

Celanese Corp  
Form 10-Q  
October 21, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

---

Form 10-Q

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

For the quarterly period ended September 30, 2013

Or

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)

(972) 443-4000

(Registrant's telephone number, including area code)

75039-5421

(Zip 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  No

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  No

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

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of outstanding shares of the registrant's Series A common stock, \$0.0001 par value, as of October 15, 2013 was 157,672,305.



## CELANESE CORPORATION AND SUBSIDIARIES

Form 10-Q

For the Quarterly Period Ended September 30, 2013

## TABLE OF CONTENTS

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>a) Unaudited Interim Consolidated Statements of Operations for the three and nine months ended September 30, 2013 and 2012</u>	<u>3</u>
<u>b) Unaudited Interim Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2013 and 2012</u>	<u>4</u>
<u>c) Unaudited Consolidated Balance Sheets as of September 30, 2013 and December 31, 2012</u>	<u>5</u>
<u>d) Unaudited Interim Consolidated Statement of Equity for the nine months ended September 30, 2013</u>	<u>6</u>
<u>e) Unaudited Interim Consolidated Statements of Cash Flows for the nine months ended September 30, 2013 and 2012</u>	<u>7</u>
<u>f) Notes to the Unaudited Interim Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>50</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>69</u>
<u>Item 4. Controls and Procedures</u>	<u>69</u>
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>70</u>
<u>Item 1A. Risk Factors</u>	<u>70</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>70</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>71</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>71</u>
<u>Item 5. Other Information</u>	<u>71</u>
<u>Item 6. Exhibits</u>	<u>72</u>
<u>Signatures</u>	<u>73</u>

## Item 1. Financial Statements

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
		2012 As Adjusted (Note 1)	2013	2012 As Adjusted (Note 1)
	(In \$ millions, except share and per share data)			
Net sales	1,636	1,609	4,894	4,917
Cost of sales	(1,290)	(1,281)	(3,896)	(3,980)
Gross profit	346	328	998	937
Selling, general and administrative expenses	(97)	(113)	(316)	(354)
Amortization of intangible assets	(6)	(12)	(26)	(38)
Research and development expenses	(24)	(23)	(73)	(73)
Other (charges) gains, net	(4)	2	(11)	(1)
Foreign exchange gain (loss), net	(2)	(4)	(5)	(4)
Gain (loss) on disposition of businesses and assets, net	(2)	(2)	(3)	(2)
Operating profit (loss)	211	176	564	465
Equity in net earnings (loss) of affiliates	41	50	150	163
Interest expense	(43)	(44)	(130)	(134)
Refinancing expense	(1)	—	(1)	—
Interest income	—	—	1	1
Dividend income - cost investments	22	1	69	85
Other income (expense), net	(2)	3	1	4
Earnings (loss) from continuing operations before tax	228	186	654	584
Income tax (provision) benefit	(57)	(57)	(209)	(41)
Earnings (loss) from continuing operations	171	129	445	543
Earnings (loss) from operation of discontinued operations 1	—	(3)	3	(3)
Gain (loss) on disposition of discontinued operations	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	1	(1)	1
Earnings (loss) from discontinued operations	1	(2)	2	(2)
Net earnings (loss)	172	127	447	541
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	172	127	447	541
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	171	129	445	543
Earnings (loss) from discontinued operations	1	(2)	2	(2)
Net earnings (loss)	172	127	447	541
Earnings (loss) per common share - basic				
Continuing operations	1.08	0.81	2.80	3.43
Discontinued operations	0.01	(0.01)	0.01	(0.01)
Net earnings (loss) - basic	1.09	0.80	2.81	3.42
Earnings (loss) per common share - diluted				
Continuing operations	1.07	0.80	2.79	3.40
Discontinued operations	0.01	(0.01)	0.01	(0.01)
Net earnings (loss) - diluted	1.08	0.79	2.80	3.39

Edgar Filing: Celanese Corp - Form 10-Q

Weighted average shares - basic	158,501,075	159,158,280	159,282,314	157,970,535
Weighted average shares - diluted	159,095,531	160,129,376	159,846,593	159,678,638

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

3

---

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

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2013	2012 As Adjusted ( <u>Note 1</u> )	2013	2012 As Adjusted ( <u>Note 1</u> )	
	(In \$ millions)				
Net earnings (loss)	172	127	447	541	
Other comprehensive income (loss), net of tax					
Unrealized gain (loss) on marketable securities	1	—	1	—	
Foreign currency translation	42	28	37	4	
Gain (loss) on interest rate swaps	1	(2	) 4	(1	)
Pension and postretirement benefits	—	—	—	(6	)
Total other comprehensive income (loss), net of tax	44	26	42	(3	)
Total comprehensive income (loss), net of tax	216	153	489	538	
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—	
Comprehensive income (loss) attributable to Celanese Corporation	216	153	489	538	

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

CELANESE CORPORATION AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of September 30, 2013	As of December 31, 2012
		As Adjusted ( <u>Note 1</u> )
	(In \$ millions, except share data)	
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	1,100	959
Trade receivables - third party and affiliates (net of allowance for doubtful accounts - 2013: \$11; 2012: \$9)	949	827
Non-trade receivables, net	293	209
Inventories	753	711
Deferred income taxes	50	49
Marketable securities, at fair value	44	53
Other assets	39	31
Total current assets	3,228	2,839
Investments in affiliates	857	800
Property, plant and equipment (net of accumulated depreciation - 2013: \$1,665; 2012: \$1,506)	3,391	3,350
Deferred income taxes	604	606
Other assets	498	463
Goodwill	787	777
Intangible assets, net	147	165
Total assets	9,512	9,000
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	224	168
Trade payables - third party and affiliates	739	649
Other liabilities	457	475
Deferred income taxes	25	25
Income taxes payable	152	38
Total current liabilities	1,597	1,355
Long-term debt	2,870	2,930
Deferred income taxes	61	50
Uncertain tax positions	203	181
Benefit obligations	1,546	1,602
Other liabilities	1,151	1,152
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized (2013 and 2012: 0 issued and outstanding)	—	—
Series A common stock, \$0.0001 par value, 400,000,000 shares authorized (2013: 183,781,497 issued and 157,692,320 outstanding; 2012: 183,629,237 issued and	—	—

Edgar Filing: Celanese Corp - Form 10-Q

159,642,401 outstanding)			
Series B common stock, \$0.0001 par value, 100,000,000 shares authorized (2013 and 2012: 0 issued and outstanding)	—	—	
Treasury stock, at cost (2013: 26,089,177 shares; 2012: 23,986,836 shares)	(1,007	) (905	)
Additional paid-in capital	753	731	
Retained earnings	2,385	1,993	
Accumulated other comprehensive income (loss), net	(47	) (89	)
Total Celanese Corporation stockholders' equity	2,084	1,730	
Noncontrolling interests	—	—	
Total equity	2,084	1,730	
Total liabilities and equity	9,512	9,000	

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

5

---



CELANESE CORPORATION AND SUBSIDIARIES  
 UNAUDITED INTERIM CONSOLIDATED STATEMENT OF EQUITY

	Nine Months Ended September 30, 2013	
	Shares	Amount As Adjusted (Note 1)
	(In \$ millions, except share data)	
<b>Series A Common Stock</b>		
Balance as of the beginning of the period	159,642,401	—
Stock option exercises	128,791	—
Purchases of treasury stock	(2,102,341 )	—
Stock awards	23,469	—
Balance as of the end of the period	157,692,320	—
<b>Treasury Stock</b>		
Balance as of the beginning of the period	23,986,836	(905 )
Purchases of treasury stock, including related fees	2,102,341	(102 )
Balance as of the end of the period	26,089,177	(1,007 )
<b>Additional Paid-In Capital</b>		
Balance as of the beginning of the period		731
Stock-based compensation, net of tax		19
Stock option exercises, net of tax		3
Balance as of the end of the period		753
<b>Retained Earnings</b>		
Balance as of the beginning of the period		1,993
Net earnings (loss) attributable to Celanese Corporation		447
Series A common stock dividends		(55 )
Balance as of the end of the period		2,385
<b>Accumulated Other Comprehensive Income (Loss), Net</b>		
Balance as of the beginning of the period		(89 )
Other comprehensive income (loss), net of tax		42
Balance as of the end of the period		(47 )
Total Celanese Corporation stockholders' equity		2,084
<b>Noncontrolling Interests</b>		
Balance as of the beginning of the period		—
Net earnings (loss) attributable to noncontrolling interests		—
Balance as of the end of the period		—
Total equity		2,084

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

CELANESE CORPORATION AND SUBSIDIARIES  
 UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2013	2012 As Adjusted (Note 1)
	(In \$ millions)	
Operating Activities		
Net earnings (loss)	447	541
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Other charges (gains), net of amounts used	(8	) (13
Depreciation, amortization and accretion	238	236
Pension and postretirement benefit expense	(16	) 7
Pension and postretirement contributions	(49	) (151
Deferred income taxes, net	7	(87
(Gain) loss on disposition of businesses and assets, net	2	2
Refinancing expense	1	—
Other, net	(23	) 85
Operating cash provided by (used in) discontinued operations	(5	) —
Changes in operating assets and liabilities		
Trade receivables - third party and affiliates, net	(113	) (62
Inventories	(34	) 1
Other assets	(82	) 15
Trade payables - third party and affiliates	100	58
Other liabilities	143	29
Net cash provided by (used in) operating activities	608	661
Investing Activities		
Capital expenditures on property, plant and equipment	(259	) (270
Acquisitions, net of cash acquired	—	(23
Proceeds from sale of businesses and assets, net	13	1
Capital expenditures related to Kelsterbach plant relocation	(6	) (43
Other, net	(38	) (62
Net cash provided by (used in) investing activities	(290	) (397
Financing Activities		
Short-term borrowings (repayments), net	(12	) (7
Proceeds from short-term debt	154	50
Repayments of short-term debt	(51	) (50
Proceeds from long-term debt	74	—
Repayments of long-term debt	(192	) (32
Refinancing costs	(2	) —
Purchases of treasury stock, including related fees	(102	) (37
Stock option exercises	3	58
Series A common stock dividends	(55	) (31
Other, net	—	28
Net cash provided by (used in) financing activities	(183	) (21
Exchange rate effects on cash and cash equivalents	6	3
Net increase (decrease) in cash and cash equivalents	141	246
Cash and cash equivalents as of beginning of period	959	682

Cash and cash equivalents as of end of period	1,100	928
---	-------	-----

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

7

---

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.

In conjunction with the Company's focus on the Celanese brand, the names of the Company's reporting units have changed to engineered materials (formerly Advanced Engineered Materials), cellulose derivatives (formerly Acetate Products), food ingredients (formerly Nutrinova), emulsion polymers (formerly Emulsions), EVA polymers (formerly EVA Performance Polymers) and intermediate chemistry (formerly Acetyl Intermediates). There has been no change to the names or composition of the Company's business segments.

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 and nine months ended September 30, 2013 and 2012 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. 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 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, 2012, originally filed on February 8, 2013 with the SEC as part of the Company's Annual Report on Form 10-K and updated to incorporate the effect of changes in the Company's pension accounting policy, filed on April 26, 2013 with the SEC as Exhibit 99.3 to a Current Report on Form 8-K.

Operating results for the three and nine months ended September 30, 2013 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 subsidiaries in which the Company's ownership is less than 100%, 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.

### Change in accounting policy regarding pension and other postretirement benefits

Effective January 1, 2013, the Company elected to change its accounting policy for recognizing actuarial gains and losses and changes in the fair value of plan assets for its defined benefit pension plans and other postretirement benefit plans. Previously, the Company recognized the actuarial gains and losses as a component of Accumulated other comprehensive income (loss), net within the consolidated balance sheets on an annual basis and amortized the gains and losses into operating results over the average remaining service period to retirement date for active plan participants or, for retired participants, the average remaining life expectancy. For defined benefit pension plans, the unrecognized gains and losses were amortized when the net gains and losses exceeded 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. For other postretirement benefits, amortization occurred when the net gains and losses exceeded 10% of the accumulated postretirement benefit obligation at the beginning of the year.

Previously, differences between the actual rate of return on plan assets and the long-term expected rate of return on plan assets were not generally recognized in net periodic benefit cost in the year that the difference occurred. These differences were deferred and amortized into net periodic benefit cost over the average remaining future service period of employees. The asset gains and losses subject to amortization and the long-term expected return on plan assets were previously calculated using a five-year smoothing of asset gains and losses referred to as the market-related value to stabilize variability in the plan asset values.

The Company now applies the long-term expected rate of return to the fair value of plan assets and immediately recognizes the change in fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is required to be remeasured. Events requiring a plan remeasurement will be recognized in the quarter in which such remeasurement event occurs. The remaining components of the Company's net periodic benefit cost are recorded on a quarterly basis. While the Company's historical policy of recognizing the change in fair value of plan assets and net actuarial gains and losses is considered acceptable under US GAAP, the Company believes the new policy is preferable as it eliminates the delay in recognizing gains and losses within operating results. This change improves transparency within the Company's operating results by immediately recognizing the effects of economic and interest rate trends on plan investments and assumptions in the year these gains and losses are actually incurred. The policy changes have no impact on future pension and postretirement benefit plan funding or pension and postretirement benefits paid to participants. Financial information for all periods presented has been retrospectively adjusted.

In connection with the changes in accounting policy for pension and other postretirement benefits and in an attempt to properly match the actual operational expenses each business segment is incurring, the Company changed its allocation of net periodic benefit cost. Previously, the Company allocated all components of net periodic benefit cost to each business segment on a ratable basis. The Company now allocates only the service cost and amortization of prior service cost components of its pension and postretirement plans to its business segments. All other components of net periodic benefit cost are recorded to Other Activities. The components of net periodic benefit cost that are no longer allocated to each business segment include interest cost, expected return on assets and net actuarial gains and losses as these components are considered financing activities managed at the corporate level. The Company believes the revised expense allocation more appropriately matches the cost incurred for active employees to the respective business segment. Business segment information for prior periods has been retrospectively adjusted (Note 18).



Edgar Filing: Celanese Corp - Form 10-Q

The retrospective effect of the change in accounting policy for pension and other postretirement benefits to the consolidated statement of operations is as follows:

	Three Months Ended September 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In \$ millions, except per share data)		
Cost of sales	(1,285	) 4	(1,281
Gross profit	324	4	328
Selling, general and administrative expenses	(121	) 8	(113
Research and development expenses	(24	) 1	(23
Operating profit (loss)	163	13	176
Earnings (loss) from continuing operations before tax	173	13	186
Income tax (provision) benefit	(54	) (3	) (57
Earnings (loss) from continuing operations	119	10	129
Net earnings (loss)	117	10	127
Net earnings (loss) attributable to Celanese Corporation	117	10	127
Earnings (loss) per common share - basic			
Continuing operations	0.75	0.06	0.81
Discontinued operations	(0.01	) —	(0.01
Net earnings (loss) - basic	0.74	0.06	0.80
Earnings (loss) per common share - diluted			
Continuing operations	0.74	0.06	0.80
Discontinued operations	(0.01	) —	(0.01
Net earnings (loss) - diluted	0.73	0.06	0.79
	Nine Months Ended September 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In \$ millions, except per share data)		
Cost of sales	(3,992	) 12	(3,980
Gross profit	925	12	937
Selling, general and administrative expenses	(379	) 25	(354
Research and development expenses	(76	) 3	(73
Operating profit (loss)	425	40	465
Earnings (loss) from continuing operations before tax	544	40	584
Income tax (provision) benefit	(32	) (9	) (41
Earnings (loss) from continuing operations	512	31	543
Net earnings (loss)	510	31	541
Net earnings (loss) attributable to Celanese Corporation	510	31	541
Earnings (loss) per common share - basic			
Continuing operations	3.24	0.19	3.43
Discontinued operations	(0.01	) —	(0.01
Net earnings (loss) - basic	3.23	0.19	3.42
Earnings (loss) per common share - diluted			
Continuing operations	3.21	0.19	3.40
Discontinued operations	(0.01	) —	(0.01
Net earnings (loss) - diluted	3.20	0.19	3.39





The retrospective effect of the change in accounting policy for pension and other postretirement benefits to the consolidated statement of comprehensive income (loss) is as follows:

	Three Months Ended September 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In \$ millions)		
Net earnings (loss)	117	10	127
Pension and postretirement benefits	10	(10)	) —
Total other comprehensive income (loss), net of tax	36	(10)	) 26
Total comprehensive income (loss), net of tax	153	—	153
Comprehensive income (loss) attributable to Celanese Corporation	153	—	153

	Nine Months Ended September 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In \$ millions)		
Net earnings (loss)	510	31	541
Pension and postretirement benefits	25	(31)	) (6)
Total other comprehensive income (loss), net of tax	28	(31)	) (3)
Total comprehensive income (loss), net of tax	538	—	538
Comprehensive income (loss) attributable to Celanese Corporation	538	—	538

The retrospective effect of the change in accounting policy for pension and other postretirement benefits to the consolidated balance sheet is as follows:

	As of December 31, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In \$ millions)		
Retained earnings	2,986	(993)	) 1,993
Accumulated other comprehensive income (loss), net	(1,082)	) 993	(89)

The cumulative effect of the change in accounting policy for pension and other postretirement benefits on Retained earnings as of December 31, 2011 was a decrease of \$760 million, with an equivalent increase to Accumulated other comprehensive income.

The retrospective effect of the change in accounting policy for pension and other postretirement benefits to operating activities in the consolidated statement of cash flows is as follows:

	Nine Months Ended September 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In \$ millions)		
Net earnings (loss)	510	31	541
Pension and postretirement benefit expense	—	7	7
Pension and postretirement contributions	—	(151)	) (151)
Deferred income taxes, net	(96)	) 9	(87)
Other liabilities	(75)	) 104	29

The retrospective effect of the change in accounting policy for pension and other postretirement benefits to the business segment financial information (Note 18) is as follows:

	Three Months Ended September 30, 2012			
	As Previously Reported	Effect of Change	As Adjusted	
	(In \$ millions)			
Operating Profit (Loss)				
Advanced Engineered Materials	43	1	44	
Consumer Specialties	70	2	72	
Industrial Specialties	23	2	25	
Acetyl Intermediates	62	1	63	
Other Activities	(35	) 7	(28	)
Total	163	13	176	
	Nine Months Ended September 30, 2012			
	As Previously Reported	Effect of Change	As Adjusted	
	(In \$ millions)			
Operating Profit (Loss)				
Advanced Engineered Materials	85	6	91	
Consumer Specialties	184	5	189	
Industrial Specialties	76	4	80	
Acetyl Intermediates	199	4	203	
Other Activities	(119	) 21	(98	)
Total	425	40	465	

## 2. Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-11, Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists, an amendment to FASB Accounting Standards Codification ("ASC") Topic 740, Income Taxes ("FASB ASC Topic 740"). This update clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In situations where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company does not expect the impact of adopting this ASU to be material to the Company's financial position or cash flows.

