Celanese Corp
Form 10-Q
April 22, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

þ	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the quarterly period ended March 31, 2014
	Or
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Commission File Number) 001-32410

CELANESE CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	98-0420726 (I.R.S. Employer Identification No.)
222 W. Las Colinas Blvd., Suite 900N Irving, TX (Address of Principal Executive Offices)	75039-5421 (Zip Code)

(972) 443-4000

(Registrant's telephone number, including area code)

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ 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.

Large accelerated filer þ
Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)
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 þ

The number of outstanding shares of the registrant's Series A common stock, $0.0001 par value, as of April 17, 2014 was 155,931,784.

CELANESE CORPORATION AND SUBSIDIARIES

Form 10-Q
For the Quarterly Period Ended March 31, 2014

TABLE OF CONTENTS

Item 1. Financial Statements
CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2014	2013
	(In $ millions, except share and per share data)	
Net sales	1,705	1,605
Cost of sales	(1,327)	(1,272)
Gross profit	378	333
Selling, general and administrative expenses	(104)	(106)
Amortization of intangible assets	(6)	(11)
Research and development expenses	(22)	(26)
Other (charges) gains, net	(1)	(4)
Foreign exchange gain (loss), net	(1)	(1)
Gain (loss) on disposition of businesses and assets, net	(1)	(1)
Operating profit (loss)	243	184
Equity in net earnings (loss) of affiliates	40	54
Interest expense	(39)	(43)
Refinancing expense	—	—
Interest income	—	—
Dividend income - cost investments	29	24
Other income (expense), net	—	(1)
Earnings (loss) from continuing operations before tax	273	218
Income tax (provision) benefit	(78)	(77)
Earnings (loss) from continuing operations	195	141
Earnings (loss) from operation of discontinued operations	—	2
Gain (loss) on disposition of discontinued operations	—	—
Income tax (provision) benefit from discontinued operations	—	(1)
Earnings (loss) from discontinued operations	—	1
Net earnings (loss)	195	142
Net (earnings) loss attributable to noncontrolling interests	1	—
Net earnings (loss) attributable to Celanese Corporation	196	142
Amounts attributable to Celanese Corporation		
Earnings (loss) from continuing operations	196	141
Earnings (loss) from discontinued operations	—	1
Net earnings (loss)	196	142
Earnings (loss) per common share - basic		
Continuing operations	1.25	0.88
Discontinued operations	—	0.01
Net earnings (loss) - basic	1.25	0.89
Earnings (loss) per common share - diluted		
Continuing operations	1.25	0.88
Discontinued operations	—	0.01
Net earnings (loss) - diluted	1.25	0.89
Weighted average shares - basic	156,501,794	159,682,386
Weighted average shares - diluted	156,812,915	160,201,636

See the accompanying notes to the unaudited interim consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31,	
	2014	2013
	(In $ millions)	
Net earnings (loss)	195	142
Other comprehensive income (loss), net of tax		
Unrealized gain (loss) on marketable securities	—	—
Foreign currency translation	5	(31)
Gain (loss) on interest rate swaps	(3)	1
Pension and postretirement benefits	(12)	—
Total other comprehensive income (loss), net of tax	(10)	(30)
Total comprehensive income (loss), net of tax	185	112
Comprehensive (income) loss attributable to noncontrolling interests	1	—
Comprehensive income (loss) attributable to Celanese Corporation	186	112

See the accompanying notes to the unaudited interim consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2014	As of December 31, 2013
	(In $ millions, except share data)	
ASSETS		
Current Assets		
Cash and cash equivalents (variable interest entity restricted - 2014: $33)	998	984
Trade receivables - third party and affiliates (net of allowance for doubtful accounts - 2014: $9; 2013: $9)	986	867
Non-trade receivables, net	256	343
Inventories	816	804
Deferred income taxes	115	115
Marketable securities, at fair value	43	41
Other assets	32	28
Total current assets	3,246	3,182
Investments in affiliates	828	841
Property, plant and equipment (net of accumulated depreciation - 2014: $1,712; 2013: $1,672; variable interest entity restricted - 2014: $174)	3,519	3,425
Deferred income taxes	261	289
Other assets (variable interest entity restricted - 2014: $24)	332	341
Goodwill	798	798
Intangible assets, net	145	142
Total assets	9,129	9,018
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	157	177
Trade payables - third party and affiliates	790	799
Other liabilities	479	541
Deferred income taxes	10	10
Income taxes payable	74	18
Total current liabilities	1,510	1,545
Long-term debt	2,881	2,887
Deferred income taxes	220	225
Uncertain tax positions	158	200
Benefit obligations	1,147	1,175
Other liabilities	293	287
Commitments and Contingencies		
Stockholders’ Equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized (2014 and 2013: 0 issued and outstanding)	—	—
Series A common stock, $0.0001 par value, 400,000,000 shares authorized (2014: 165,895,295 issued and 155,931,784 outstanding; 2013: 165,867,965 issued and 156,939,828 outstanding)	—	—
Series B common stock, $0.0001 par value, 100,000,000 shares authorized (2014 and 2013: 0 issued and outstanding)	—	—

