Celanese Corp
Form 10-Q
July 18, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2014

Or

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

(Commission File Number) 001-32410

CELANESE CORPORATION

(Exact Name of Registrant as Specified in its Charter)

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

(972) 443-4000

(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

The number of outstanding shares of the registrant’s Series A common stock, $0.0001 par value, as of July 14, 2014 was 155,248,348.

CELANESE CORPORATION AND SUBSIDIARIES
Form 10-Q
For the Quarterly Period Ended June 30, 2014
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Item 1. Financial Statements

CELANESE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(In $ millions, except share and per share data)			
Net sales	1,769	1,653	3,474	3,258
Cost of sales	(1,361)	(1,334)	(2,688)	(2,606)
Gross profit	408	319	786	652
Selling, general and administrative expenses	(119)	(113)	(223)	(219)
Amortization of intangible assets	(5)	(9)	(11)	(20)
Research and development expenses	(24)	(23)	(46)	(49)
Other (charges) gains, net	2	(3)	1	(7)
Foreign exchange gain (loss), net	(1)	(2)	(2)	(3)
Gain (loss) on disposition of businesses and assets, net	(2)	—	(3)	(1)
Operating profit (loss)	259	169	502	353
Equity in net earnings (loss) of affiliates	101	55	141	109
Interest expense	(40)	(44)	(79)	(87)
Refinancing expense	—	—	—	—
Interest income	2	1	2	1
Dividend income - cost investments	29	23	58	47
Other income (expense), net	1	4	1	3
Earnings (loss) from continuing operations before tax	352	208	625	426
Income tax (provision) benefit	(94)	(75)	(172)	(152)
Earnings (loss) from continuing operations	258	133	453	274
Earnings (loss) from operation of discontinued operations	(1)	—	(1)	2
Gain (loss) on disposition of discontinued operations	—	—	—	—
Income tax (provision) benefit from discontinued operations	1	—	1	(1)
Earnings (loss) from discontinued operations	—	—	—	1
Net earnings (loss)	258	133	453	275
Net (earnings) loss attributable to noncontrolling interests	1	—	2	—
Net earnings (loss) attributable to Celanese Corporation	259	133	455	275
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	259	133	455	274
Earnings (loss) from discontinued operations	—	—	—	1
Net earnings (loss)	259	133	455	275
Earnings (loss) per common share - basic				
Continuing operations	1.66	0.83	2.91	1.71
Discontinued operations	—	—	—	0.01
Net earnings (loss) - basic	1.66	0.83	2.91	1.72
Earnings (loss) per common share - diluted				
Continuing operations	1.66	0.83	2.91	1.71
Discontinued operations	—	—	—	0.01
Net earnings (loss) - diluted	1.66	0.83	2.91	1.72
Weighted average shares - basic	155,751,779	159,676,462	156,124,714	159,679,408
Weighted average shares - diluted	156,054,232	160,142,156	156,424,665	160,138,959

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(In $ millions)			
Net earnings (loss)	258	133	453	275
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on marketable securities	—	—	—	—
Foreign currency translation	(22)	26	(17)	(5)
Gain (loss) from cash flow hedges	(3)	2	(6)	3
Pension and postretirement benefits	(14)	—	(26)	—
Total other comprehensive income (loss), net of tax	(39)	28	(49)	(2)
Total comprehensive income (loss), net of tax	219	161	404	273
Comprehensive (income) loss attributable to noncontrolling interests	1	—	2	—
Comprehensive income (loss) attributable to Celanese Corporation	220	161	406	273