In July 2013, the FASB issued ASU 2013-10, Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes, an amendment to FASB ASC Topic 815, Derivatives and Hedging ("FASB ASC Topic 815"). The update permits the use of the Fed Funds Effective Swap Rate to be used as a US benchmark interest rate for hedge accounting purposes under FASB ASC Topic 815, in addition to the interest rates on direct Treasury obligations of the US government ("UST") and the London Interbank Offered Rate ("LIBOR"). The update also removes the restriction on using different benchmark rates for similar hedges. This ASU is effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The Company does not expect the impact of adopting this ASU to be material to the Company's financial position, results of operations or cash flows.

In March 2013, the FASB issued ASU 2013-05, Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign

Entity, an amendment to FASB ASC Topic 830, Foreign Currency Matters ("FASB ASC Topic 830"). The update clarifies that complete or substantially complete liquidation of a foreign entity is required to release the cumulative translation adjustment ("CTA") for

12

---

transactions occurring within a foreign entity. However, transactions impacting investments in a foreign entity may result in a full or partial release of CTA even though complete or substantially complete liquidation of the foreign entity has not occurred. Furthermore, for transactions involving step acquisitions, the CTA associated with the previous equity-method investment will be fully released when control is obtained and consolidation occurs. This ASU is effective for fiscal years beginning after December 15, 2013. The Company will apply the guidance prospectively to derecognition events occurring after the effective date.

In February 2013, the FASB issued ASU 2013-04, Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date, an amendment to FASB ASC Topic 405, Liabilities ("FASB ASC Topic 405"). The update requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed as of the reporting date as the sum of the obligation the entity agreed to pay among its co-obligors and any additional amount the entity expects to pay on behalf of its co-obligors. This ASU is effective for annual and interim periods beginning after December 15, 2013 and is required to be applied retrospectively to all prior periods presented for those obligations that existed upon adoption of the ASU. The Company does not expect the impact of adopting this ASU to be material to the Company's financial position, results of operations or cash flows.

### 3. Acquisitions, Dispositions, Ventures and Plant Closures

#### Acquisitions

In January 2012, the Company completed the acquisition of certain assets from Ashland Inc., including two product lines, Vinac<sup>®</sup> and Flexbond<sup>®</sup>, to support the strategic growth of the Company's emulsion polymers business. The acquired operations are included in the Industrial Specialties segment. Pro forma financial information since the acquisition date has not been provided as the acquisition did not have a material impact on the Company's financial information.

The Company allocated the purchase price of the acquisitions to identifiable intangible assets acquired based on their estimated fair values. The excess of purchase price over the aggregate fair values was recorded as goodwill. Intangible assets were valued using the relief from royalty and discounted cash flow methodologies which are considered Level 3 measurements under FASB ASC Topic 820, Fair Value Measurement ("FASB ASC Topic 820"). The relief from royalty method estimates the Company's theoretical royalty savings from ownership of the intangible asset. Key assumptions used in this model include discount rates, royalty rates, growth rates, sales projections and terminal value rates, all of which require significant management judgment and, therefore, are susceptible to change. The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. The Company, with the assistance of third-party valuation consultants, calculated the fair value of the intangible assets acquired to allocate the purchase price at the acquisition date.

#### Ventures

On May 15, 2013, the Company and Mitsui & Co., Ltd., of Tokyo, Japan, announced they had signed an agreement to establish a joint venture 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. The planned methanol facility will have an annual capacity of 1.3 million tons and is expected to begin operations in mid-2015.

## 4. Marketable Securities, at Fair Value

The Company's nonqualified trusts hold available-for-sale securities for funding requirements.

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 September 30, 2013 (In \$ millions)	As of December 31, 2012
Mutual Funds		
Amortized cost	44	53
Gross unrealized gain	—	—
Gross unrealized loss	—	—
Fair value	44	53

See Note 16, Fair Value Measurements, for additional information regarding the fair value of the Company's marketable securities.

## 5. Inventories

	As of September 30, 2013 (In \$ millions)	As of December 31, 2012
Finished goods	560	514
Work-in-process	51	42
Raw materials and supplies	142	155
Total	753	711

## 6. Goodwill and Intangible Assets, Net

## Goodwill

	Advanced Engineered Materials (In \$ millions)	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
As of December 31, 2012					
Goodwill	297	249	42	189	777
Accumulated impairment losses	—	—	—	—	—
Net book value	297	249	42	189	777
Exchange rate changes	3	2	—	5	10
As of September 30, 2013					
Goodwill	300	251	42	194	787
Accumulated impairment losses	—	—	—	—	—
Net book value	300	251	42	194	787

The Company assesses the recoverability of the carrying value of its reporting unit goodwill either qualitatively or quantitatively annually during the third quarter of its fiscal year using June 30 balances or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable. In connection with the Company's annual goodwill impairment assessment, the Company did not record an impairment loss to goodwill during the nine months ended September 30, 2013 as the estimated fair value for each of the Company's reporting units exceeded the carrying value of the underlying assets by a substantial margin.



## Intangible Assets, Net

Finite-lived intangibles 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, 2012	32	525	30	32	619	
Acquisitions	—	—	—	7	7	(1)
Exchange rate changes	1	10	—	—	11	
As of September 30, 2013	33	535	30	39	637	
Accumulated Amortization						
As of December 31, 2012	(16	) (480	) (17	) (23	) (536	)
Amortization	(3	) (19	) (2	) (2	) (26	)
Exchange rate changes	—	(10	) —	—	(10	)
As of September 30, 2013	(19	) (509	) (19	) (25	) (572	)
Net book value	14	26	11	14	65	

(1) Weighted average amortization period is 29 years.

Indefinite-lived intangibles are as follows:

	Trademarks and Trade Names (In \$ millions)
As of December 31, 2012	82
Acquisitions	—
Accumulated impairment losses	(1
Exchange rate changes	1
As of September 30, 2013	82

The Company assesses the recoverability of the carrying value of its indefinite-lived intangible assets annually during the third quarter of its fiscal year using June 30 balances or whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable.

Management assesses indefinite-lived intangible assets for impairment either qualitatively or by utilizing the relief from royalty method under the income approach to determine the estimated fair value for each indefinite-lived intangible asset. The relief from royalty method estimates the Company's theoretical royalty savings from ownership of the intangible asset. Key assumptions used in this model include discount rates, royalty rates, growth rates, sales projections and terminal value rates. Discount rates, royalty rates, growth rates and sales projections are the assumptions most sensitive and susceptible to change as they require significant management judgment. Discount rates used are similar to the rates estimated by the weighted average cost of capital considering any differences in Company-specific risk factors. Royalty rates are established by management and are periodically substantiated by third-party valuation consultants. Operational management, considering industry and Company-specific historical and projected data, develops growth rates and sales projections associated with each indefinite-lived intangible asset. Terminal value rate determination follows common methodology of capturing the present value of perpetual sales estimates beyond the last projected period assuming a constant discount rate and low long-term growth rates.

If the calculated fair value as described above is less than the current carrying value, impairment of the indefinite-lived intangible asset may exist. In connection with the Company's annual indefinite-lived intangible assets impairment assessment, the Company recorded an impairment loss of \$1 million in Other charges (gains), net (Note

13) to write-off the total net book value of a trademark included in the Industrial Specialties segment. Other than this trademark, the estimated fair value for each of the Company's other indefinite-lived intangible assets exceeded the carrying value of the underlying asset by a substantial margin.

15

---



Specific assumptions, including discount rates, royalty rates, sales projections and terminal value rates, were updated at the date of the assessment to consider current industry and Company-specific risk factors from the perspective of a market participant. The current business environment is subject to evolving market conditions and requires significant management judgment to interpret the potential impact to the Company's assumptions. To the extent market changes result in adjusted assumptions, impairment losses may occur in future periods.

The Company's trademarks and trade names have an indefinite life. For the nine months ended September 30, 2013, the Company did not renew or extend any intangible assets.

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

	(In \$ millions)
2014	20
2015	11
2016	8
2017	7
2018	4

7. Current Other Liabilities

	As of September 30, 2013	As of December 31, 2012
	(In \$ millions)	
Salaries and benefits	97	74
Environmental ( <u>Note 11</u> )	24	21
Restructuring ( <u>Note 13</u> )	19	30
Insurance	13	15
Asset retirement obligations	23	38
Derivatives ( <u>Note 15</u> )	15	23
Current portion of benefit obligations	47	47
Interest	32	23
Sales and use tax/foreign withholding tax payable	17	17
Uncertain tax positions	63	65
Customer rebates	37	44
Other	70	78
Total	457	475

## 8. Noncurrent Other Liabilities

	As of September 30, 2013	As of December 31, 2012
	(In \$ millions)	
Environmental ( <u>Note 11</u> )	67	78
Insurance	53	58
Deferred revenue	30	36
Deferred proceeds <sup>(1)</sup>	930	909
Asset retirement obligations	22	26
Derivatives ( <u>Note 15</u> )	3	8
Income taxes payable	2	2
Other	44	35
Total	1,151	1,152

Primarily relates to proceeds received from the Frankfurt, Germany Airport as part of a settlement for the  
<sup>(1)</sup> Company to cease operations and sell its Kelsterbach, Germany manufacturing site, included in the Advanced Engineered Materials segment. Such proceeds will be deferred until the land and buildings transfer to the Frankfurt, Germany Airport (Note 20).

## 9. Debt

	As of September 30, 2013	As of December 31, 2012
	(In \$ millions)	
Short-Term Borrowings and Current Installments of Long-Term Debt - Third Party and Affiliates		
Current installments of long-term debt	23	60
Short-term borrowings, including amounts due to affiliates	101	108
Accounts receivable securitization facility	100	—
Total	224	168

The Company's weighted average interest rate on short-term borrowings, including amounts due to affiliates, was 4.4% as of September 30, 2013 compared to 4.0% as of December 31, 2012. The weighted average interest rate on the accounts receivable securitization facility was 0.9% as of September 30, 2013.

	As of September 30, 2013 (In \$ millions)	As of December 31, 2012
<b>Long-Term Debt</b>		
Senior credit facilities - Term C loan due 2016	—	977
Senior credit facilities - Term C-2 loan due 2016	976	—
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
Credit-linked revolving facility due 2014, interest rate of 1.7%	—	50
Pollution control and industrial revenue bonds due at various dates through 2030, interest rates ranging from 5.7% to 6.7%	169	182
Obligations under capital leases due at various dates through 2054	248	244
Other bank obligations	—	37
Subtotal	2,893	2,990
Current installments of long-term debt	(23	) (60
Total	2,870	2,930

**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%

Edgar Filing: Celanese Corp - Form 10-Q

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

18

---

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 as of 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 2014, a \$600 million revolving credit facility terminating in 2015 and a \$228 million credit-linked revolving facility terminating in 2014.

In May 2011, Celanese US prepaid its outstanding Term B loan facility under the 2010 Amended Credit Agreement set to mature in 2014 with an aggregate principal amount of \$516 million using proceeds from the 5.875% Notes and cash on hand.

In November 2012, Celanese US prepaid \$400 million of its outstanding Term C loan facility under the 2010 Amended Credit Agreement set to mature in 2016 using proceeds from the 4.625% Notes.

In anticipation of the Company's change in pension accounting policy (Note 1), in January 2013, the Company entered into a non-material amendment to the 2010 Amended Credit Agreement with the effect that certain computations for covenant compliance purposes will be evaluated as if the change in pension accounting policy had not occurred. The amendment also modified the 2010 Amended Credit Agreement in other, non-material respects.

On April 25, 2013, Celanese US reduced the Total Credit Linked Commitment (as defined in the 2010 Amended Credit Agreement) for the credit-linked revolving facility terminating in 2014 to \$200 million, and on September 10, 2013 to \$81 million.

On August 14, 2013, the Company entered into a non-material amendment to the 2010 Amended Credit Agreement to facilitate certain of the transactions contemplated by the Company's intentions to establish a joint venture for methanol production in Clear Lake, Texas and to make other non-material amendments.

On September 16, 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 terminating in 2014.

As a result of the Amended Credit Agreement, \$1 million has been recorded as Refinancing expense in the unaudited interim consolidated statements of operations, which includes accelerated amortization of deferred financing costs and other refinancing expenses. In addition, the Company recorded deferred financing costs of \$2 million, which are being amortized over the term of the Term C-2 loan facility. As of September 30, 2013, deferred financing costs of \$28 million are included in noncurrent Other assets on the unaudited consolidated balance sheet.

As of September 30, 2013, 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 September 30, 2013, 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. Borrowings under the credit-linked revolving facility bear interest at a variable interest rate based on LIBOR, plus a margin which varies based on the Company's net leverage

ratio.

19

---

The estimated net leverage ratio and margin are as follows:

	As of September 30, 2013		
	Estimated Total Net	Estimated	
	Leverage Ratio	Margin	%
Credit-linked revolving facility	1.58	1.50	
The margin on the credit-linked revolving facility may increase or decrease 0.25% based on the following:			
Total Net Leverage Ratio	Margin over LIBOR or EURIBOR		
< = 2.25	1.50%		
> 2.25	1.75%		

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 and credit-linked revolving facility of 0.25% and 1.50% per annum, respectively.

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 as of April 2, 2007.

As a condition to borrowing funds or requesting letters of credit be issued under the revolving 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 first lien senior secured leverage ratios under the revolving credit facility are as follows:

As of September 30, 2013		
Maximum	Estimate	Estimate, if Fully Drawn
3.90	0.99	1.53

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 September 30, 2013.

#### Accounts Receivable Securitization Facility

On August 28, 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 September 30, 2013, the borrowing base was \$131 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. On September 10, 2013, Celanese US prepaid \$100 million of borrowings outstanding under the credit-linked revolving facility set to mature in 2014 using funds drawn under the accounts receivable securitization facility. As of September 30, 2013, the outstanding amount of accounts receivable transferred by the Originators to the Transferor was \$193 million.

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

	As of September 30, 2013 (In \$ millions)
Revolving Credit Facility	
Borrowings outstanding	—
Letters of credit issued	—
Available for borrowing	600
Credit-Linked Revolving Facility	
Borrowings outstanding	—
Letters of credit issued	80
Available for borrowing	1
Accounts Receivable Securitization Facility	
Borrowings outstanding	100
Letters of credit issued	—
Available for borrowing	31

#### 10. Benefit Obligations

As discussed in [Note 1](#), effective January 1, 2013, the Company elected to change its policy for recognizing actuarial gains and losses and changes in the fair value of plan assets for its defined benefit pension plans and other postretirement benefit plans. This accounting change has been applied retrospectively to all periods presented.

The components of net periodic benefit costs are as follows:

	Pension Benefits		Postretirement Benefits		Pension Benefits		Postretirement Benefits	
	Three Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012	2013	2012	2013	2012
	As Adjusted		As Adjusted		As Adjusted		As Adjusted	
	(Note 1)		(Note 1)		(Note 1)		(Note 1)	
	(In \$ millions)				(In \$ millions)			
Service cost	9	7	—	—	26	21	2	1
Interest cost	39	42	3	3	116	127	8	9
Expected return on plan assets	(57)	(51)	—	—	(169)	(153)	—	—
Amortization of prior service cost (credit)	—	1	—	—	1	2	—	—
Total	(9)	(1)	3	3	(26)	(3)	10	10



Commitments to fund benefit obligations during 2013 are as follows:

	As of September 30, 2013 (In \$ millions)	Total Expected 2013
Cash contributions to defined benefit pension plans	22	30
Benefit payments to nonqualified pension plans	16	22
Benefit payments to other postretirement benefit plans	11	24

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 \$5 million for the nine months ended September 30, 2013.

#### 11. 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 September 30, 2013 (In \$ millions)	As of December 31, 2012
Demerger obligations ( <a href="#">Note 17</a> )	27	31
Divestiture obligations ( <a href="#">Note 17</a> )	22	21
Active sites	24	28
US Superfund sites	13	15
Other environmental remediation reserves	5	4
Total	91	99

##### 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, 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 17](#)). 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 Environmental Protection Agency, state governing bodies or private individuals consider such

companies to be potentially responsible parties ("PRP")

22

---

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 US Environmental Protection Agency ("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 may take several more years to complete. 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 has also been 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 seeks recovery of past and future clean-up costs, as well as unspecified economic damages, punitive damages, penalties and a variety of other forms of relief arising from alleged discharges into the Lower Passaic River. In 2007, the EPA issued a draft study that evaluated alternatives for early remedial action of a portion of the Passaic River at an estimated cost of \$900 million to \$2.3 billion. Several parties commented on the draft study, and the EPA has announced its intention to issue a proposed plan in 2013. Although the Company's assessment that the contamination allegedly released by the Company is likely an insignificant aspect of the final remedy, because the RI/FS is still ongoing, and the EPA has not finalized its study or the scope of requested cleanup the Company cannot reliably estimate its portion of the final remedial costs for this matter at this time. However, the Company currently believes that its portion of the costs would be less than approximately 1% to 2%. The Company is vigorously defending these and all related matters.

#### Environmental Proceedings

On January 7, 2013, following self-disclosures by the Company, the Company's Meredosia, Illinois site received a Notice of Violation/Finding of Violation from the US Environmental Protection Agency Region 5 ("EPA") 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, we do 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.

#### 12. 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.

On April 25, 2013, the Company announced that its Board of Directors approved a 20% increase in the Company's quarterly Common Stock cash dividend. The Board of Directors increased the quarterly dividend rate from \$0.075 to \$0.09 per share of Common Stock on a quarterly basis and \$0.30 to \$0.36 per share of Common Stock on an annual basis beginning in May 2013.

On July 25, 2013, the Company announced that its Board of Directors approved a 100% increase in the Company's quarterly Common Stock cash dividend. The Board of Directors increased the quarterly dividend rate from \$0.09 to

\$0.18 per share of Common Stock on a quarterly basis and \$0.36 to \$0.72 per share of Common Stock on an annual basis beginning in August 2013.

23

---

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
As of September 30, 2013	893

The authorization gives management discretion in determining the timing and conditions under which shares may be repurchased. The repurchase program does not have an expiration date.

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

	Nine Months Ended September 30,		Total From February 2008 Through September 30, 2013
	2013	2012	
Shares repurchased	2,096,320	(1) 853,388	15,238,847
Average purchase price per share	\$48.58	\$43.19	\$39.58
Amount spent on repurchased shares (in millions)	\$102	\$37	\$603

Excludes 6,021 shares withheld from employee to cover statutory minimum withholding requirements for personal income taxes related to the vesting of restricted stock. Restricted stock is considered outstanding at the time of issuance and therefore, the shares withheld are treated as treasury shares.

Excludes 11,844 shares withheld from employee to cover statutory minimum withholding requirements for personal income taxes related to the vesting of restricted stock. Restricted stock is 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 September 30,					
	2013			2012		
	Gross	Income	Net	Gross	Income	Net
	Amount	Tax	Amount	Amount	Tax	Amount
		(Provision)			(Provision)	
		Benefit			Benefit	
				As Adjusted ( <u>Note 1</u> )		
	(In \$ millions)					
Unrealized gain (loss) on marketable securities	1	(1)	—	1	—	—
Foreign currency translation	44	(2)	) 42	28	—	28
Gain (loss) on interest rate swaps	2	(2)	(1)	) 1	(2)	) —
Pension and postretirement benefits	—	—	—	1	(1)	) —
Total	47	(3)	) 44	27	(1)	) 26

(1) Amount includes \$1 million of unrealized gains related to the Company's equity method investments' marketable securities.