Treasury stock, at cost (2014: 9,963,511 shares; 2013: 8,928,137 shares)	(414)	(361)
Additional paid-in capital	61	53
Retained earnings	3,179	3,011
Accumulated other comprehensive income (loss), net	(14)	(4)
Total Celanese Corporation stockholders’ equity	2,812	2,699
Noncontrolling interests	108	—
Total equity	2,920	2,699
Total liabilities and equity	9,129	9,018

See the accompanying notes to the unaudited interim consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF EQUITY

	Three Months Ended March 31, 2014	
	Shares	Amount
	(In $ millions, except share data)	
Series A Common Stock		
Balance as of the beginning of the period	156,939,828	—
Stock option exercises	25,000	—
Purchases of treasury stock	(1,035,374)	—
Stock awards	2,330	—
Balance as of the end of the period	155,931,784	—
Treasury Stock		
Balance as of the beginning of the period	8,928,137	(361)
Purchases of treasury stock, including related fees	1,035,374	(53)
Balance as of the end of the period	9,963,511	(414)
Additional Paid-In Capital		
Balance as of the beginning of the period		53
Stock-based compensation, net of tax		8
Stock option exercises, net of tax		—
Balance as of the end of the period		61
Retained Earnings		
Balance as of the beginning of the period		3,011
Net earnings (loss) attributable to Celanese Corporation		196
Series A common stock dividends		(28)
Balance as of the end of the period		3,179
Accumulated Other Comprehensive Income (Loss), Net		
Balance as of the beginning of the period		(4)
Other comprehensive income (loss), net of tax		(10)
Balance as of the end of the period		(14)
Total Celanese Corporation stockholders' equity		2,812
Noncontrolling Interests		
Balance as of the beginning of the period		—
Net earnings (loss) attributable to noncontrolling interests		(1)
Contributions from noncontrolling interests		109
Balance as of the end of the period		108
Total equity		2,920

See the accompanying notes to the unaudited interim consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2014	2013
	(In $ millions)	
Operating Activities		
Net earnings (loss)	195	142
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Other charges (gains), net of amounts used	(16)	(4)
Depreciation, amortization and accretion	76	80
Pension and postretirement benefit expense	(26)	(5)
Pension and postretirement contributions	(48)	(19)
Deferred income taxes, net	(7)	(8)
(Gain) loss on disposition of businesses and assets, net	1	1
Refinancing expense	—	—
Other, net	35	2
Operating cash provided by (used in) discontinued operations	—	1
Changes in operating assets and liabilities		
Trade receivables - third party and affiliates, net	(123)	(100)
Inventories	(15)	(55)
Other assets	4	(7)
Trade payables - third party and affiliates	23	36
Other liabilities	65	83
Net cash provided by (used in) operating activities	164	147
Investing Activities		
Capital expenditures on property, plant and equipment	(78)	(66)
Acquisitions, net of cash acquired	—	—
Proceeds from sale of businesses and assets, net	—	—
Capital expenditures related to Kelsterbach plant relocation	—	(3)
Capital expenditures related to Fairway Methanol LLC	(70)	(8)
Other, net	(3)	(10)
Net cash provided by (used in) investing activities	(151)	(87)
Financing Activities		
Short-term borrowings (repayments), net	(3)	(19)
Proceeds from short-term debt	25	24
Repayments of short-term debt	(40)	(24)
Proceeds from long-term debt	—	50
Repayments of long-term debt	(6)	(55)
Refinancing costs	—	—
Purchases of treasury stock, including related fees	(53)	—
Stock option exercises	—	1
Series A common stock dividends	(28)	(12)
Contributions from noncontrolling interests	109	—
Other, net	—	—
Net cash provided by (used in) financing activities	4	(35)
Exchange rate effects on cash and cash equivalents	(3)	(6)
Net increase (decrease) in cash and cash equivalents	14	19
Cash and cash equivalents as of beginning of period	984	959