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

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of June 30, 2014	As of December 31, 2013
	(In $ millions, except share data)	
ASSETS		
Current Assets		
Cash and cash equivalents (variable interest entity restricted - 2014: $44)	1,064	984
Trade receivables - third party and affiliates (net of allowance for doubtful accounts - 2014: $9; 2013: $9)	1,045	867
Non-trade receivables, net	231	343
Inventories	816	804
Deferred income taxes	115	115
Marketable securities, at fair value	39	41
Other assets	29	28
Total current assets	3,339	3,182
Investments in affiliates	880	841
Property, plant and equipment (net of accumulated depreciation - 2014: $1,770; 2013: $1,672; variable interest entity restricted - 2014: $252)	3,577	3,425
Deferred income taxes	271	289
Other assets (variable interest entity restricted - 2014: $24)	332	341
Goodwill	794	798
Intangible assets, net	140	142
Total assets	9,333	9,018
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	158	177
Trade payables - third party and affiliates	839	799
Other liabilities	472	541
Deferred income taxes	10	10
Income taxes payable	64	18
Total current liabilities	1,543	1,545
Long-term debt	2,880	2,887
Deferred income taxes	228	225
Uncertain tax positions	158	200
Benefit obligations	1,125	1,175
Other liabilities	298	287
Commitments and Contingencies		
Stockholders’ Equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized (2014 and 2013: 0 issued and outstanding)	—	—
Series A common stock, $0.0001 par value, 400,000,000 shares authorized (2014: 166,038,983 issued and 155,240,549 outstanding; 2013: 165,867,965 issued and 156,939,828 outstanding)	—	—
Series B common stock, $0.0001 par value, 100,000,000 shares authorized (2014 and 2013: 0 issued and outstanding)	—	—

Treasury stock, at cost (2014: 10,798,434 shares; 2013: 8,928,137 shares)	(464)	(361)
Additional paid-in capital	73	53
Retained earnings	3,399	3,011
Accumulated other comprehensive income (loss), net	(53)	(4)
Total Celanese Corporation stockholders’ equity	2,955	2,699
Noncontrolling interests	146	—
Total equity	3,101	2,699
Total liabilities and equity	9,333	9,018

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

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF EQUITY

	Six Months Ended June 30, 2014	
	Shares	Amount
	(In $ millions, except share data)	
Series A Common Stock		
Balance as of the beginning of the period	156,939,828	—
Stock option exercises	150,368	—
Purchases of treasury stock	(1,870,297)	—
Stock awards	20,650	—
Balance as of the end of the period	155,240,549	—
Treasury Stock		
Balance as of the beginning of the period	8,928,137	(361)
Purchases of treasury stock, including related fees	1,870,297	(103)
Balance as of the end of the period	10,798,434	(464)
Additional Paid-In Capital		
Balance as of the beginning of the period		53
Stock-based compensation, net of tax		17
Stock option exercises, net of tax		3
Balance as of the end of the period		73
Retained Earnings		
Balance as of the beginning of the period		3,011
Net earnings (loss) attributable to Celanese Corporation		455
Series A common stock dividends		(67)
Balance as of the end of the period		3,399
Accumulated Other Comprehensive Income (Loss), Net		
Balance as of the beginning of the period		(4)
Other comprehensive income (loss), net of tax		(49)
Balance as of the end of the period		(53)
Total Celanese Corporation stockholders' equity		2,955
Noncontrolling Interests		
Balance as of the beginning of the period		—
Net earnings (loss) attributable to noncontrolling interests		(2)
Contributions from noncontrolling interests		148
Balance as of the end of the period		146
Total equity		3,101

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

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2014	2013
	(In $ millions)	
Operating Activities		
Net earnings (loss)	453	275
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Other charges (gains), net of amounts used	(22)	(9)
Depreciation, amortization and accretion	151	158
Pension and postretirement net periodic benefit cost	(55)	(10)
Pension and postretirement contributions	(62)	(33)
Deferred income taxes, net	(9)	(6)
(Gain) loss on disposition of businesses and assets, net	4	1
Refinancing expense	—	—
Other, net	(5)	—
Operating cash provided by (used in) discontinued operations	(1)	(5)
Changes in operating assets and liabilities		
Trade receivables - third party and affiliates, net	(175)	(104)
Inventories	(15)	(29)
Other assets	25	(55)
Trade payables - third party and affiliates	55	72
Other liabilities	73	121
Net cash provided by (used in) operating activities	417	376
Investing Activities		
Capital expenditures on property, plant and equipment	(130)	(128)
Acquisitions, net of cash acquired	—	—
Proceeds from sale of businesses and assets, net	—	12
Capital expenditures related to Kelsterbach plant relocation	—	(6)
Capital expenditures related to Fairway Methanol LLC	(143)	(21)
Other, net	(10)	(34)
Net cash provided by (used in) investing activities	(283)	(177)
Financing Activities		
Short-term borrowings (repayments), net	1	(11)
Proceeds from short-term debt	25	27
Repayments of short-term debt	(43)	(24)
Proceeds from long-term debt	—	50
Repayments of long-term debt	(13)	(62)
Refinancing costs	—	—
Purchases of treasury stock, including related fees	(103)	(6)
Stock option exercises	3	3
Series A common stock dividends	(67)	(26)
Contributions from noncontrolling interests	148	—
Other, net	(1)	—
Net cash provided by (used in) financing activities	(50)	(49)
Exchange rate effects on cash and cash equivalents	(4)	(2)
Net increase (decrease) in cash and cash equivalents	80	148
Cash and cash equivalents as of beginning of period	984	959