(2) Amount includes \$1 million of gains associated with the Company's equity method investments' derivative activity.

	Nine Months Ended September 30,					
	2013			2012		
	Gross	Income	Net	Gross	Income	Net
	Amount	Tax	Amount	Amount	Tax	Amount
		(Provision)			(Provision)	
		Benefit			Benefit	
				As Adjusted ( <u>Note 1</u> )		
	(In \$ millions)					
Unrealized gain (loss) on marketable securities	1	(1)	—	1	—	—
Foreign currency translation	41	(4)	) 37	4	—	4
Gain (loss) on interest rate swaps	7	(3)	) 4	(1)	) —	(1)
Pension and postretirement benefits	—	(2)	—	—	(3)	(6)
Total	49	(7)	) 42	3	(6)	) (3)

(1) Amount includes \$1 million of unrealized gains related to the Company's equity method investments' marketable securities.

(2) Amount includes amortization of actuarial losses of \$1 million related to the Company's equity method investments' pension plans.

(3) Amount includes amortization of actuarial losses of \$2 million related to the Company's equity method investments' pension plans.



Edgar Filing: Celanese Corp - Form 10-Q

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

	Unrealized Gain (Loss) on Marketable Securities (Note 4) (In \$ millions)	Foreign Currency Translation	Gain (Loss) on Interest Rate Swaps (Note 15)	Pension and Postretire- ment Benefits (Note 10)	Accumulated Other Comprehensive Income (Loss), Net
As of December 31, 2012 - As Adjusted (Note 1)	(1 )	(23 )	(50 )	(15 )	(89 )
Other comprehensive income before reclassifications	1	41	(1 )	—	41
Amounts reclassified from accumulated other comprehensive income	—	—	8	—	8
Income tax (provision) benefit	—	(4 )	(3 )	—	(7 )
As of September 30, 2013	—	14	(46 )	(15 )	(47 )

13. Other (Charges) Gains, Net

	Three Months Ended September 30, 2013		2012		Nine Months Ended September 30, 2013		2012	
	(In \$ millions)							
Employee termination benefits	—	(1 )	(3 )	(2 )	(3 )	(2 )	(2 )	(2 )
Kelsterbach plant relocation (Note 20)	(2 )	(3 )	(6 )	(5 )	(6 )	(5 )	(5 )	(5 )
Plumbing actions	—	4	—	4	—	4	—	4
Asset impairments	(2 )	—	(2 )	—	(2 )	—	—	—
Commercial disputes	—	2	—	2	—	2	—	2
Total	(4 )	2	(11 )	(1 )	(11 )	(1 )	(1 )	(1 )

During the nine months ended September 30, 2013, the Company recorded \$3 million of employee termination benefits related to a business optimization project which are included in the Industrial Specialties and Acetyl Intermediates segments.

The changes in the restructuring reserves by business segment are as follows:

	Advanced Engineered Materials (In \$ millions)	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other	Total
Employee Termination Benefits						
As of December 31, 2012	6	13	—	3	7	29
Additions	—	—	2	1	—	3
Cash payments	(2 )	(7 )	—	(2 )	(2 )	(13 )
Other changes	—	—	—	—	(1 )	(1 )
Exchange rate changes	1	—	—	—	—	1
As of September 30, 2013	5	6	2	2	4	19
Plant/Office Closures						
As of December 31, 2012	—	—	—	1	—	1
Additions	—	—	—	—	—	—
Cash payments	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Exchange rate changes	—	—	—	(1 )	—	(1 )
As of September 30, 2013	—	—	—	—	—	—

Edgar Filing: Celanese Corp - Form 10-Q

Total	5	6	2	2	4	19
-------	---	---	---	---	---	----

26

---

## 14. Income Taxes

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2013	2012 As Adjusted ( <u>Note 1</u> )	2013	2012 As Adjusted ( <u>Note 1</u> )	
Effective income tax rate	25	% 31	% 32	% 7	%

During the three months ended March 31, 2012, the Company amended certain prior year income tax returns to recognize the benefit of available foreign tax credit carryforwards. As a result, the Company recognized a tax benefit of \$142 million. The available foreign tax credits are subject to a ten year carryforward period and begin to expire in 2014. The Company expects to fully utilize the credits within the prescribed carryforward period.

On February 15, 2012, the Company amended its existing joint venture and other related agreements with its venture partner in Polyplastics Co., Ltd. ("Polyplastics"). The amended agreements ("Agreements"), among other items, modified certain dividend rights, resulting in a cash dividend payment to the Company of \$72 million during the three months ended March 31, 2012. In addition, as a result of the Agreements, Polyplastics is required to pay certain annual dividends to the venture partners. Consequently, Polyplastics' undistributed earnings will no longer be invested indefinitely. Accordingly, the Company recognized a deferred tax liability of \$38 million that was recorded to Income tax provision (benefit) in the unaudited interim consolidated statement of operations during the three months ended March 31, 2012, related to the taxable outside basis difference of its investment in Polyplastics.

The effective income tax rate for the nine months ended September 30, 2012 would have been 25% excluding the recognition of the above items. As compared to the nine months ended September 30, 2012, absent the effect of these events, the increase in the effective income tax rate for the nine months ended September 30, 2013 was primarily due to increased earnings in high income tax jurisdictions, losses in jurisdictions without income tax benefit and reassessment of the recoverability of deferred tax assets in certain jurisdictions. The rate for three months ended September 30, 2013 was favorably impacted by Mexico income tax refunds.

Liabilities for uncertain tax positions and related interest and penalties are recorded in Uncertain tax positions and current Other liabilities in the unaudited consolidated balance sheets. For the nine months ended September 30, 2013, the Company's uncertain tax positions increased \$15 million due to interest and changes in uncertain tax positions in certain jurisdictions, and increased \$6 million due to exchange rate changes.

The Company's US tax returns for the years 2009 through 2011 are currently under audit by the US Internal Revenue Service and certain of the Company's subsidiaries are under audit in jurisdictions outside of the US. In addition, certain statutes of limitations are scheduled to expire in the near future. It is reasonably possible that a further change in the unrecognized tax benefits may occur within the next twelve months related to the settlement of one or more of these audits or the lapse of applicable statutes of limitations. Such amounts have been reflected in the current portion of uncertain tax positions (Note 7).

## 15. Derivative Financial Instruments

## Interest Rate Risk Management

To reduce the interest rate risk inherent in the Company's variable rate debt, the Company utilizes interest rate swap agreements to convert a portion of its variable rate borrowings into a fixed rate obligation. These interest rate swap agreements are designated as cash flow hedges and fix the LIBOR portion of the Company's US-dollar denominated variable rate borrowings (Note 9). If an interest rate swap agreement is terminated prior to its maturity, the amount previously recorded in Accumulated other comprehensive income (loss), net is recognized into earnings over the period that the hedged transaction impacts earnings. If the hedging relationship is discontinued because it is probable that the forecasted transaction will not occur according to the original strategy, any related amounts previously recorded in Accumulated other comprehensive income (loss), net are recognized into earnings immediately.

US-dollar interest rate swap derivative arrangements are as follows:

As of September 30, 2013

Notional Value (In \$ millions)	Effective Date	Expiration Date	Fixed Rate <sup>(1)</sup>	
1,100	January 2, 2012	January 2, 2014	1.71	%
500	January 2, 2014	January 2, 2016	1.02	%

<sup>(1)</sup> Fixes the LIBOR portion of the Company's US-dollar denominated variable rate borrowings (Note 9).

As of December 31, 2012

Notional Value (In \$ millions)	Effective Date	Expiration Date	Fixed Rate <sup>(1)</sup>	
1,100	January 2, 2012	January 2, 2014	1.71	%
500	January 2, 2014	January 2, 2016	1.02	%

<sup>(1)</sup> Fixes the LIBOR portion of the Company's US-dollar denominated variable rate borrowings (Note 9).

#### Foreign Exchange Risk Management

Certain subsidiaries have assets and liabilities denominated in currencies other than their respective functional currencies, which creates foreign exchange risk. The Company also enters into foreign currency forwards and swaps to minimize its exposure to foreign currency fluctuations. Through these instruments, the Company mitigates its foreign currency exposure on transactions with third party entities as well as intercompany transactions. The foreign currency forwards and swaps are not designated as hedges under FASB ASC Topic 815, Derivatives and Hedging ("FASB ASC Topic 815"). Gains and losses on foreign currency forwards and swaps entered into to offset foreign exchange impacts on intercompany balances are classified as Other income (expense), net, in the unaudited interim consolidated statements of operations. Gains and losses on foreign currency forwards and swaps entered into to offset foreign exchange impacts on all other assets and liabilities are classified as Foreign exchange gain (loss), net, in the unaudited interim consolidated statements of operations.

Gross notional values of the foreign currency forwards and swaps are as follows:

	As of September 30, 2013 (In \$ millions)	As of December 31, 2012
Total	841	902

#### Commodity Risk Management

The Company has exposure to the prices of commodities in its procurement of certain raw materials. The Company manages its exposure to commodity risk primarily through the use of long-term supply agreements, multi-year purchasing and sales agreements and forward purchase contracts. The Company regularly assesses its practice of using forward purchase contracts and other raw material hedging instruments in accordance with changes in economic conditions. Forward purchases and swap contracts for raw materials are principally settled through physical delivery of the commodity. For qualifying contracts, the Company has elected to apply the normal purchases and normal sales exception of FASB ASC Topic 815 based on the probability at the inception and throughout the term of the contract that the Company would not settle net and the transaction would result in the physical delivery of the commodity. As such, realized gains and losses on these contracts are included in the cost of the commodity upon the settlement of the contract.

In addition, the Company occasionally enters into financial derivatives to hedge a component of a raw material or energy source. Typically, these types of transactions do not qualify for hedge accounting. These instruments are marked to market at each reporting period and gains (losses) are included in Cost of sales in the unaudited interim consolidated statements of operations. During the nine months ended September 30, 2013 and 2012, the Company did not have any open financial derivative contracts for commodities.



Information regarding changes in the fair value of the Company's derivative arrangements is as follows:

	Three Months Ended September 30, 2013		Three Months Ended September 30, 2012	
	Gain (Loss) Recognized in Other Comprehensive Income (Loss) (In \$ millions)	Gain (Loss) Recognized in Earnings (Loss)	Gain (Loss) Recognized in Other Comprehensive Income (Loss)	Gain (Loss) Recognized in Earnings (Loss)
Derivatives Designated as Cash Flow Hedges				
Interest rate swaps	(2 )	(1) (3 )	(2) (6 )	(4 )
Derivatives Not Designated as Hedges				
Interest rate swaps	—	—	(3) —	(3)
Foreign currency forwards and swaps	—	(10 )	(4) —	(13 )
Total	(2 )	(13 )	(6 )	(17 )

(1) Amount excludes \$1 million of gains associated with the Company's equity method investments' derivative activity and \$1 million of tax expense recognized in Other comprehensive income (loss).

(2) Amount represents reclassification from Accumulated other comprehensive income (loss), net and is included in Interest expense in the unaudited interim consolidated statements of operations.

(3) Included in Interest expense in the unaudited interim consolidated statements of operations.

(4) Included in Foreign exchange gain (loss), net for operating activity or Other income (expense), net for non-operating activity in the unaudited interim consolidated statements of operations.

	Nine Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
	Gain (Loss) Recognized in Other Comprehensive Income (Loss) (In \$ millions)	Gain (Loss) Recognized in Earnings (Loss)	Gain (Loss) Recognized in Other Comprehensive Income (Loss)	Gain (Loss) Recognized in Earnings (Loss)
Derivatives Designated as Cash Flow Hedges				
Interest rate swaps	(1 )	(1) (8 )	(2) (12 )	(11 )
Derivatives Not Designated as Hedges				
Interest rate swaps	—	—	(3) —	(3)
Foreign currency forwards and swaps	—	(14 )	(4) —	(14 )
Total	(1 )	(22 )	(12 )	(28 )

(1) Amount excludes \$3 million of tax expense recognized in Other comprehensive income (loss).

(2) Amount represents reclassification from Accumulated other comprehensive income (loss), net and is included in Interest expense in the unaudited interim consolidated statements of operations.

(3) Included in Interest expense in the unaudited interim consolidated statements of operations.

(4) Included in Foreign exchange gain (loss), net for operating activity or Other income (expense), net for non-operating activity in the unaudited interim consolidated statements of operations.

See [Note 16, Fair Value Measurements](#), for additional information regarding the fair value of the Company's derivative arrangements.

Certain of the Company's foreign currency forwards and swaps and interest rate swap arrangements permit the Company to net settle all contracts with the counterparty through a single payment in an agreed upon currency in the event of default or early termination of the contract, similar to a master netting arrangement. The Company's interest rate swap agreements are subject to

29

---

cross collateralization under the Guarantee and Collateral Agreement entered into in conjunction with the Term loan borrowings (Note 9).

	As of September 30, 2013 (In \$ millions)	As of December 31, 2012
<b>Derivative Assets</b>		
Gross amount recognized	2	2
Gross amount offset in the consolidated balance sheets	—	—
Net amount presented in the consolidated balance sheets	2	2
Gross amount not offset in the consolidated balance sheets	2	2
Net amount	—	—
	As of September 30, 2013 (In \$ millions)	As of December 31, 2012
<b>Derivative Liabilities</b>		
Gross amount recognized	19	32
Gross amount offset in the consolidated balance sheets	1	1
Net amount presented in the consolidated balance sheets	18	31
Gross amount not offset in the consolidated balance sheets	2	2
Net amount	16	29

#### 16. Fair Value Measurements

The Company follows the provisions of FASB ASC Topic 820 for financial assets and liabilities. FASB ASC Topic 820 establishes a three-tiered fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation. Valuations for fund investments such as common/collective trusts and registered investment companies, which do not have readily determinable fair values, are typically estimated using a net asset value provided by a third party as a practical expedient.

The three levels of inputs are defined as follows:

Level 1 - unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company

Level 2 - inputs that are observable in the marketplace other than those inputs classified as Level 1

Level 3 - inputs that are unobservable in the marketplace and significant to the valuation

The Company's financial assets and liabilities are measured at fair value on a recurring basis and include securities available for sale and derivative financial instruments. Securities available for sale include mutual funds. Derivative financial instruments include interest rate swaps and foreign currency forwards and swaps.

**Marketable Securities.** Where possible, the Company utilizes quoted prices in active markets to measure debt and equity securities; such items are classified as Level 1 in the hierarchy and include equity securities. When quoted market prices for identical assets are unavailable, varying valuation techniques are used. Common inputs in valuing these assets include, among others, benchmark yields, issuer spreads and recently reported trades. Such assets are classified as Level 2 in the hierarchy and typically include corporate bonds. Mutual funds are valued at the net asset value per share or unit multiplied by the number of shares or units held as of the measurement date.

**Derivatives.** Derivative financial instruments are valued in the market using discounted cash flow techniques. These techniques incorporate Level 1 and Level 2 inputs such as interest rates and foreign currency exchange rates. These



market inputs are

30

---

utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the derivative valuation for interest rate swaps and foreign currency forwards and swaps are observable in the active markets and are classified as Level 2 in the hierarchy.

Assets and liabilities measured at fair value on a recurring basis are as follows:

	Balance Sheet Classification	Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
(In \$ millions)				
Mutual funds	Marketable securities, at fair value	44	—	44
Derivatives Not Designated as Hedges				
Foreign currency forwards and swaps	Current Other assets	—	2	2
Total assets as of September 30, 2013		44	2	46
Derivatives Designated as Cash Flow Hedges				
Interest rate swaps	Current Other liabilities	—	(7	) (7
Interest rate swaps	Noncurrent Other liabilities	—	(3	) (3
Derivatives Not Designated as Hedges				
Interest rate swaps	Current Other liabilities	—	(3	) (3
Foreign currency forwards and swaps	Current Other liabilities	—	(5	) (5
Total liabilities as of September 30, 2013		—	(18	) (18
Mutual funds	Marketable securities, at fair value	53	—	53
Derivatives Not Designated as Hedges				
Foreign currency forwards and swaps	Current Other assets	—	2	2
Total assets as of December 31, 2012		53	2	55
Derivatives Designated as Cash Flow Hedges				
Interest rate swaps	Current Other liabilities	—	(10	) (10
Interest rate swaps	Noncurrent Other liabilities	—	(7	) (7
Derivatives Not Designated as Hedges				
Interest rate swaps	Current Other liabilities	—	(5	) (5
Interest rate swaps	Noncurrent Other liabilities	—	(1	) (1
Foreign currency forwards and swaps	Current Other liabilities	—	(8	) (8
Total liabilities as of December 31, 2012		—	(31	) (31

Carrying values and fair values of financial instruments that are not carried at fair value are as follows:

	Carrying Amount	Fair Value Measurement		Total
		Other Observable Inputs (Level 2) (In \$ millions)	Unobservable Inputs (Level 3)	
As of September 30, 2013				
Cost investments	147	—	—	—
Insurance contracts in nonqualified trusts	62	62	—	62
Long-term debt, including current installments of long-term debt	2,893	2,706	248	2,954
As of December 31, 2012				
Cost investments	156	—	—	—
Insurance contracts in nonqualified trusts	66	66	—	66
Long-term debt, including current installments of long-term debt	2,990	2,886	244	3,130

In general, the cost investments included in the table above are not publicly traded and their fair values are not readily determinable; however, the Company believes the carrying values approximate or are less than the fair values. Insurance contracts in nonqualified trusts consist of long-term fixed income securities, which are valued using independent vendor pricing models with observable inputs in the active market and therefore represent a Level 2 measurement. The fair value of long-term debt is based on valuations from third-party banks and market quotations and is classified as Level 2 in the hierarchy. The fair value of obligations under capital leases is based on lease payments and discount rates, which are not observable in the market and therefore represents a Level 3 measurement. As of September 30, 2013 and December 31, 2012, the fair values of cash and cash equivalents, receivables, trade payables, short-term borrowings and the current installments of long-term debt approximate carrying values due to the short-term nature of these instruments. These items have been excluded from the table with the exception of the current installments of long-term debt.