Cash and cash equivalents as of end of period	998	978

See the accompanying notes to the unaudited interim consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
1. Description of the Company and Basis of Presentation
Description of the Company
Celanese Corporation and its subsidiaries (collectively, the "Company") is a global technology and specialty materials company. The Company’s business involves processing chemical raw materials, such as methanol, carbon monoxide and ethylene, and natural products, including wood pulp, into value-added chemicals, thermoplastic polymers and other chemical-based products.
Definitions
In this Quarterly Report on Form 10-Q ("Quarterly Report"), the term "Celanese" refers to Celanese Corporation, a Delaware corporation, and not its subsidiaries. The term "Celanese US" refers to the Company’s subsidiary, Celanese US Holdings LLC, a Delaware limited liability company, and not its subsidiaries.
Basis of Presentation
The unaudited interim consolidated financial statements for the three months ended March 31, 2014 and 2013 contained in this Quarterly Report were prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for all periods presented and include the accounts of the Company, its majority owned subsidiaries over which the Company exercises control and, when applicable, variable interest entities in which the Company is the primary beneficiary. The unaudited interim consolidated financial statements and other financial information included in this Quarterly Report, unless otherwise specified, have been presented to separately show the effects of discontinued operations.
In the opinion of management, the accompanying unaudited consolidated balance sheets and related unaudited interim consolidated statements of operations, comprehensive income (loss), cash flows and equity include all adjustments, consisting only of normal recurring items necessary for their fair presentation in conformity with US GAAP. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP may have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission ("SEC"). These unaudited interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements as of and for the year ended December 31, 2013, filed on February 7, 2014 with the SEC as part of the Company's Annual Report on Form 10-K.
Operating results for the three months ended March 31, 2014 are not necessarily indicative of the results to be expected for the entire year.
In the ordinary course of business, the Company enters into contracts and agreements relative to a number of topics, including acquisitions, dispositions, joint ventures, supply agreements, product sales and other arrangements. The Company endeavors to describe those contracts or agreements that are material to its business, results of operations or financial position. The Company may also describe some arrangements that are not material but in which the Company believes investors may have an interest or which may have been included in a Form 8-K filing. Investors should not assume the Company has described all contracts and agreements relative to the Company’s business in this Quarterly Report.
For those consolidated ventures in which the Company owns or is exposed to less than 100% of the economics, the outside stockholders' interests are shown as noncontrolling interests.
The Company has reclassified certain prior period amounts to conform to the current period’s presentation.
Estimates and Assumptions
The preparation of unaudited interim consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of revenues, expenses and allocated charges during the reporting period. Significant estimates pertain to impairments of goodwill, intangible assets and other long-lived assets, purchase price allocations, restructuring costs and other (charges) gains, net, income taxes, pension and other postretirement benefits, asset retirement obligations, environmental liabilities and loss contingencies, among others. Actual results could differ from those estimates.

8

2. Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, an amendment to FASB Accounting Standards Codification ("ASC") Topic 205, Presentation of Financial Statements ("FASB ASC Topic 205") and FASB ASC Topic 360, Property, Plant and Equipment ("FASB ASC Topic 360"). The update revises the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results, removing the lack of continuing involvement criteria and requiring discontinued operations reporting for the disposal of an equity method investment that meets the definition of discontinued operations. The update also requires expanded disclosures for discontinued operations, including disclosure of pretax profit or loss of an individually significant component of an entity that does not qualify for discontinued operations reporting. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2014. The Company will apply the guidance prospectively to disposal activity occurring after the effective date of this ASU.

3. Acquisitions, Dispositions and Plant Closures

Plant Closures

• Roussillon, France

In November 2013, the Company announced its intent to initiate an information and consultation process on the contemplated closure of its acetic anhydride facility in Roussillon, France. In December 2013, the Company announced it had completed the consultation process pursuant to which the Company ceased all manufacturing operations in December 2013. The Roussillon, France operations are included in the Acetyl Intermediates segment.

• Tarragona, Spain

In November 2013, the Company announced its intent to initiate an information and consultation process on the contemplated closure of its vinyl acetate monomer ("VAM") facility in Tarragona, Spain. In December 2013, the Company announced it had completed the consultation process pursuant to which the Company ceased all manufacturing operations in December 2013. The Tarragona, Spain VAM operations are included in the Acetyl Intermediates segment.

Exit costs related to the closure of the Roussillon acetic anhydride facility and the Tarragona VAM facility are recorded to Other (charges) gains, net in the unaudited interim consolidated statements of operations (Note 14).

4. Ventures and Variable Interest Entities

Consolidated Variable Interest Entities

On February 4, 2014, the Company and Mitsui & Co., Ltd., of Tokyo, Japan (“Mitsui”) formed a 50%-owned joint venture, Fairway Methanol LLC ("Fairway"), for the production of methanol at the Company's integrated chemical plant in Clear Lake, Texas. The planned methanol unit will utilize natural gas in the US Gulf Coast region as a feedstock and will benefit from the existing infrastructure at the Company's Clear Lake facility. Both Mitsui and the Company will supply their own natural gas to Fairway in exchange for methanol tolling under a cost plus off-take arrangement. The planned methanol facility will have an annual capacity of 1.3 million tons and is expected to be operational in the second half of 2015. In exchange for ownership in the venture, the Company contributed net cash of $6 million and pre-formation costs, including costs for long lead time materials, of $103 million of which $70 million was subject to reimbursement from Mitsui should the venture not form and was included in Non-trade receivables at December 31, 2013. Upon consolidation of the venture, the non-trade receivable was settled. Mitsui contributed cash in exchange for ownership in the venture.

The Company determined that Fairway is a variable interest entity (“VIE”) in which the Company is the primary beneficiary. Under the terms of the joint venture agreements, the Company provides site services and day-to-day operations for the methanol facility. In addition, the joint venture agreements provide that the Company indemnifies Mitsui for environmental obligations that exceed a specified threshold, as well as an equity option between the partners. Accordingly, the Company consolidates the venture and records a noncontrolling interest for the share of the venture owned by Mitsui.

9

The carrying amount of the assets and liabilities associated with Fairway that are included in the unaudited consolidated balance sheet are as follows:

	As of March 31, 2014
	(In $ millions)
Cash and cash equivalents	33
Property, plant and equipment	174
Other assets	24
Total assets[1]	231
Current liabilities	16
Total liabilities[2]	16

---

(1) Assets can only be used to settle the obligations of Fairway.

(2) Represents amounts owed by Fairway for reimbursement of expenditures.