Cash and cash equivalents as of end of period	1,064	1,107

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

CELANESE CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
1. Description of the Company and Basis of Presentation
Description of the Company
Celanese Corporation and its subsidiaries (collectively, the "Company") is a global technology and specialty materials company. The Company’s business involves processing chemical raw materials, such as methanol, carbon monoxide and ethylene, and natural products, including wood pulp, into value-added chemicals, thermoplastic polymers and other chemical-based products.
Definitions
In this Quarterly Report on Form 10-Q ("Quarterly Report"), the term "Celanese" refers to Celanese Corporation, a Delaware corporation, and not its subsidiaries. The term "Celanese US" refers to the Company’s subsidiary, Celanese US Holdings LLC, a Delaware limited liability company, and not its subsidiaries.
Basis of Presentation
The unaudited interim consolidated financial statements for the three and six months ended June 30, 2014 and 2013 contained in this Quarterly Report were prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for all periods presented and include the accounts of the Company, its majority owned subsidiaries over which the Company exercises control and, when applicable, variable interest entities in which the Company is the primary beneficiary. The unaudited interim consolidated financial statements and other financial information included in this Quarterly Report, unless otherwise specified, have been presented to separately show the effects of discontinued operations.
In the opinion of management, the accompanying unaudited consolidated balance sheets and related unaudited interim consolidated statements of operations, comprehensive income (loss), cash flows and equity include all adjustments, consisting only of normal recurring items necessary for their fair presentation in conformity with US GAAP. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP may have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission ("SEC"). These unaudited interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements as of and for the year ended December 31, 2013, filed on February 7, 2014 with the SEC as part of the Company's Annual Report on Form 10-K.
Operating results for the three and six months ended June 30, 2014 are not necessarily indicative of the results to be expected for the entire year.
In the ordinary course of business, the Company enters into contracts and agreements relative to a number of topics, including acquisitions, dispositions, joint ventures, supply agreements, product sales and other arrangements. The Company endeavors to describe those contracts or agreements that are material to its business, results of operations or financial position. The Company may also describe some arrangements that are not material but in which the Company believes investors may have an interest or which may have been included in a Form 8-K filing. Investors should not assume the Company has described all contracts and agreements relative to the Company’s business in this Quarterly Report.
For those consolidated ventures in which the Company owns or is exposed to less than 100% of the economics, the outside stockholders' interests are shown as noncontrolling interests.
The Company has reclassified certain prior period amounts to conform to the current period’s presentation.
Estimates and Assumptions
The preparation of unaudited interim consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of revenues, expenses and allocated charges during the reporting period. Significant estimates pertain to impairments of goodwill, intangible assets and other long-lived assets, purchase price allocations, restructuring costs and other (charges) gains, net, income taxes, pension and other postretirement benefits, asset retirement obligations, environmental liabilities and loss contingencies, among others. Actual results could differ from those estimates.

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2. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements of FASB Accounting Standards Codification ("ASC") Topic 605, Revenue Recognition and most industry-specific guidance throughout the Accounting Standards Codification, resulting in the creation of FASB ASC Topic 606, Revenue from Contracts with Customers. ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. This ASU provides alternative methods of retrospective adoption and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted. The Company is currently assessing the potential impact of adopting this ASU on its financial statements and related disclosures.