#### 17. Commitments and Contingencies

The Company is involved in legal and regulatory proceedings, lawsuits, claims and investigations incidental to the normal conduct of business, relating to such matters as product liability, land disputes, commercial contracts, employment, antitrust, intellectual property, workers' compensation, chemical exposure, asbestos exposure, prior acquisitions and divestitures, past waste disposal practices and release of chemicals into the environment. The Company is actively defending those matters where the Company is named as a defendant. Due to the inherent subjectivity of assessments and unpredictability of outcomes of legal proceedings, the Company's litigation accruals and estimates of possible loss or range of possible loss ("Possible Loss") may not represent the ultimate loss to the Company from legal proceedings. For reasonably possible loss contingencies that may be material, the Company estimates its Possible Loss when determinable, considering that the Company could incur no loss in certain matters. Thus, the Company's exposure and ultimate losses may be higher or lower, and possibly materially so, than the Company's litigation accruals and estimates of Possible Loss. For some matters, the Company is unable, at this time, to estimate its Possible Loss that is reasonably possible of occurring. Generally, the less progress that has been made in the proceedings or the broader the range of potential results, the more difficult for the Company to estimate the Possible Loss that it is reasonably possible the Company could incur. The Company may disclose certain information related to a plaintiff's claim against the Company alleged in the plaintiff's pleadings or otherwise publicly available. While information of this type may provide insight into the potential magnitude of a matter, it does not necessarily represent the Company's estimate of reasonably possible or probable loss. Some of the Company's exposure in legal matters may be offset by applicable insurance coverage. The Company does not consider the possible availability of insurance coverage in determining the amounts of any accruals or any estimates of Possible Loss.

**Polyester Staple Antitrust Litigation**

CNA Holdings LLC ("CNA Holdings"), the successor in interest to Hoechst Celanese Corporation ("HCC"), Celanese Americas Corporation and Celanese GmbH (collectively, the "Celanese Entities") and Hoechst, the former parent of HCC, were named as defendants for alleged antitrust violations in a consolidated proceeding by a Multi-District Litigation Panel in the US

32

---

District Court for the Western District of North Carolina styled In re Polyester Staple Antitrust Litigation, MDL 1516. In June 2008, the court dismissed these actions with prejudice against all Celanese Entities in consideration of a payment by the Company.

Prior to December 31, 2008, the Company had entered into tolling arrangements with four other alleged US purchasers of polyester staple fibers manufactured and sold by the Celanese Entities. These purchasers were not included in the settlement and one such company filed suit against the Company in December 2008 (Milliken & Company v. CNA Holdings, Inc., Celanese Americas Corporation and Hoechst AG (No. 8-SV-00578 W.D.N.C.)). In September 2011, that case was dismissed with prejudice based on a stipulation and proposed order of voluntary dismissal. One of the alleged US purchasers made a demand to the Company in February 2013 but has not filed a formal claim. The Company is evaluating its options, but does not believe a Possible Loss for this matter would be material.

#### Commercial Actions

In June 2012, Linde Gas Singapore Pte. Ltd. ("Linde Gas"), a raw materials supplier based in Singapore, initiated arbitration proceedings in New York against the Company's subsidiary, Celanese Singapore Pte. Ltd. ("Singapore Ltd."), alleging that Singapore Ltd. had breached a certain requirements contract for carbon monoxide by temporarily idling Singapore Ltd.'s acetic acid facility in Jurong Island, Singapore. The Company filed its answer in August 2012. Linde Gas is seeking damages in the amount of \$38 million for the period ended December 31, 2012, in addition to other unspecified damages. The Company believes that Linde Gas' claims lack merit and that the Company has complied with the contract terms and is vigorously defending the matter. Based on the Company's evaluation of currently available information, the Company does not believe the Possible Loss is material. The arbitral panel has bifurcated the case into a liability and damages phase. The hearing for all liability issues took place in June 2013 and a ruling from the arbitral panel is expected during the three months ending December 31, 2013, with a hearing for damages issues thereafter, if necessary.

#### Award Proceedings in Relation to Domination Agreement and Squeeze-Out

The Company's subsidiary, BCP Holdings GmbH ("BCP Holdings"), a German limited liability company, is a defendant in two special award proceedings initiated by minority stockholders of Celanese GmbH seeking the court's review of the amounts (i) of the fair cash compensation and of the guaranteed dividend offered in the purchaser offer under the 2004 Domination Agreement (the "Domination Agreement") and (ii) the fair cash compensation paid for the 2006 squeeze-out ("Squeeze-Out") of all remaining stockholders of Celanese GmbH.

Pursuant to a settlement agreement between BCP Holdings and certain former Celanese GmbH stockholders, if the court sets a higher value for the fair cash compensation or the guaranteed payment under the Domination Agreement or the Squeeze-Out compensation, former Celanese GmbH stockholders who ceased to be stockholders of Celanese GmbH due to the Squeeze-Out will be entitled to claim for their shares the higher of the compensation amounts determined by the court in these different proceedings related to the Domination Agreement and the Squeeze-Out. If the fair cash compensation determined by the court is higher than the Squeeze-Out compensation of €66.99, then 1,069,465 shares will be entitled to an adjustment. If the court determines the value of the fair cash compensation under the Domination Agreement to be lower than the original Squeeze-Out compensation, but determines a higher value for the Squeeze-Out compensation, 924,078 shares would be entitled to an adjustment. Payments already received by these stockholders as compensation for their shares will be offset so that persons who ceased to be stockholders of Celanese GmbH due to the Squeeze-Out are not entitled to more than the higher of the amount set in the two court proceedings.

In September 2011, the share valuation expert appointed by the court rendered an opinion. The expert opined that the fair cash compensation for these stockholders (145,387 shares) should be increased from €41.92 to €51.86. This non-binding opinion recommends a total increase in share value of €2 million for those claims under the Domination Agreement. The opinion has no effect on the Squeeze-Out proceeding because the share price recommended is lower than the price those stockholders already received in the Squeeze-Out. However, the opinion also advocates that the guaranteed dividend should be increased from €2.89 to €3.79, aggregating an increase in total guaranteed dividends of €1 million to the Squeeze-Out claimants. The Company and plaintiffs submitted written responses arguing for alternative valuations during the three months ended December 31, 2011. In March 2013, the expert issued his supplementary

opinion affirming his previous views and calculations. The Company has submitted written objections regarding the calculations and the court has set a hearing for January 28, 2014. Separately, no expert has yet been appointed in the Squeeze-Out proceedings.

For those claims brought under the Domination Agreement, based on the Company's evaluation of currently available information, including the non-binding expert opinions, and the fact that the court has not yet determined the applicable

valuation method, which could increase or decrease the Company's potential exposure, the Company does not believe that the Possible Loss is material.

For those remaining claims brought by the Squeeze-Out claimants, based on the Company's evaluation of currently available information, including that damages sought are unspecified, unsupported or uncertain, the matter presents meaningful legal uncertainties (including novel issues of law and the applicable valuation method), there are significant facts in dispute and the court has not yet appointed an expert, the Company cannot estimate the Possible Loss, if any, at this time.

#### Guarantees

The Company has agreed to guarantee or indemnify third parties for environmental and other liabilities pursuant to a variety of agreements, including asset and business divestiture agreements, leases, settlement agreements and various agreements with affiliated companies. Although many of these obligations contain monetary and/or time limitations, others do not provide such limitations.

As indemnification obligations often depend on the occurrence of unpredictable future events, the future costs associated with them cannot be determined at this time.

The Company has accrued for all probable and reasonably estimable losses associated with all known matters or claims that have been brought to its attention. These known obligations include the following:

#### Demerger Obligations

In connection with the Hoechst demerger, the Company agreed to indemnify Hoechst, and its legal successors, for various liabilities under the demerger agreement, including for environmental liabilities associated with contamination arising either from environmental damage in general ("Category A") or under 19 divestiture agreements entered into by Hoechst prior to the demerger ("Category B") (Note 11).

The Company's obligation to indemnify Hoechst, and its legal successors, is capped under Category B at €250 million. If and to the extent the environmental damage should exceed €750 million in aggregate, the Company's obligation to indemnify Hoechst and its legal successors applies, but is then limited to 33.33% of the remediation cost without further limitations. Cumulative payments under the divestiture agreements as of September 30, 2013 are \$63 million. Most of the divestiture agreements have become time barred and/or any notified environmental damage claims have been partially settled.

The Company has also undertaken in the demerger agreement to indemnify Hoechst and its legal successors for (i) 33.33% of any and all Category A liabilities that result from Hoechst being held as the responsible party pursuant to public law or current or future environmental law or by third parties pursuant to private or public law related to contamination and (ii) liabilities that Hoechst is required to discharge, including tax liabilities, which are associated with businesses that were included in the demerger but were not demerged due to legal restrictions on the transfers of such items. These indemnities do not provide for any monetary or time limitations. The Company has not been requested by Hoechst to make any payments in connection with this indemnification. Accordingly, the Company has not made any payments to Hoechst and its legal successors.

Based on the Company's evaluation of currently available information, including the lack of requests for indemnification, the Company cannot estimate the Possible Loss for the remaining demerger obligations, if any, in excess of amounts accrued.

#### Divestiture Obligations

The Company and its predecessor companies agreed to indemnify third-party purchasers of former businesses and assets for various pre-closing conditions, as well as for breaches of representations, warranties and covenants. Such liabilities also include environmental liability, product liability, antitrust and other liabilities. These indemnifications and guarantees represent standard contractual terms associated with typical divestiture agreements and, other than environmental liabilities, the Company does not believe that they expose the Company to any significant risk (Note 11).

The Company has divested numerous businesses, investments and facilities through agreements containing indemnifications or guarantees to the purchasers. Many of the obligations contain monetary and/or time limitations, ranging from one year to thirty years. The aggregate amount of outstanding indemnifications and guarantees provided for under these agreements is \$133 million as of September 30, 2013. Other agreements do not provide for any

monetary or time limitations.

34

---



Based on the Company's evaluation of currently available information, including the number of requests for indemnification or other payment received by the Company, the Company cannot estimate the Possible Loss for the remaining divestiture obligations, if any, in excess of amounts accrued.

#### Purchase Obligations

In the normal course of business, the Company enters into various purchase commitments for goods and services. The Company maintains a number of "take-or-pay" contracts for purchases of raw materials, utilities and other services. Certain of the contracts contain a contract termination buy-out provision that allows for the Company to exit the contracts for amounts less than the remaining take-or-pay obligations. The Company does not expect to incur any material losses under take-or-pay contractual arrangements. Additionally, the Company has other outstanding commitments representing maintenance and service agreements, energy and utility agreements, consulting contracts and software agreements. As of September 30, 2013, the Company had unconditional purchase obligations of \$3.7 billion which extend through 2034.

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 variable interest entities ("VIEs") as of September 30, 2013 relates primarily to early contract termination fees.

The Company's carrying value of assets and liabilities associated with its obligations to VIEs, as well as the maximum exposure to loss relating to these VIEs are as follows:

	As of September 30, 2013 (In \$ millions)	As of December 31, 2012
Property, plant and equipment, net	113	118
Trade payables	50	41
Current installments of long-term debt	8	7
Long-term debt	137	140
Total	195	188
Maximum exposure to loss	315	273

The difference between the total 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.

## 18. Segment Information

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Eliminations	Consolidated
(In \$ millions)							
Three Months Ended September 30, 2013							
Net sales	346	310	<sup>(1)</sup> 299	795	<sup>(1)</sup> —	(114 )	1,636
Other (charges) gains, net	(2 )	—	(1 )	(1 )	—	—	(4 )
Operating profit (loss)	48	85	24	67	(13 )	—	211
Equity in net earnings (loss) of affiliates	30	—	—	3	8	—	41
Depreciation and amortization	27	10	13	22	4	—	76
Capital expenditures	14	33	8	45	2	—	102 <sup>(2)</sup>
Three Months Ended September 30, 2012 - As Adjusted ( <u>Note 1</u> )							
Net sales	322	314	<sup>(1)</sup> 297	785	<sup>(1)</sup> —	(109 )	1,609
Other (charges) gains, net	1	(1 )	—	1	1	—	2
Operating profit (loss)	44	72	25	63	(28 )	—	176
Equity in net earnings (loss) of affiliates	45	—	—	—	5	—	50
Depreciation and amortization	29	13	13	20	3	—	78
Capital expenditures	11	14	9	47	2	—	83 <sup>(2)</sup>

Net sales for Acetyl Intermediates and Consumer Specialties include inter-segment sales of \$114 million and \$0 <sup>(1)</sup> million, respectively, for the three months ended September 30, 2013 and \$109 million and \$0 million, respectively, for the three months ended September 30, 2012.

<sup>(2)</sup> Excludes expenditures related to the relocation of the Company's polyacetal ("POM") operations in Germany (Note 20) and includes a decrease in accrued capital expenditures of \$8 million and \$4 million for the three months ended September 30, 2013 and 2012, respectively.

Edgar Filing: Celanese Corp - Form 10-Q

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Eliminations	Consolidated
(In \$ millions)							
Nine Months Ended September 30, 2013							
Net sales	1,027	919	(1) 882	2,412	(1) —	(346 )	4,894
Other (charges) gains, net	(6 )	—	(3 )	(2 )	—	—	(11 )
Operating profit (loss)	123	246	57	197	(59 )	—	564
Equity in net earnings (loss) of affiliates	115	3	—	7	25	—	150
Depreciation and amortization	83	30	37	65	12	—	227
Capital expenditures	35	76	19	116	6	—	252 (2)
As of September 30, 2013							
Goodwill and intangibles, net	366	276	60	232	—	—	934
Total assets	2,794	1,409	1,032	2,350	1,927	—	9,512
Nine Months Ended September 30, 2012 - As Adjusted (Note 1)							
Net sales	962	905	(1) 933	2,458	(1) —	(341 )	4,917
Other (charges) gains, net	(1 )	2	—	2	(4 )	—	(1 )
Operating profit (loss)	91	189	80	203	(98 )	—	465
Equity in net earnings (loss) of affiliates	143	2	—	3	15	—	163
Depreciation and amortization	84	33	41	59	10	—	227
Capital expenditures	28	48	25	122	13	—	236 (2)
As of December 31, 2012							
Goodwill and intangibles, net	372	276	65	229	—	—	942
Total assets	2,703	1,296	963	2,238	1,800	—	9,000

Net sales for Acetyl Intermediates and Consumer Specialties include inter-segment sales of \$342 million and \$4 (1) million, respectively, for the nine months ended September 30, 2013 and \$338 million and \$3 million, respectively, for the nine months ended September 30, 2012.

Excludes expenditures related to the relocation of the Company's POM operations in Germany (Note 20) and (2) includes a decrease in accrued capital expenditures of \$7 million and \$34 million for the nine months ended September 30, 2013 and 2012, respectively.

## 19. Earnings (Loss) Per Share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
		As Adjusted (Note 1)		As Adjusted (Note 1)
(In \$ millions, except share and per share data)				
Amounts Attributable to Celanese Corporation				
Earnings (loss) from continuing operations	171	129	445	543
Earnings (loss) from discontinued operations	1	(2	) 2	(2
Net earnings (loss)	172	127	447	541
Weighted average shares - basic	158,501,075	159,158,280	159,282,314	157,970,535
Dilutive stock options	230,110	292,661	229,920	1,054,012
Dilutive restricted stock units	364,346	678,435	334,359	654,091
Weighted average shares - diluted	159,095,531	160,129,376	159,846,593	159,678,638
Securities not included in the computation of diluted net earnings per share as their effect would have been antidilutive are as follows:				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Stock options	38,140	30,032	94,631	15,016
Restricted stock units	—	92	—	5,328
Total	38,140	30,124	94,631	20,344

## 20. Plant Relocation

In November 2006, the Company finalized a settlement agreement with the Frankfurt, Germany Airport ("Fraport") that required the Company to cease operations at its Kelsterbach, Germany POM site and sell the site, including land and buildings, to Fraport, resolving several years of legal disputes related to the planned Fraport expansion. Under the original agreement, Fraport agreed to pay the Company a total of €670 million. Title to the land and buildings will transfer to Fraport upon completion of certain activities as specified in the settlement agreement. Completion of those required activities is expected to occur no later than December 31, 2013. The agreement did not require the proceeds from the settlement be used to build or relocate the existing POM operations; however, based on a number of factors, the Company built a new expanded production facility in the Frankfurt Hoechst Industrial Park in the Rhine Main area in Germany.

The Company received its final payment from Fraport of €110 million during the three months ended June 30, 2011 and ceased POM operations at the Kelsterbach, Germany site prior to July 31, 2011. In September 2011, the Company announced the opening of its new POM production facility in Frankfurt Hoechst Industrial Park, Germany.

A summary of the financial statement impact associated with the Kelsterbach plant relocation is as follows:

	Nine Months Ended September 30,		Total From Inception Through September 30, 2013
	2013	2012	
	(In \$ millions)		
Deferred proceeds <sup>(1)</sup>	—	—	907
Costs expensed	6	5	119
Costs capitalized <sup>(2)</sup>	4	30	1,131
Lease buyout	—	—	22
Employee termination benefits	—	—	8

Included in noncurrent Other liabilities in the consolidated balance sheets. Amounts reflect the US dollar equivalent at the time of receipt. Upon transfer of the land and buildings to Fraport, the deferred proceeds will be

<sup>(1)</sup> recognized in the consolidated statements of operations. Such proceeds will be reduced by assets of €6 million included in Property, plant and equipment, net and €103 million included in noncurrent Other assets in the consolidated balance sheets, to be transferred to Fraport or otherwise disposed.

<sup>(2)</sup> Includes a decrease in accrued capital expenditures of \$2 million and \$13 million for the nine months ended September 30, 2013 and 2012, respectively.

#### 21. Consolidating Guarantor Financial Information

The Senior Notes were issued by Celanese US (the "Issuer") and are guaranteed by Celanese Corporation (the "Parent Guarantor") and the Subsidiary Guarantors (Note 9). The Issuer and Subsidiary Guarantors are 100% owned subsidiaries of the Parent Guarantor. The Parent Guarantor and Subsidiary Guarantors have guaranteed the Notes fully and unconditionally and jointly and severally.

For cash management purposes, the Company transfers cash between Parent Guarantor, Issuer, Subsidiary Guarantors and non-guarantors through intercompany financing arrangements, contributions or declaration of dividends between the respective parent and its subsidiaries. The transfer of cash under these activities facilitates the ability of the recipient to make specified third-party payments for principal and interest on the Company's outstanding debt, Common Stock dividends and Common Stock repurchases. The consolidating statements of cash flow for the nine months ended September 30, 2013 and 2012 present such intercompany financing activities, contributions and dividends consistent with how such activity would be presented in a stand-alone statement of cash flows. Previously, the Company presented such activity within the category where the ultimate use of cash to third parties was presented in the consolidated statements of cash flow. Prior amounts have been revised to conform to the current presentation. The Company has not presented separate financial information and other disclosures for each of its Subsidiary Guarantors because it believes such financial information and other disclosures would not provide investors with any additional information that would be material in evaluating the sufficiency of the guarantees.

