Celanese Corp
Form 10-Q
July 19, 2013

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, 2013
	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 15, 2013 was 159,575,223.

CELANESE CORPORATION AND SUBSIDIARIES

Form 10-Q
For the Quarterly Period Ended June 30, 2013

TABLE OF CONTENTS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012 As Adjusted (Note 1)	2013	2012 As Adjusted (Note 1)
	(In $ millions, except share and per share data)			
Net sales	1,653	1,675	3,258	3,308
Cost of sales	(1,334)	(1,340)	(2,606)	(2,699)
Gross profit	319	335	652	609
Selling, general and administrative expenses	(113)	(115)	(219)	(241)
Amortization of intangible assets	(9)	(13)	(20)	(26)
Research and development expenses	(23)	(25)	(49)	(50)
Other (charges) gains, net	(3)	(3)	(7)	(3)
Foreign exchange gain (loss), net	(2)	(1)	(3)	—
Gain (loss) on disposition of businesses and assets, net	—	—	(1)	—
Operating profit (loss)	169	178	353	289
Equity in net earnings (loss) of affiliates	55	62	109	113
Interest expense	(44)	(45)	(87)	(90)
Refinancing expense	—	—	—	—
Interest income	1	—	1	1
Dividend income - cost investments	23	84	47	84
Other income (expense), net	4	(1)	3	1
Earnings (loss) from continuing operations before tax	208	278	426	398
Income tax (provision) benefit	(75)	(57)	(152)	16
Earnings (loss) from continuing operations	133	221	274	414
Earnings (loss) from operation of discontinued operations	—	—	2	—
Gain (loss) on disposition of discontinued operations	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	(1)	—
Earnings (loss) from discontinued operations	—	—	1	—
Net earnings (loss)	133	221	275	414
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	133	221	275	414
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	133	221	274	414
Earnings (loss) from discontinued operations	—	—	1	—
Net earnings (loss)	133	221	275	414
Earnings (loss) per common share - basic				
Continuing operations	0.83	1.40	1.71	2.63
Discontinued operations	—	—	0.01	—
Net earnings (loss) - basic	0.83	1.40	1.72	2.63
Earnings (loss) per common share - diluted				
Continuing operations	0.83	1.38	1.71	2.60
Discontinued operations	—	—	0.01	—
Net earnings (loss) - diluted	0.83	1.38	1.72	2.60

Weighted average shares - basic	159,676,462	158,163,378	159,679,408	157,370,137
Weighted average shares - diluted	160,142,156	159,778,255	160,138,959	159,446,743

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,	
	2013	2012 As Adjusted (Note 1)	2013	2012 As Adjusted (Note 1)
	(In $ millions)			
Net earnings (loss)	133	221	275	414
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on marketable securities	—	—	—	—
Foreign currency translation	26	(50)	(5)	(24)
Gain (loss) on interest rate swaps	2	—	3	1
Pension and postretirement benefits	—	(2)	—	(6)
Total other comprehensive income (loss), net of tax	28	(52)	(2)	(29)
Total comprehensive income (loss), net of tax	161	169	273	385
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—
Comprehensive income (loss) attributable to Celanese Corporation	161	169	273	385