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

3. Acquisitions, Dispositions and Plant Closures

Plant Closures

• Roussillon, France

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

• Tarragona, Spain

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

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

4. Ventures and Variable Interest Entities

Ventures

The Company's equity method investment, InfraServ GmbH & Co. Hoechst KG, is owned primarily by an entity included in Other Activities. The Company's Consumer Specialties and Acetyl Intermediates segments also each hold an ownership percentage. During the three months ended June 30, 2014, InfraServ GmbH & Co. Hoechst KG restructured the debt of a subsidiary resulting in additional equity in net earnings of affiliates of $29 million attributable to Other Activities and $6 million and $13 million attributable to the Company's Consumer Specialties and Acetyl Intermediates segments, respectively (Note 19).

Consolidated Variable Interest Entities

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

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

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

	As of June 30, 2014
	(In $ millions)
Cash and cash equivalents	44
Property, plant and equipment	252
Other assets	24
Total assets[1]	320
Current liabilities	28
Total liabilities[2]	28

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

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

Nonconsolidated Variable Interest Entities

The Company holds variable interests in entities that supply certain raw materials and services to the Company. The variable interests primarily relate to cost-plus contractual arrangements with the suppliers and recovery of capital expenditures for certain plant assets plus a rate of return on such assets. Liabilities for such supplier recoveries of capital expenditures have been recorded as capital lease obligations. The entities are not consolidated because the Company is not the primary beneficiary of the entities as it does not have the power to direct the activities of the entities that most significantly impact the entities' economic performance. The Company's maximum exposure to loss as a result of its involvement with these VIEs as of June 30, 2014 relates primarily to the recovery of capital expenditures for certain plant assets.

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

	As of June 30, 2014	As of December 31, 2013
	(In $ millions)	
Property, plant and equipment, net	102	111
Trade payables	54	56
Current installments of long-term debt	9	8
Long-term debt	128	136
Total liabilities	191	200
Maximum exposure to loss	309	318

The difference between the total liabilities associated with obligations to VIEs and the maximum exposure to loss primarily represents take-or-pay obligations for services included in the Company's unconditional purchase obligations (Note 18).

5. Marketable Securities, at Fair Value

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

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

	As of June 30, 2014	As of December 31, 2013
	(In $ millions)	
Mutual Funds		
Amortized cost	39	41
Gross unrealized gain	—	—
Gross unrealized loss	—	—
Fair value	39	41

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

6. Inventories

	As of June 30, 2014	As of December 31, 2013
	(In $ millions)	
Finished goods	600	571
Work-in-process	52	59
Raw materials and supplies	164	174
Total	816	804

7. Goodwill and Intangible Assets, Net

Goodwill

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
	(In $ millions)				
As of December 31, 2013					
Goodwill	303	254	43	198	798
Accumulated impairment losses	—	—	—	—	—
Net book value	303	254	43	198	798
Exchange rate changes	(1)	(1)	—	(2)	(4)
As of June 30, 2014					
Goodwill	302	253	43	196	794
Accumulated impairment losses	—	—	—	—	—
Net book value	302	253	43	196	794

Intangible Assets, Net

Finite-lived intangible assets are as follows:

	Licenses	Customer-Related Intangible Assets	Developed Technology	Covenants Not to Compete and Other	Total
	(In $ millions)				
Gross Asset Value					
As of December 31, 2013	33	544	30	39	646
Acquisitions	—	—	—	10	10 [(1)]
Exchange rate changes	(1)	(4)	—	—	(5)
As of June 30, 2014	32	540	30	49	651
Accumulated Amortization					
As of December 31, 2013	(20)	(521)	(21)	(25)	(587)
Amortization	(2)	(7)	(1)	(1)	(11)
Exchange rate changes	—	4	—	—	4
As of June 30, 2014	(22)	(524)	(22)	(26)	(594)
Net book value	10	16	8	23	57

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(1) Primarily represents intangible assets acquired related to Fairway with a weighted average amortization period of 27 years (Note 4).

Indefinite-lived intangible assets are as follows:

	Trademarks and Trade Names
	(In $ millions)
As of December 31, 2013	83
Acquisitions	—
Accumulated impairment losses	—
Exchange rate changes	—
As of June 30, 2014	83

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The Company's trademarks and trade names have an indefinite life. For the six months ended June 30, 2014, the Company did not renew or extend any intangible assets.