Nonconsolidated Variable Interest Entities

The Company holds variable interests in entities that supply certain raw materials and services to the Company. The variable interests primarily relate to cost-plus contractual arrangements with the suppliers and recovery of capital expenditures for certain plant assets plus a rate of return on such assets. Liabilities for such supplier recoveries of capital expenditures have been recorded as capital lease obligations. The entities are not consolidated because the Company is not the primary beneficiary of the entities as it does not have the power to direct the activities of the entities that most significantly impact the entities' economic performance. The Company's maximum exposure to loss as a result of its involvement with these VIEs as of March 31, 2014 relates primarily to take-or-pay obligations for services included in the unconditional purchase obligations (Note 18).

The carrying amount of the assets and liabilities associated with the obligations to nonconsolidated VIEs, as well as the maximum exposure to loss relating to these nonconsolidated VIEs are as follows:

	As of March 31, 2014	As of December 31, 2013
	(In $ millions)	
Property, plant and equipment, net	105	111
Trade payables	45	49
Current installments of long-term debt	8	8
Long-term debt	130	136
Total liabilities	183	193
Maximum exposure to loss	306	311

The difference between the total liabilities associated with obligations to VIEs and the maximum exposure to loss primarily represents take-or-pay obligations for services included in the unconditional purchase obligations discussed above.

5. Marketable Securities, at Fair Value

The Company’s nonqualified trusts hold available-for-sale securities for funding requirements of the Company's nonqualified pension plans (Note 11).

The amortized cost, gross unrealized gain, gross unrealized loss and fair values for available-for-sale securities by major security type are as follows:

	As of March 31, 2014	As of December 31, 2013
	(In $ millions)	
Mutual Funds		
Amortized cost	43	41
Gross unrealized gain	—	—
Gross unrealized loss	—	—
Fair value	43	41

See Note 17 - Fair Value Measurements for additional information regarding the fair value of the Company's marketable securities.

6. Inventories

	As of March 31, 2014	As of December 31, 2013
	(In $ millions)	
Finished goods	591	571
Work-in-process	59	59
Raw materials and supplies	166	174
Total	816	804

7. Goodwill and Intangible Assets, Net

Goodwill

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
	(In $ millions)				
As of December 31, 2013					
Goodwill	303	254	43	198	798
Accumulated impairment losses	—	—	—	—	—
Net book value	303	254	43	198	798
Exchange rate changes	—	—	—	—	—
As of March 31, 2014					
Goodwill	303	254	43	198	798
Accumulated impairment losses	—	—	—	—	—
Net book value	303	254	43	198	798

Intangible Assets, Net

Finite-lived intangible assets are as follows:

	Licenses	Customer-Related Intangible Assets	Developed Technology	Covenants Not to Compete and Other	Total
	(In $ millions)				
Gross Asset Value					
As of December 31, 2013	33	544	30	39	646
Acquisitions	—	—	—	9	9 [1]
Exchange rate changes	(1)	—	1	—	—
As of March 31, 2014	32	544	31	48	655
Accumulated Amortization					
As of December 31, 2013	(20)	(521)	(21)	(25)	(587)
Amortization	(1)	(4)	(1)	—	(6)
Exchange rate changes	—	—	—	—	—
As of March 31, 2014	(21)	(525)	(22)	(25)	(593)
Net book value	11	19	9	23	62

____

[1] Represents intangible assets acquired related to Fairway with a weighted average amortization period of 28 years (Note 4).

Indefinite-lived intangible assets are as follows:

	Trademarks and Trade Names
	(In $ millions)
As of December 31, 2013	83
Acquisitions	—
Accumulated impairment losses	—
Exchange rate changes	—
As of March 31, 2014	83

The Company's trademarks and trade names have an indefinite life. For the three months ended March 31, 2014, the Company did not renew or extend any intangible assets.

Estimated amortization expense for the succeeding five fiscal years is as follows:

	(In $ millions)
2015	11
2016	8
2017	7
2018	4
2019	3

8. Current Other Liabilities

	As of March 31, 2014	As of December 31, 2013
	(In $ millions)	
Salaries and benefits	80	96
Environmental (Note 12)	29	30
Restructuring (Note 14)	45	60
Insurance	13	14
Asset retirement obligations	25	29
Derivatives (Note 16)	8	12
Current portion of benefit obligations	48	78
Interest	35	24
Sales and use tax/foreign withholding tax payable	13	12
Uncertain tax positions	64	64
Customer rebates	41	48
Other	78	74
Total	479	541

9. Noncurrent Other Liabilities

	As of March 31, 2014	As of December 31, 2013
	(In $ millions)	
Environmental (Note 12)	66	67
Insurance	53	50
Deferred revenue	27	28
Deferred proceeds	53	53
Asset retirement obligations	17	18
Derivatives (Note 16)	2	3
Restructuring (Note 14)	1	2
Income taxes payable	20	20
Other	54	46
Total	293	287

10. Debt

	As of March 31, 2014	As of December 31, 2013
	(In $ millions)	
Short-Term Borrowings and Current Installments of Long-Term Debt - Third Party and Affiliates		
Current installments of long-term debt	23	24
Short-term borrowings, including amounts due to affiliates	99	103
Accounts receivable securitization facility	35	50
Total	157	177

The Company's weighted average interest rate on short-term borrowings, including amounts due to affiliates and borrowing under the accounts receivable securitization facility, was 3.6% as of March 31, 2014 compared to 3.2% as of December 31, 2013. The weighted average interest rate on the accounts receivable securitization facility was 0.7% as of March 31, 2014 and December 31, 2013.

