

Celanese Corp  
Form 10-Q  
October 17, 2017  
Table of Contents

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

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Form 10-Q

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

For the quarterly period ended September 30, 2017

Or

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

(Commission File Number) 001-32410

CELANESE CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware 98-0420726

(State or Other Jurisdiction of  
Incorporation or Organization) (I.R.S. Employer  
Identification No.)

222 W. Las Colinas Blvd., Suite 900N 75039-5421  
Irving, TX (Zip Code)  
(Address of Principal Executive Offices)  
(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 ☒ No ☐

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of outstanding shares of the registrant's Series A common stock, \$0.0001 par value, as of October 10, 2017 was 135,636,382.



Table of Contents

CELANESE CORPORATION AND SUBSIDIARIES

Form 10-Q

For the Quarterly Period Ended September 30, 2017

TABLE OF CONTENTS

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	<u>3</u>
a) <u>Unaudited Interim Consolidated Statements of Operations for the three and nine months ended September 30, 2017 and 2016</u>	<u>3</u>
b) <u>Unaudited Interim Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2017 and 2016</u>	<u>4</u>
c) <u>Unaudited Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016</u>	<u>5</u>
d) <u>Unaudited Interim Consolidated Statement of Equity for the nine months ended September 30, 2017</u>	<u>6</u>
e) <u>Unaudited Interim Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016</u>	<u>7</u>
f) <u>Notes to the Unaudited Interim Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>42</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>56</u>
<u>Item 4. Controls and Procedures</u>	<u>56</u>
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>57</u>
<u>Item</u>	
<u>1A. Risk Factors</u>	<u>57</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>57</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>57</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>57</u>
<u>Item 5. Other Information</u>	<u>57</u>
<u>Item 6. Exhibits</u>	<u>58</u>
<u>Signatures</u>	<u>59</u>

Table of Contents

## Item 1. Financial Statements

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(In \$ millions, except share and per share data)			
Net sales	1,566	1,323	4,547	4,078
Cost of sales	(1,181)	(968)	(3,443)	(2,995)
Gross profit	385	355	1,104	1,083
Selling, general and administrative expenses	(112)	(81)	(291)	(232)
Amortization of intangible assets	(5)	(3)	(14)	(7)
Research and development expenses	(19)	(20)	(53)	(58)
Other (charges) gains, net	—	(3)	(58)	(12)
Foreign exchange gain (loss), net	4	(1)	—	1
Gain (loss) on disposition of businesses and assets, net	(1)	(1)	(4)	1
Operating profit (loss)	252	246	684	776
Equity in net earnings (loss) of affiliates	50	41	135	114
Interest expense	(32)	(28)	(91)	(91)
Refinancing expense	—	(4)	—	(6)
Interest income	1	—	2	1
Dividend income - cost investments	24	26	82	82
Other income (expense), net	(6)	—	(2)	(2)
Earnings (loss) from continuing operations before tax	289	281	810	874
Income tax (provision) benefit	(57)	(15)	(153)	(127)
Earnings (loss) from continuing operations	232	266	657	747
Earnings (loss) from operation of discontinued operations	(5)	(4)	(14)	(3)
Income tax (provision) benefit from discontinued operations	1	1	2	1
Earnings (loss) from discontinued operations	(4)	(3)	(12)	(2)
Net earnings (loss)	228	263	645	745
Net (earnings) loss attributable to noncontrolling interests	(2)	(1)	(5)	(5)
Net earnings (loss) attributable to Celanese Corporation	226	262	640	740
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	230	265	652	742
Earnings (loss) from discontinued operations	(4)	(3)	(12)	(2)
Net earnings (loss)	226	262	640	740
Earnings (loss) per common share - basic				
Continuing operations	1.68	1.84	4.71	5.08
Discontinued operations	(0.03)	(0.02)	(0.09)	(0.01)
Net earnings (loss) - basic	1.65	1.82	4.62	5.07
Earnings (loss) per common share - diluted				
Continuing operations	1.68	1.83	4.69	5.06
Discontinued operations	(0.03)	(0.02)	(0.09)	(0.01)
Net earnings (loss) - diluted	1.65	1.81	4.60	5.05
Weighted average shares - basic	136,579,077	144,005,098	138,599,330	145,959,821
Weighted average shares - diluted	136,951,923	144,601,465	138,988,321	146,585,560

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



Table of Contents

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

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	(In \$ millions)			
Net earnings (loss)	228	263	645	745
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on marketable securities	—	(1 )	1	—
Foreign currency translation	42	(8 )	148	38
Gain (loss) on cash flow hedges	—	—	(1 )	1
Pension and postretirement benefits	(1 )	—	4	(1 )
Total other comprehensive income (loss), net of tax	41	(9 )	152	38
Total comprehensive income (loss), net of tax	269	254	797	783
Comprehensive (income) loss attributable to noncontrolling interests	(2 )	(1 )	(5 )	(5 )
Comprehensive income (loss) attributable to Celanese Corporation	267	253	792	778

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

Table of Contents

CELANESE CORPORATION AND SUBSIDIARIES  
 UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of September 30, 2017	As of December 31, 2016
	(In \$ millions, except share data)	
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (variable interest entity restricted - 2017: \$23; 2016: \$18)	461	638
Trade receivables - third party and affiliates (net of allowance for doubtful accounts - 2017: \$8; 2016: \$6; variable interest entity restricted - 2017: \$5; 2016: \$4)	989	801
Non-trade receivables, net	260	223
Inventories	809	720
Marketable securities, at fair value	31	30
Other assets	63	60
Total current assets	2,613	2,472
Investments in affiliates	938	852
Property, plant and equipment (net of accumulated depreciation - 2017: \$2,508; 2016: \$2,239; variable interest entity restricted - 2017: \$706; 2016: \$734)	3,706	3,577
Deferred income taxes	201	159
Other assets (variable interest entity restricted - 2017: \$6; 2016: \$9)	306	307
Goodwill	995	796
Intangible assets (variable interest entity restricted - 2017: \$25; 2016: \$26)	303	194
Total assets	9,062	8,357
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	435	118
Trade payables - third party and affiliates	695	625
Other liabilities	343	322
Income taxes payable	77	12
Total current liabilities	1,550	1,077
Long-term debt, net of unamortized deferred financing costs	2,954	2,890
Deferred income taxes	195	130
Uncertain tax positions	153	131
Benefit obligations	845	893
Other liabilities	230	215
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized (2017 and 2016: 0 issued and outstanding)	—	—
Series A common stock, \$0.0001 par value, 400,000,000 shares authorized (2017: 168,024,095 issued and 135,636,382 outstanding; 2016: 167,611,357 issued and 140,660,447 outstanding)	—	—
Series B common stock, \$0.0001 par value, 100,000,000 shares authorized (2017 and 2016: 0 issued and outstanding)	—	—
Treasury stock, at cost (2017: 32,387,713 shares; 2016: 26,950,910 shares)	(2,031)	(1,531)
Additional paid-in capital	171	157
Retained earnings	4,781	4,320

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Accumulated other comprehensive income (loss), net	(206 )	(358 )
Total Celanese Corporation stockholders' equity	2,715	2,588
Noncontrolling interests	420	433
Total equity	3,135	3,021
Total liabilities and equity	9,062	8,357

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



Table of Contents

CELANESE CORPORATION AND SUBSIDIARIES  
 UNAUDITED INTERIM CONSOLIDATED STATEMENT OF EQUITY

	Nine Months Ended September 30, 2017	
	Shares	Amount
	(In \$ millions, except share data)	
Series A Common Stock		
Balance as of the beginning of the period	140,660,447	—
Stock option exercises	20,151	—
Purchases of treasury stock	(5,436,803 )	—
Stock awards	392,587	—
Balance as of the end of the period	135,636,382	—
Treasury Stock		
Balance as of the beginning of the period	26,950,910	(1,531 )
Purchases of treasury stock, including related fees	5,436,803	(500 )
Balance as of the end of the period	32,387,713	(2,031 )
Additional Paid-In Capital		
Balance as of the beginning of the period		157
Stock-based compensation, net of tax		13
Stock option exercises, net of tax		1
Balance as of the end of the period		171
Retained Earnings		
Balance as of the beginning of the period		4,320
Cumulative effect adjustment from adoption of new accounting standard ( <u>Note 1</u> )		(1 )
Net earnings (loss) attributable to Celanese Corporation		640
Series A common stock dividends		(178 )
Balance as of the end of the period		4,781
Accumulated Other Comprehensive Income (Loss), Net		
Balance as of the beginning of the period		(358 )
Other comprehensive income (loss), net of tax		152
Balance as of the end of the period		(206 )
Total Celanese Corporation stockholders' equity		2,715
Noncontrolling Interests		
Balance as of the beginning of the period		433
Net earnings (loss) attributable to noncontrolling interests		5
(Distributions to) contributions from noncontrolling interests		(18 )
Balance as of the end of the period		420
Total equity		3,135

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

Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended		
	September 30,		
	2017		2016
	(In \$ millions)		
Operating Activities			
Net earnings (loss)	645		745
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities			
Asset impairments	—		1
Depreciation, amortization and accretion	231		223
Pension and postretirement net periodic benefit cost	(60)	)	(40)
Pension and postretirement contributions	(36)	)	(38)
Deferred income taxes, net	(5)	)	39
(Gain) loss on disposition of businesses and assets, net	4		1
Stock-based compensation	32		23
Undistributed earnings in unconsolidated affiliates	(19)	)	2
Other, net	8		11
Operating cash provided by (used in) discontinued operations	7		—
Changes in operating assets and liabilities			
Trade receivables - third party and affiliates, net	(122)	)	(82)
Inventories	(14)	)	36
Other assets	(24)	)	53
Trade payables - third party and affiliates	41		16
Other liabilities	57		(50)
Net cash provided by (used in) operating activities	745		940
Investing Activities			
Capital expenditures on property, plant and equipment	(180)	)	(186)
Acquisitions, net of cash acquired	(269)	)	—
Proceeds from sale of businesses and assets, net	1		8
Other, net	(9)	)	(14)

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Net cash provided by (used in) investing activities	(457)	)	(192)	)
Financing Activities				
Net change in short-term borrowings with maturities of 3 months or less	224		(347)	)
Proceeds from short-term borrowings	150		39	
Repayments of short-term borrowings	(91)	)	(76)	)
Proceeds from long-term debt	—		1,509	
Repayments of long-term debt	(65)	)	(1,095)	)
Purchases of treasury stock, including related fees	(500)	)	(300)	)
Stock option exercises	1		3	
Series A common stock dividends	(178)	)	(150)	)
(Distributions to) contributions from noncontrolling interests	(18)	)	(15)	)
Other, net	(19)	)	(35)	)
Net cash provided by (used in) financing activities	(496)	)	(467)	)
Exchange rate effects on cash and cash equivalents	31		4	
Net increase (decrease) in cash and cash equivalents	(177)	)	285	
Cash and cash equivalents as of beginning of period	638		967	
Cash and cash equivalents as of end of period	461		1,252	

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

Table of Contents

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 nine months ended September 30, 2017 and 2016 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 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, 2016, filed on February 10, 2017 with the SEC as part of the Company's Annual Report on Form 10-K.

Operating results for the three and nine months ended September 30, 2017 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 Net sales, 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



Table of Contents

and other postretirement benefits, asset retirement obligations, environmental liabilities and loss contingencies, among others. Actual results could differ from those estimates.

#### Change in accounting policy regarding share-based compensation

Historically, the Company recognized share-based compensation net of estimated forfeitures over the vesting period of the respective grant. Effective January 1, 2017, the Company elected to change its accounting policy to recognize forfeitures as they occur. The new forfeiture policy election was adopted using a modified retrospective approach with a cumulative effect adjustment of \$1 million to Retained earnings as of January 1, 2017. See Note 2 - Recent Accounting Pronouncements for further information.