The unaudited interim consolidating financial statements for the Parent Guarantor, the Issuer, the Subsidiary Guarantors and the non-guarantors are as follows:

CELANESE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS

Three Months Ended September 30, 2013

	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	709	1,250	(323 )	1,636
Cost of sales	—	—	(477 )	(1,136 )	323	(1,290 )
Gross profit	—	—	232	114	—	346
Selling, general and administrative expenses	—	—	(18 )	(79 )	—	(97 )
Amortization of intangible assets	—	—	(2 )	(4 )	—	(6 )
Research and development expenses	—	—	(17 )	(7 )	—	(24 )
Other (charges) gains, net	—	—	(1 )	(3 )	—	(4 )
Foreign exchange gain (loss), net	—	—	—	(2 )	—	(2 )
Gain (loss) on disposition of businesses and assets, net	—	—	—	(2 )	—	(2 )
Operating profit (loss)	—	—	194	17	—	211
Equity in net earnings (loss) of affiliates	172	200	35	30	(396 )	41
Interest expense	—	(48 )	(8 )	(19 )	32	(43 )
Refinancing expense	—	(1 )	—	—	—	(1 )
Interest income	—	14	17	1	(32 )	—
Dividend income - cost investments	—	—	—	22	—	22
Other income (expense), net	—	—	—	(2 )	—	(2 )
Earnings (loss) from continuing operations before tax	172	165	238	49	(396 )	228
Income tax (provision) benefit	—	7	(63 )	(1 )	—	(57 )
Earnings (loss) from continuing operations	172	172	175	48	(396 )	171
Earnings (loss) from operation of discontinued operations	—	—	1	—	—	1
Gain (loss) on disposition of discontinued operations	—	—	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	—	—	—	—
Earnings (loss) from discontinued operations	—	—	1	—	—	1
Net earnings (loss)	172	172	176	48	(396 )	172
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	172	172	176	48	(396 )	172

CELANESE CORPORATION AND SUBSIDIARIES  
 UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2012					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	As Adjusted ( <u>Note 1</u> )					
	(In \$ millions)					
Net sales	—	—	670	1,196	(257	) 1,609
Cost of sales	—	—	(467	) (1,079	) 265	(1,281 )
Gross profit	—	—	203	117	8	328
Selling, general and administrative expenses	—	—	(34	) (79	) —	(113 )
Amortization of intangible assets	—	—	(4	) (8	) —	(12 )
Research and development expenses	—	—	(16	) (7	) —	(23 )
Other (charges) gains, net	—	—	6	(4	) —	2
Foreign exchange gain (loss), net	—	—	—	(4	) —	(4 )
Gain (loss) on disposition of businesses and assets, net	—	—	(1	) (1	) —	(2 )
Operating profit (loss)	—	—	154	14	8	176
Equity in net earnings (loss) of affiliates	126	151	44	37	(308	) 50
Interest expense	—	(48	) (10	) (18	) 32	(44 )
Refinancing expense	—	—	—	—	—	—
Interest income	—	14	16	2	(32	) —
Dividend income - cost investments	—	—	—	1	—	1
Other income (expense), net	—	(1	) —	4	—	3
Earnings (loss) from continuing operations before tax	126	116	204	40	(300	) 186
Income tax (provision) benefit	1	10	(58	) (8	) (2	) (57 )
Earnings (loss) from continuing operations	127	126	146	32	(302	) 129
Earnings (loss) from operation of discontinued operations	—	—	(2	) (1	) —	(3 )
Gain (loss) on disposition of discontinued operations	—	—	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	1	—	—	1
Earnings (loss) from discontinued operations	—	—	(1	) (1	) —	(2 )
Net earnings (loss)	127	126	145	31	(302	) 127
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	127	126	145	31	(302	) 127





CELANESE CORPORATION AND SUBSIDIARIES  
 UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2013					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	2,121	3,699	(926 )	4,894
Cost of sales	—	—	(1,455 )	(3,369 )	928	(3,896 )
Gross profit	—	—	666	330	2	998
Selling, general and administrative expenses	—	—	(65 )	(251 )	—	(316 )
Amortization of intangible assets	—	—	(9 )	(17 )	—	(26 )
Research and development expenses	—	—	(48 )	(25 )	—	(73 )
Other (charges) gains, net	—	—	3	(10 )	(4 )	(11 )
Foreign exchange gain (loss), net	—	—	—	(5 )	—	(5 )
Gain (loss) on disposition of businesses and assets, net	—	—	—	(3 )	—	(3 )
Operating profit (loss)	—	—	547	19	(2 )	564
Equity in net earnings (loss) of affiliates	443	528	117	124	(1,062 )	150
Interest expense	—	(144 )	(27 )	(51 )	92	(130 )
Refinancing expense	—	(1 )	—	—	—	(1 )
Interest income	—	41	48	4	(92 )	1
Dividend income - cost investments	—	—	—	69	—	69
Other income (expense), net	—	—	—	1	—	1
Earnings (loss) from continuing operations before tax	443	424	685	166	(1,064 )	654
Income tax (provision) benefit	4	19	(176 )	(56 )	—	(209 )
Earnings (loss) from continuing operations	447	443	509	110	(1,064 )	445
Earnings (loss) from operation of discontinued operations	—	—	3	—	—	3
Gain (loss) on disposition of discontinued operations	—	—	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	(1 )	—	—	(1 )
Earnings (loss) from discontinued operations	—	—	2	—	—	2
Net earnings (loss)	447	443	511	110	(1,064 )	447
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	447	443	511	110	(1,064 )	447



CELANESE CORPORATION AND SUBSIDIARIES  
 UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2012					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	As Adjusted (Note 1)					
	(In \$ millions)					
Net sales	—	—	2,044	3,684	(811	) 4,917
Cost of sales	—	—	(1,462	) (3,339	) 821	(3,980 )
Gross profit	—	—	582	345	10	937
Selling, general and administrative expenses	—	—	(112	) (242	) —	(354 )
Amortization of intangible assets	—	—	(13	) (25	) —	(38 )
Research and development expenses	—	—	(48	) (25	) —	(73 )
Other (charges) gains, net	—	—	13	(8	) (6	) (1 )
Foreign exchange gain (loss), net	—	—	—	(4	) —	(4 )
Gain (loss) on disposition of businesses and assets, net	—	—	(1	) (1	) —	(2 )
Operating profit (loss)	—	—	421	40	4	465
Equity in net earnings (loss) of affiliates	539	608	134	128	(1,246	) 163
Interest expense	—	(144	) (31	) (55	) 96	(134 )
Refinancing expense	—	—	—	—	—	—
Interest income	—	44	48	5	(96	) 1
Dividend income - cost investments	—	—	—	85	—	85
Other income (expense), net	—	—	—	4	—	4
Earnings (loss) from continuing operations before tax	539	508	572	207	(1,242	) 584
Income tax (provision) benefit	2	31	(42	) (31	) (1	) (41 )
Earnings (loss) from continuing operations	541	539	530	176	(1,243	) 543
Earnings (loss) from operation of discontinued operations	—	—	(2	) (1	) —	(3 )
Gain (loss) on disposition of discontinued operations	—	—	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	1	—	—	1
Earnings (loss) from discontinued operations	—	—	(1	) (1	) —	(2 )
Net earnings (loss)	541	539	529	175	(1,243	) 541
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	541	539	529	175	(1,243	) 541

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30, 2013						
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated	
	(In \$ millions)						
Net earnings (loss)	172	172	176	48	(396	) 172	
Other comprehensive income (loss), net of tax							
Unrealized gain (loss) on marketable securities	1	1	1	—	(2	) 1	
Foreign currency translation	42	42	1	(4	) (39	) 42	
Gain (loss) on interest rate swaps	1	1	1	—	(2	) 1	
Pension and postretirement benefits	—	—	—	—	—	—	
Total other comprehensive income (loss), net of tax	44	44	3	(4	) (43	) 44	
Total comprehensive income (loss), net of tax	216	216	179	44	(439	) 216	
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—	—	—	
Comprehensive income (loss) attributable to Celanese Corporation	216	216	179	44	(439	) 216	
	Three Months Ended September 30, 2012						
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated	
	As Adjusted (Note 1)						
	(In \$ millions)						
Net earnings (loss)	127	126	145	31	(302	) 127	
Other comprehensive income (loss), net of tax							
Unrealized gain (loss) on marketable securities	—	—	—	—	—	—	
Foreign currency translation	28	28	(5	) (1	) (22	) 28	
Gain (loss) on interest rate swaps	(2	) (2	) —	—	2	(2	)
Pension and postretirement benefits	—	—	—	—	—	—	
Total other comprehensive income (loss), net of tax	26	26	(5	) (1	) (20	) 26	
Total comprehensive income (loss), net of tax	153	152	140	30	(322	) 153	
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—	—	—	
Comprehensive income (loss) attributable to Celanese Corporation	153	152	140	30	(322	) 153	

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Nine Months Ended September 30, 2013					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net earnings (loss)	447	443	511	110	(1,064 )	447
Other comprehensive income (loss), net of tax						
Unrealized gain (loss) on marketable securities	1	1	1	—	(2 )	1
Foreign currency translation	37	37	4	(2 )	(39 )	37
Gain (loss) on interest rate swaps	4	4	—	—	(4 )	4
Pension and postretirement benefits	—	—	—	—	—	—
Total other comprehensive income (loss), net of tax	42	42	5	(2 )	(45 )	42
Total comprehensive income (loss), net of tax	489	485	516	108	(1,109 )	489
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—	—	—
Comprehensive income (loss) attributable to Celanese Corporation	489	485	516	108	(1,109 )	489
	Nine Months Ended September 30, 2012					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	As Adjusted (Note 1)					
	(In \$ millions)					
Net earnings (loss)	541	539	529	175	(1,243 )	541
Other comprehensive income (loss), net of tax						
Unrealized gain (loss) on marketable securities	—	—	—	—	—	—
Foreign currency translation	4	4	1	4	(9 )	4
Gain (loss) on interest rate swaps	(1 )	(1 )	—	—	1	(1 )
Pension and postretirement benefits	(6 )	(6 )	(6 )	(3 )	15	(6 )
Total other comprehensive income (loss), net of tax	(3 )	(3 )	(5 )	1	7	(3 )
Total comprehensive income (loss), net of tax	538	536	524	176	(1,236 )	538
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—	—	—
Comprehensive income (loss) attributable to Celanese Corporation	538	536	524	176	(1,236 )	538

CELANESE CORPORATION AND SUBSIDIARIES  
UNAUDITED CONSOLIDATING BALANCE SHEET

	As of September 30, 2013					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	—	—	398	702	—	1,100
Trade receivables - third party and affiliates	—	—	158	962	(171)	949
Non-trade receivables, net	32	455	2,032	550	(2,776)	293
Inventories, net	—	—	217	608	(72)	753
Deferred income taxes	—	—	64	7	(21)	50
Marketable securities, at fair value	—	—	44	—	—	44
Other assets	—	7	19	35	(22)	39
<b>Total current assets</b>	<b>32</b>	<b>462</b>	<b>2,932</b>	<b>2,864</b>	<b>(3,062)</b>	<b>3,228</b>
Investments in affiliates	2,052	3,846	1,728	588	(7,357)	857
Property, plant and equipment, net	—	—	890	2,501	—	3,391
Deferred income taxes	—	3	508	93	—	604
Other assets	—	1,938	132	452	(2,024)	498
Goodwill	—	—	305	482	—	787
Intangible assets, net	—	—	66	81	—	147
<b>Total assets</b>	<b>2,084</b>	<b>6,249</b>	<b>6,561</b>	<b>7,061</b>	<b>(12,443)</b>	<b>9,512</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Short-term borrowings and current installments of long-term debt - third party and affiliates	—	1,636	125	402	(1,939)	224
Trade payables - third party and affiliates	—	—	297	613	(171)	739
Other liabilities	—	65	377	417	(402)	457
Deferred income taxes	—	21	—	25	(21)	25
Income taxes payable	—	—	541	87	(476)	152
<b>Total current liabilities</b>	<b>—</b>	<b>1,722</b>	<b>1,340</b>	<b>1,544</b>	<b>(3,009)</b>	<b>1,597</b>
<b>Noncurrent Liabilities</b>						
Long-term debt	—	2,466	812	1,614	(2,022)	2,870
Deferred income taxes	—	—	13	48	—	61
Uncertain tax positions	—	6	26	171	—	203
Benefit obligations	—	—	1,311	235	—	1,546
Other liabilities	—	3	93	1,065	(10)	1,151
<b>Total noncurrent liabilities</b>	<b>—</b>	<b>2,475</b>	<b>2,255</b>	<b>3,133</b>	<b>(2,032)</b>	<b>5,831</b>
<b>Total Celanese Corporation stockholders' equity</b>	<b>2,084</b>	<b>2,052</b>	<b>2,966</b>	<b>2,384</b>	<b>(7,402)</b>	<b>2,084</b>
Noncontrolling interests	—	—	—	—	—	—
<b>Total equity</b>	<b>2,084</b>	<b>2,052</b>	<b>2,966</b>	<b>2,384</b>	<b>(7,402)</b>	<b>2,084</b>
<b>Total liabilities and equity</b>	<b>2,084</b>	<b>6,249</b>	<b>6,561</b>	<b>7,061</b>	<b>(12,443)</b>	<b>9,512</b>



CELANESE CORPORATION AND SUBSIDIARIES  
UNAUDITED CONSOLIDATING BALANCE SHEET

As of December 31, 2012

	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	10	—	275	674	—	959
Trade receivables - third party and affiliates	—	—	340	653	(166)	827
Non-trade receivables, net	31	444	1,754	484	(2,504)	209
Inventories, net	—	—	196	589	(74)	711
Deferred income taxes	—	—	62	8	(21)	49
Marketable securities, at fair value	—	—	52	1	—	53
Other assets	—	5	15	27	(16)	31
Total current assets	41	449	2,694	2,436	(2,781)	2,839
Investments in affiliates	1,692	3,437	1,579	570	(6,478)	800
Property, plant and equipment, net	—	—	813	2,537	—	3,350
Deferred income taxes	—	5	509	92	—	606
Other assets	—	1,927	132	414	(2,010)	463
Goodwill	—	—	305	472	—	777
Intangible assets, net	—	—	69	96	—	165
Total assets	1,733	5,818	6,101	6,617	(11,269)	9,000
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Short-term borrowings and current installments of long-term debt - third party and affiliates	—	1,584	208	159	(1,783)	168
Trade payables - third party and affiliates	—	—	269	546	(166)	649
Other liabilities	—	40	267	475	(307)	475
Deferred income taxes	—	21	—	25	(21)	25
Income taxes payable	—	—	419	73	(454)	38
Total current liabilities	—	1,645	1,163	1,278	(2,731)	1,355
<b>Noncurrent Liabilities</b>						
Long-term debt	—	2,467	872	1,597	(2,006)	2,930
Deferred income taxes	—	—	—	50	—	50
Uncertain tax positions	3	6	23	149	—	181
Benefit obligations	—	—	1,362	240	—	1,602
Other liabilities	—	8	101	1,055	(12)	1,152
Total noncurrent liabilities	3	2,481	2,358	3,091	(2,018)	5,915
Total Celanese Corporation stockholders' equity	1,730	1,692	2,580	2,248	(6,520)	1,730
Noncontrolling interests	—	—	—	—	—	—
Total equity	1,730	1,692	2,580	2,248	(6,520)	1,730
Total liabilities and equity	1,733	5,818	6,101	6,617	(11,269)	9,000





## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2013					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net cash provided by (used in) operating activities	144	58	650	44	(288)	) 608
Investing Activities						
Capital expenditures on property, plant and equipment	—	—	(172)	) (87)	) —	(259)
Acquisitions, net of cash acquired	—	—	—	—	—	—
Proceeds from sale of businesses and assets, net	—	—	—	13	—	13
Deferred proceeds from Kelsterbach plant relocation	—	—	—	—	—	—
Capital expenditures related to Kelsterbach plant relocation	—	—	—	(6)	) —	(6)
Return of capital from subsidiary	—	—	—	—	—	—
Contributions to subsidiary	—	—	(20)	) —	20	—
Intercompany loan receipts (disbursements)	—	4	(92)	) —	88	—
Other, net	—	—	(26)	) (12)	) —	(38)
Net cash provided by (used in) investing activities	—	4	(310)	) (92)	) 108	(290)
Financing Activities						
Short-term borrowings (repayments), net	—	92	(4)	) (8)	) (92)	) (12)
Proceeds from short-term borrowings	—	—	—	154	—	154
Repayments of short-term borrowings	—	—	—	(51)	) —	(51)
Proceeds from long-term debt	—	24	50	—	—	74
Repayments of long-term debt	—	(32)	) (119)	) (45)	) 4	(192)
Refinancing costs	—	(2)	) —	—	—	(2)
Purchases of treasury stock, including related fees	(102)	) —	—	—	—	(102)
Dividends to parent	—	(144)	) (144)	) —	288	—
Contributions from parent	—	—	—	20	(20)	) —
Stock option exercises	3	—	—	—	—	3
Series A common stock dividends	(55)	) —	—	—	—	(55)
Return of capital to parent	—	—	—	—	—	—
Other, net	—	—	—	—	—	—
Net cash provided by (used in) financing activities	(154)	) (62)	) (217)	) 70	180	(183)
Exchange rate effects on cash and cash equivalents	—	—	—	6	—	6
Net increase (decrease) in cash and cash equivalents	(10)	) —	123	28	—	141
Cash and cash equivalents as of beginning of period	10	—	275	674	—	959

Cash and cash equivalents as of end of period	—	—	398	702	—	1,100
---	---	---	-----	-----	---	-------

48

---

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENT OF CASH FLOWS

Nine Months Ended September 30, 2012

	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated	
	(In \$ millions)						
Net cash provided by (used in) operating activities	7	(54	) 396	382	(70	) 661	
Investing Activities							
Capital expenditures on property, plant and equipment	—	—	(132	) (138	) —	(270	)
Acquisitions, net of cash acquired	—	—	(23	) —	—	(23	)
Proceeds from sale of businesses and assets, net	—	—	1	—	—	1	
Deferred proceeds from Kelsterbach plant relocation	—	—	—	—	—	—	
Capital expenditures related to Kelsterbach plant relocation	—	—	—	(43	) —	(43	)
Return of capital from subsidiary	—	—	—	—	—	—	
Contributions to subsidiary	—	—	(3	) —	3	—	
Intercompany loan receipts (disbursements)	—	4	(96	) —	92	—	
Other, net	—	—	(9	) (53	) —	(62	)
Net cash provided by (used in) investing activities	—	4	(262	) (234	) 95	(397	)
Financing Activities							
Short-term borrowings (repayments), net	—	96	(2	) (9	) (92	) (7	)
Proceeds from short-term borrowings	—	—	—	50	—	50	
Repayments of short-term borrowings	—	—	—	(50	) —	(50	)
Proceeds from long-term debt	—	—	—	—	—	—	
Repayments of long-term debt	—	(11	) (5	) (16	) —	(32	)
Refinancing costs	—	—	—	—	—	—	
Purchases of treasury stock, including related fees	(37	) —	—	—	—	(37	)
Dividends to parent	—	(35	) (35	) —	70	—	
Contributions from parent	—	—	—	3	(3	) —	
Stock option exercises	58	—	—	—	—	58	
Series A common stock dividends	(31	) —	—	—	—	(31	)
Return of capital to parent	—	—	—	—	—	—	
Other, net	29	—	—	(1	) —	28	
Net cash provided by (used in) financing activities	19	50	(42	) (23	) (25	) (21	)
Exchange rate effects on cash and cash equivalents	—	—	—	3	—	3	
Net increase (decrease) in cash and cash equivalents	26	—	92	128	—	246	
Cash and cash equivalents as of beginning of period	—	—	133	549	—	682	

Cash and cash equivalents as of end of period	26	—	225	677	—	928
---	----	---	-----	-----	---	-----

49

---

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 terms the "Company," "we," "our" and "us," refer to Celanese and its subsidiaries on a consolidated basis. The term "Celanese US" refers to the Company's subsidiary, Celanese US Holdings LLC, a Delaware limited liability company, and not its subsidiaries.