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

4

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of June 30, 2013	As of December 31, 2012 As Adjusted (Note 1)
	(In $ millions, except share data)	
ASSETS		
Current Assets		
Cash and cash equivalents	1,107	959
Trade receivables - third party and affiliates (net of allowance for doubtful accounts - 2013: $11; 2012: $9)	929	827
Non-trade receivables, net	280	209
Inventories	738	711
Deferred income taxes	50	49
Marketable securities, at fair value	45	53
Other assets	31	31
Total current assets	3,180	2,839
Investments in affiliates	808	800
Property, plant and equipment (net of accumulated depreciation - 2013: $1,610; 2012: $1,506)	3,325	3,350
Deferred income taxes	602	606
Other assets	483	463
Goodwill	772	777
Intangible assets, net	152	165
Total assets	9,322	9,000
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	224	168
Trade payables - third party and affiliates	716	649
Other liabilities	439	475
Deferred income taxes	25	25
Income taxes payable	140	38
Total current liabilities	1,544	1,355
Long-term debt	2,860	2,930
Deferred income taxes	47	50
Uncertain tax positions	184	181
Benefit obligations	1,560	1,602
Other liabilities	1,142	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: 183,721,278 issued and 159,590,729 outstanding; 2012: 183,629,237 issued and 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: 24,130,549 shares; 2012: 23,986,836 shares)	(911)	(905)
Additional paid-in capital	745	731
Retained earnings	2,242	1,993
Accumulated other comprehensive income (loss), net	(91)	(89)
Total Celanese Corporation stockholders' equity	1,985	1,730
Noncontrolling interests	—	—
Total equity	1,985	1,730
Total liabilities and equity	9,322	9,000

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, 2013	
	Shares	Amount As Adjusted (Note 1)
	(In $ millions, except share data)	
Series A Common Stock		
Balance as of the beginning of the period	159,642,401	—
Stock option exercises	80,669	—
Purchases of treasury stock	(143,713)	—
Stock awards	11,372	—
Balance as of the end of the period	159,590,729	—
Treasury Stock		
Balance as of the beginning of the period	23,986,836	(905)
Purchases of treasury stock, including related fees	143,713	(6)
Balance as of the end of the period	24,130,549	(911)
Additional Paid-In Capital		
Balance as of the beginning of the period		731
Stock-based compensation, net of tax		11
Stock option exercises, net of tax		3
Balance as of the end of the period		745
Retained Earnings		
Balance as of the beginning of the period		1,993
Net earnings (loss) attributable to Celanese Corporation		275
Series A common stock dividends		(26)
Balance as of the end of the period		2,242
Accumulated Other Comprehensive Income (Loss), Net		
Balance as of the beginning of the period		(89)
Other comprehensive income (loss), net of tax		(2)
Balance as of the end of the period		(91)
Total Celanese Corporation stockholders’ equity		1,985
Noncontrolling Interests		
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		1,985

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, 2013	2012 As Adjusted (Note 1)
	(In $ millions)	
Operating Activities		
Net earnings (loss)	275	414
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Other charges (gains), net of amounts used	(9)	(6)
Depreciation, amortization and accretion	158	155
Pension and postretirement benefit expense	(10)	5
Pension and postretirement contributions	(33)	(105)
Deferred income taxes, net	(6)	(110)
(Gain) loss on disposition of businesses and assets, net	1	—
Refinancing expense	—	—
Other, net	—	92
Operating cash provided by (used in) discontinued operations	(5)	1
Changes in operating assets and liabilities		
Trade receivables - third party and affiliates, net	(104)	(96)
Inventories	(29)	(24)
Other assets	(55)	26
Trade payables - third party and affiliates	72	61
Other liabilities	121	(11)
Net cash provided by (used in) operating activities	376	402
Investing Activities		
Capital expenditures on property, plant and equipment	(149)	(183)
Acquisitions, net of cash acquired	—	(23)
Proceeds from sale of businesses and assets, net	12	1
Capital expenditures related to Kelsterbach plant relocation	(6)	(35)
Other, net	(34)	(43)
Net cash provided by (used in) investing activities	(177)	(283)
Financing Activities		
Short-term borrowings (repayments), net	(11)	(14)
Proceeds from short-term debt	27	24
Repayments of short-term debt	(24)	(24)
Proceeds from long-term debt	50	—
Repayments of long-term debt	(62)	(19)
Purchases of treasury stock, including related fees	(6)	(28)
Stock option exercises	3	55
Series A common stock dividends	(26)	(19)
Other, net	—	29
Net cash provided by (used in) financing activities	(49)	4
Exchange rate effects on cash and cash equivalents	(2)	(5)
Net increase (decrease) in cash and cash equivalents	148	118
Cash and cash equivalents as of beginning of period	959	682
Cash and cash equivalents as of end of period	1,107	800

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, 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, 2013 and 2012 contained in this Quarterly Report on Form 10-Q ("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 six months ended June 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.