#### 2. Recent Accounting Pronouncements

The following table provides a brief description of recent Accounting Standard Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB"):

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
In August 2017, the FASB issued ASU 2017-12, Targeted Improvements to Accounting for Hedging Activities.	The new guidance improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results.	January 1, 2019. Early adoption is permitted.	The Company is currently evaluating the impact of adoption on its financial statements and related disclosures, but does not expect adoption will have a material impact.
In March 2017, the FASB issued ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.	The new guidance clarifies the presentation and classification of the components of net periodic benefit costs in the consolidated statement of operations.	January 1, 2018. Early adoption is permitted.	The Company is currently evaluating the impact of adoption on its financial statements and related disclosures.
In January 2017, the FASB issued ASU 2017-04, Intangibles: Goodwill and Other: Simplifying the Test for Goodwill Impairment.	The new guidance simplifies subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test.	January 1, 2020. Early adoption is permitted.	The Company adopted the new guidance during the three months ended September 30, 2017, as part of the FASB's simplification initiative. The adoption of the new guidance did not have a material impact to the Company.
In October 2016, the FASB issued ASU 2016-16, Intra-Entity Transfers of Assets Other Than Inventory.	The new guidance requires the income tax consequences of an intra-entity transfer of assets other than inventory to be recognized when the transfer occurs rather than deferring until an outside sale has occurred.	January 1, 2018. Early adoption is permitted.	The Company does not expect adoption will have a material impact on its financial statements and related disclosures.

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In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments.	The new guidance clarifies the presentation and classification of certain cash receipts and cash payments in the statement of cash flows.	January 1, 2018. Early adoption is permitted.	The Company does not expect adoption will have a material impact on its financial statements and related disclosures.
In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting.	The new guidance simplifies several aspects of the accounting for share-based payment transactions, including the timing of recognizing income tax consequences, classification of awards as either equity or liabilities, calculation of compensation expense and classification on the statement of cash flows.	January 1, 2017. Early adoption is permitted.	<p>The Company adopted the new guidance effective January 1, 2017, as part of the FASB's simplification initiative. The adoption of the new guidance did not have a material impact to the Company.</p> <p>The Company changed its accounting policy regarding the recognition of stock-based compensation expense as part of the adoption (<u>Note 1</u>).</p>

Table of Contents

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
In February 2016, the FASB issued ASU 2016-02, Leases.	The new guidance supersedes the lease guidance under FASB Accounting Standards Codification ("ASC") Topic 840, Leases, resulting in the creation of FASB ASC Topic 842, Leases. The guidance requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for both finance and operating leases.	January 1, 2019. Early adoption is permitted.	The Company is currently evaluating its population of leases, and is continuing to assess all potential impacts of the standard, but currently believes the most significant impact relates to its accounting for manufacturing and logistics equipment, and real estate operating leases. The Company anticipates recognition of additional assets and corresponding liabilities related to leases upon adoption, but cannot quantify these at this time. The Company plans to adopt the standard effective January 1, 2019.
In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities.	The new guidance updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments.	January 1, 2018. Early adoption is permitted.	The Company does not expect adoption will have a material impact on its financial statements and related disclosures.
In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. Since that date, the FASB has issued additional ASUs clarifying certain aspects of ASU 2014-09.	The new guidance 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. The new guidance provides alternative methods of adoption. Subsequent guidance issued after May 2014 did not change the core principle of ASU 2014-09.	January 1, 2018.	The Company plans to adopt the revenue guidance effective January 1, 2018, using the modified retrospective approach. The Company has substantially completed its assessment of the potential impact on its financial statements and currently does not expect the adoption to have a material impact on its financial statements and related disclosures. Further, it does not expect to change the manner or timing of recognizing revenue as a majority of its revenue transactions are recognized when product is delivered.

## 3. Acquisitions, Dispositions and Plant Closures

## Acquisitions

## ▲Acetate Tow Joint Venture

On June 18, 2017, Celanese, through various subsidiaries, entered into an agreement with affiliates of The Blackstone Group L.P. (the "Blackstone Entities") to form a joint venture which combines substantially all of the operations of the Company's cellulose derivatives business and the operations of the Rhodia Acetow cellulose acetate business formerly operated by Solvay S.A. and acquired by the Blackstone Entities on June 1, 2017. The Company's cellulose derivatives operations are included in the Consumer Specialties segment. The combined business will operate under a common governance structure through two separate joint ventures, each of which will be owned ultimately 70% and 30% by Celanese and the Blackstone Entities, respectively. One venture will primarily be comprised of the US operations being contributed and the other will be comprised of the remaining international operations being



contributed. Closing of the transaction is subject to customary closing conditions, including: (i) waiting periods, clearances and/or approvals of the European Union and other jurisdictions requiring antitrust or similar approvals, and (ii) completion of the internal reorganization of the Company's cellulose derivatives business to facilitate the closing and operation of the joint venture post-closing. The agreement may be terminated by Celanese and/or the Blackstone Entities under certain limited circumstances, including if the closing is not consummated within one year of signing, which date may be extended by an additional 90 days, under certain circumstances. Pursuant to the terms of the agreement, once approved and upon closing, the Company is expecting to consolidate the joint venture results, subject to the Blackstone Entities' noncontrolling interest.

In connection with the agreement, the joint venture obtained commitments for credit facilities aggregating \$2.4 billion to be entered into by the joint venture entities at the closing consisting of (i) senior secured (\$135 million) and senior unsecured (\$65 million) revolving credit facilities in an aggregate principal amount of \$200 million, (ii) senior secured term loan facilities in an aggregate principal amount of \$1.0 billion, (iii) a senior unsecured bridge facility in an aggregate principal amount of \$800 million, which bridge facility will backstop the proposed issuance of \$800 million senior unsecured notes by a joint venture subsidiary, and (iv) a senior unsecured term loan facility in an aggregate principal amount of \$400 million. The credit facilities will be guaranteed by certain of the subsidiaries of the respective borrowers; however, only the \$65 million senior

Table of Contents

unsecured revolving credit facility and the \$400 million senior unsecured term loan credit facility will be guaranteed by Celanese. Approximately \$2.2 billion of the proceeds of the debt financing are expected to be used, in part, to repay certain of the parties' existing indebtedness and a \$1.6 billion dividend to the Company.

**Nilit Plastics**

On May 3, 2017, using cash on hand and borrowings under the Company's senior unsecured revolving credit facility, the Company acquired the nylon compounding division of Nilit Group ("Nilit"), an independent producer of high performance nylon resins, fibers and compounds. Celanese acquired the nylon compounding product portfolio, customer agreements and manufacturing, technology and commercial facilities. The acquisition of Nilit increases the Company's global engineered materials product platforms, extends the operational model, technical and industry solutions capabilities and expands project pipelines. The acquisition was accounted for as a business combination and the acquired operations are included in the Advanced Engineered Materials segment.

Pro forma financial information since the respective 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 acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The Company calculated the fair value of the assets acquired using the income, market, or cost approach (or a combination thereof). Fair values were determined based on Level 3 inputs including estimated future cash flows, discount rates, royalty rates, growth rates, sales projections, retention rates and terminal values, all of which require significant management judgment and are susceptible to change. The purchase price allocation is based upon preliminary information and is subject to change if additional information about the facts and circumstances that existed at the acquisition date becomes available. The final fair value of the net assets acquired may result in adjustments to the assets and liabilities, including goodwill. During the nine months ended September 30, 2017, the Company made certain adjustments to its purchase price allocation to adjust taxes and working capital, which resulted in a \$4 million reduction to goodwill. Any subsequent measurement period adjustments are not expected to have a material impact on the Company's results of operations.

The preliminary purchase price allocation for the Nilit acquisition is as follows:

As of  
May 3, 2017  
(In \$ millions)

Cash and cash equivalents	4
Trade receivables - third party and affiliates	21
Inventories	37
Property, plant and equipment, net	36
Intangible assets ( <u>Note 7</u> )	104
Goodwill <sup>(1)</sup> ( <u>Note 7</u> )	136
Other assets	11
Total fair value of assets acquired	349

Trade payables - third party and affiliates	(8)	)
Total debt ( <u>Note 10</u> )	(12)	)
Deferred income taxes	(26)	)
Benefit obligations	(15)	)

Other liabilities <sup>(2)</sup>	(45	)
Total fair value of liabilities assumed	(106	)
Net assets acquired	243	

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(1) Goodwill consists of expected revenue and operating synergies resulting from the acquisition. None of the goodwill is deductible for income tax purposes.

(2) Includes a \$29 million acquisition payment to Nilit Group after the date of close, which was paid as of June 30, 2017.

## Table of Contents

During the nine months ended September 30, 2017, transaction related costs of \$2 million were expensed as incurred to Selling, general and administrative expenses in the unaudited interim consolidated statements of operations. The amount of pro forma Net earnings (loss) of Nilit included in the Company's unaudited interim consolidated statement of operations was less than 1% (unaudited) of its consolidated Net earnings (loss) had the acquisition occurred as of the beginning of 2017. The amount of Nilit Net earnings (loss) consolidated by the Company since the acquisition date was not material.

### **SO.F.TER. S.p.A.**

In December 2016, the Company acquired 100% of the stock of the Forli, Italy based SO.F.TER. S.p.A. ("SOFTER"), a leading thermoplastic compounder. The acquisition of SOFTER increases the Company's global engineered materials product platforms, extends the operational model, technical and industry solutions capabilities and expands project pipelines. The acquisition was accounted for as a business combination and the acquired operations are included in the Advanced Engineered Materials segment. The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The purchase price allocation was based on preliminary information and is subject to change if additional information about the facts and circumstances that existed at the acquisition date becomes available. The final fair value of the net assets acquired may result in adjustments to the assets and liabilities, including goodwill. During the nine months ended September 30, 2017, the Company made certain adjustments to its purchase price allocation to adjust property, plant and equipment, inventory and accounts receivable, which resulted in a \$2 million reduction to goodwill. Any subsequent measurement period adjustments are not expected to have a material impact on the Company's results of operations.

### **4. Ventures and Variable Interest Entities**

#### **Consolidated Variable Interest Entities**

The Company has a joint venture, Fairway Methanol LLC ("Fairway"), with Mitsui & Co., Ltd., of Tokyo, Japan ("Mitsui"), in which the Company owns 50% of Fairway, for the production of methanol at the Company's integrated chemical plant in Clear Lake, Texas. The methanol unit utilizes natural gas in the US Gulf Coast region as a feedstock and benefits from the existing infrastructure at the Company's Clear Lake facility. Both Mitsui and the Company supply their own natural gas to Fairway in exchange for methanol tolling under a cost-plus off-take arrangement. 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.

Table of Contents

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

	As of September 30, 2017	As of December 31, 2016
	(In \$ millions)	
Cash and cash equivalents	23	18
Trade receivables, net - third party & affiliate	10	8
Property, plant and equipment (net of accumulated depreciation - 2017: \$80; 2016: \$50)	706	734
Intangible assets (net of accumulated amortization - 2017: \$2; 2016: \$1)	25	26
Other assets	6	9
Total assets <sup>(1)</sup>	770	795
Trade payables	14	15
Other liabilities <sup>(2)</sup>	4	2
Total debt	5	5
Deferred income taxes	3	2
Total liabilities	26	24

<sup>(1)</sup> Assets can only be used to settle the obligations of Fairway.

<sup>(2)</sup> Primarily represents amounts owed by Fairway to the Company 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 September 30, 2017, relates primarily to the recovery of capital expenditures for certain property, plant and equipment.