The following discussion should be read in conjunction with the Celanese Corporation and Subsidiaries consolidated financial statements as of and for the year ended December 31, 2012, originally filed on February 8, 2013 with the Securities and Exchange Commission ("SEC") as part of the Company's Annual Reporting on Form 10-K (the "2012 Form 10-K") and updated to incorporate the effect of changes in the Company's pension accounting, filed on April 26, 2013 with the SEC as Exhibit 99.3 to a Current Report on Form 8-K (the "April 2013 Form 8-K") and the unaudited interim consolidated financial statements and notes thereto included elsewhere in this Quarterly Report.

Investors are cautioned that the forward-looking statements contained within this Quarterly Report involve both risk and uncertainty. Several important factors could cause actual results to differ materially from those anticipated by these statements. Many of these statements are macroeconomic in nature and are, therefore, beyond the control of management. See "Special Note Regarding Forward-Looking Statements" below and at the beginning of our 2012 Form 10-K.

### Special Note Regarding Forward-Looking Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and other parts of this Quarterly Report contain certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by, and information currently available to, us. You can identify these statements by the fact that they do not relate to matters of a strictly factual or historical nature and generally discuss or relate to forecasts, estimates or other expectations regarding future events. Generally, words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "may," "can," "could," "might," "will" and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect our current views and beliefs with respect to future events at the time that the statements are made, are not historical facts or guarantees of future performance and are subject to significant risks, uncertainties and other factors that are difficult to predict and many of which are outside of our control. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate and, accordingly, should not have undue reliance placed upon them. All forward-looking statements made in this Quarterly Report are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this Quarterly Report will increase with the passage of time. We undertake no obligation, and disclaim any duty, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changes in our expectations or otherwise.

See Part I - Item 1A. Risk Factors of our 2012 Form 10-K and subsequent periodic filings we make with the SEC for a description of risk factors that could significantly affect our financial results. In addition, the following factors could cause our actual results to differ materially from those results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, among other things:

- changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate;
- the length and depth of product and industry business cycles particularly in the automotive, electrical, textiles, electronics and construction industries;
- changes in the price and availability of raw materials, particularly changes in the demand for, supply of, and market prices of ethylene, methanol, natural gas, wood pulp and fuel oil and the prices for electricity and other energy sources;
- the ability to pass increases in raw material prices on to customers or otherwise improve margins through price increases;
- the ability to maintain plant utilization rates and to implement planned capacity additions and expansions;
- the ability to reduce or maintain their current levels of production costs and to improve productivity by implementing technological improvements to existing plants;

• increased price competition and the introduction of competing products by other companies;  
• market acceptance of our technology;

50

---

- the ability to obtain governmental approvals and to construct facilities on terms and schedules acceptable to the company;
- changes in the degree of intellectual property and other legal protection afforded to our products or technologies, or the theft of such intellectual property;
- compliance and other costs and potential disruption or interruption of production or operations due to accidents, interruptions in sources of raw materials, cyber security incidents, terrorism or political unrest, or other unforeseen events or delays in construction or operation of facilities, including as a result of geopolitical conditions, the occurrence of acts of war or terrorist incidents or as a result of weather or natural disasters;
- potential liability for remedial actions and increased costs under existing or future environmental regulations, including those relating to climate change;
- potential liability resulting from pending or future litigation, or from changes in the laws, regulations or policies of governments or other governmental activities in the countries in which we operate;
- changes in currency exchange rates and interest rates;
- our level of indebtedness, which could diminish our ability to raise additional capital to fund operations or limit our ability to react to changes in the economy or the chemicals industry; and
- various other factors, both referenced and not referenced in this Quarterly Report.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this Quarterly Report as anticipated, believed, estimated, expected, intended, planned or projected.

#### Overview

We are a global technology and specialty materials company. We are one of the world's largest producers of acetyl products, which are intermediate chemicals, for nearly all major industries, as well as a leading global producer of high performance engineered polymers that are used in a variety of high-value applications. As a recognized innovator in the chemicals industry, we engineer and manufacture a wide variety of products essential to everyday living. Our broad product portfolio serves a diverse set of end-use applications including paints and coatings, textiles, automotive applications, consumer and medical applications, performance industrial applications, filter media, paper and packaging, chemical additives, construction, consumer and industrial adhesives, and food and beverage applications. Our products enjoy leading global positions due to our large global production capacity, operating efficiencies, proprietary production technology and competitive cost structures.

Our large and diverse global customer base primarily consists of major companies in a broad array of industries. We hold geographically balanced global positions and participate in diversified end-use applications. We combine a demonstrated track record of execution, strong performance built on shared principles and objectives, and a clear focus on growth and value creation. Known for operational excellence and execution of our business strategies, we deliver value to customers around the globe with best-in-class technologies and solutions.

In conjunction with our focus on the Celanese brand, the names of our reporting units have changed to engineered materials (formerly Advanced Engineered Materials), cellulose derivatives (formerly Acetate Products), food ingredients (formerly Nutrinova), emulsion polymers (formerly Emulsions), EVA polymers (formerly EVA Performance Polymers) and intermediate chemistry (formerly Acetyl Intermediates). There has been no change to the names or composition of the Company's business segments.

#### 2013 Highlights:

In July 2013, we announced a 100% increase in our quarterly Series A Common Stock cash dividend, increasing the quarterly dividend rate from \$0.09 to \$0.18 per share of Common Stock on a quarterly basis and \$0.36 to \$0.72 per share of Common Stock on an annual basis. The new dividend rate began in August 2013.

- We signed a Memorandum of Understanding ("MOU") with PetroChina Limited to advance the development of synthetic fuel ethanol opportunities in China utilizing our proprietary TCX<sup>®</sup> ethanol process technology.





We introduced six significant new product platforms from our engineered materials business at K-Fair 2013, the premier global trade fair for the plastics industry, including:

Next generation GUR<sup>®</sup> UHMW-PE with step change in material performance and processing efficiencies

Hostaform<sup>®</sup> XGC Glass Reinforced POM with superior mechanical properties

Fortron<sup>®</sup> ICE PPS with improved productivity and properties

Hostaform<sup>®</sup> PTX POM series for flexible applications

Hostaform<sup>®</sup> LPT POM for molded fuel tanks

Hostaform<sup>®</sup> POM S series expanded to include new XT grades with improved toughness

We signed an agreement with Mitsui & Co., Ltd., of Tokyo, Japan, to establish a joint venture for the production of methanol at our integrated chemical plant in Clear Lake, Texas. The total investment in the facility is estimated to be \$800 million. Our portion of the investment is estimated to be \$300 million, in addition to previously invested assets at our Clear Lake facility. The planned methanol facility will have an annual capacity of 1.3 million tons and is expected to begin operations in mid-2015.

In April 2013, we announced a 20% increase in our quarterly Series A Common Stock cash dividend, increasing the quarterly dividend rate from \$0.075 to \$0.09 per share of Common Stock on a quarterly basis and \$0.30 to \$0.36 per share of Common Stock on an annual basis. This new dividend rate was effective for May 2013.

We signed a MOU with Pertamina, the state-owned energy company of the Republic of Indonesia, to begin the detailed project planning phase for the development of a fuel ethanol project in Indonesia. The MOU outlines the parties' intentions to establish a joint venture under which we would own a majority share and would license our leading TCX<sup>®</sup> technology to the joint venture under a separate technology licensing agreement. Under the detailed project planning phase of the MOU, we and Pertamina will select the first production location, initiate project permitting and negotiate coal supply and other industrial partner agreements. This phase of the MOU is expected to be completed by mid-2014.

We received the JEC Innovation Award for the first thermoplastic composite tailplane for a helicopter. The new composite tailplane of the AgustaWestland AW169 helicopter results in 15 percent weight reduction from conventional composites and contributes considerably to fuel savings and lower emissions.

We introduced a new generation of Thermx<sup>®</sup> PCT grades that deliver outstanding initial reflectance and reflectance stability under heat and light as required in light-emitting diode ("LED") lighting packages found in display backlight and general lighting.

We elected Edward G. Galante to our board of directors. Mr. Galante is a former senior vice president of Exxon Mobil Corporation.

#### Results of Operations

##### Change in accounting policy regarding pension and other postretirement benefits

Effective January 1, 2013, we elected to change our accounting policy for recognizing actuarial gains and losses and changes in the fair value of plan assets for our defined benefit pension plans and other postretirement benefit plans. We now immediately recognize changes in fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement during a fiscal year. The remaining components of net periodic benefit cost are recorded on a quarterly basis. For further discussion, see Note 1 - Description of the Company and Basis of Presentation in the accompanying unaudited interim consolidated financial statements.

In connection with the changes in accounting policy for pension and other postretirement benefits and to properly match the actual operational expenses each business segment is incurring, we changed our allocation of net periodic benefit cost. We now allocate only the service cost and amortization of prior service cost components of our pension and postretirement plans to each business segment on a ratable basis. All other components of net periodic benefit cost (interest cost, estimated return on assets and net actuarial gains and losses) are recorded to Other Activities as these components are considered financing activities managed at the corporate level. Financial information for prior periods has been retrospectively adjusted.



## Financial Highlights

	Three Months Ended September 30, 2013			Change	Nine Months Ended September 30, 2013			Change
	2012 As Adjusted				2012 As Adjusted			
(unaudited)								
(In \$ millions)								
Statement of Operations Data								
Net sales	1,636	1,609	27	4,894	4,917	(23	)	
Gross profit	346	328	18	998	937	61		
Selling, general and administrative expenses	(97	) (113	) 16	(316	) (354	) 38		
Other (charges) gains, net	(4	) 2	(6	) (11	) (1	) (10	)	
Operating profit (loss)	211	176	35	564	465	99		
Equity in net earnings of affiliates	41	50	(9	) 150	163	(13	)	
Interest expense	(43	) (44	) 1	(130	) (134	) 4		
Dividend income - cost investments	22	1	21	69	85	(16	)	
Earnings (loss) from continuing operations before tax	228	186	42	654	584	70		
Amounts attributable to Celanese Corporation								
Earnings (loss) from continuing operations	171	129	42	445	543	(98	)	
Earnings (loss) from discontinued operations	1	(2	) 3	2	(2	) 4		
Net earnings (loss)	172	127	45	447	541	(94	)	
Other Data								
Depreciation and amortization	76	78	(2	) 227	227	—		
Operating margin <sup>(1)</sup>	12.9	% 10.9	%	11.5	% 9.5	%		
Other (charges) gains, net								
Employee termination benefits	—	(1	) 1	(3	) (2	) (1	)	
Kelsterbach plant relocation	(2	) (3	) 1	(6	) (5	) (1	)	
Plumbing actions	—	4	(4	) —	4	(4	)	
Asset impairments	(2	) —	(2	) (2	) —	(2	)	
Commercial disputes	—	2	(2	) —	2	(2	)	
Total other (charges) gains, net	(4	) 2	(6	) (11	) (1	) (10	)	

<sup>(1)</sup> Defined as operating profit (loss) divided by net sales.

	As of September 30, 2013 (unaudited) (In \$ millions)	As of December 31, 2012
Balance Sheet Data		
Cash and cash equivalents	1,100	959

Edgar Filing: Celanese Corp - Form 10-Q

Short-term borrowings and current installments of long-term debt - third party and affiliates	224	168
Long-term debt	2,870	2,930
Total debt	3,094	3,098

53

---

Edgar Filing: Celanese Corp - Form 10-Q

Selected Data by Business Segment

	Three Months Ended			Nine Months Ended		
	September 30, 2013	2012 As Adjusted	Change	September 30, 2013	2012 As Adjusted	Change
(unaudited)						
(In \$ millions, except percentages)						
<b>Net Sales</b>						
Advanced Engineered Materials	346	322	24	1,027	962	65
Consumer Specialties	310	314	(4)	919	905	14
Industrial Specialties	299	297	2	882	933	(51)
Acetyl Intermediates	795	785	10	2,412	2,458	(46)
Other Activities	—	—	—	—	—	—
Inter-segment eliminations	(114)	(109)	(5)	(346)	(341)	(5)
<b>Total</b>	<b>1,636</b>	<b>1,609</b>	<b>27</b>	<b>4,894</b>	<b>4,917</b>	<b>(23)</b>
<b>Other (Charges) Gains, Net</b>						
Advanced Engineered Materials	(2)	1	(3)	(6)	(1)	(5)
Consumer Specialties	—	(1)	1	—	2	(2)
Industrial Specialties	(1)	—	(1)	(3)	—	(3)
Acetyl Intermediates	(1)	1	(2)	(2)	2	(4)
Other Activities	—	1	(1)	—	(4)	4
<b>Total</b>	<b>(4)</b>	<b>2</b>	<b>(6)</b>	<b>(11)</b>	<b>(1)</b>	<b>(10)</b>
<b>Operating Profit (Loss)</b>						
Advanced Engineered Materials	48	44	4	123	91	32
Consumer Specialties	85	72	13	246	189	57
Industrial Specialties	24	25	(1)	57	80	(23)
Acetyl Intermediates	67	63	4	197	203	(6)
Other Activities	(13)	(28)	15	(59)	(98)	39
<b>Total</b>	<b>211</b>	<b>176</b>	<b>35</b>	<b>564</b>	<b>465</b>	<b>99</b>
<b>Earnings (Loss) From Continuing Operations Before Tax</b>						
Advanced Engineered Materials	79	89	(10)	239	234	5
Consumer Specialties	106	72	34	317	274	43
Industrial Specialties	24	25	(1)	57	80	(23)
Acetyl Intermediates	70	65	5	206	208	(2)
Other Activities	(51)	(65)	14	(165)	(212)	47
<b>Total</b>	<b>228</b>	<b>186</b>	<b>42</b>	<b>654</b>	<b>584</b>	<b>70</b>
<b>Depreciation and Amortization</b>						
Advanced Engineered Materials	27	29	(2)	83	84	(1)
Consumer Specialties	10	13	(3)	30	33	(3)
Industrial Specialties	13	13	—	37	41	(4)
Acetyl Intermediates	22	20	2	65	59	6
Other Activities	4	3	1	12	10	2
<b>Total</b>	<b>76</b>	<b>78</b>	<b>(2)</b>	<b>227</b>	<b>227</b>	<b>—</b>
<b>Operating Margin</b>						
Advanced Engineered Materials	13.9	% 13.7	%	12.0	% 9.5	%
Consumer Specialties	27.4	% 22.9	%	26.8	% 20.9	%
Industrial Specialties	8.0	% 8.4	%	6.5	% 8.6	%

Edgar Filing: Celanese Corp - Form 10-Q

Acetyl Intermediates	8.4	%	8.0	%	8.2	%	8.3	%
Total	12.9	%	10.9	%	11.5	%	9.5	%

54

---

## Factors Affecting Business Segment Net Sales

The percentage increase (decrease) in net sales attributable to each of the factors indicated for each of our business segments is as follows:

## Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

	Volume (unaudited) (In percentages)	Price	Currency	Other	Total
Advanced Engineered Materials	6	(1	) 2	—	7
Consumer Specialties	(7	) 6	—	—	(1
Industrial Specialties	1	(3	) 3	—	1
Acetyl Intermediates	(1	) —	2	—	1
Total Company	—	—	2	—	2

## Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

	Volume (unaudited) (In percentages)	Price	Currency	Other	Total
Advanced Engineered Materials	5	1	1	—	7
Consumer Specialties	(5	) 7	—	—	2
Industrial Specialties	(3	) (3	) 1	—	(5
Acetyl Intermediates	(1	) (2	) 1	—	(2
Total Company	(1	) —	1	—	—

## Consolidated Results

## Three Months Ended September 30, 2013 Compared with Three Months Ended September 30, 2012

Net sales increased \$27 million, or 1.7%, during the three months ended September 30, 2013 compared to the same period in 2012 primarily due to higher volumes in our Advanced Engineered Materials segment due to continued growth in automotive applications in the Americas and targeted growth programs in Asia.

Operating profit increased \$35 million, or 19.9%, during the three months ended September 30, 2013 compared to the same period in 2012. This increase was primarily due to higher acetate tow pricing in our Consumer Specialties segment and a \$12 million favorable impact from the cessation of production of acetate flake and tow at our Spondon, Derby, United Kingdom facility in November 2012.

As a percentage of net sales, selling, general and administrative expenses decreased from 7.0% to 5.9% for the three months ended September 30, 2013 compared to the same period in 2012 primarily due to a decrease of \$8 million in selling, general and administrative expenses in Other Activities of which \$10 million relates to lower pension and other postretirement benefit costs offset by a small increase in incentive compensation costs.

Dividend income from cost investments increased \$21 million compared to the same period in 2012 principally due to the timing of the dividend payments from our cellulose derivatives ventures. Historically, our cellulose derivatives ventures paid an annual cash dividend during the three months ended June 30 each year, while in 2013 dividends are being paid quarterly.

Our effective income tax rate for the three months ended September 30, 2013 was 25% compared to 31% for the three months ended September 30, 2012. The effective income tax rate for the three months ended September 30, 2013 is favorably impacted by Mexico income tax refunds.



Nine Months Ended September 30, 2013 Compared with Nine Months Ended September 30, 2012

Net sales decreased \$23 million, or 0.5%, during the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to lower volumes and pricing in both our Industrial Specialties and Acetyl Intermediates segments partially offset by favorable currency impacts in those business segments and higher volumes in our Advanced Engineered Materials segment. Lower volumes and pricing in our Industrial Specialties segment reflect weak demand, increased competition and lower raw material costs. Lower volumes and pricing for downstream derivative products in our Acetyl Intermediates segment was primarily the result of customer outages, weak market conditions and lower demand in Europe. Higher volumes in our Advanced Engineered Materials segment are primarily due to increased penetration in automotive applications in the Americas and Asia and other targeted growth programs in Asia.

Operating profit increased \$99 million, or 21.3%, during the nine months ended September 30, 2013 compared to the same period in 2012 primarily driven by our Advanced Engineered Materials and Consumer Specialties segments. The improvement in operating margin in our Advanced Engineered Materials segment was primarily due to increased volumes, a more favorable product mix and lower raw material costs, mainly polypropylene and ethylene. In our Consumer Specialties segment, higher acetate tow pricing and a \$53 million favorable impact from the cessation of production of acetate flake and tow at our Spondon, Derby, United Kingdom facility in November 2012 drove operating margin up from 20.9% for the nine months ended September 30, 2012 to 26.8% for the nine months ended September 30, 2013.