8

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).

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 June 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In $ millions, except per share data)		
Cost of sales	(1,344)	4	(1,340)
Gross profit	331	4	335
Selling, general and administrative expenses	(124)	9	(115)
Research and development expenses	(26)	1	(25)
Operating profit (loss)	164	14	178
Earnings (loss) from continuing operations before tax	264	14	278
Income tax (provision) benefit	(54)	(3)	(57)
Earnings (loss) from continuing operations	210	11	221
Net earnings (loss)	210	11	221
Net earnings (loss) attributable to Celanese Corporation	210	11	221
Earnings (loss) per common share - basic			
Continuing operations	1.33	0.07	1.40
Discontinued operations	—	—	—
Net earnings (loss) - basic	1.33	0.07	1.40
Earnings (loss) per common share - diluted			
Continuing operations	1.31	0.07	1.38
Discontinued operations	—	—	—
Net earnings (loss) - diluted	1.31	0.07	1.38

	Six Months Ended June 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In $ millions, except per share data)		
Cost of sales	(2,707)	8	(2,699)
Gross profit	601	8	609
Selling, general and administrative expenses	(258)	17	(241)
Research and development expenses	(52)	2	(50)
Operating profit (loss)	262	27	289
Earnings (loss) from continuing operations before tax	371	27	398
Income tax (provision) benefit	22	(6)	16
Earnings (loss) from continuing operations	393	21	414
Net earnings (loss)	393	21	414
Net earnings (loss) attributable to Celanese Corporation	393	21	414
Earnings (loss) per common share - basic			
Continuing operations	2.50	0.13	2.63
Discontinued operations	—	—	—
Net earnings (loss) - basic	2.50	0.13	2.63
Earnings (loss) per common share - diluted			
Continuing operations	2.47	0.13	2.60
Discontinued operations	—	—	—
Net earnings (loss) - diluted	2.47	0.13	2.60

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 June 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In $ millions)		
Net earnings (loss)	210	11	221
Pension and postretirement benefits	9	(11)	(2)
Total other comprehensive income (loss), net of tax	(41)	(11)	(52)
Total comprehensive income (loss), net of tax	169	—	169
Comprehensive (income) loss attributable to Celanese Corporation	169	—	169

	Six Months Ended June 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In $ millions)		
Net earnings (loss)	393	21	414
Pension and postretirement benefits	15	(21)	(6)
Total other comprehensive income (loss), net of tax	(8)	(21)	(29)
Total comprehensive income (loss), net of tax	385	—	385
Comprehensive (income) loss attributable to Celanese Corporation	385	—	385

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:

	Six Months Ended June 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In $ millions)		
Net earnings (loss)	393	21	414
Pension and postretirement benefit expense	—	5	5
Pension and postretirement contributions	—	(105)	(105)
Deferred income taxes, net	(116)	6	(110)
Other liabilities	(84)	73	(11)

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 June 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In $ millions)		
Operating Profit (Loss)			
Advanced Engineered Materials	21	2	23
Consumer Specialties	75	2	77
Industrial Specialties	34	1	35
Acetyl Intermediates	77	1	78
Other Activities	(43)	8	(35)
Total	164	14	178

	Six Months Ended June 30, 2012		
	As Previously Reported	Effect of Change	As Adjusted
	(In $ millions)		
Operating Profit (Loss)			
Advanced Engineered Materials	42	5	47
Consumer Specialties	114	3	117
Industrial Specialties	53	2	55
Acetyl Intermediates	137	3	140
Other Activities	(84)	14	(70)
Total	262	27	289

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. Retrospective application is permitted. The Company will comply with the presentation requirements of this ASU for the quarter ending March 31, 2014.

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 is currently assessing the potential impact of adopting this guidance.