	As of March 31, 2014	As of December 31, 2013
	(In $ millions)	
Long-Term Debt		
Senior credit facilities - Term C-2 loan due 2016	975	978
Senior unsecured notes due 2018, interest rate of 6.625%	600	600
Senior unsecured notes due 2021, interest rate of 5.875%	400	400
Senior unsecured notes due 2022, interest rate of 4.625%	500	500
Pollution control and industrial revenue bonds due at various dates through 2030, interest rates ranging from 5.7% to 6.7%	169	169
Obligations under capital leases due at various dates through 2054	260	264
Subtotal	2,904	2,911
Current installments of long-term debt	(23)	(24)
Total	2,881	2,887

Senior Notes

In November 2012, Celanese US completed an offering of $500 million in aggregate principal amount of 4.625% senior unsecured notes due 2022 (the "4.625% Notes") in a public offering registered under the Securities Act of 1933, as amended (the "Securities Act"). The 4.625% Notes are guaranteed on a senior unsecured basis by Celanese and each of the domestic subsidiaries of Celanese US that guarantee its obligations under its senior secured credit facilities (the "Subsidiary Guarantors").

The 4.625% Notes were issued under an indenture, dated May 6, 2011, as amended by a second supplemental indenture, dated November 13, 2012 (the "Second Supplemental Indenture"), among Celanese US, Celanese, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee. Celanese US will pay interest on the 4.625% Notes on March 15 and September 15 of each year, which commenced on March 15, 2013. Prior to November 15, 2022, Celanese US may redeem some or all of the 4.625% Notes at a redemption price of 100% of the principal amount, plus a "make-whole" premium as specified in the Second Supplemental Indenture, plus accrued and unpaid interest, if any, to the redemption date. The 4.625% Notes are senior unsecured obligations of Celanese US and rank equally in right of payment with all other unsubordinated indebtedness of Celanese US.

In May 2011, Celanese US completed an offering of $400 million in aggregate principal amount of 5.875% senior unsecured notes due 2021 (the "5.875% Notes") in a public offering registered under the Securities Act. The 5.875% Notes are guaranteed on a senior unsecured basis by Celanese and the Subsidiary Guarantors.

The 5.875% Notes were issued under an indenture and a first supplemental indenture, each dated May 6, 2011 (the "First Supplemental Indenture"), among Celanese US, Celanese, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee. Celanese US pays interest on the 5.875% Notes on June 15 and December 15 of each year, which commenced on December 15, 2011. Prior to June 15, 2021, Celanese US may redeem some or all of the 5.875% Notes at a redemption price of 100% of the principal amount, plus a "make-whole" premium as specified in the First Supplemental Indenture, plus accrued and unpaid interest, if any, to the redemption date. The 5.875% Notes are senior unsecured obligations of Celanese US and rank equally in right of payment with all other unsubordinated indebtedness of Celanese US.

In September 2010, Celanese US completed the private placement of $600 million in aggregate principal amount of 6.625% senior unsecured notes due 2018 (the "6.625% Notes" and, together with the 4.625% Notes and the 5.875% Notes, collectively the "Senior Notes") under an indenture dated September 24, 2010 (the "Indenture") among Celanese US, Celanese, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee. In April 2011, Celanese US registered the 6.625% Notes under the Securities Act. Celanese US pays interest on the 6.625%

Notes on April 15 and October 15 of each year, which commenced on April 15, 2011. The 6.625% Notes are redeemable, in whole or in part, at any time on or after October 15, 2014 at the redemption prices specified in the Indenture. Prior to October 15, 2014, Celanese US may redeem some or all of the 6.625% Notes at a redemption price of 100% of the principal amount, plus a "make-whole" premium as specified in the Indenture, plus accrued and unpaid interest, if any, to the redemption date. The 6.625% Notes are senior unsecured obligations of Celanese US and rank equally in right of payment with all other unsubordinated indebtedness of Celanese US. The 6.625% Notes are guaranteed on a senior unsecured basis by Celanese and the Subsidiary Guarantors.

The Indenture, the First Supplemental Indenture and the Second Supplemental Indenture contain covenants, including, but not limited to, restrictions on the Company's ability to incur indebtedness; grant liens on assets; merge, consolidate, or sell assets; pay dividends or make other restricted payments; engage in transactions with affiliates; or engage in other businesses.

Senior Credit Facilities

In September 2010, Celanese US, Celanese, and certain of the domestic subsidiaries of Celanese US entered into an amendment agreement with the lenders under Celanese US's existing senior secured credit facilities in order to amend and restate the corresponding Credit Agreement, dated April 2, 2007 (as previously amended, the "Existing Credit Agreement", and as amended and restated by the 2010 amendment agreement, the "2010 Amended Credit Agreement"). The 2010 Amended Credit Agreement consisted of the Term C loan facility due 2016, the Term B loan facility due on April 2, 2014, a $600 million revolving credit facility terminating in 2015 and a $228 million credit-linked revolving facility terminating on April 2, 2014.