As a percentage of net sales, selling, general and administrative expenses decreased from 7.2% to 6.5% for the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to a decrease of \$33 million in selling, general and administrative expenses in Other Activities of which \$32 million relates to lower pension and other postretirement benefit costs.

Our effective income tax rate for the nine months ended September 30, 2013 was 32% compared to 7% for the nine months ended September 30, 2012. The lower effective tax rate in 2012 was primarily due to foreign tax credit carryforwards of \$142 million recognized during the three months ended March 31, 2012, partially offset by \$38 million of deferred tax charges related to changes in our assessment regarding the permanent reinvestment of certain foreign earnings from our Polyplastics Co., Ltd. affiliate.

## Business Segments

## Advanced Engineered Materials

	Three Months Ended			Nine Months Ended							
	September 30, 2013	2012 As Adjusted	Change	September 30, 2013	2012 As Adjusted	Change					
	(unaudited)										
	(In \$ millions, except percentages)										
Net sales	346	322	24	1,027	962	65					
Net Sales Variance											
Volume	6	%		5	%						
Price	(1	)%		1	%						
Currency	2	%		1	%						
Other	—	%		—	%						
Other (charges) gains, net	(2	)	1	(3	)	(6	)	(1	)	(5	)
Operating profit (loss)	48	44	4	123	91	32					
Operating margin	13.9	%	13.7	%	12.0	%	9.5	%			
Equity in net earnings (loss) of affiliates	30	45	(15	)	115	143	(28	)			
Earnings (loss) from continuing operations before tax	79	89	(10	)	239	234	5				
Depreciation and amortization	27	29	(2	)	83	84	(1	)			

Our Advanced Engineered Materials segment includes our engineered materials business which develops, produces and supplies a broad offering of high performance specialty polymers for application in automotive, medical and electronics products, as well as other consumer and industrial applications. Together with our strategic affiliates, our engineered materials business is a leading participant in the global specialty polymers industry.

## Three Months Ended September 30, 2013 Compared with Three Months Ended September 30, 2012

Advanced Engineered Materials' net sales increased \$24 million, or 7.5%, for the three months ended September 30, 2013 compared to the same period in 2012 primarily due to increased volumes in the Americas and Asia. Volumes in the Americas increased across nearly all product lines primarily driven by continued growth in automotive applications. In Asia, volume growth was driven by targeted growth programs in consumer, industrial and automotive applications.

Operating profit increased \$4 million, or 9.1%, for the three months ended September 30, 2013 compared to the same period in 2012. Increased volumes coupled with lower raw material costs of \$5 million, mainly polypropylene, were partially offset by lower pricing and higher energy costs of \$6 million.

Equity in net earnings (loss) of affiliates decreased \$15 million for the three months ended September 30, 2013 compared to the same period in 2012 primarily due to a decrease in earnings from our National Methanol Company ("Ibn Sina") strategic affiliate of \$11 million, largely driven by the timing of turnaround activity.

## Nine Months Ended September 30, 2013 Compared with Nine Months Ended September 30, 2012

Advanced Engineered Materials' net sales increased \$65 million, or 6.8%, for the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to increased volumes resulting from increased penetration in automotive applications in the Americas and Asia. Volumes in Asia also improved across all product lines due to targeted growth programs in consumer and industrial applications. Higher pricing and product mix, mainly for medical applications, also contributed to the increase in net sales for the nine months ended September 30, 2013.

Operating profit increased \$32 million, or 35.2%, for the nine months ended September 30, 2013 compared to the same period in 2012 driven primarily by increased volumes, a shift in product mix to higher margin medical applications and lower raw material costs, mainly polypropylene and ethylene, partially offset by higher energy costs of \$16 million.



Equity in net earnings (loss) of affiliates decreased \$28 million for the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to decreases in earnings from our Ibn Sina and Polyplastics Co., Ltd. strategic affiliates of \$16 million and \$8 million, respectively. The decrease in Ibn Sina earnings was largely the result of the timing of turnaround activity, lower methyl tertiary-butyl ether ("MTBE") pricing and lower sales volumes. Polyplastics Co., Ltd. earnings decreased due to unfavorable currency impacts and lower volume and pricing across all major products partially offset by lower raw material costs.

## Consumer Specialties

	Three Months Ended			Nine Months Ended			
	September 30, 2013	2012 As Adjusted	Change	September 30, 2013	2012 As Adjusted	Change	
	(unaudited)						
	(In \$ millions, except percentages)						
Net sales	310	314	(4	) 919	905	14	
Net Sales Variance							
Volume	(7	)%		(5	)%		
Price	6	%		7	%		
Currency	—	%		—	%		
Other	—	%		—	%		
Other (charges) gains, net	—	(1	) 1	—	2	(2	)
Operating profit (loss)	85	72	13	246	189	57	
Operating margin	27.4	% 22.9	%	26.8	% 20.9	%	
Equity in net earnings (loss) of affiliates	—	—	—	3	2	1	
Dividend income - cost investments	21	—	21	68	83	(15	)
Earnings (loss) from continuing operations before tax	106	72	34	317	274	43	
Depreciation and amortization	10	13	(3	) 30	33	(3	)

Our Consumer Specialties segment includes our cellulose derivatives and food ingredients businesses, which serve consumer-driven applications. Our cellulose derivatives business is a leading global producer and supplier of acetate flake, acetate film and acetate tow, primarily used in filter products applications. Our food ingredients business is a leading international supplier of premium quality ingredients for the food, beverage and pharmaceuticals industries. Three Months Ended September 30, 2013 Compared with Three Months Ended September 30, 2012

Net sales for Consumer Specialties decreased \$4 million, or 1.3%, for the three months ended September 30, 2013 compared to the same period in 2012 primarily due to lower acetate tow volumes resulting from the cessation of manufacturing of acetate flake and tow at our Spondon facility in November 2012 offset by higher acetate tow pricing across all regions reflecting continued strong demand.

Operating profit increased \$13 million, or 18.1%, for the three months ended September 30, 2013 primarily due to higher acetate tow pricing partially offset by the impact of lower sales volumes and higher raw material costs of \$6 million in our cellulose derivatives business. Operating profit also reflects a \$12 million favorable impact from the cessation of production of acetate flake and tow at our Spondon, Derby, United Kingdom facility in November 2012, including lower energy and plant costs.

Dividend income from cost investments increased \$21 million for the three months ended September 30, 2013 compared to the same period in 2012 due to the timing of the dividend payments from our cellulose derivatives ventures. In the prior year, our cellulose derivatives ventures paid an annual cash dividend of \$83 million during the three months ended June 30, 2012, while in 2013 dividends are being paid quarterly.



### Nine Months Ended September 30, 2013 Compared with Nine Months Ended September 30, 2012

Net sales for Consumer Specialties increased \$14 million, or 1.5%, for the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to higher pricing in the cellulose derivatives business partially offset by lower volumes in both the cellulose derivatives and food ingredients businesses. Acetate tow pricing increased 8% across all regions while volumes declined due to the cessation of manufacturing of acetate flake and tow at our Spondon facility in November 2012.

Operating profit increased \$57 million, or 30.2%, for the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to the increase in acetate tow pricing and a \$53 million favorable impact from the cessation of production of acetate flake and tow at our Spondon, Derby, United Kingdom facility in November 2012, including lower energy and plant costs. Lower volumes and higher raw material costs of \$18 million for both the cellulose derivatives and food ingredients businesses partially offset the higher pricing and lower costs for the nine months ended September 30, 2013 as did the absence of \$6 million of insurance recoveries recorded in other (charges) gains, net during the three months ended June 30, 2012. Insurance recoveries were offset by a charge from our captive insurance companies included in Other Activities.

Dividend income from cost investments decreased \$15 million for the nine months ended September 30, 2013 compared to the same period in 2012, related to dividends received from our cellulose derivatives ventures. In the prior year, our cellulose derivatives ventures paid an annual cash dividend of \$83 million during the three months ended June 30, 2012, while in 2013 dividends are being paid quarterly.

### Industrial Specialties

	Three Months Ended			Nine Months Ended		
	September 30, 2013	2012 As Adjusted	Change	September 30, 2013	2012 As Adjusted	Change
	(unaudited)					
	(In \$ millions, except percentages)					
Net sales	299	297	2	882	933	(51 )
Net Sales Variance						
Volume	1	%		(3	)%	
Price	(3	)%		(3	)%	
Currency	3	%		1	%	
Other	—	%		—	%	
Other (charges) gains, net	(1 )	—	(1 )	(3 )	—	(3 )
Operating profit (loss)	24	25	(1 )	57	80	(23 )
Operating margin	8.0	% 8.4	%	6.5	% 8.6	%
Earnings (loss) from continuing operations before tax	24	25	(1 )	57	80	(23 )
Depreciation and amortization	13	13	—	37	41	(4 )

Our Industrial Specialties segment includes our emulsion polymers and EVA polymers businesses. Our emulsion polymers business is a leading global producer of vinyl acetate-based emulsions and develops products and application technologies to improve performance, create value and drive innovation in applications such as paints and coatings, adhesives, construction, glass fiber, textiles and paper. Our EVA polymers business is a leading North American manufacturer of a full range of specialty ethylene vinyl acetate ("EVA") resins and compounds as well as select grades of low-density polyethylene. EVA polymers products are used in many applications, including flexible packaging films, lamination film products, hot melt adhesives, medical products, automotive, carpeting and photovoltaic cells.

### Three Months Ended September 30, 2013 Compared with Three Months Ended September 30, 2012

Net sales increased \$2 million, or 0.7%, for the three months ended September 30, 2013 compared to the same period in 2012 reflecting favorable currency impacts resulting from a strong Euro and Renminbi to the US dollar, partially offset by lower pricing in both our emulsion polymers and EVA polymers businesses. Lower pricing in our emulsion polymers business reflects lower raw material costs, primarily vinyl acetate monomer ("VAM") in Europe and Asia

and ethylene in North America. Lower pricing in our EVA polymers business reflects softer demand across products in Asia and the Americas. Higher volumes in our

59

---

emulsion polymers business in Europe and Asia were offset by lower volumes in our EVA polymers business due to weak global demand.

Operating profit decreased \$1 million, or 4.0%, for the three months ended September 30, 2013 compared to the same period in 2012 primarily due to lower pricing for both the emulsion polymers and EVA polymers businesses.

Nine Months Ended September 30, 2013 Compared with Nine Months Ended September 30, 2012

Net sales decreased \$51 million, or 5.5%, for the nine months ended September 30, 2013 compared to the same period in 2012 reflecting lower pricing and volumes for both the emulsion polymers and EVA polymers businesses. Volume decreases in our EVA polymers business were driven by softer demand in Asia and the Americas, while lower pricing resulted from weak global demand and strong competition in several end-use applications, including hot melt adhesives and photovoltaic cells. Sales of our EVA polymers medical product applications decreased \$5 million compared to the same period in 2012 though sales from medical product applications are expected in the fourth quarter of 2013. Lower volumes in our emulsion polymers business were driven by softer demand in North America, particularly in our paper and adhesives applications, slightly offset by volume increases in paper and adhesive applications in Europe and continued growth in innovative applications in paper and construction in China. Lower pricing in our emulsion polymers business was driven by lower raw material costs across all regions, primarily VAM in Europe and Asia and ethylene in North America.

Operating profit decreased \$23 million, or 28.8%, for the nine months ended September 30, 2013 compared to the same period in 2012 primarily attributable to lower sales volumes and pricing in our EVA polymers business.

Acetyl Intermediates

	Three Months Ended			Nine Months Ended		
	September 30, 2013	2012 As Adjusted	Change	September 30, 2013	2012 As Adjusted	Change
	(unaudited)					
	(In \$ millions, except percentages)					
Net sales	795	785	10	2,412	2,458	(46 )
Net Sales Variance						
Volume	(1 )	%		(1 )	%	
Price	—	%		(2 )	%	
Currency	2	%		1	%	
Other	—	%		—	%	
Other (charges) gains, net	(1 )	1	(2 )	(2 )	2	(4 )
Operating profit (loss)	67	63	4	197	203	(6 )
Operating margin	8.4 %	8.0 %	%	8.2 %	8.3 %	%
Equity in net earnings (loss) of affiliates	3	—	3	7	3	4
Earnings (loss) from continuing operations before tax	70	65	5	206	208	(2 )
Depreciation and amortization	22	20	2	65	59	6

Our Acetyl Intermediates segment includes our intermediate chemistry business which produces and supplies acetyl products, including acetic acid, VAM, acetic anhydride and acetate esters. These products are generally used as starting materials for colorants, paints, adhesives, coatings and medicines. This business segment also produces organic solvents and intermediates for pharmaceutical, agricultural and chemical products.

Three Months Ended September 30, 2013 Compared with Three Months Ended September 30, 2012

Acetyl Intermediates' net sales increased \$10 million, or 1.3%, during the three months ended September 30, 2013 compared to the same period in 2012 primarily due to favorable currency impacts resulting from a strong Euro and Renminbi to the US dollar partially offset by lower downstream acetyl derivative product volumes due to global oversupply and customer outages in Europe and the Americas.





Operating profit increased \$4 million, or 6.3%, during the three months ended September 30, 2013 compared to the same period in 2012 primarily due to lower volume and pricing for downstream acetyl derivative products offset by favorable currency impacts from a strong Euro. Higher natural gas prices in North America were more than offset by savings from productivity optimization initiatives.

Nine Months Ended September 30, 2013 Compared with Nine Months Ended September 30, 2012

Acetyl Intermediates' net sales decreased \$46 million, or 1.9%, during the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to lower volumes and pricing for downstream acetyl derivative products as a result of customer outages, weak economic conditions and lower demand.

Operating profit decreased \$6 million, or 3.0%, during the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to lower pricing, partially offset by lower raw material costs of \$13 million, mainly ethylene, carbon monoxide and methanol, favorable currency impacts from a strong Euro and savings from productivity optimization initiatives.

On May 22, 2013, we announced our intent to sell our acetic anhydride facility in Roussillon, France, and our VAM production unit in Tarragona, Spain. No significant divestiture related expenditures were incurred for the nine months ended September 30, 2013. Such expenses have been recorded as Gain (loss) on disposition of businesses and assets, net in the accompanying unaudited interim consolidated statements of operations.

Other Activities

Other Activities primarily consists of corporate center costs, including financing and administrative activities such as legal, accounting and treasury functions, interest income and expense associated with our financing and our captive insurance companies. Other Activities also includes the components of our net periodic benefit cost (interest cost, expected return on assets and net actuarial gains and losses) for our defined benefit pension plans and other post retirement plans not allocated to our business segments. For further discussion see Note 1 - Description of the Company and Basis of Presentation in the accompanying unaudited interim consolidated financial statements.

Three Months Ended September 30, 2013 Compared with Three Months Ended September 30, 2012

Operating loss of \$13 million for Other Activities decreased \$15 million for the three months ended September 30, 2013 compared to the same period in 2012 primarily due to a decrease in selling, general and administrative expenses of \$8 million and reductions in captive insurance reserves of \$3 million. Selling, general and administrative expenses were lower primarily due to lower pension and other postretirement benefit costs of \$10 million offset by a small increase in incentive compensation costs.

Nine Months Ended September 30, 2013 Compared with Nine Months Ended September 30, 2012

Operating loss of \$59 million for Other Activities decreased \$39 million for the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to a decrease in selling, general and administrative expenses of \$33 million and other (charges) gains, net of \$4 million. Selling, general and administrative expenses were lower due to a \$32 million decrease in pension and other postretirement benefit costs and a \$9 million decrease in costs associated with business optimization initiatives offset by a \$7 million increase in performance-based incentive compensation costs. Other (charges) gains, net were lower for the nine months ended September 30, 2013 primarily due to the absence of \$6 million in insurance recovery costs compared to the same period in 2012. These charges were offset in our Consumer Specialties segment.

Liquidity and Capital Resources

Our primary source of liquidity is cash generated from operations, available cash and cash equivalents and dividends from our portfolio of strategic investments. In addition, as of September 30, 2013, we have \$600 million available for borrowing under our revolving credit facility, \$1 million available under our credit-linked revolving facility and \$31 million available under our accounts receivable securitization facility to assist, if required, in meeting our working capital needs and other contractual obligations.

While our contractual obligations, commitments and debt service requirements over the next several years are significant, we continue to believe we will have available resources to meet our liquidity requirements, including debt service, for the next twelve months. If our cash flow from operations is insufficient to fund our debt service and other obligations, we may be required to use other means available to us such as increasing our borrowings, reducing or delaying capital expenditures,



seeking additional capital or seeking to restructure or refinance our indebtedness. There can be no assurance, however, that we will continue to generate cash flows at or above current levels.

On May 15, 2013, together with Mitsui & Co., Ltd., of Tokyo, Japan, we announced that we had signed an agreement to establish a joint venture for the production of methanol at our 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 our Clear Lake facility. As a result, the total shared capital and expense investment in the facility is estimated to be \$800 million. Our portion of the investment is estimated to be \$300 million, in addition to previously invested assets at our Clear Lake facility. The planned methanol unit will have an annual capacity of 1.3 million tons and is expected to begin operations in mid-2015.

As a result of the National Emission Standard for Hazardous Air Pollutants for Industrial, Commercial, and Institutional Boilers and Process Heaters ("Boiler MACT") regulations discussed in Item 1A. Risk Factors in our 2012 Form 10-K, we will be required to make significant capital expenditures to comply with stricter emissions requirements for industrial boilers and process heaters at our facilities over the next two to three years. In October 2012, we received approval to proceed with replacing the coal-fired boilers at our Narrows, Virginia site with new, natural gas-fired boilers and construction began during the first half of 2013. We anticipate the project will be completed in mid-2015. Our total investment is estimated at over \$150 million.

Total cash outflows for capital expenditures, including the specific projects above, are expected to be in the range of \$375 million to \$400 million in 2013 and \$400 million to \$500 million in 2014 due to the construction of the Clear Lake methanol unit and conversion of our coal to gas boilers at our cellulose derivatives plant in Narrows, Virginia. On a stand-alone basis, Celanese and its immediate 100% owned subsidiary, Celanese US Holdings LLC ("Celanese US"), have no material assets other than the stock of their subsidiaries and no independent external operations of their own. Accordingly, they generally depend on the cash flow of their subsidiaries and their ability to pay dividends and make other distributions to Celanese and Celanese US in order to meet their obligations, including their obligations under senior credit facilities and senior notes and to pay dividends on Celanese Series A common stock.

#### Cash Flows

Cash and cash equivalents increased \$141 million to \$1,100 million as of September 30, 2013 compared to December 31, 2012. As of September 30, 2013, \$702 million of the \$1,100 million of cash and cash equivalents was held by our foreign subsidiaries. If these funds are needed for our operations in the US, we may be required to accrue and pay US taxes to repatriate these funds. Our intent is to permanently reinvest these funds outside of the US, with the possible exception of funds that have been previously subject to US federal and state taxation. Our current plans do not demonstrate a need to repatriate cash held by our foreign subsidiaries in a taxable transaction to fund our US operations.

