase price of Cheminova. See Note 3 for more information. As noted in footnote (2), below, hedge gains or losses are accounted for discretely for GAAP purposes.

(2) Represents transaction gains or losses for currency remeasurement offset by associated hedge gains or losses, both of which are accounted for discretely in accordance with GAAP. Certain transaction gains or losses are considered non-taxable permanent items, while offsetting hedge gains or losses are taxable.

(3) In accordance with GAAP, subsidiaries for which a full valuation allowance has been provided generally are not accounted for as a component of the EAETR. For the three and six months ended June 30, 2016, the Other discrete items component of the EAETR reconciliation primarily relates to the discrete accounting for these pretax losses. For the three and six months ended June 30, 2015, the Other discrete items primarily related to restructuring and IPR&D.

Table of Contents

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

(4) For the three and six months ended June 30, 2016, Tax only discrete items is comprised primarily of the tax effect of currency remeasurement associated with foreign statutory operations, changes in realizability or measurement of certain deferred tax assets, and changes in prior year estimates of subsidiary tax liabilities. For the three and six months ended June 30, 2015, this component was comprised primarily of currency remeasurement associated with foreign statutory operations and changes in realizability or measurement of certain deferred tax assets.

(5) The decrease in the EAETR for the three and six months ended June 30, 2016 is primarily driven by lower current year projected domestic earnings. Further, domestic tax legislation enacted during the fourth quarter of 2015 has decreased the amount of projected domestic tax expense for the three and six months ended June 30, 2016, as compared to these periods in the prior year.

Note 16: Financial Instruments, Risk Management and Fair-Value Measurements

Our financial instruments include cash and cash equivalents, trade receivables, other current assets, certain receivables classified as other long-term assets, accounts payable, and amounts included in investments and accruals meeting the definition of financial instruments. The carrying value of these financial instruments approximates their fair value.

Our other financial instruments include the following:

Financial Instrument	Valuation Method
Foreign exchange forward contracts	Estimated amounts that would be received or paid to terminate the contracts at the reporting date based on current market prices for applicable currencies.
Commodity forward and option contracts	Estimated amounts that would be received or paid to terminate the contracts at the reporting date based on quoted market prices for applicable commodities.
Debt	Our estimates and information obtained from independent third parties using market data, such as bid/ask spreads for the last business day of the reporting period.

The estimated fair value of the financial instruments in the above table have been determined using standard pricing models which take into account the present value of expected future cash flows discounted to the balance sheet date. These standard pricing models, utilize inputs derived from or corroborated by observable market data such as interest rate yield curves and currency and commodity spot and forward rates. In addition, we test a subset of our valuations against valuations received from the transaction's counterparty to validate the accuracy of our standard pricing models. Accordingly, the estimates presented may not be indicative of the amounts that we would realize in a market exchange at settlement date and do not represent potential gains or losses on these agreements. The estimated fair values of foreign exchange forward contracts and commodity forward and option contracts are included in the tables within this Note. The estimated fair value of debt is $2,155.8 million and $2,214.0 million and the carrying amount is $2,042.1 million and $2,148.9 million as of June 30, 2016 and December 31, 2015, respectively.

We enter into various financial instruments with off-balance-sheet risk as part of the normal course of business. These off-balance-sheet instruments include financial guarantees and contractual commitments to extend financial guarantees under letters of credit, and other assistance to customers see Note 17 for more information. Decisions to extend financial guarantees to customers, and the amount of collateral required under these guarantees is based on our evaluation of creditworthiness on a case-by-case basis.

Use of Derivative Financial Instruments to Manage Risk

We mitigate certain financial exposures, including currency risk, commodity purchase exposures and interest rate risk, through a program of risk management that includes the use of derivative financial instruments. We enter into foreign exchange contracts, including forward and purchased options contracts, to reduce the effects of fluctuating foreign currency exchange rates. A detailed description of these risks including a discussion on the concentration of credit risk

is provided in Note 17 to our consolidated financial statements on our 2015 Form 10-K.
We formally document all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. This process includes relating derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. We also assess both, at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If we determine that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, we discontinue hedge accounting with respect to that derivative prospectively.