In September 2013, Celanese US, Celanese, and certain of the domestic subsidiaries of Celanese US entered into an amendment agreement with the lenders under Celanese US's existing senior secured credit facilities in order to amend and restate the corresponding 2010 Amended Credit Agreement (as amended and restated by the 2013 amendment agreement, the "Amended Credit Agreement"). The Amended Credit Agreement provides for a reduction in the interest rates payable in connection with certain borrowings and consists of the Term C-2 loan facility due 2016, the $600 million revolving credit facility terminating in 2015 and the $81 million credit-linked revolving facility, which was terminated on March 28, 2014.

As of March 31, 2014, the margin for borrowings under the Term C-2 loan facility was 2.0% above LIBOR (for US dollars) and 2.0% above the Euro Interbank Offered Rate ("EURIBOR") (for Euros), as applicable. As of March 31, 2014, the margin for borrowings under the revolving credit facility was 2.5% above LIBOR. The margin for borrowings under the revolving credit facility is subject to increase or decrease in certain circumstances based on changes in the Company's corporate credit ratings.

Term loan borrowings under the Amended Credit Agreement are subject to amortization at 1% of the initial principal amount per annum, payable quarterly. In addition, the Company pays quarterly commitment fees on the unused portions of the revolving credit facility of 0.25% per annum.

The Amended Credit Agreement is guaranteed by Celanese and certain domestic subsidiaries of Celanese US and is secured by a lien on substantially all assets of Celanese US and such guarantors, subject to certain agreed exceptions (including for certain real property and certain shares of foreign subsidiaries), pursuant to the Guarantee and Collateral Agreement, dated April 2, 2007.

As a condition to borrowing funds or requesting letters of credit be issued under the revolving credit facility, the Company's first lien senior secured leverage ratio (as calculated as of the last day of the most recent fiscal quarter for which financial statements have been delivered under the revolving facility) cannot exceed the threshold as specified below. Further, the Company's first lien senior secured leverage ratio must be maintained at or below that threshold while any amounts are outstanding under the revolving credit facility.

The Company's amended first lien senior secured leverage ratios under the revolving credit facility are as follows:

As of March 31, 2014		
Maximum	Estimate	Estimate, If Fully Drawn
3.90	0.81	1.27

The Amended Credit Agreement contains covenants including, but not limited to, restrictions on the Company's ability to incur indebtedness; grant liens on assets; merge, consolidate, or sell assets; pay dividends or make other restricted payments; make investments; prepay or modify certain indebtedness; engage in transactions with affiliates; enter into sale-leaseback transactions or hedge transactions; or engage in other businesses.

The Amended Credit Agreement also maintains a number of events of default, including a cross default to other debt of Celanese, Celanese US, or their subsidiaries, including the Senior Notes, in an aggregate amount equal to more than

$40 million and the occurrence of a change of control. Failure to comply with these covenants, or the occurrence of any other event of default, could result in acceleration of the borrowings and other financial obligations under the Amended Credit Agreement.

The Company is in compliance with all of the covenants related to its debt agreements as of March 31, 2014.

Accounts Receivable Securitization Facility

In August 2013, the Company entered into a $135 million US accounts receivable securitization facility pursuant to (i) a Purchase and Sale Agreement (the "Sale Agreement") among certain US subsidiaries of the Company (each an "Originator"), Celanese International Corporation ("CIC") and CE Receivables LLC, a newly formed, wholly-owned, "bankruptcy remote" special purpose subsidiary of an Originator (the "Transferor") and (ii) a Receivables Purchase Agreement (the "Purchase Agreement"), among CIC, as servicer, the Transferor, various third-party purchasers (collectively, the "Purchasers") and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrator (the "Administrator").

Under the Sale Agreement, each Originator will sell or contribute, on an ongoing basis, substantially all of its accounts receivable to the Transferor. Under the Purchase Agreement, the Transferor may obtain up to $135 million (in the form of cash and/or letters of credit for the benefit of the Company and its subsidiaries) from the Purchasers through the sale of undivided interests in certain US accounts receivable. The borrowing base of the accounts receivable securitization facility is subject to downward adjustment based on the evaluation of eligible accounts receivables pursuant to the Purchase Agreement. As of March 31, 2014, the borrowing base was $132 million.

The Purchase Agreement expires in 2016, but may be extended for successive one year terms by agreement of the parties. The Company accounts for the securitization facility as secured borrowings, and the accounts receivables sold pursuant to the facility are included in the unaudited consolidated balance sheet as Trade receivables - third party and affiliates. Borrowings under this facility are classified as short-term borrowings in the unaudited consolidated balance sheet. Once sold to the Transferor, the accounts receivable are legally separate and distinct from the other assets of the Company and are not available to the Company's creditors should the Company become insolvent. All of the Transferor's assets have been pledged to the Administrator in support of its obligations under the Purchase Agreement.

During the three months ended March 31, 2014, Celanese US paid $15 million of borrowings outstanding under the accounts receivable securitization facility using cash on hand.