#### Net Cash Provided by Operating Activities

Cash flow provided by operations decreased \$53 million for the nine months ended September 30, 2013 compared to the same period in 2012, with operating cash inflows decreasing from \$661 million to \$608 million. Cash flow provided by operations for the nine months ended September 30, 2013 decreased primarily as a result of the absence of a \$75 million cash dividend received from our Polyplastics Co., Ltd. strategic affiliate, a change in the timing of cash dividends received from our cellulose derivatives ventures and a change in trade working capital. In the prior year, our cellulose derivatives ventures paid an annual cash dividend of \$83 million during the nine months ended September 30, 2012, while cash dividends received from our cellulose derivatives ventures during the nine months ended September 30, 2013 were \$68 million and are being paid quarterly in 2013.

Cash used in trade working capital increased \$44 million for the nine months ended September 30, 2013 compared to the same period in 2012. Cash used during the nine months ended September 30, 2013 is reflective of increases in trade receivables and inventories partially offset by increases in trade payables since December 31, 2012. Trade receivables increased due to higher net sales for the three months ended September 30, 2013 as compared to the three months ended December 31, 2012. The increase in inventory levels is the result of strategic plant operating decisions while the increase in trade payables is due to the timing of invoice receipts and cash payments associated with raw material purchases.

The decrease in cash provided by operations was partially offset by a \$102 million reduction in pension plan and other postretirement benefit plan contributions made during the nine months ended September 30, 2013 compared to the same period in 2012.

62

---

Trade working capital is calculated as follows:

	As of September 30, 2013 (unaudited) (In \$ millions)	As of December 31, 2012	As of September 30, 2012	As of December 31, 2011
Trade receivables, net	949	827	932	871
Inventories	753	711	711	712
Trade payables - third party and affiliates	(739)	(649)	(685)	(673)
Trade working capital	963	889	958	910

#### Net Cash Provided by (Used in) Investing Activities

Net cash used in investing activities decreased \$107 million for the nine months ended September 30, 2013 compared to the same period in 2012, with cash outflows decreasing from \$397 million to \$290 million. During the nine months ended September 30, 2013, capital expenditures relating to the relocation and expansion of our polyacetal ("POM") production facility in Frankfurt Hoechst Industrial Park, Germany amounted to \$6 million, \$37 million less than in the same period in 2012.

Cash outflows for capital expenditures, excluding capital expenditures relating to our German POM facility, were \$259 million for the nine months ended September 30, 2013, \$11 million lower than during the same period in 2012. Capital expenditures for the nine months ended September 30, 2013 are primarily related to capacity expansions, major investments to reduce future operating costs, improve plant reliability and environmental and health and safety initiatives. Acquisitions, net of cash acquired, decreased by \$23 million with no acquisitions in the nine months ended September 30, 2013. In 2012, we acquired certain assets from Ashland Inc.

#### Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities increased \$162 million for the nine months ended September 30, 2013 compared to the same period in 2012. The change in cash used in financing activities is primarily due to an increase in stock repurchase transactions of \$65 million, a reduction in proceeds from stock option exercises of \$55 million and higher Series A Common Stock dividends of \$24 million offset by a \$12 million reduction in net repayments on short-term borrowings and long-term debt. During the nine months ended September 30, 2013, we increased our Series A Common Stock quarterly cash dividend rate from \$0.075 to \$0.18 per share of Series A Common Stock.

#### Debt and Other Obligations

##### 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 as of 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 2014, a \$600 million revolving credit facility terminating in 2015 and a \$228 million credit-linked revolving facility terminating in 2014.

In May 2011, Celanese US prepaid its outstanding Term B loan facility under the 2010 Amended Credit Agreement set to mature in 2014 with an aggregate principal amount of \$516 million using proceeds from the 5.875% Notes and cash on hand.

In November 2012, Celanese US prepaid \$400 million of its outstanding Term C loan facility under the 2010 Amended Credit Agreement set to mature in 2016 using proceeds from the 4.625% Notes.

In anticipation of our change in pension accounting policy, in January 2013, we entered into a non-material amendment to the 2010 Amended Credit Agreement with the effect that certain computations for covenant compliance purposes will be evaluated as if the change in pension accounting policy had not occurred. The amendment also modified the 2010 Amended Credit Agreement in other, non-material respects.

On April 25, 2013, Celanese US reduced the Total Credit Linked Commitment (as defined in the 2010 Amended Credit Agreement) for the credit-linked revolving facility terminating in 2014 to \$200 million, and on September 10, 2013 to \$81 million.

On August 14, 2013, we entered into a non-material amendment to the 2010 Amended Credit Agreement to facilitate certain of the transactions contemplated by the Company's intentions to establish a joint venture for methanol production in Clear Lake, Texas and to make other non-material amendments.

On September 16, 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 terminating in 2014.

64

---

As a result of the Amended Credit Agreement, \$1 million has been recorded as Refinancing expense in the accompanying unaudited interim consolidated statements of operations, which includes accelerated amortization of deferred financing costs and other refinancing expenses. In addition, we recorded deferred financing costs of \$2 million, which are being amortized over the term of the Term C-2 loan facility. As of September 30, 2013, deferred financing costs of \$28 million are included in noncurrent Other assets on the accompanying unaudited consolidated balance sheet.

As of September 30, 2013, 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 September 30, 2013, 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 our corporate credit ratings. Borrowings under the credit-linked revolving facility bear interest at a variable interest rate based on LIBOR, plus a margin which varies based on our net leverage ratio.

Our estimated net leverage ratio and margin are as follows:

	As of September 30, 2013		
	Estimated Total Net Leverage Ratio	Estimated Margin	%
Credit-linked revolving facility	1.58	1.50	
Our margin on the credit-linked revolving facility may increase or decrease 0.25% based on the following:			
Total Net Leverage Ratio	Margin over LIBOR or EURIBOR		
< = 2.25	1.50%		
> 2.25	1.75%		

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, we pay quarterly commitment fees on the unused portions of the revolving credit facility and credit-linked revolving facility of 0.25% and 1.50% per annum, respectively.

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 as of April 2, 2007.

As a condition to borrowing funds or requesting that letters of credit be issued under the revolving credit facility, our 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, our first lien senior secured leverage ratio must be maintained at or below that threshold while any amounts are outstanding under the revolving credit facility.

Our amended first lien senior secured leverage ratios under the revolving credit facility are as follows:

As of September 30, 2013	Estimate	Estimate, If Fully Drawn
Maximum (unaudited)		
3.90	0.99	1.53

The Amended Credit Agreement contains covenants including, but not limited to, restrictions on our 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.



We are in compliance with all of the covenants related to our debt agreements as of September 30, 2013.

- Accounts Receivable Securitization Facility

On August 28, 2013, we entered into a \$135 million US accounts receivable securitization facility pursuant to (i) a Purchase and Sale Agreement (the "Sale Agreement") among certain of our US subsidiaries (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 our benefit) 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 September 30, 2013, the borrowing base was \$131 million.

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

On September 10, 2013, Celanese US prepaid \$100 million of borrowings outstanding under the credit-linked revolving facility set to mature in 2014 using funds drawn under the accounts receivable securitization facility. As of September 30, 2013, the outstanding amount of accounts receivable transferred by the Originators to the Transferor was \$193 million.

Balances available for borrowing are as follows:

	As of September 30, 2013 (unaudited) (In \$ millions)
Revolving Credit Facility	
Borrowings outstanding	—
Letters of credit issued	—
Available for borrowing	600
Credit-Linked Revolving Facility	
Borrowings outstanding	—
Letters of credit issued	80
Available for borrowing	1
Accounts Receivable Securitization Facility	
Borrowings outstanding	100
Letters of credit issued	—
Available for borrowing	31
Share Capital	

Our Board of Directors follows a policy of declaring, subject to legally available funds, a quarterly cash dividend on each share of our Series A Common Stock, par value \$0.0001 per share ("Common Stock") unless the Board of Directors, in its sole discretion, determines otherwise. The amount available to pay cash dividends is restricted by our

Amended Credit Agreement and the Senior Notes.

66

---

On April 25, 2013, we announced that our Board of Directors approved a 20% increase in our quarterly Common Stock cash dividend. The Board of Directors increased the quarterly dividend rate from \$0.075 to \$0.09 per share of Common Stock on a quarterly basis and \$0.30 to \$0.36 per share of Common Stock on an annual basis beginning in May 2013.

On July 25, 2013, we announced that our Board of Directors approved a 100% increase in our quarterly Common Stock cash dividend. The Board of Directors increased the quarterly dividend rate from \$0.09 to \$0.18 per share of Common Stock on a quarterly basis and \$0.36 to \$0.72 per share of Common Stock on an annual basis beginning in August 2013.

Our Board of Directors authorized the repurchase of our Common Stock as follows:

	Authorized Amount (unaudited) (In \$ millions)
February 2008	400
October 2008	100
April 2011	129
October 2012	264
As of September 30, 2013	893

The authorization gives management discretion in determining the timing and conditions under which shares may be repurchased. The repurchase program does not have an expiration date.

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

	Nine Months Ended September 30,		Total From February 2008 Through September 30, 2013
	2013	2012	
	(unaudited)		
Shares repurchased	2,096,320	853,388	15,238,847
Average purchase price per share	\$48.58	\$43.19	\$39.58
Amount spent on repurchased shares (in millions)	\$102	\$37	\$603

Excludes 6,021 shares withheld from employee to cover statutory minimum withholding requirements for personal income taxes related to the vesting of restricted stock. Restricted stock is considered outstanding at the time of issuance and therefore, the shares withheld are treated as treasury shares.

Excludes 11,844 shares withheld from employee to cover statutory minimum withholding requirements for personal income taxes related to the vesting of restricted stock. Restricted stock is 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 us for compensation programs utilizing our stock and other corporate purposes. We account for treasury stock using the cost method and include treasury stock as a component of stockholders' equity.

#### Contractual Obligations

Except as otherwise described in this report, there have been no material revisions outside the ordinary course of business to our contractual obligations as described in our 2012 Form 10-K.

#### Off-Balance Sheet Arrangements

We have not entered into any material off-balance sheet arrangements.

### Critical Accounting Policies and Estimates

Our unaudited interim consolidated financial statements are based on the selection and application of significant accounting policies. The preparation of unaudited interim consolidated financial statements in conformity with US Generally Accepted Accounting Principles ("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. Actual results could differ from those estimates. However, we are not currently aware of any reasonably likely events or circumstances that would result in materially different results.

We describe our significant accounting policies in Note 2 - Summary of Accounting Policies, of the Notes to the Consolidated Financial Statements included in our April 2013 Form 8-K. We discuss our critical accounting policies and estimates in the MD&A of our 2012 Form 10-K.

Effective January 1, 2013, we elected to change our policy for recognizing actuarial gains and losses and changes in the fair value of plan assets for our defined benefit pension plans and other postretirement benefit plans. We now immediately recognize changes in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement during a fiscal year. The remaining components of our net periodic benefit cost are recorded on a quarterly basis. Our critical accounting policy related to pension accounting is revised as follows.

#### Benefit Obligations

We have pension and other postretirement benefit plans covering substantially all employees who meet eligibility requirements. With respect to its US qualified defined benefit pension plan, minimum funding requirements are determined by the Pension Protection Act of 2006. Various assumptions are used in the calculation of the actuarial valuation of the employee benefit plans. These assumptions include the discount rate, compensation levels, expected long-term rates of return on plan assets and trends in health care costs. In addition to the above mentioned assumptions, actuarial consultants use factors such as withdrawal and mortality rates to estimate the projected benefit obligation. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of net periodic benefit cost recorded in future periods.

The amounts recognized in the consolidated financial statements related to pension and other postretirement benefits are determined on an actuarial basis. A significant assumption used in determining our net periodic benefit cost is the expected long-term rate of return on plan assets. As of December 31, 2012, we assumed an expected long-term rate of return on plan assets of 8.5% for the US defined benefit pension plans, which represent approximately 83% and 84% of our fair value of pension plan assets and projected benefit obligation, respectively. On average, the actual return on the US qualified defined pension plans' assets over the long-term (20 years) has exceeded 8.5%.

Another estimate that affects our pension and other postretirement net periodic benefit cost is the discount rate used in the annual actuarial valuations of pension and other postretirement benefit plan obligations. At the end of each year, we determine the appropriate discount rate, used to determine the present value of future cash flows currently expected to be required to settle the pension and other postretirement benefit obligations. The discount rate is generally based on the yield on high-quality corporate fixed-income securities. As of December 31, 2012, we decreased the discount rate to 3.8% from 4.6% as of December 31, 2011 for the US plans.

Other postretirement benefit plans provide medical and life insurance benefits to retirees who meet minimum age and service requirements. The key determinants of the accumulated postretirement benefit obligation ("APBO") are the discount rate and the health care cost trend rate. The health care cost trend rate has a significant effect on the reported amounts of APBO and related expense.

Pension assumptions are reviewed annually on a plan and country-specific basis by third-party actuaries and senior management. Such assumptions are adjusted as appropriate to reflect changes in market rates and outlook. Actuarial gains and losses generated by changes in actuarial assumptions are recognized in net periodic benefit cost annually in the fourth quarter of each fiscal year and whenever a plan is required to be remeasured.

We determine the long-term expected rate of return on plan assets by considering the current target asset allocation, as well as the historical and expected rates of return on various asset categories in which the plans are invested. A single

long-term

68

---



expected rate of return on plan assets is then calculated for each plan as the weighted average of the target asset allocation and the long-term expected rate of return assumptions for each asset category within each plan. Differences between actual rates of return of plan assets and the long-term expected rate of return on plan assets are recognized in net periodic benefit cost annually in the fourth quarter of each fiscal year and whenever a plan is required to be remeasured.

The estimated change in pension and postretirement net periodic benefit costs that would occur in 2013 from a change in the indicated assumptions are as follows:

	Change in Rate	Net Periodic Benefit Costs (In \$ millions)
US Pension Benefits		
Decrease in the discount rate	0.50	% (8 )
Decrease in the long-term expected rate of return on plan assets <sup>(1)</sup>	0.50	% 12
US Postretirement Benefits		
Decrease in the discount rate	0.50	% (1 )
Increase in the annual health care cost trend rates	1.00	% —
Non-US Pension Benefits		
Decrease in the discount rate	0.50	% (1 )
Decrease in the long-term expected rate of return on plan assets	0.50	% 2
Non-US Postretirement Benefits		
Decrease in the discount rate	0.50	% —
Increase in the annual health care cost trend rates	1.00	% —

<sup>(1)</sup> Excludes nonqualified pension plans.

#### Recent Accounting Pronouncements

See Note 2 - Recent Accounting Pronouncements in the accompanying unaudited interim consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

#### Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk for our Company has not changed materially from the foreign exchange, interest rate and commodity risks disclosed in Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our 2012 Form 10-K. See also Note 15 - Derivative Financial Instruments, in the accompanying unaudited interim consolidated financial statements for further discussion of our market risk management and the related impact on our financial position and results of operations.

#### Item 4. Controls and Procedures

##### Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, as of September 30, 2013, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective.

##### Changes in Internal Control Over Financial Reporting

During the period covered by this report, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

## Item 1. Legal Proceedings

We are involved in a number of legal and regulatory proceedings, lawsuits and claims incidental to the normal conduct of our business, relating to such matters as product liability, land disputes, contracts, antitrust, intellectual property, workers' compensation, chemical exposure, asbestos exposure, prior acquisitions and divestitures, past waste disposal practices and release of chemicals into the environment. The Company is actively defending those matters where it is named as a defendant. Due to the inherent subjectivity of assessments and unpredictability of outcomes of legal proceedings, the Company's litigation accruals and estimates of possible loss or range of possible loss may not represent the ultimate loss to the Company from legal proceedings. See Note 11 - Environmental and Note 17 - Commitments and Contingencies in the accompanying unaudited interim consolidated financial statements for a discussion of material environmental matters and commitments and contingencies related to legal and regulatory proceedings. There have been no significant developments in the "Legal Proceedings" described in our 2012 Form 10-K other than those disclosed in Note 11 - Environmental and Note 17 - Commitments and Contingencies in the accompanying unaudited interim consolidated financial statements.

## Item 1A. Risk Factors

There have been no material changes to the risk factors under Part I, Item 1A of our 2012 Form 10-K.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth information regarding repurchases of our Common Stock during the three months ended September 30, 2013:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares Remaining that may be Purchased Under the Program <sup>(2)</sup>
(unaudited)				
July 1-31, 2013	398,947	<sup>(1)</sup> \$47.54	394,655	\$367,000,000
August 1-31, 2013	1,534,091	\$49.01	1,534,091	\$292,000,000
September 1-30, 2013	29,882	\$50.19	29,882	\$290,000,000
Total	1,962,920		1,958,628	

<sup>(1)</sup> Includes 4,292 shares withheld from employees to cover their statutory minimum withholding requirements for personal income taxes related to the vesting of restricted stock units.

<sup>(2)</sup> Our Board of Directors authorized the repurchase of our Common Stock as follows:

	Authorized Amount (In \$ millions)
February 2008	400
October 2008	100
April 2011	129
October 2012	264
As of September 30, 2013	893

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

71

---

Edgar Filing: Celanese Corp - Form 10-Q

Item 6. Exhibits

Exhibit

Number	Description
3.1	Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K filed with the SEC on February 11, 2011).
3.2	Third Amended and Restated By-laws, effective as of October 23, 2008 (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed with the SEC on July 19, 2013).
10.1*	Amendment No. 2, dated August 14, 2013, among Celanese Corporation, Celanese US Holdings LLC, certain subsidiaries of Celanese US Holdings LLC, the lenders party thereto and Deutsche Bank AG, New York Branch, as administrative agent and as collateral agent.
10.2	Purchase and Sale Agreement, dated August 28, 2013, among Celanese Acetate LLC, Celanese Ltd., Ticona Polymers, Inc. and CE Receivables LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on September 3, 2013).
10.3	Receivables Purchase Agreement, dated August 28, 2013, among Celanese International Corporation, CE Receivables LLC, various Conduit Purchasers, Related Committed Purchasers, LC Banks and Purchaser Agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrator (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on September 3, 2013).
10.4	Performance Guaranty, dated August 28, 2013, by Celanese US Holdings LLC in favor of The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrator (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on September 3, 2013).
10.5*	Amendment Agreement, dated September 16, 2013, among Celanese Corporation, Celanese US Holdings LLC, certain subsidiaries of Celanese US Holdings LLC, the lenders party thereto, Deutsche Bank AG, New York Branch, as administrative agent and as collateral agent, and Deutsche Bank Securities Inc. as lead arranger and book runner.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF\* XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB\* XBRL Taxonomy Extension Label Linkbase Document.

101.PRE\* XBRL Taxonomy Extension Presentation Linkbase Document.

\* Filed herewith

72

---

SIGNATURES

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

CELANESE CORPORATION

By: /s/ MARK C. ROHR  
Mark C. Rohr  
Chairman of the Board of Directors and  
Chief Executive Officer

Date: October 21, 2013  
By: /s/ STEVEN M. STERIN  
Steven M. Sterin  
Senior Vice President and  
Chief Financial Officer

Date: October 21, 2013