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® and Flexbond®, to support the strategic growth of the Company's Emulsions 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 June 30, 2013	As of December 31, 2012
	(In $ millions)	
Mutual Funds		
Amortized cost	45	53
Gross unrealized gain	—	—
Gross unrealized loss	—	—
Fair value	45	53

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

5. Inventories

	As of June 30, 2013	As of December 31, 2012
	(In $ millions)	
Finished goods	551	514
Work-in-process	51	42
Raw materials and supplies	136	155
Total	738	711

6. Goodwill and Intangible Assets, Net

Goodwill

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
	(In $ millions)				
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	(1)	(2)	—	(2)	(5)
As of June 30, 2013					
Goodwill	296	247	42	187	772
Accumulated impairment losses	—	—	—	—	—
Net book value	296	247	42	187	772

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	—	—	—	8	8 [1]
Exchange rate changes	—	(3)	—	—	(3)
As of June 30, 2013	32	522	30	40	624
Accumulated Amortization					
As of December 31, 2012	(16)	(480)	(17)	(23)	(536)
Amortization	(2)	(15)	(2)	(1)	(20)
Exchange rate changes	—	3	—	—	3
As of June 30, 2013	(18)	(492)	(19)	(24)	(553)
Net book value	14	30	11	16	71

____

(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	—
Exchange rate changes	(1)
As of June 30, 2013	81

The Company’s trademarks and trade names have an indefinite life. For the six months ended June 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	21
2015	10
2016	8
2017	7
2018	4

7. Current Other Liabilities

	As of June 30, 2013	As of December 31, 2012
	(In $ millions)	
Salaries and benefits	77	74
Environmental (Note 11)	20	21
Restructuring (Note 13)	20	30
Insurance	13	15
Asset retirement obligations	27	38
Derivatives (Note 15)	17	23
Current portion of benefit obligations	47	47
Interest	26	23
Sales and use tax/foreign withholding tax payable	20	17
Uncertain tax positions	61	65
Customer rebates	37	44
Other	74	78
Total	439	475

8. Noncurrent Other Liabilities

	As of June 30, 2013	As of December 31, 2012
	(In $ millions)	
Environmental (Note 11)	73	78
Insurance	61	58
Deferred revenue	34	36
Deferred proceeds[1]	901	909
Asset retirement obligations	23	26
Derivatives (Note 15)	2	8
Income taxes payable	2	2
Other	46	35
Total	1,142	1,152

---

(1) Primarily relates to proceeds received from the Frankfurt, Germany Airport as part of a settlement for the 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 June 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	123	60
Short-term borrowings, including amounts due to affiliates	101	108
Total	224	168

The Company's weighted average interest rate on short-term borrowings, including amounts due to affiliates, was 4.3% as of June 30, 2013 compared to 4.0% as of December 31, 2012.

	As of June 30, 2013	As of December 31, 2012
	(In $ millions)	
Long-Term Debt		
Senior credit facilities - Term C loan due 2016	970	977
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%	100	50
Pollution control and industrial revenue bonds, interest rates ranging from 5.7% to 6.7%, due at various dates through 2030	169	182
Obligations under capital leases due at various dates through 2054	244	244
Other bank obligations	—	37
Subtotal	2,983	2,990
Current installments of long-term debt	(123)	(60)
Total	2,860	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%

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

17

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 amendment agreement, the "Amended Credit Agreement"). The Amended Credit Agreement consists 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 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 Amended Credit Agreement set to mature in 2016 using proceeds from the 4.625% Notes.

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

The margin for borrowings under the revolving credit facility is currently 2.5% above LIBOR or EURIBOR, as applicable, subject to increase or reduction in certain circumstances based on changes in the Company's corporate credit ratings. Borrowings under the credit-linked revolving facility and the Term C loan facility bear interest at a variable interest rate based on LIBOR (for US dollars) or EURIBOR (for Euros), plus a margin which varies based on the Company's net leverage ratio.