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 September 30, 2017	As of December 31, 2016
	(In \$ millions)	
Property, plant and equipment, net	55	60
Trade payables	37	53
Current installments of long-term debt	19	10
Long-term debt	78	91
Total liabilities	134	154
Maximum exposure to loss	180	240

The difference between the total liabilities associated with obligations to nonconsolidated 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).

Table of Contents

## 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) as follows:

	As of September 30, 2017	As of December 31, 2016
	(In \$ millions)	
Amortized cost	31	30
Gross unrealized gain	—	—
Gross unrealized loss	—	—
Fair value	31	30

## 6. Inventories

	As of September 30, 2017	As of December 31, 2016
	(In \$ millions)	
Finished goods	539	506
Work-in-process	45	45
Raw materials and supplies	225	169
Total	809	720

## 7. Goodwill and Intangible Assets, Net

## Goodwill

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
	(In \$ millions)				
As of December 31, 2016	385	225	38	148	796
Acquisitions ( <u>Note 3</u> )	130	—	—	—	130
Exchange rate changes	37	10	2	20	69
As of September 30, 2017 <sup>(1)</sup>	552	235	40	168	995

<sup>(1)</sup> There were \$0 million of accumulated impairment losses as of September 30, 2017.

The Company assesses the recoverability of the carrying amount of its reporting unit goodwill either qualitatively or quantitatively annually during the third quarter of its fiscal year using June 30 balances or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable. In connection with the Company's annual goodwill impairment assessment, the Company did not record an impairment loss to goodwill during the nine months ended September 30, 2017 as the estimated fair value for each of the Company's reporting units exceeded the carrying amount of the underlying assets by a substantial margin.

Table of Contents

## 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, 2016	36	509	35	53	633
Acquisitions (Note 3)	—	73	9	—	82 <sup>(1)</sup>
Exchange rate changes	1	51	1	—	53
As of September 30, 2017	37	633	45	53	768
Accumulated Amortization					
As of December 31, 2016	(27)	(440)	(26)	(31)	(524)
Amortization	(3)	(8)	(2)	(1)	(14)
Exchange rate changes	(1)	(39)	(1)	—	(41)
As of September 30, 2017	(31)	(487)	(29)	(32)	(579)
Net book value	6	146	16	21	189

<sup>(1)</sup> Represents intangible assets acquired related to Nilit (Note 3) with a weighted average amortization period of 14 years.

Indefinite-lived intangible assets are as follows:

	Trademarks and Trade Names
	(In \$ millions)
As of December 31, 2016	85
Acquisitions (Note 3)	22
Accumulated impairment losses	—
Exchange rate changes	7
As of September 30, 2017	114

The Company assesses the recoverability of the carrying amount of its indefinite-lived intangible assets either qualitatively or by utilizing the relief from royalty method under the income approach annually during the third quarter of its fiscal year using June 30 balances or whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. In connection with the Company's annual indefinite-lived intangible assets impairment assessment, the Company did not record an impairment loss to indefinite-lived intangible assets during the nine months ended September 30, 2017 as the estimated fair value of each of the Company's indefinite-lived intangible assets exceeded the carrying value of the underlying assets by a substantial margin.

The Company's trademarks and trade names have an indefinite life. For the nine months ended September 30, 2017, the Company did not renew or extend any intangible assets.

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

(In \$ millions)
2018 19
2019 17
2020 15
2021 15
2022 14





Table of Contents

## 8. Current Other Liabilities

	As of September 30, 2017	As of December 31, 2016
(In \$ millions)		
Asset retirement obligations	17	9
Benefit obligations ( <u>Note 11</u> )	31	31
Customer rebates	59	51
Derivatives ( <u>Note 16</u> )	9	3
Environmental ( <u>Note 12</u> )	17	14
Insurance	4	6
Interest	18	15
Restructuring ( <u>Note 14</u> )	6	16
Salaries and benefits	91	97
Sales and use tax/foreign withholding tax payable	23	21
Other	68	59
Total	343	322

## 9. Noncurrent Other Liabilities

	As of September 30, 2017	As of December 31, 2016
(In \$ millions)		
Asset retirement obligations	10	20
Deferred proceeds	46	41
Deferred revenue	7	9
Environmental ( <u>Note 12</u> )	54	50
Income taxes payable	6	6
Insurance	52	46
Other	55	43
Total	230	215

## 10. Debt

	As of September 30, 2017	As of December 31, 2016
(In \$ millions)		
Short-Term Borrowings and Current Installments of Long-Term Debt - Third Party and Affiliates		
Current installments of long-term debt	59	27
Short-term borrowings, including amounts due to affiliates <sup>(1)</sup>	75	68
Short-term SOFTER bank loans ( <u>Note 3</u> ) <sup>(2)</sup>	—	23
Revolving credit facility <sup>(3)</sup>	220	—
Accounts receivable securitization facility <sup>(4)</sup>	81	—
Total	435	118

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- (1) The weighted average interest rate was 3.0% and 3.1% as of September 30, 2017 and December 31, 2016, respectively.
- (2) The weighted average interest rate was 1.2% as of December 31, 2016.
- (3) The weighted average interest rate was 2.7% as of September 30, 2017.
- (4) The weighted average interest rate was 2.0% as of September 30, 2017.

Table of Contents

	As of September 30, 2017 (In \$ millions)	As of December 31, 2016
Long-Term Debt		
Senior unsecured term loan due 2021 <sup>(1)</sup>	500	500
Senior unsecured notes due 2019, interest rate of 3.250%	354	316
Senior unsecured notes due 2021, interest rate of 5.875%	400	400
Senior unsecured notes due 2022, interest rate of 4.625%	500	500
Senior unsecured notes due 2023, interest rate of 1.125%	884	788
Pollution control and industrial revenue bonds due at various dates through 2030, interest rates ranging from 4.05% to 5.00%	169	170
SOFTER bank loans due at various dates through 2021 ( <u>Note 3</u> ) <sup>(2)</sup>	—	47
Nilit bank loans due at various dates through 2026 ( <u>Note 3</u> ) <sup>(3)</sup>	12	—
Obligations under capital leases due at various dates through 2054	212	217
Subtotal	3,031	2,938
Unamortized debt issuance costs <sup>(4)</sup>	(18 )	(21 )
Current installments of long-term debt	(59 )	(27 )
Total	2,954	2,890

(1) The margin for borrowings under the senior unsecured term loan due 2021 was 1.5% above LIBOR at current Company credit ratings.

(2) The weighted average interest rate was 1.6% as of December 31, 2016.

(3) The weighted average interest rate was 1.4% as of September 30, 2017.

(4) Related to the Company's long-term debt, excluding obligations under capital leases.

#### Senior Credit Facilities

In July 2016, Celanese, Celanese US and certain subsidiaries entered into a new senior credit agreement ("Credit Agreement") consisting of a \$500 million senior unsecured term loan and a \$1.0 billion senior unsecured revolving credit facility (with a letter of credit sublimit), each maturing in 2021. The Credit Agreement is guaranteed by Celanese, Celanese US and substantially all of its domestic subsidiaries (the "Subsidiary Guarantors").

The Company's debt balances and amounts available for borrowing under its senior unsecured revolving credit facility are as follows:

	As of September 30, 2017 (In \$ millions)
Revolving Credit Facility	
Borrowings outstanding <sup>(1)</sup>	220
Letters of credit issued	—
Available for borrowing <sup>(2)</sup>	780

(1) The Company borrowed \$451 million and repaid \$231 million under its senior unsecured revolving credit facility during the nine months ended September 30, 2017.

(2) The margin for borrowings under the senior unsecured revolving credit facility was 1.5% above LIBOR at current Company credit ratings.



Table of Contents

## Senior Notes

The Company has outstanding senior unsecured notes, issued in public offerings registered under the Securities Act of 1933 ("Securities Act"), as amended (collectively, the "Senior Notes"). The Senior Notes were issued by Celanese US and are guaranteed on a senior unsecured basis by Celanese and the Subsidiary Guarantors.

## Accounts Receivable Securitization Facility

The Company has a US accounts receivable securitization facility involving receivables of certain of its domestic subsidiaries of the Company transferred to a wholly-owned, "bankruptcy remote" special purpose subsidiary of the Company ("SPE"). The securitization facility, which permits cash borrowings and letters of credit, expires in July 2019.

The Company's debt balances and amounts available for borrowing under its securitization facility are as follows:

As of  
September 30,  
2017  
(In \$ millions)

Accounts Receivable  
Securitization Facility

Borrowings outstanding <sup>(1)</sup>	81
Letters of credit issued	31
Available for borrowing	7
Total borrowing base	119

Maximum borrowing  
base<sup>(2)</sup> 120

<sup>(1)</sup> The Company borrowed \$85 million and repaid \$4 million under its Accounts Receivable Securitization Facility during the nine months ended September 30, 2017.

<sup>(2)</sup> Outstanding accounts receivable transferred to the SPE was \$153 million.

## Covenants

The Company's material financing arrangements contain customary covenants, including the maintenance of certain financial ratios, events of default and change of control provisions. 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. The Company is in compliance with all covenants related to its debt agreements as of September 30, 2017.

Table of Contents

## 11. Benefit Obligations

The components of net periodic benefit cost are as follows:

	Three Months Ended September 30, 2017				Nine Months Ended September 30, 2017			
	Pension Benefits		Post-retirement Benefits		Pension Benefits		Post-retirement Benefits	
	(In \$ millions)							
Service cost	2	1	2	—	6	1	6	—
Interest cost	27	—	28	1	80	1	84	2
Expected return on plan assets	(50)	—	(44)	—	(148)	—	(132)	—
Amortization of prior service cost (credit), net	—	—	—	(1)	—	(1)	—	(3)
Special termination benefit	—	—	—	—	1	—	3	—
Total	(21)	1	(14)	—	(61)	1	(39)	(1)

Benefit obligation funding is as follows:

	As of September 30, 2017		Total Expected September 30, 2017	
	(In \$ millions)			
Cash contributions to defined benefit pension plans	17	20		
Benefit payments to nonqualified pension plans	16	22		
Benefit payments to other postretirement benefit plans	3	4		
Cash contributions to German multiemployer defined benefit pension plans <sup>(1)</sup>	5	7		

<sup>(1)</sup> The Company makes contributions based on specified percentages of employee contributions.

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

## 12. Environmental

The Company is subject to environmental laws and regulations worldwide that impose limitations on the discharge of pollutants into the air and water, establish standards for the treatment, storage and disposal of solid and hazardous wastes, and impose record keeping and notification requirements. Failure to timely comply with these laws and regulations may expose the Company to penalties. The Company believes that it is in substantial compliance with all applicable environmental laws and regulations and engages in an ongoing process of updating its controls to mitigate compliance risks. 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.

Table of Contents

The components of environmental remediation reserves are as follows:

	As of September 30, 2017	As of December 31, 2016
	(In \$ millions)	
Demerger obligations ( <u>Note 18</u> )	30	18
Divestiture obligations ( <u>Note 18</u> )	15	16
Active sites	14	16
US Superfund sites	10	11
Other environmental remediation reserves	2	3
Total	71	64

#### Remediation

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

#### US Superfund Sites

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

As events progress at each site for which it has been named a PRP, the Company accrues, as appropriate, a liability for site cleanup. Such liabilities include all costs that are probable and can be reasonably estimated. In establishing these liabilities, the Company considers the contaminants of concern, the potential impact thereof, the relationship of the contaminants of concern to its current and historic operations, 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 Diamond Alkali Superfund Site, which is comprised of a number of sub-sites, including the Lower Passaic River Study Area, which is the lower 17-mile stretch of the Passaic River ("Lower Passaic River Site"), and the Newark Bay Area. The Company and 70 other companies are parties to a May 2007 Administrative Order on Consent with the EPA to perform a Remedial Investigation/Feasibility Study ("RI/FS") at the Lower Passaic River Site to identify the levels of contaminants and potential cleanup actions, including the potential migration of contaminants between the Lower Passaic River Site and the Newark Bay Area. Work on the RI/FS is ongoing, with a



goal to complete it in 2018.