Accounting for Derivative Instruments and Hedging Activities

Cash Flow Hedges

We recognize all derivatives on the balance sheet at fair value. On the date the derivative instrument is entered into, we generally designate the derivative as a hedge of the variability of cash flows to be received or paid related to a forecasted transaction (cash
flow hedge). We record in AOCI changes in the fair value of derivatives that are designated as and meet all the required criteria for a cash flow hedge. We then reclassify these amounts into earnings as the underlying hedged item affects earnings. In contrast, we immediately record in earnings changes in the fair value of derivatives that are not designated as cash flow hedges.

As of June 30, 2016, we had open foreign currency forward contracts in AOCI in a net after tax loss position of $3.2 million designated as cash flow hedges of underlying forecasted sales and purchases. Current open contracts hedge forecasted transactions until March 15, 2017. At June 30, 2016, we had open forward contracts designated as cash flow hedges with various expiration dates to buy, sell or exchange foreign currencies with a U.S. dollar equivalent of approximately $310 million.

As of June 30, 2016, we had current open commodity contracts in AOCI in a net after tax loss position of $0.3 million designated as cash flow hedges of underlying forecasted purchases, primarily related to natural gas. Current open commodity contracts hedge forecasted transactions until December 31, 2017. At June 30, 2016, we had an equivalent of 1.3 million mmBTUs (millions of British Thermal Units) in aggregate notional volume of outstanding natural gas commodity forward contracts to hedge forecasted purchases.

Of the $3.5 million of net losses after-tax, representing both open foreign currency exchange contracts and commodity contracts, approximately $3.5 million of these losses would be realized in earnings during the twelve months ending June 30, 2017 and $0.0 million of net losses would be realized subsequent to June 30, 2017, if spot rates in the future are consistent with forward rates as of June 30, 2016. The actual effect on earnings will be dependent on the actual spot rates when the forecasted transactions occur.

Derivatives Not Designated As Hedging Instruments

We hold certain forward contracts that have not been designated as cash flow hedging instruments for accounting purposes. Contracts used to hedge the exposure to foreign currency fluctuations associated with certain monetary assets and liabilities are not designated as cash flow hedging instruments, and changes in the fair value of these items are recorded in earnings. We occasionally hold call options that are effective as economic hedges of a portion of our natural gas exposure and the change in fair value of this instrument is also recorded in earnings. We periodically hold soybean barter contracts which qualify as derivatives and we have entered into offsetting commodity contracts to hedge our exposure. Both the change in fair value of the soybean barter contracts and the offsetting commodity contracts are recorded in earnings.

We had open forward contracts not designated as cash flow hedging instruments for accounting purposes with various expiration dates to buy, sell or exchange foreign currencies with a U.S. dollar equivalent of approximately $1,630 million at June 30, 2016.

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

Fair-Value of Derivative Instruments
The following tables provide the gross fair value and net balance sheet presentation of our derivative instruments.

	June 30, 2016 Gross Amount of Derivatives				
(in Millions)	Designated as Cash Flow Hedges	Not Designated as Hedging Instruments	Total Gross Amounts	Gross Amounts Offset in the Consolidated Balance Sheet (3)	Net Amounts
Derivatives					
Foreign exchange contracts	$9.7	$ 1.9	$11.6	$ (10.1)	$ 1.5
Energy contracts	0.2	—	0.2	(0.1)	0.1
Total derivative assets (1)	9.9	1.9	11.8	(10.2)	1.6
Foreign exchange contracts	(14.8)	(20.2)	(35.0)	10.1	(24.9)
Energy contracts	(0.6)	—	(0.6)	0.1	(0.5)
Total derivative liabilities (2)	(15.4)	(20.2)	(35.6)	10.2	(25.4)
Net derivative assets/(liabilities)	$(5.5)	$ (18.3)	$(23.8)	$ —	$ (23.8)

	December 31, 2015 Gross Amount of Derivatives				
(in Millions)	Designated as Cash Flow Hedges	Not Designated as Hedging Instruments	Total Gross Amounts	Gross Amounts Offset in the Consolidated Balance Sheet (3)	Net Amounts
Derivatives					