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

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

8. Current Other Liabilities

	As of June 30, 2014	As of December 31, 2013
	(In $ millions)	
Asset retirement obligations	18	29
Current portion of benefit obligations	47	78
Customer rebates	38	48
Derivatives (Note 16)	7	12
Environmental (Note 12)	26	30
Insurance	10	14
Interest	24	24
Restructuring (Note 14)	39	60
Salaries and benefits	94	96
Sales and use tax/foreign withholding tax payable	14	12
Uncertain tax positions	64	64
Other	91	74
Total	472	541

9. Noncurrent Other Liabilities

	As of June 30, 2014	As of December 31, 2013
	(In $ millions)	
Asset retirement obligations	19	18
Deferred proceeds	52	53
Deferred revenue	26	28
Derivatives (Note 16)	6	3
Environmental (Note 12)	66	67
Income taxes payable	21	20
Insurance	55	50
Restructuring (Note 14)	1	2
Other	52	46
Total	298	287

10. Debt

	As of June 30, 2014	As of December 31, 2013
	(In $ millions)	
Short-Term Borrowings and Current Installments of Long-Term Debt - Third Party and Affiliates		
Current installments of long-term debt	23	24
Short-term borrowings, including amounts due to affiliates	100	103
Accounts receivable securitization facility	35	50
Total	158	177

The Company's weighted average interest rate on short-term borrowings, including amounts due to affiliates and borrowing under the accounts receivable securitization facility, was 3.4% as of June 30, 2014 compared to 3.2% as of December 31, 2013. The weighted average interest rate on the accounts receivable securitization facility was 0.7% as of June 30, 2014 and December 31, 2013.

	As of June 30, 2014	As of December 31, 2013
	(In $ millions)	
Long-Term Debt		
Senior credit facilities - Term C-2 loan due 2016	971	978
Senior unsecured notes due 2018, interest rate of 6.625%	600	600
Senior unsecured notes due 2021, interest rate of 5.875%	400	400
Senior unsecured notes due 2022, interest rate of 4.625%	500	500
Pollution control and industrial revenue bonds due at various dates through 2030, interest rates ranging from 5.7% to 6.7%	169	169
Obligations under capital leases due at various dates through 2054	263	264
Subtotal	2,903	2,911
Current installments of long-term debt	(23)	(24)
Total	2,880	2,887

Senior Notes

In November 2012, Celanese US completed an offering of $500 million in aggregate principal amount of 4.625% senior unsecured notes due 2022 (the "4.625% Notes") in a public offering registered under the Securities Act of 1933, as amended (the "Securities Act").

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.

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"). In April 2011, Celanese US registered the 6.625% Notes under the Securities Act.

The Senior Notes are senior unsecured obligations of Celanese US and rank equally in right of payment with all other unsubordinated indebtedness of Celanese US. The Senior 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 indentures under which the Senior Notes were issued 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 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 Company's 2010 amended credit agreement (as amended and restated by the 2013 amendment agreement, the "Amended Credit Agreement"). The Amended Credit Agreement consists of a Term C-2 loan facility due 2016, a $600 million revolving credit facility terminating in 2015 and an $81 million credit-linked revolving facility, which was terminated on March 28, 2014.
As of June 30, 2014, the margin for borrowings under the Term C-2 loan facility was 2.0% above LIBOR (for US dollars) and 2.0% above the Euro Interbank Offered Rate ("EURIBOR") (for Euros), as applicable. As of June 30, 2014, the margin for borrowings under the revolving credit facility was 2.5% above LIBOR. The margin for borrowings under the revolving credit facility is subject to increase or decrease in certain circumstances based on changes in the Company’s corporate credit ratings.
Term loan borrowings under the Amended Credit Agreement are subject to amortization at 1% of the initial principal amount per annum, payable quarterly. In addition, the Company pays quarterly commitment fees on the unused portions of the revolving credit facility of 0.25% per annum.
The Amended Credit Agreement is guaranteed by Celanese and certain domestic subsidiaries of Celanese US and is secured by a lien on substantially all assets of Celanese US and such guarantors, subject to certain agreed exceptions (including for certain real property and certain shares of foreign subsidiaries), pursuant to the Guarantee and Collateral Agreement, dated April 2, 2007.
As a condition to borrowing funds or requesting letters of credit be issued under the revolving credit facility, the Company’s first lien senior secured leverage ratio (as calculated as of the last day of the most recent fiscal quarter for which financial statements have been delivered under the revolving facility) cannot exceed the threshold as specified below. Further, the Company’s first lien senior secured leverage ratio must be maintained at or below that threshold while any amounts are outstanding under the revolving credit facility.
The Company’s amended first lien senior secured leverage ratios under the revolving credit facility are as follows:

As of June 30, 2014		
Maximum	Estimate	Estimate, If Fully Drawn
3.90	0.75	1.18

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 June 30, 2014.
Accounts Receivable Securitization Facility
In August 2013, the Company entered into a $135 million US accounts receivable securitization facility pursuant to (i) a Purchase and Sale Agreement (the "Sale Agreement") among certain US subsidiaries of the Company (each an "Originator"), Celanese International Corporation ("CIC") and CE Receivables LLC, a 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").
As of June 30, 2014, the borrowing base was $135 million. The Purchase Agreement expires in 2016, but may be extended for successive one year terms by agreement of the parties. All of the Transferor's assets have been pledged to the Administrator in

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support of its obligations under the Purchase Agreement. During the six months ended June 30, 2014, the Company repaid $15 million of borrowings outstanding under the accounts receivable securitization facility using cash on hand. As of June 30, 2014, the outstanding amount of accounts receivable transferred by the Originators to the Transferor was $229 million.

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

	As of June 30, 2014 (In $ millions)
Revolving Credit Facility	
Borrowings outstanding	—
Letters of credit issued	—
Available for borrowing	600
Accounts Receivable Securitization Facility	
Borrowings outstanding	35
Letters of credit issued	79
Available for borrowing	21

11. Benefit Obligations

In November 2013, the Company announced it would amend its US postretirement health care plan to (a) eliminate eligibility for all current and future US non-union employees; (b) terminate its US postretirement health care plan on December 31, 2014 for all US participants; and (c) offer certain eligible US participants a lump-sum buyout payment if they irrevocably waive all future benefits under the US postretirement health care plan and end their participation before December 31, 2014. These actions generated a prior service credit of $92 million, which was recorded to Accumulated other comprehensive income (loss), net in the consolidated balance sheets.

Effective March 27, 2014, the Company eliminated eligibility for all current and future union employees at the Company's Narrows, Virginia facility in its US postretirement health care plan. These actions generated a prior service credit of $5 million, which was recorded to Accumulated other comprehensive income (loss), net in the consolidated balance sheets.

The prior service credits attributable to the Company's US postretirement health care plan are being amortized ratably into the consolidated statements of operations through December 31, 2014. The Company recognized $21 million and $41 million of prior service credit amortization during the three and six months ended June 30, 2014, respectively, and made $1 million and $31 million in lump-sum buyout payments during the three and six months ended June 30, 2014, respectively.

The components of net periodic benefit cost are as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014		2013		2014		2013	
	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits
	(In $ millions)				(In $ millions)			
Service cost	3	1	8	1	6	1	17	2
Interest cost	43	—	38	3	85	2	77	5
Expected return on plan assets	(54)	—	(56)	—	(108)	—	(112)	—
Amortization of prior service cost (credit), net	—	(22)	1	—	—	(41)	1	—
Total	(8)	(21)	(9)	4	(17)	(38)	(17)	7

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Benefit obligation funding is as follows:

	As of June 30, 2014	Total Expected 2014
	(In $ millions)	
Cash contributions to defined benefit pension plans	12	47
Benefit payments to nonqualified pension plans	11	22
Benefit payments to other postretirement benefit plans	39	54

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

The Company participates in a multiemployer defined benefit plan in Germany covering certain employees. The Company's contributions to the multiemployer defined benefit plan are based on specified percentages of employee contributions and totaled $4 million for the six months ended June 30, 2014.

12. Environmental

General

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

The components of environmental remediation reserves are as follows:

	As of June 30, 2014	As of December 31, 2013
	(In $ millions)	
Demerger obligations (Note 18)	25	27
Divestiture obligations (Note 18)	21	21
Active sites	31	32
US Superfund sites	12	13
Other environmental remediation reserves	3	4
Total		