In March 2016, the EPA issued its final Record of Decision concerning the remediation of the lower 8.3 miles of the Lower Passaic River Site ("Lower 8.3 Miles"). Pursuant to the EPA's Record of Decision, the Lower 8.3 Miles must be dredged bank to bank and an engineered cap must be installed at an EPA estimated cost of approximately \$1.4 billion. The Company owned and/or operated facilities in the vicinity of the Lower 8.3 Miles, but has found no evidence that it contributed any of the

Table of Contents

primary contaminants of concern to the Passaic River. The Company is vigorously defending this matter and currently believes that its ultimate allocable share of the cleanup costs with respect to the Lower Passaic River Site, estimated at less than 1%, will not be material to the Company's results of operations, cash flows or financial position.

## 13. Stockholders' Equity

## Common Stock

The Company's Board of Directors follows a policy of declaring, subject to legally available funds, a quarterly cash dividend on each share of the Company's Series A common stock, par value \$0.0001 per share ("Common Stock"), unless the Company's Board of Directors, in its sole discretion, determines otherwise.

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

Increase (In percentages)	Quarterly Common Stock Cash Dividend (In \$ per share)	Annual Common Stock Cash Dividend	Effective Date			
April 2016 20	0.36	1.44	May 2016			
April 2017 28	0.46	1.84	May 2017			
Treasury Stock						
				Nine Months Ended September 30,		Total From February 2008 Through September 30, 2017
				2017	2016	
Shares repurchased				5,436,800	3,360,617	39,779,019
Average purchase price per share				\$91.97	\$ 68.80	\$ 58.71
Shares repurchased (in \$ millions)				\$500	\$ 300	\$ 2,335
Aggregate Board of Directors repurchase authorizations during the period (in \$ millions) <sup>(1)</sup>				\$1,500	\$ —	\$ 3,866

(1) These authorizations give management discretion in determining the timing and conditions under which shares may be repurchased. This repurchase program began in February 2008 and does not have an expiration date.

On July 17, 2017, the Company's Board of Directors approved a \$1.5 billion increase in its Common Stock repurchase authorization.

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

## Other Comprehensive Income (Loss), Net

	Three Months Ended September 30,					
	2017			2016		
	Income		Net	Income		Net
	Gross	Tax		Gross	Tax	
	Amount	(Provision)	Amount	Amount	(Provision)	Amount
	Benefit			Benefit		
	(In \$ millions)					
Unrealized gain (loss) on marketable securities	—	—	—	(1)	—	(1)
Foreign currency translation	44	(2)	42	(2)	(6)	(8)
Gain (loss) on cash flow hedges	—	—	—	—	—	—
Pension and postretirement benefits	(1)	—	(1)	—	—	—
Total	43	(2)	41	(3)	(6)	(9)



Table of Contents

	Nine Months Ended September 30, 2017			2016		
	Income		Net	Income		Net
	Gross	Tax		Gross	Tax	
	Amount	(Provision)	Amount	Amount	(Provision)	Amount
	Benefit			Benefit		
	(In \$ millions)					
Unrealized gain (loss) on marketable securities	1	—	1	—	—	—
Foreign currency translation	143	5	148	51	(13)	38
Gain (loss) on cash flow hedges	(1)	—	(1)	1	—	1
Pension and postretirement benefits	4	—	4	(1)	—	(1)
Total	147	5	152	51	(13)	38

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

	Unrealized Gain (Loss)	Gain (Loss)	Pension and Postretirement Benefits (Note 11)	Accumulated Other Comprehensive Income (Loss), Net
	on Foreign Currency Marketable Securities (Note 5)	on Cash Flow Hedges (Note 16)		
	(In \$ millions)			
As of December 31, 2016	1	(350)	3	(358)
Other comprehensive income (loss) before reclassifications	1	143	1	5
Amounts reclassified from accumulated other comprehensive income (loss)	—	(2)	(1)	(3)
Income tax (provision) benefit	—	5	—	5
As of September 30, 2017	2	(202)	2	(8)

## 14. Other (Charges) Gains, Net

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	2016
	(In \$ millions)		
Employee termination benefits	—	(3)	(11)
InfraServ ownership change	—	(4)	—
Asset impairments	—	—	(1)
Other plant/office closures	—	(50)	—
Total	—	(58)	(12)

(1) Includes \$1 million of special termination benefits included in Benefit obligations in the unaudited consolidated balance sheets.

During the nine months ended September 30, 2017 and 2016, the Company recorded \$4 million and \$11 million, respectively, of employee termination benefits primarily related to the Company's ongoing efforts to align its businesses around its core value drivers.

A partner in the Company's InfraServ equity affiliate investments exercised an option right, which is currently being disputed, to purchase additional ownership interests in the InfraServ entities from the Company. The purchase of these

interests will reduce the Company's ownership interests in InfraServ GmbH & Co. Gendorf KG and InfraServ GmbH & Co. Knapsack KG from 39% and 27%, to 30% and 22%, respectively. Accordingly, during the nine months ended September 30, 2017, the Company reduced the carrying value of these investments by \$4 million. In addition, the Company has reserved certain amounts for dividends received from the investments since the exercise notification was received. The Company's InfraServ investments are primarily owned by entities included in the Other Activities segment.

Table of Contents

During the nine months ended September 30, 2017, the Company provided notice of termination of a contract with a key raw materials supplier at its ethanol production unit in Nanjing, China. As a result, the Company recorded an estimated \$50 million of plant/office closure costs primarily consisting of a \$24 million contract termination charge and an \$18 million reduction to its non-income tax receivable. The Nanjing, China ethanol production unit is included in the Company's Acetyl Intermediates segment.

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

	Advanced Engineered Materials		Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other	Total
	(In \$ millions)						
Employee Termination Benefits							
As of December 31, 2016	1	9		2	1	3	16
Additions	1	2		—	—	1	4
Cash payments	(1)	(2)	)	(1)	)	(3)	(7)
Other changes	—	(8)	)	—	—	(1)	(9)
Exchange rate changes	—	—		—	—	—	—
As of September 30, 2017	1	1		1	1	—	4
Other Plant/Office Closures							
As of December 31, 2016	—	—		—	—	—	—
Additions	—	—		—	29	—	29
Cash payments	—	—		—	(24)	)	(24)
Other changes	—	—		—	(3)	)	(3)
Exchange rate changes	—	—		—	—	—	—
As of September 30, 2017	—	—		—	2	—	2
Total	1	1		1	3	—	6

## 15. Income Taxes

Three Months Ended September 30, 2017	Nine Months Ended September 30, 2016
------------------------------------------------------	-----------------------------------------------------

(In percentages)

Effective income tax rate	20	5	19	15
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The higher effective income tax rate for the three and nine months ended September 30, 2017 compared to the same period in 2016 is primarily due to a release of \$52 million in tax positions during 2016 due to audit settlements in the US and Germany and current year foreign exchange differences in certain jurisdictions where the functional currency differs from the local currency.

For the nine months ended September 30, 2017, the Company's uncertain tax positions increased \$24 million, primarily due to the Nilit acquisition ([Note 3](#)) and foreign exchange fluctuations.

The Company's US tax returns for the years 2009 through 2012 are currently under audit by the US Internal Revenue Service and certain of the Company's subsidiaries are under audit in jurisdictions outside of the US. In connection with the Company's US federal income tax audit for 2009 and 2010, the Company has received \$192 million of proposed pre-tax adjustments related to various intercompany charges. In the event the Company is wholly unsuccessful in its defense, an actual tax assessment would result in the consumption of up to \$67 million of prior foreign tax credit carryforwards. The Company believes these proposed adjustments to be without merit and is vigorously defending its position.



Table of Contents

## 16. Derivative Financial Instruments

## Net Investment Hedges

The Company uses derivative instruments, such as foreign currency forwards, and non-derivative financial instruments, such as foreign currency denominated debt, that may give rise to foreign currency transaction gains or losses to hedge the foreign currency exposure of net investments in foreign operations. Accordingly, the effective portion of gains and losses from remeasurement of derivative and non-derivative financial instruments is included in foreign currency translation within Accumulated other comprehensive income (loss), net in the unaudited consolidated balance sheets. Gains and losses are reclassified to earnings in the period the hedged investment is sold or liquidated. The total notional amount of foreign currency denominated debt designated as a net investment hedge of net investments in foreign operations are as follows:

As  
of  
September  
30,  
2017

As of  
December  
31,  
2016

(In € millions)

Total 750 850

## Derivatives Not Designated As Hedges

## Foreign Currency Forwards and Swaps

Gross notional values of the foreign currency forwards and swaps not designated as hedges are as follows:

As  
of  
September  
30,  
2017

As of  
December  
31,  
2016

(In \$ millions)

Total 797 508

Information regarding changes in the fair value of the Company's derivative and non-derivative instruments is as follows:

	Gain (Loss) Recognized in Other Comprehensive Income (Loss)		Gain (Loss) Recognized in Earnings (Loss)		Statement of Operations Classification
	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016		
	2017	2016	2017	2016	
	(In \$ millions)				
Designated as Cash Flow Hedges					
Commodity swaps	—	—	1	—	Cost of sales
Foreign currency forwards	—	—	(1 )	—	Cost of sales
Total	—	—	—	—	
Designated as Net Investment Hedges					
Foreign currency denominated debt (Note 10)	(30 )	1	—	—	N/A
Total	(30 )	1	—	—	



Not Designated as Hedges

Foreign currency forwards and swaps	—	—	—	(1 )	Foreign exchange gain (loss), net; Other income (expense), net
Total	—	—	—	(1 )	

24

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Table of Contents

	Gain (Loss) Recognized in Other Comprehensive Income (Loss) Nine Months Ended September 30, 2017 2016 2017 2016 (In \$ millions)	Gain (Loss) Recognized in Earnings (Loss)	Statement of Operations Classification
Designated as Cash Flow Hedges			
Commodity swaps	1 1 3 —		Cost of sales
Foreign currency forwards	(1 ) — (1 ) —		Cost of sales
Total	— 1 2 —		
Designated as Net Investment Hedges			
Foreign currency denominated debt (Note 10)	(99 ) 2 — —		N/A
Total	(99 ) 2 — —		
Not Designated as Hedges			
Foreign currency forwards and swaps	— — (2 ) 12		Foreign exchange gain (loss), net; Other income (expense), net
Total	— — (2 ) 12		
See <u>Note 17 - Fair Value Measurements</u> for further information regarding the fair value of the Company's derivative instruments.			
Certain of the Company's commodity swaps and foreign currency forwards and swaps permit the Company to net settle all contracts with the counterparty through a single payment in an agreed upon currency in the event of default or early termination of the contract, similar to a master netting arrangement.			
Information regarding the gross amounts of the Company's derivative instruments and the amounts offset in the unaudited consolidated balance sheets is as follows:			
	As of September 30, 2017	As of December 31, 2016	
	(In \$ millions)		
Derivative Assets			
Gross amount recognized	8	14	
Gross amount offset in the consolidated balance sheets	2	4	
Net amount presented in the consolidated balance sheets	6	10	
Gross amount not offset in the consolidated balance sheets	2	2	
Net amount	4	8	
	As of September 30, 2017	As of December 31, 2016	
	(In \$ millions)		

Derivative Liabilities

Gross amount recognized	11	7
Gross amount offset in the consolidated balance sheets	2	4
Net amount presented in the consolidated balance sheets	9	3
Gross amount not offset in the consolidated balance sheets	2	2
Net amount	7	1

25

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Table of Contents

## 17. Fair Value Measurements

The Company's financial assets and liabilities are measured at fair value on a recurring basis as follows:

Derivatives. Derivative financial instruments, including commodity swaps and foreign currency forwards and swaps, are valued in the market using discounted cash flow techniques. These techniques incorporate Level 1 and Level 2 fair value measurement inputs such as spot rates and foreign currency exchange rates. These market inputs are utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk.