The estimated net leverage ratio and margin are as follows:

	As of June 30, 2013		
	Estimated Total Net Leverage Ratio	Estimated Margin	
Credit-linked revolving facility	1.60	1.50	%
Term C	1.60	2.75	%

The margin on each facility may increase or decrease 0.25% based on the following:

Credit-Linked Revolving Facility		Term C Loan Facility	
Total Net Leverage Ratio	Margin over LIBOR or EURIBOR	Total Net Leverage Ratio	Margin over LIBOR or EURIBOR
< = 2.25	1.50%	< = 1.75	2.75%
> 2.25	1.75%	> 1.75 and < = 2.25	3.00%
		> 2.25	3.25%

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 and the borrowing capacity under the revolving credit facility are as follows:

	As of June 30, 2013			
	First Lien Senior Secured Leverage Ratio			
	Maximum	Estimate	Estimate, if Fully Drawn	Borrowing Capacity
				(In $ millions)
Revolving credit facility	3.90	1.00	1.55	600

The balances available for borrowing are as follows:

	As of June 30, 2013
	(In $ millions)
Revolving Credit Facility	
Borrowings outstanding	—
Letters of credit issued	—
Available for borrowing	600
Credit-Linked Revolving Facility	
Borrowings outstanding	100
Letters of credit issued	81
Available for borrowing	19

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, 2013.

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 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 Amended Credit Agreement in other, non-material respects.

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 June 30,				Six Months Ended June 30,			
	2013	2012 As Adjusted (Note 1)	2013	2012 As Adjusted (Note 1)	2013	2012 As Adjusted (Note 1)	2013	2012 As Adjusted (Note 1)
	(In $ millions)				(In $ millions)			
Service cost	8	7	1	1	17	14	2	1
Interest cost	38	42	3	3	77	85	5	6
Expected return on plan assets	(56)	(51)	—	—	(112)	(102)	—	—
Recognized actuarial (gain) loss	—	—	—	—	—	—	—	—
Amortization of prior service cost (credit)	1	—	—	—	1	1	—	—
Curtailment (gain) loss	—	—	—	—	—	—	—	—
Total	(9)	(2)	4	4	(17)	(2)	7	7

Commitments to fund benefit obligations during 2013 are as follows:

	As of June 30, 2013	Total Expected 2013
	(In $ millions)	
Cash contributions to defined benefit pension plans	16	30
Benefit payments to nonqualified pension plans	11	22
Benefit payments to other postretirement benefit plans	6	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 $4 million for the six months ended June 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 June 30, 2013	As of December 31, 2012
	(In $ millions)	
Demerger obligations (Note 17)	27	31
Divestiture obligations (Note 17)	22	21
Active sites	25	28
US Superfund sites	14	15
Other environmental remediation reserves	5	4
Total	93	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") 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.

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 June 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:

	Six Months Ended June 30,		Total From February 2008 Through June 30, 2013
	2013	2012	
Shares repurchased	137,692 [1]	636,710	13,280,219 [2]
Average purchase price per share	$46.24	$45.09	$38.23
Amount spent on repurchased shares (in millions)	$6	$28	$507

____

(1) 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.

(2) 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 June 30, 2013			2012 As Adjusted (Note 1)		
	Gross Amount	Income Tax (Provision) Benefit	Net Amount	Gross Amount	Income Tax (Provision) Benefit	Net Amount
	(In $ millions)					
Unrealized gain (loss) on marketable securities	—	—	—	—	—	—
Foreign currency translation	28	(2)	26	(50)	—	(50)
Gain (loss) on interest rate swaps	3	(1) [1]	2	(1)	1	—
Pension and postretirement benefits	—	— [2]	—	—	(2)	(2)
Total	31	(3)	28	(51)	(1)	(52)

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

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

	Six Months Ended June 30, 2013			2012 As Adjusted (Note 1)		
	Gross Amount	Income Tax (Provision) Benefit	Net Amount	Gross Amount	Income Tax (Provision) Benefit	Net Amount
	(In $ millions)					
Unrealized gain (loss) on marketable securities	—	—	—	—	—	—
Foreign currency translation	(3)	(2)	(5)	(24)	—	(24)