As of March 31, 2014, the outstanding amount of accounts receivable transferred by the Originators to the Transferor was $217 million.

The Company's balances available for borrowing are as follows:

	As of March 31, 2014 (In $ millions)
Revolving Credit Facility	
Borrowings outstanding	—
Letters of credit issued	—
Available for borrowing	600
Accounts Receivable Securitization Facility	
Borrowings outstanding	35
Letters of credit issued	80
Available for borrowing	17

11. Benefit Obligations

In November 2013, the Company announced it would amend its US postretirement health care plan to (a) eliminate eligibility for all current and future US non-union employees; (b) terminate its US postretirement health care plan on December 31, 2014 for all US participants; and (c) offer certain eligible US participants a lump-sum buyout payment if they irrevocably waive all future benefits under the US postretirement health care plan and end their participation before December 31, 2014. These actions generated a prior service credit of $92 million, which was recorded to Accumulated other comprehensive income in December 2013, net in the consolidated balance sheets. The prior service credit is being amortized ratably into the consolidated statements of operations through December 31, 2014. The Company recognized $20 million of prior service credit amortization as part of net periodic benefit cost during the three months ended March 31, 2014. During the three months ended March 31, 2014, the Company made $30 million in lump-sum buyout payments to certain eligible US individuals.

The components of net periodic benefit costs are as follows:

	Three Months Ended March 31,			
	2014		2013	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
	(In $ millions)			
Service cost	3	—	9	1
Interest cost	42	2	39	2
Expected return on plan assets	(54)	—	(56)	—
Amortization of prior service cost (credit), net	—	(19)	—	—
Total	(9)	(17)	(8)	3

Commitments to fund benefit obligations during 2014 are as follows:

	As of March 31, 2014	Total Expected 2014
	(In $ millions)	
Cash contributions to defined benefit pension plans	6	27
Benefit payments to nonqualified pension plans	6	22
Benefit payments to other postretirement benefit plans	36	54

The Company’s estimates of its US defined benefit pension plan contributions reflect the provisions of the Pension Protection Act of 2006.

The Company participates in a multiemployer defined benefit plan in Germany covering certain employees. The Company’s contributions to the multiemployer defined benefit plan are based on specified percentages of employee contributions and totaled $2 million for the three months ended March 31, 2014.

12. Environmental

General

The Company is subject to environmental laws and regulations worldwide that impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous wastes. The Company believes that it is in substantial compliance with all applicable environmental laws and regulations. The Company is also subject to retained environmental obligations specified in various contractual agreements arising from the divestiture of certain businesses by the Company or one of its predecessor companies.

The components of environmental remediation reserves are as follows:

	As of March 31, 2014	As of December 31, 2013
	(In $ millions)	
Demerger obligations (Note 18)	26	27
Divestiture obligations (Note 18)	22	21
Active sites	32	32
US Superfund sites	12	13
Other environmental remediation reserves	3	4
Total	95	97

Remediation

Due to its industrial history and through retained contractual and legal obligations, the Company has the obligation to remediate specific areas on its own sites as well as on divested, demerger, orphan or US Superfund sites (as defined below). In addition, as part of the demerger agreement between the Company and Hoechst AG ("Hoechst"), a specified portion of the responsibility for environmental liabilities from a number of Hoechst divestitures was transferred to the Company (Note 18). The Company provides for such obligations when the event of loss is probable and reasonably estimable. The Company believes that environmental remediation costs will not have a material adverse effect on the financial position of the Company, but may have a material adverse effect on the results of operations or cash flows in any given period.

US Superfund Sites

In the US, the Company may be subject to substantial claims brought by US federal or state regulatory agencies or private individuals pursuant to statutory authority or common law. In particular, the Company has a potential liability under the US Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and related state laws (collectively referred to as "Superfund") for investigation and cleanup costs at certain sites. At most of these sites, numerous companies, including the Company, or one of its predecessor companies, have been notified that the US Environmental Protection Agency ("EPA"), state governing bodies or private individuals consider such companies to be potentially responsible parties ("PRP") under Superfund or related laws. The proceedings relating to these sites are in various stages. The cleanup process has not been completed at most sites, and the status of the insurance coverage for some of these proceedings is uncertain. Consequently, the Company cannot accurately determine its ultimate liability for investigation or cleanup costs at these sites.

As events progress at each site for which it has been named a PRP, the Company accrues, as appropriate, a liability for site cleanup. Such liabilities include all costs that are probable and can be reasonably estimated. In establishing these liabilities, the Company considers its shipment of waste to a site, its percentage of total waste shipped to the site, the types of wastes involved, the conclusions of any studies, the magnitude of any remedial actions that may be necessary and the number and viability of other PRPs. Often the Company joins with other PRPs to sign joint defense agreements that settle, among PRPs, each party’s percentage allocation of costs at the site. Although the ultimate liability may differ from the estimate, the Company routinely reviews the liabilities and revises the estimate, as appropriate, based on the most current information available.