Significant inputs to the derivative valuation for commodity swaps and foreign currency forwards and swaps are observable in the active markets and are classified as Level 2 in the fair value measurement hierarchy.

	Fair Value Measurement Quoted Prices in: Significant Active Other Markets Observable for Inputs Identical (Level 2) Assets (Level 1) (In \$ millions)	Total	Balance Sheet Classification
As of September 30, 2017			
Derivatives Designated as Cash Flow Hedges			
Commodity swaps	—2	2	Current Other assets
Commodity swaps	—1	1	Noncurrent Other assets
Derivatives Not Designated as Hedges			
Foreign currency forwards and swaps	—3	3	Current Other assets
Total assets	—6	6	
Derivatives Designated as Cash Flow Hedges			
Foreign currency forwards	—(9 )	(9 )	Current Other liabilities
Derivatives Not Designated as Hedges			
Foreign currency forwards and swaps	—	—	Current Other liabilities
Total liabilities	—(9 )	(9 )	
As of December 31, 2016			
Derivatives Designated as Cash Flow Hedges			
Commodity swaps	—5	5	Current Other assets
Derivatives Not Designated as Hedges			
Foreign currency forwards and swaps	—5	5	Current Other assets
Total assets	—10	10	
Derivatives Not Designated as Hedges			
Foreign currency forwards and swaps	—(3 )	(3 )	Current Other liabilities
Total liabilities	—(3 )	(3 )	

Table of Contents

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

	Fair Value Measurement			
	Significant			
	Other			
	Observable			
Carrying	Inputs	Inputs	Unobservable	Total
Amount	(Level 2)	(Level 3)	(Level 3)	
(In \$ millions)				

As of September 30, 2017

Cost investments	159	—	—	—
Insurance contracts in nonqualified trusts	46	46	—	46
Long-term debt, including current installments of long-term debt	3,031	2,934	212	3,146

As of December 31, 2016

Cost investments	155	—	—	—
Insurance contracts in nonqualified trusts	49	49	—	49
Long-term debt, including current installments of long-term debt	2,938	2,826	217	3,043

In general, the cost investments included in the table above are not publicly traded and their fair values are not readily determinable; however, the Company believes the carrying values approximate or are less than the fair values.

Insurance contracts in nonqualified trusts consist of long-term fixed income securities, which are valued using independent vendor pricing models with observable inputs in the active market and therefore represent a Level 2 fair value measurement. The fair value of long-term debt is based on valuations from third-party banks and market quotations and is classified as Level 2 in the fair value measurement hierarchy. The fair value of obligations under capital leases, which are included in long-term debt, is based on lease payments and discount rates, which are not observable in the market and therefore represents a Level 3 fair value measurement.

As of September 30, 2017, and December 31, 2016, the fair values of cash and cash equivalents, receivables, trade payables, short-term borrowings and the current installments of long-term debt approximate carrying values due to the short-term nature of these instruments. These items have been excluded from the table with the exception of the current installments of long-term debt.

## 18. Commitments and Contingencies

### Commitments

#### Guarantees

The Company has agreed to guarantee or indemnify third parties for environmental and other liabilities pursuant to a variety of agreements, including asset and business divestiture agreements, leases, settlement agreements and various agreements with affiliated companies. Although many of these obligations contain monetary and/or time limitations, others do not provide such limitations. The Company has accrued for all probable and reasonably estimable losses associated with all known matters or claims. These known obligations include the following:

#### Demerger Obligations

In connection with the Hoechst demerger, the Company agreed to indemnify Hoechst, and its legal successors, for various liabilities under the demerger agreement, including for environmental liabilities associated with contamination arising either from environmental damage in general ("Category A") or under 19 divestiture agreements entered into by Hoechst prior to the demerger ("Category B") ([Note 12](#)).

The Company's obligation to indemnify Hoechst, and its legal successors, is capped under Category B at €250 million. If and to the extent the environmental damage should exceed €750 million in aggregate, the Company's obligation to indemnify Hoechst and its legal successors applies, but is then limited to 33.33% of the remediation cost without further limitations. Cumulative payments under the divestiture agreements as of September 30, 2017, are \$78 million. Most of the divestiture agreements have become time barred and/or any notified environmental damage claims have been partially settled.



## Table of Contents

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

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

### **Divestiture Obligations**

The Company and its predecessor companies agreed to indemnify third-party purchasers of former businesses and assets for various pre-closing conditions, as well as for breaches of representations, warranties and covenants. Such liabilities also include environmental liability, product liability, antitrust and other liabilities. These indemnifications and guarantees represent standard contractual terms associated with typical divestiture agreements and, other than environmental liabilities, the Company does not believe that they expose the Company to any significant risk (Note 12).

The Company has divested numerous businesses, investments and facilities through agreements containing indemnifications or guarantees to the purchasers. Many of the obligations contain monetary and/or time limitations, which extend through 2037. The aggregate amount of outstanding indemnifications and guarantees provided for under these agreements is \$125 million as of September 30, 2017. Other agreements do not provide for any monetary or time limitations.

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

### **Purchase Obligations**

In the normal course of business, the Company enters into various purchase commitments for goods and services. The Company maintains a number of "take-or-pay" contracts for purchases of raw materials, utilities and other services. Certain of the contracts contain a contract termination buy-out provision that allows for the Company to exit the contracts for amounts less than the remaining take-or-pay obligations. Additionally, the Company has other outstanding commitments representing maintenance and service agreements, energy and utility agreements, consulting contracts and software agreements. As of September 30, 2017, the Company had unconditional purchase obligations of \$1.7 billion, which extend through 2036.

### **Contingencies**

The Company is involved in legal and regulatory proceedings, lawsuits, claims and investigations incidental to the normal conduct of business, relating to such matters as product liability, land disputes, commercial contracts, employment, antitrust or competition compliance, intellectual property, personal injury and other actions in tort, workers' compensation, chemical exposure, asbestos exposure, taxes, trade compliance, acquisitions and divestitures, claims of legacy stockholders, past waste disposal practices and release of chemicals into the environment. The Company is actively defending those matters where the Company is named as a defendant and, based on the current facts, does not believe the outcomes from these matters would be material to the Company's results of operations, cash flows or financial position.

### **European Commission**

In May 2017, the Company learned that the European Commission has opened a competition law investigation involving certain subsidiaries of the Company with respect to certain raw material purchases. The Company is cooperating with the European Commission. Because of the early stage of the investigation and the many uncertainties and variables involved, the Company is unable at this time to determine the outcome of this investigation and whether, and in what amount, any potential fines would be assessed.





Table of Contents

## 19. Segment Information

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Eliminations	Consolidated
(In \$ millions)							
Three Months Ended September 30, 2017							
Net sales	543	187	264	(1) 684	(1) —	(112 )	1,566
Other (charges) gains, net ( <u>Note 14</u> )	—	—	—	—	—	—	—
Operating profit (loss)	97	53	20	128	(46 )	—	252
Equity in net earnings (loss) of affiliates	45	2	—	1	2	—	50
Depreciation and amortization	29	11	10	26	4	—	80
Capital expenditures	18	10	6	36	4	—	74 (2)
Three Months Ended September 30, 2016							
Net sales	365	225	245	(1) 589	(1) —	(101 )	1,323
Other (charges) gains, net ( <u>Note 14</u> )	—	(1 )	—	(1 )	(1 )	—	(3 )
Operating profit (loss)	93	68	25	83	(23 )	—	246
Equity in net earnings (loss) of affiliates	33	1	—	1	6	—	41
Depreciation and amortization	22	12	9	27	2	—	72
Capital expenditures	14	11	15	17	3	—	60 (2)

Net sales for Acetyl Intermediates and Industrial Specialties include intersegment sales of \$111 million and \$1 million, respectively, for the three months ended September 30, 2017 and \$100 million and \$1 million, respectively, for the three months ended September 30, 2016.

(2) Includes an increase in accrued capital expenditures of \$10 million and \$2 million for the three months ended September 30, 2017 and 2016, respectively.

Table of Contents

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Elimination	Consolidated
(In \$ millions)							
Nine Months Ended September 30, 2017							
Net sales	1,546	598	771	(1) 1,952	(1) —	(320)	) 4,547
Other (charges) gains, net (Note 14)	(2)	) (2)	) —	(50)	) (4)	) —	(58)
Operating profit (loss)	292	170	71	264	(113)	) —	684
Equity in net earnings (loss) of affiliates	125	3	—	4	3	—	135
Depreciation and amortization	79	33	28	78	8	—	226
Capital expenditures	41	24	16	84	8	—	173
As of September 30, 2017							
Goodwill and intangible assets, net	796	255	47	200	—	—	1,298
Total assets	3,597	1,318	829	2,707	611	—	9,062
Nine Months Ended September 30, 2016							
Net sales	1,080	704	760	(1) 1,844	(1) —	(310)	) 4,078
Other (charges) gains, net (Note 14)	(2)	) (1)	) (3)	(2)	) (4)	) —	(12)
Operating profit (loss)	263	226	85	274	(73)	) 1	776
Equity in net earnings (loss) of affiliates	91	2	—	4	17	—	114
Depreciation and amortization	71	34	25	81	7	—	218
Capital expenditures	52	29	45	40	8	—	174
As of December 31, 2016							
Goodwill and intangible assets, net	517	244	46	183	—	—	990
Total assets	2,792	1,324	758	2,440	1,043	—	8,357

Net sales for Acetyl Intermediates and Industrial Specialties include intersegment sales of \$317 million and \$3 million, respectively, for the nine months ended September 30, 2017 and \$308 million and \$2 million, respectively, for the nine months ended September 30, 2016.

(2) Includes a decrease in accrued capital expenditures of \$7 million and \$12 million for the nine months ended September 30, 2017 and 2016, respectively.

## 20. Earnings (Loss) Per Share

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	2016		2016	
(In \$ millions, except share data)				
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	230	265	652	742
Earnings (loss) from discontinued operations	(4)	) (3)	) (12)	) (2)
Net earnings (loss)	226	262	640	740
Weighted average shares - basic	136,579,077	144,005,098	138,599,330	145,959,821
Incremental shares attributable to equity awards	372,846	596,367	388,991	625,739
Weighted average shares - diluted	136,951,923	144,601,465	138,988,321	146,585,560

During the three and nine months ended September 30, 2017 and 2016, there were no anti-dilutive equity awards excluded from the computation of diluted net earnings per share.

30

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Table of Contents

21. Consolidating Guarantor Financial Information

The Senior Notes were issued by Celanese US ("Issuer") and are guaranteed by Celanese Corporation ("Parent Guarantor") and the Subsidiary Guarantors (Note 10). The Issuer and Subsidiary Guarantors are 100% owned subsidiaries of the Parent Guarantor. The Parent Guarantor and Subsidiary Guarantors have guaranteed the Notes fully and unconditionally and jointly and severally.

For cash management purposes, the Company transfers cash between the Parent Guarantor, Issuer, Subsidiary Guarantors and non-guarantors through intercompany financing arrangements, contributions or declaration of dividends between the respective parent and its subsidiaries. The transfer of cash under these activities facilitates the ability of the recipient to make specified third-party payments for principal and interest on the Company's outstanding debt, Common Stock dividends and Common Stock repurchases. The unaudited interim consolidating statements of cash flows for the nine months ended September 30, 2017 and 2016 present such intercompany financing activities, contributions and dividends consistent with how such activity would be presented in a stand-alone statement of cash flows.

The Company has not presented separate financial information and other disclosures for each of its Subsidiary Guarantors because it believes such financial information and other disclosures would not provide investors with any additional information that would be material in evaluating the sufficiency of the guarantees.

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

Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS

Three Months Ended September 30, 2017

	Parent Guarantor	Issuer Guarantor	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	527	1,314	(275)	) 1,566
Cost of sales	—	—	(405)	) (1,042	) 266	(1,181 )
Gross profit	—	—	122	272	(9)	) 385
Selling, general and administrative expenses	—	—	(36)	) (76	) —	(112 )
Amortization of intangible assets	—	—	(1)	) (4	) —	(5 )
Research and development expenses	—	—	(9)	) (10	) —	(19 )
Other (charges) gains, net	—	—	—	—	—	—
Foreign exchange gain (loss), net	—	—	—	4	—	4
Gain (loss) on disposition of businesses and assets, net	—	—	(2)	) 1	—	(1 )
Operating profit (loss)	—	—	74	187	(9)	) 252
Equity in net earnings (loss) of affiliates	226	233	175	45	(629)	) 50
Interest expense	—	(5 )	(28)	) (8	) 9	(32 )
Refinancing expense	—	—	—	—	—	—
Interest income	—	7	1	2	(9)	) 1
Dividend income - cost investments	—	—	—	26	(2)	) 24
Other income (expense), net	—	(2 )	—	(4)	) —	(6 )
Earnings (loss) from continuing operations before tax	226	233	222	248	(640)	) 289
Income tax (provision) benefit	—	(7 )	(68)	) 17	1	(57 )
Earnings (loss) from continuing operations	226	226	154	265	(639)	) 232
Earnings (loss) from operation of discontinued operations	—	—	—	(5)	) —	(5 )
Income tax (provision) benefit from discontinued operations	—	—	—	1	—	1
Earnings (loss) from discontinued operations	—	—	—	(4)	) —	(4 )
Net earnings (loss)	226	226	154	261	(639)	) 228
Net (earnings) loss attributable to noncontrolling interests	—	—	—	(2)	) —	(2 )
Net earnings (loss) attributable to Celanese Corporation	226	226	154	259	(639)	) 226

Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2016					
	Parent Guarantor	Issuer Guarantor	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	544	1,052	(273)	) 1,323
Cost of sales	—	—	(414)	) (824)	) 270	(968)
Gross profit	—	—	130	228	(3)	) 355
Selling, general and administrative expenses	—	—	(19)	) (62)	) —	(81)
Amortization of intangible assets	—	—	(1)	) (2)	) —	(3)
Research and development expenses	—	—	(8)	) (12)	) —	(20)
Other (charges) gains, net	—	—	—	(3)	) —	(3)
Foreign exchange gain (loss), net	—	—	—	(1)	) —	(1)
Gain (loss) on disposition of businesses and assets, net	—	—	(3)	) 2	—	(1)
Operating profit (loss)	—	—	99	150	(3)	) 246
Equity in net earnings (loss) of affiliates	262	250	169	36	(676)	) 41
Interest expense	—	(5)	) (20)	) (7)	) 4	(28)
Refinancing expense	—	(4)	) —	—	—	(4)
Interest income	—	3	—	1	(4)	) —
Dividend income - cost investments	—	—	—	26	—	26
Other income (expense), net	—	—	1	(1)	) —	—
Earnings (loss) from continuing operations before tax	262	244	249	205	(679)	) 281
Income tax (provision) benefit	—	18	(23)	) (11)	) 1	(15)
Earnings (loss) from continuing operations	262	262	226	194	(678)	) 266
Earnings (loss) from operation of discontinued operations	—	—	(2)	) (2)	) —	(4)
Income tax (provision) benefit from discontinued operations	—	—	—	1	—	1
Earnings (loss) from discontinued operations	—	—	(2)	) (1)	) —	(3)
Net earnings (loss)	262	262	224	193	(678)	) 263
Net (earnings) loss attributable to noncontrolling interests	—	—	—	(1)	) —	(1)
Net earnings (loss) attributable to Celanese Corporation	262	262	224	192	(678)	) 262

Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS

Nine Months Ended September 30, 2017

	Parent Guarantor	Issuer Guarantor	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
(In \$ millions)						
Net sales	—	—	1,679	3,713	(845	) 4,547
Cost of sales	—	—	(1,305	) (2,974	) 836	(3,443 )
Gross profit	—	—	374	739	(9	) 1,104
Selling, general and administrative expenses	—	—	(78	) (213	) —	(291 )
Amortization of intangible assets	—	—	(3	) (11	) —	(14 )
Research and development expenses	—	—	(23	) (30	) —	(53 )
Other (charges) gains, net	—	—	(7	) (51	) —	(58 )
Foreign exchange gain (loss), net	—	—	—	—	—	—
Gain (loss) on disposition of businesses and assets, net	—	—	(6	) 2	—	(4 )
Operating profit (loss)	—	—	257	436	(9	) 684
Equity in net earnings (loss) of affiliates	640	640	439	122	(1,706	) 135
Interest expense	—	(17	) (75	) (23	) 24	(91 )
Refinancing expense	—	—	—	—	—	—
Interest income	—	19	3	4	(24	) 2
Dividend income - cost investments	—	—	—	85	(3	) 82
Other income (expense), net	—	(3	) 1	—	—	(2 )
Earnings (loss) from continuing operations before tax	640	639	625	624	(1,718	) 810
Income tax (provision) benefit	—	1	(139	) (16	) 1	(153 )
Earnings (loss) from continuing operations	640	640	486	608	(1,717	) 657
Earnings (loss) from operation of discontinued operations	—	—	—	(14	) —	(14 )
Income tax (provision) benefit from discontinued operations	—	—	—	2	—	2
Earnings (loss) from discontinued operations	—	—	—	(12	) —	(12 )
Net earnings (loss)	640	640	486	596	(1,717	) 645
Net (earnings) loss attributable to noncontrolling interests	—	—	—	(5	) —	(5 )
Net earnings (loss) attributable to Celanese Corporation	640	640	486	591	(1,717	) 640

Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS

Nine Months Ended September 30, 2016

	Parent Guarantor	Issuer Guarantor	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	1,663	3,264	(849)	) 4,078
Cost of sales	—	—	(1,270)	) (2,580)	) 855	(2,995 )
Gross profit	—	—	393	684	6	1,083
Selling, general and administrative expenses	—	—	(41)	) (191)	) —	(232 )
Amortization of intangible assets	—	—	(3)	) (4)	) —	(7 )
Research and development expenses	—	—	(24)	) (34)	) —	(58 )
Other (charges) gains, net	—	—	(1)	) (11)	) —	(12 )
Foreign exchange gain (loss), net	—	—	—	1	—	1
Gain (loss) on disposition of businesses and assets, net	—	—	(6)	) 7	—	1
Operating profit (loss)	—	—	318	452	6	776
Equity in net earnings (loss) of affiliates	740	742	472	107	(1,947)	) 114
Interest expense	—	(11 )	(71)	) (21)	) 12	(91 )
Refinancing expense	—	(4 )	(2)	) —	—	(6 )
Interest income	—	7	2	4	(12)	) 1
Dividend income - cost investments	—	—	—	82	—	82
Other income (expense), net	—	(1 )	1	(2)	) —	(2 )
Earnings (loss) from continuing operations before tax	740	733	720	622	(1,941)	) 874
Income tax (provision) benefit	—	7	(63)	) (70)	) (1)	) (127 )
Earnings (loss) from continuing operations	740	740	657	552	(1,942)	) 747
Earnings (loss) from operation of discontinued operations	—	—	(2)	) (1)	) —	(3 )
Income tax (provision) benefit from discontinued operations	—	—	—	1	—	1
Earnings (loss) from discontinued operations	—	—	(2)	) —	—	(2 )
Net earnings (loss)	740	740	655	552	(1,942)	) 745
Net (earnings) loss attributable to noncontrolling interests	—	—	—	(5)	) —	(5 )
Net earnings (loss) attributable to Celanese Corporation	740	740	655	547	(1,942)	) 740



Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

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

	Three Months Ended September 30, 2017					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net earnings (loss)	226	226	154	261	(639)	) 228
Other comprehensive income (loss), net of tax						
Unrealized gain (loss) on marketable securities	—	—	—	—	—	—
Foreign currency translation	42	42	65	74	(181)	) 42
Gain (loss) on cash flow hedges	—	—	—	—	—	—
Pension and postretirement benefits	(1)	) (1)	) (1)	) —	2	(1)
Total other comprehensive income (loss), net of tax	41	41	64	74	(179)	) 41
Total comprehensive income (loss), net of tax	267	267	218	335	(818)	) 269
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	(2)	) —	(2)
Comprehensive income (loss) attributable to Celanese Corporation	267	267	218	333	(818)	) 267
Three Months Ended September 30, 2016						
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net earnings (loss)	262	262	224	193	(678)	) 263
Other comprehensive income (loss), net of tax						
Unrealized gain (loss) on marketable securities	(1)	) (1)	) —	(1)	) 2	(1)
Foreign currency translation	(8)	) (8)	) (8)	(4)	) 20	(8)
Gain (loss) on cash flow hedges	—	—	—	—	—	—
Pension and postretirement benefits	—	—	—	—	—	—
Total other comprehensive income (loss), net of tax	(9)	) (9)	) (8)	(5)	) 22	(9)
Total comprehensive income (loss), net of tax	253	253	216	188	(656)	) 254
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	(1)	) —	(1)
Comprehensive income (loss) attributable to Celanese Corporation	253	253	216	187	(656)	) 253

Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

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

Nine Months Ended September 30, 2017

	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net earnings (loss)	640	640	486	596	(1,717)	) 645
Other comprehensive income (loss), net of tax						
Unrealized gain (loss) on marketable securities	1	1	1	1	(3)	) 1
Foreign currency translation	148	148	191	232	(571)	) 148
Gain (loss) on cash flow hedges	(1)	) (1)	) (1)	) (1)	3	(1)
Pension and postretirement benefits	4	4	3	6	(13)	) 4
Total other comprehensive income (loss), net of tax	152	152	194	238	(584)	) 152
Total comprehensive income (loss), net of tax	792	792	680	834	(2,301)	) 797
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	(5)	) —	(5)
Comprehensive income (loss) attributable to Celanese Corporation	792	792	680	829	(2,301)	) 792

Nine Months Ended September 30, 2016

	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net earnings (loss)	740	740	655	552	(1,942)	) 745
Other comprehensive income (loss), net of tax						
Unrealized gain (loss) on marketable securities	—	—	—	—	—	—
Foreign currency translation	38	38	28	54	(120)	) 38
Gain (loss) on cash flow hedges	1	1	1	1	(3)	) 1
Pension and postretirement benefits	(1)	) (1)	) (1)	) 1	1	(1)
Total other comprehensive income (loss), net of tax	38	38	28	56	(122)	) 38
Total comprehensive income (loss), net of tax	778	778	683	608	(2,064)	) 783
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	(5)	) —	(5)
Comprehensive income (loss) attributable to Celanese Corporation	778	778	683	603	(2,064)	) 778

Table of Contents

CELANESE CORPORATION AND SUBSIDIARIES  
 UNAUDITED CONSOLIDATING BALANCE SHEET

As of September 30, 2017  
 Parent Issuer Subsidiary Non- Eliminations Consolidated  
 Guarantor Guarantors Guarantors  
 (In \$ millions)