One such site is the Lower Passaic River Study Area. The Company and 70 other companies are parties to a May 2007 Administrative Order on Consent with the EPA to perform a Remedial Investigation/Feasibility Study ("RI/FS") of the contaminants in the lower 17-mile stretch known as the Lower Passaic River Study Area. The RI/FS is ongoing and is scheduled to be completed next year. The Company is among a group of settling parties to a June 2012 Administrative Order on Consent with the EPA to perform a removal action on a small section of the river. The Company was named as a third-party defendant along with more than 200 other entities in an action initially brought by the New Jersey Department of Environmental Protection ("NJDEP") in the Supreme Court of New Jersey against Occidental Chemical Corporation and several other companies. This suit by the NJDEP sought recovery of costs arising from alleged discharges into the Lower Passaic River and was resolved as to the Company in December 2013.

The EPA issued a proposed plan for remedial alternatives to address cleanup of the lower 8-mile stretch of the Passaic River on April 11, 2014. The EPA estimates the cost for the alternatives will range from $365 million to $3.2 billion. The EPA's preferred alternative would involve dredging the Passaic River bank to bank and installing an engineered cap at an estimated cost of $1.7 billion. The public comment period ends June 20, 2014, after which the EPA will evaluate all the input and make its final record of decision, which is expected in early 2015. Currently, the RI/FS is still ongoing and the EPA has not considered comments or determined the scope of the requested cleanup, nor have the final remedy and costs been determined. Additionally, the Company has found no evidence that it contributed any of the primary contaminants of concern to the Passaic River. Accordingly, the Company cannot reliably estimate its portion of the final costs for this matter at this time. The Company is vigorously defending these and all related matters and believes its ultimate allocable share of the cleanup costs will not be material.

Environmental Proceedings

In January 2013, following self-disclosures by the Company, the Company's Meredosia, Illinois site received a Notice of Violation/Finding of Violation from the EPA Region 5 alleging Clean Air Act violations. The Company is working with the EPA and with the state agency to reach a resolution of this matter. Based on currently available information and the Company's past experience, it does not believe that resolution of this matter will have a significant impact on the Company, even though the Company cannot conclude that a penalty will be less than $100,000. The Meredosia, Illinois site is included in the Industrial Specialties segment.

13. Stockholders' Equity

Common Stock

The Company's Board of Directors follows a policy of declaring, subject to legally available funds, a quarterly cash dividend on each share of the Company's Series A Common Stock, par value $0.0001 per share ("Common Stock"), unless the Company's Board of Directors, in its sole discretion, determines otherwise. The amount available to pay cash dividends is restricted by the Company's Amended Credit Agreement and the Senior Notes.

The Company announced that its Board of Directors approved increases in the Company's Common Stock cash dividend rates as follows:

	Increase	Quarterly Common Stock Cash Dividend	Annual Common Stock Cash Dividend	Effective Date
	(In percentages)	(In $ per share)		
April 2013	20	0.090	0.36	May 2013
July 2013	100	0.180	0.72	August 2013

Treasury Stock

The Company's Board of Directors authorized the repurchase of Common Stock as follows:

	Authorized Amount
	(In $ millions)
February 2008	400
October 2008	100
April 2011	129
October 2012	264
February 2014	172
As of March 31, 2014	1,065

These authorizations give management discretion in determining the timing and conditions under which shares may be repurchased. This repurchase program does not have an expiration date.

The share repurchase activity pursuant to this authorization is as follows:

	Three Months Ended March 31,		Total From February 2008 Through March 31, 2014
	2014	2013	
Shares repurchased	1,035,374	—	17,364,081 [1]
Average purchase price per share	$51.30	$—	$41.36
Amount spent on repurchased shares (in millions)	$53	$—	$718

---

(1) Excludes 11,844 shares withheld from an executive officer to cover statutory minimum withholding requirements for personal income taxes related to the vesting of restricted stock. Restricted stock awards are considered outstanding at the time of issuance and therefore, the shares withheld are treated as treasury shares.

The purchase of treasury stock reduces the number of shares outstanding, and the repurchased shares may be used by the Company for compensation programs utilizing the Company's stock and other corporate purposes. The Company accounts for treasury stock using the cost method and includes treasury stock as a component of stockholders' equity.

Other Comprehensive Income (Loss), Net

	Three Months Ended March 31,					
	2014			2013		
	Gross Amount	Income Tax (Provision) Benefit	Net Amount	Gross Amount	Income Tax (Provision) Benefit	Net Amount
	(In $ millions)					
Unrealized gain (loss) on marketable securities	—	—	—	—	—	—
Foreign currency translation	(3)	8	5	(31)	—	(31)
Gain (loss) on interest rate swaps	—	(3)	(3)	2	(1)	1
Pension and postretirement benefits	(19)	7	(12)	—	—	—
Total	(22)	12	(10)	(29)	(1)	(30)

Adjustments to Accumulated other comprehensive income (loss), net, are as follows:

	Unrealized Gain (Loss) on Marketable Securities (Note 5)	Foreign Currency Translation	Gain (Loss) on Interest Rate Swaps (Note 16)	Pension and Postretirement Benefits (Note 11)	Accumulated Other Comprehensive Income (Loss), Net
	(In $ millions)				
As of December 31, 2013	—	(3)	(44)	43	(4)
Other comprehensive income before reclassifications	—	(3)	—	—	(3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	(19)	(19)
Income tax (provision) benefit	—	8			