**ASSETS**

## Current Assets

Cash and cash equivalents	—	5	70	386	—	461
Trade receivables - third party and affiliates	—	—	134	1,004	(149)	989
Non-trade receivables, net	40	513	230	412	(935)	260
Inventories, net	—	—	246	616	(53)	809
Marketable securities, at fair value	—	—	31	—	—	31
Other assets	—	51	14	104	(106)	63
Total current assets	40	569	725	2,522	(1,243)	2,613
Investments in affiliates	2,675	4,317	3,977	826	(10,857)	938
Property, plant and equipment, net	—	—	1,106	2,600	—	3,706
Deferred income taxes	—	2	103	98	(2)	201
Other assets	—	878	120	169	(861)	306
Goodwill	—	—	314	681	—	995
Intangible assets, net	—	—	49	254	—	303
Total assets	2,715	5,766	6,394	7,150	(12,963)	9,062

**LIABILITIES AND EQUITY**

## Current Liabilities

Short-term borrowings and current installments of long-term debt - third party and affiliates	—	245	138	307	(255)	435
Trade payables - third party and affiliates	—	—	261	583	(149)	695
Other liabilities	—	82	241	285	(265)	343
Income taxes payable	—	—	574	24	(521)	77
Total current liabilities	—	327	1,214	1,199	(1,190)	1,550

## Noncurrent Liabilities

Long-term debt	—	2,764	899	159	(868)	2,954
Deferred income taxes	—	—	16	181	(2)	195
Uncertain tax positions	—	—	7	148	(2)	153
Benefit obligations	—	—	558	287	—	845
Other liabilities	—	—	58	172	—	230
Total noncurrent liabilities	—	2,764	1,538	947	(872)	4,377
Total Celanese Corporation stockholders' equity	2,715	2,675	3,642	4,584	(10,901)	2,715
Noncontrolling interests	—	—	—	420	—	420
Total equity	2,715	2,675	3,642	5,004	(10,901)	3,135
Total liabilities and equity	2,715	5,766	6,394	7,150	(12,963)	9,062

Table of Contents

CELANESE CORPORATION AND SUBSIDIARIES  
UNAUDITED CONSOLIDATING BALANCE SHEET

As of December 31, 2016  
 Parent Issuer Subsidiary Non- Eliminations Consolidated  
 Guarantor Guarantors Guarantors  
 (In \$ millions)

**ASSETS**

## Current Assets

Cash and cash equivalents	—	—	51	587	—	638
Trade receivables - third party and affiliates	—	—	107	819	(125)	801
Non-trade receivables, net	40	499	249	308	(873)	223
Inventories, net	—	—	239	526	(45)	720
Marketable securities, at fair value	—	—	30	—	—	30
Other assets	—	42	25	76	(83)	60
Total current assets	40	541	701	2,316	(1,126)	2,472
Investments in affiliates	2,548	4,029	3,655	752	(10,132)	852
Property, plant and equipment, net	—	—	1,049	2,528	—	3,577
Deferred income taxes	—	—	91	86	(18)	159
Other assets	—	705	133	156	(687)	307
Goodwill	—	—	314	482	—	796
Intangible assets, net	—	—	48	146	—	194
Total assets	2,588	5,275	5,991	6,466	(11,963)	8,357

**LIABILITIES AND EQUITY**

## Current Liabilities

Short-term borrowings and current installments of long-term debt - third party and affiliates	—	6	133	250	(271)	118
Trade payables - third party and affiliates	—	—	226	524	(125)	625
Other liabilities	—	58	167	262	(165)	322
Income taxes payable	—	—	454	75	(517)	12
Total current liabilities	—	64	980	1,111	(1,078)	1,077

## Noncurrent Liabilities

Long-term debt	—	2,647	727	210	(694)	2,890
Deferred income taxes	—	16	—	132	(18)	130
Uncertain tax positions	—	—	3	130	(2)	131
Benefit obligations	—	—	636	257	—	893
Other liabilities	—	—	74	142	(1)	215
Total noncurrent liabilities	—	2,663	1,440	871	(715)	4,259
Total Celanese Corporation stockholders' equity	2,588	2,548	3,571	4,051	(10,170)	2,588
Noncontrolling interests	—	—	—	433	—	433
Total equity	2,588	2,548	3,571	4,484	(10,170)	3,021
Total liabilities and equity	2,588	5,275	5,991	6,466	(11,963)	8,357

Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENT OF CASH FLOWS

Nine Months Ended September 30, 2017

	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net cash provided by (used in) operating activities	677	623	571	403	(1,529)	) 745
Investing Activities						
Capital expenditures on property, plant and equipment	—	—	(122)	) (58)	) —	(180)
Acquisitions, net of cash acquired	—	(11)	) (12)	) (265)	) 19	(269)
Proceeds from sale of businesses and assets, net	—	—	—	20	(19)	) 1
Return of capital from subsidiary	—	—	18	—	(18)	) —
Contributions to subsidiary	—	—	—	—	—	—
Intercompany loan receipts (disbursements)	—	(174)	(25)	) —	199	—
Other, net	—	—	(1)	) (8)	) —	(9)
Net cash provided by (used in) investing activities	—	(185)	(142)	) (311)	) 181	(457)
Financing Activities						
Net change in short-term borrowings with maturities of 3 months or less	—	245	5	(1)	) (25)	) 224
Proceeds from short-term borrowings	—	—	—	150	—	150
Repayments of short-term borrowings	—	—	—	(91)	) —	(91)
Proceeds from long-term debt	—	—	174	—	(174)	) —
Repayments of long-term debt	—	—	(1)	) (64)	) —	(65)
Purchases of treasury stock, including related fees	(500)	—	—	—	—	(500)
Dividends to parent	—	(678)	(571)	) (280)	) 1,529	—
Contributions from parent	—	—	—	—	—	—
Stock option exercises	1	—	—	—	—	1
Series A common stock dividends	(178)	—	—	—	—	(178)
Return of capital to parent	—	—	—	(18)	) 18	—
(Distributions to) contributions from noncontrolling interests	—	—	—	(18)	) —	(18)
Other, net	—	—	(17)	) (2)	) —	(19)
Net cash provided by (used in) financing activities	(677)	(433)	(410)	) (324)	) 1,348	(496)
Exchange rate effects on cash and cash equivalents	—	—	—	31	—	31
Net increase (decrease) in cash and cash equivalents	—	5	19	(201)	) —	(177)
Cash and cash equivalents as of beginning of period	—	—	51	587	—	638
Cash and cash equivalents as of end of period	—	5	70	386	—	461

Table of Contents

## CELANESE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATING STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2016					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Elimination	Consolidated
	(In \$ millions)					
Net cash provided by (used in) operating activities	447	437	299	602	(845)	) 940
Investing Activities						
Capital expenditures on property, plant and equipment	—	—	(100)	) (86)	) —	(186)
Acquisitions, net of cash acquired	—	—	—	—	—	—
Proceeds from sale of businesses and assets, net	—	—	1	7	—	8
Return of capital from subsidiary	—	145	750	—	(895)	) —
Contributions to subsidiary	—	—	—	—	—	—
Intercompany loan receipts (disbursements)	—	(283)	) (9)	) 90	202	—
Other, net	—	—	(9)	) (5)	) —	(14)
Net cash provided by (used in) investing activities	—	(138)	) 633	6	(693)	) (192)
Financing Activities						
Net change in short-term borrowings with maturities of 3 months or less	—	(344)	) 6	—	(9)	) (347)
Proceeds from short-term borrowings	—	—	—	39	—	39
Repayments of short-term borrowings	—	—	—	(76)	) —	(76)
Proceeds from long-term debt	—	1,589	746	—	(826)	) 1,509
Repayments of long-term debt	—	(1,082)	(635)	) (11)	) 633	(1,095)
Purchases of treasury stock, including related fees	(300)	—	—	—	—	(300)
Dividends to parent	—	(447)	) (398)	) —	845	—
Contributions from parent	—	—	—	—	—	—
Stock option exercises	3	—	—	—	—	3
Series A common stock dividends	(150)	—	—	—	—	(150)
Return of capital to parent	—	—	—	(895)	) 895	—
(Distributions to) contributions from noncontrolling interests	—	—	—	(15)	) —	(15)
Other, net	—	(13)	) (20)	) (2)	) —	(35)
Net cash provided by (used in) financing activities	(447)	(297)	) (301)	) (960)	) 1,538	(467)
Exchange rate effects on cash and cash equivalents	—	—	—	4	—	4
Net increase (decrease) in cash and cash equivalents	—	2	631	(348)	) —	285
Cash and cash equivalents as of beginning of period	—	—	21	946	—	967
Cash and cash equivalents as of end of period	—	2	652	598	—	1,252

## Table of Contents

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

In this Quarterly Report on Form 10-Q ("Quarterly Report"), the term "Celanese" refers to Celanese Corporation, a Delaware corporation, and not its subsidiaries. The terms the "Company," "we," "our" and "us," refer to Celanese and its subsidiaries on a consolidated basis. The term "Celanese US" refers to the Company's subsidiary, Celanese US Holdings LLC, a Delaware limited liability company, and not its subsidiaries.

The following discussion should be read in conjunction with the Celanese Corporation and Subsidiaries consolidated financial statements as of and for the year ended December 31, 2016 filed on February 10, 2017 with the Securities and Exchange Commission ("SEC") as part of the Company's Annual Reporting on Form 10-K ("2016 Form 10-K") and the unaudited interim consolidated financial statements and notes to the unaudited interim consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Investors are cautioned that the forward-looking statements contained in this section and other parts of this Quarterly Report involve both risk and uncertainty. Several important factors could cause actual results to differ materially from those anticipated by these statements. Many of these statements are macroeconomic in nature and are, therefore, beyond the control of management. See "Forward-Looking Statements" below and at the beginning of our 2016 Form 10-K.

#### Forward-Looking Statements

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

#### Risk Factors

See Part I - Item 1A. Risk Factors of our 2016 Form 10-K and subsequent periodic filings we make with the SEC for a description of certain risk factors that you should consider which could significantly affect our financial results. In addition, the following factors could cause our actual results to differ materially from those results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, among other things:

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

increased price competition and the introduction of competing products by other companies;  
the ability to identify desirable potential acquisition targets and to consummate acquisition or investment transactions,  
including obtaining regulatory approvals, consistent with our strategy;



## Table of Contents

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

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this Quarterly Report as anticipated, believed, estimated, expected, intended, planned or projected. We neither intend nor assume any obligation to update these forward-looking statements, which speak only as of their dates.

### Overview

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

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

We are organized around two complementary cores, Materials Solutions and the Acetyl Chain. Together, these two value drivers share raw materials, technology, integrated systems and research resources to increase efficiency and quickly respond to market needs. Within Materials Solutions and the Acetyl Chain, we operate principally through four business segments: Materials Solutions includes Advanced Engineered Materials and Consumer Specialties business segments (which includes our cellulose derivatives business), and the Acetyl Chain includes Industrial Specialties and Acetyl Intermediates business segments.

Table of Contents

## Results of Operations

## Financial Highlights

	Three Months Ended September 30, 2017    2016    Change (unaudited) (In \$ millions, except percentages)			Nine Months Ended September 30, 2017    2016    Change		
Statement of Operations Data						
Net sales	1,566	1,323	243	4,547	4,078	469
Gross profit	385	355	30	1,104	1,083	21
Selling, general and administrative ("SG&A") expenses	(112 )	(81 )	(31 )	(291 )	(232 )	(59 )
Other (charges) gains, net	—	(3 )	3	(58 )	(12 )	(46 )
Operating profit (loss)	252	246	6	684	776	(92 )
Equity in net earnings of affiliates	50	41	9	135	114	21
Interest expense	(32 )	(28 )	(4 )	(91 )	(91 )	—
Refinancing expense	—	(4 )	4	—	(6 )	6
Dividend income - cost investments	24	26	(2 )	82	82	—
Earnings (loss) from continuing operations before tax	289	281	8	810	874	(64 )
Earnings (loss) from continuing operations	232	266	(34 )	657	747	(90 )
Earnings (loss) from discontinued operations	(4 )	(3 )	(1 )	(12 )	(2 )	(10 )
Net earnings (loss)	228	263	(35 )	645	745	(100 )
Net earnings (loss) attributable to Celanese Corporation	226	262	(36 )	640	740	(100 )
Other Data						
Depreciation and amortization	80	72	8	226	218	8
SG&A expenses as a percentage of Net sales	7.2 %	6.1 %		6.4 %	5.7 %	
Operating margin <sup>(1)</sup>	16.1 %	18.6 %		15.0 %	19.0 %	
Other (charges) gains, net						
Employee termination benefits	—	(3 )	3	(4 )	(11 )	7
InfraServ ownership change	—	—	—	(4 )	—	(4 )
Asset impairments	—	—	—	—	(1 )	1
Other plant/office closures	—	—	—	(50 )	—	(50 )
Total Other (charges) gains, net	—	(3 )	3	(58 )	(12 )	(46 )

<sup>(1)</sup> Defined as Operating profit (loss) divided by Net sales.

	As of September 30, 2017 (unaudited) (In \$ millions)	As of December 31, 2016 (unaudited) (In \$ millions)
Balance Sheet Data		
Cash and cash equivalents	461	638
Short-term borrowings and current installments of long-term debt - third party and affiliates	435	118
Long-term debt, net of unamortized deferred financing costs	2,954	2,890
Total debt	3,389	3,008



Table of Contents

## Factors Affecting Business Segment Net Sales

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

## Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

	Volume	Price	Currency	Other	Total
	(unaudited)				
	(In percentages)				
Advanced Engineered Materials	49	(2 )	2	—	49
Consumer Specialties	(10)	(8 )	1	—	(17 )
Industrial Specialties	2	4	2	—	8
Acetyl Intermediates	(1 )	16	1	—	16
Total Company	11	6	2	(1 )	18

## Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

	Volume	Price	Currency	Other	Total
	(unaudited)				
	(In percentages)				
Advanced Engineered Materials	45	(2 )	—	—	43
Consumer Specialties	(7 )	(8 )	—	—	(15 )
Industrial Specialties	1	1	(1 )	—	1
Acetyl Intermediates	(6 )	12	—	—	6
Total Company	8	4	—	—	12

## Consolidated Results

## Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Net sales increased \$243 million, or 18.4%, for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

higher volume in our Advanced Engineered Materials segment, primarily related to Net sales generated from SO.F.TER. S.p.A. ("SOFTER") and from the nylon compounding division of Nilit Group ("Nilit"), that we acquired on May 3, 2017. See Note 3 - Acquisitions, Dispositions and Plant Closures in the accompanying unaudited interim consolidated financial statements for further information; and

higher pricing for most of our products in our Acetyl Intermediates segment; partially offset by:

lower acetate tow pricing and volume in our Consumer Specialties segment.

Operating profit increased \$6 million, or 2.4%, for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

higher Net sales;

partially offset by:

higher raw material costs, primarily in our Acetyl Intermediates segment; and

higher plant spending of \$36 million in our Advanced Engineered Materials segment, primarily related to our acquisitions of SOFTER and Nilit, as these acquired businesses incur ongoing plant spending.

## Table of Contents

During August and September 2017, production was temporarily halted at our plants in Bishop, Texas; Bay City, Texas; and Clear Lake, Texas due to Hurricane Harvey, resulting in lost sales opportunities. Certain fixed overhead, clean-up and restart costs, which were recorded to Cost of sales, negatively impacted operating profit in our Advanced Engineered Materials and Acetyl Intermediates segments by approximately \$11 million in total during the three months ended September 30, 2017. The sites are now operational, and we do not believe this event will have a significant financial impact on any of our reporting units beyond the expected short-term impact. There was no significant asset damage at our facilities as a result of Hurricane Harvey during the three months ended September 30, 2017.

Our effective income tax rate for the three months ended September 30, 2017 was 20% compared to 5% for the same period in 2016. The higher effective income tax rate for the three months ended September 30, 2017 is primarily due to a release of \$52 million in tax positions during 2016 due to audit settlements in the US and Germany and current year foreign exchange differences in certain jurisdictions where the functional currency differs from the local currency.

Our effective income tax rate is affected by recurring items, such as tax rates in foreign jurisdictions and the relative amounts and mix of income and loss in those jurisdictions to which they relate, as well as discrete items and non-deductible expenses that may occur in any given year, but are not consistent from year to year. See Note 15 - Income Taxes in the accompanying unaudited interim consolidated financial statements for further information.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Net sales increased \$469 million, or 11.5%, for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher volume in our Advanced Engineered Materials segment, primarily related to Net sales generated from SOFTER and from Nilit, as well as within our base business, which was driven by new project launches and pipeline growth globally; and
- higher pricing for most of our products in our Acetyl Intermediates segment; partially offset by:
  - lower acetate tow pricing and volume in our Consumer Specialties segment; and
  - lower volume for ethanol in our Acetyl Intermediates segment.

Operating profit decreased \$92 million, or 11.9%, for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher raw material costs, primarily in our Acetyl Intermediates segment;
- higher plant spending of \$96 million in our Advanced Engineered Materials segment, primarily related to our acquisitions of SOFTER and Nilit, as these acquired businesses incur ongoing plant spending; and
- an unfavorable impact of \$48 million to Other (charges) gains, net in our Acetyl Intermediates segment. During the nine months ended September 30, 2017, we provided notice of termination of a contract with a key raw materials supplier at our ethanol production unit in Nanjing, China. As a result, we recorded a \$24 million contract termination charge and an \$18 million reduction to our non-income tax receivable. See Note 14 - Other (Charges) Gains, Net in the accompanying unaudited interim consolidated financial statements for further information; partially offset by:
  - an increase in Net sales.

Our effective income tax rate for the nine months ended September 30, 2017 was 19% compared to 15% for the same period in 2016. The higher effective income tax rate for the nine months ended September 30, 2017 is primarily due to a release of \$52 million in tax positions during 2016 due to audit settlements in the US and Germany and current year foreign exchange differences in certain jurisdictions where the functional currency differs from the local currency. Assuming no material changes to tax rules and regulations or cash repatriation plans, we expect continued realization of operational savings in connection with the establishment of our centralized European headquarters, which will directly impact



Table of Contents

the mix of our earnings and may result in favorable or unfavorable income tax impacts in subsequent years. Our effective tax rate will vary based on the jurisdictions in which income is actually generated and remains subject to potential volatility from changing tax legislation in the US and other tax jurisdictions. We continue to assess our business model and its impact in various jurisdictions.

**Business Segments****Advanced Engineered Materials**

	Three Months Ended September 30, 2017 2016 (unaudited)				Nine Months Ended September 30, 2017 2016			
			Change	% Change			Change	% Change
(In \$ millions, except percentages)								
Net sales	543	365	178	48.8 %	1,546	1,080	466	43.1 %
Net Sales Variance								
Volume	49	%			45	%		
Price	(2)	)%			(2)	)%		
Currency	2	%			—	%		
Other	—	%			—	%		
Other (charges) gains, net	—	—	—	— %	(2)	(2)	—	— %
Operating profit (loss)	97	93	4	4.3 %	292	263	29	11.0 %
Operating margin	17.9 %	25.5 %			18.9 %	24.4 %		
Equity in net earnings (loss) of affiliates	45	33	12	36.4 %	125	91	34	37.4 %
Depreciation and amortization	29	22	7	31.8 %	79	71	8	11.3 %

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

The pricing of products by the Advanced Engineered Materials segment is primarily based on the value of the material we produce and is largely independent of changes in the cost of raw materials. Therefore, in general, margins may expand or contract in response to changes in raw material costs.

**Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016**

Net sales increased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher volume primarily due to Net sales generated from SOFTER and from Nilit, which represents approximately three-fourths of the increase in volume; and

- higher volume within our base business driven by new project launches and pipeline growth, which represents the remainder of the volume growth.

Operating profit increased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher Net sales;

partially offset by:

- higher plant spending of \$36 million, primarily related to our acquisitions of SOFTER and Nilit in December 2016 and May 2017, respectively, as these acquired businesses incur ongoing plant spending;

Table of Contents

• higher energy and raw material costs, primarily related to methanol; and

• higher depreciation and amortization expense, primarily related to our acquisitions of SOFTER and Nilit.

Equity in net earnings (loss) of affiliates increased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

an increase in equity investment in earnings of \$5 million and \$4 million from our Polyplastics Co., Ltd.

("Polyplastics") and Ibn Sina strategic affiliates, respectively, as a result of higher demand at Polyplastics and higher pricing and timing of turnaround activity at Ibn Sina.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Net sales increased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher volume primarily due to Net sales generated from SOFTER and from Nilit, which represents approximately two-thirds of the increase in volume; and
- higher volume within our base business driven by new project launches and pipeline growth globally, which represents the remainder of the volume growth;

partially offset by:

• lower pricing for most of our products due to customer and regional mix.

Operating profit increased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• higher Net sales;

partially offset by:

• higher plant spending of \$96 million, primarily related to our acquisitions of SOFTER and Nilit, as these acquired businesses incur ongoing plant spending;

• higher energy and raw material costs, primarily related to methanol; and

• higher depreciation and amortization expense, primarily related to our acquisitions of SOFTER and Nilit.

Equity in net earnings (loss) of affiliates increased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

an increase in equity investment in earnings of \$12 million and \$10 million from our Ibn Sina and Polyplastics

strategic affiliates, respectively, as a result of higher pricing and timing of turnaround activity at Ibn Sina and higher demand at Polyplastics.



Table of Contents

## Consumer Specialties

	Three Months				Nine Months			
	Ended		Change	% Change	Ended		Change	% Change
	September 30, 2017	2016			September 30, 2017	2016		
	(unaudited)							
	(In \$ millions, except percentages)							
Net sales	187	225	(38 )	(16.9 )%	598	704	(106 )	(15.1 )%
Net Sales Variance								
Volume	(10 )	%			(7 )	%		
Price	(8 )	%			(8 )	%		
Currency	1	%			—	%		
Other	—	%			—	%		
Other (charges) gains, net	—	(1 )	1	(100.0)%	(2 )	(1 )	(1 )	100.0 %
Operating profit (loss)	53	68	(15 )	(22.1 )%	170	226	(56 )	(24.8 )%
Operating margin	28.3 %	30.2 %			28.4 %	32.1 %		
Equity in net earnings (loss) of affiliates	2	1	1	100.0 %	3	2	1	50.0 %
Dividend income - cost investments	24	26	(2 )	(7.7 )%	81	81	—	— %
Depreciation and amortization	11	12	(1 )	(8.3 )%	33	34	(1 )	(2.9 )%

Our Consumer Specialties segment includes our cellulose derivatives and food ingredients businesses, which serve consumer-driven applications. Our cellulose derivatives business is a leading global producer and supplier of acetate tow and acetate flake, primarily used in filter products applications. Our food ingredients business is a leading global supplier of acesulfame potassium for the food and beverage industry and is a leading producer of food protection ingredients, such as potassium sorbate and sorbic acid.

The pricing of products within the cellulose derivatives and food ingredients businesses is sensitive to demand and is primarily based on the value of the material we produce. Many sales in these businesses are conducted under contracts with pricing for one or more years. As a result, margins may expand or contract in response to changes in raw material costs over these similar periods, and we may be unable to adjust pricing also due to other factors, such as the intense level of competition in the industry.

## Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Net sales decreased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• lower acetate tow pricing and volume due to lower global industry utilization.

Operating profit decreased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• lower Net sales;

partially offset by:

• lower spending and raw material costs of \$13 million primarily related to productivity initiatives in our cellulose derivatives business.

## Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Net sales decreased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• lower acetate tow pricing and volume due to lower global industry utilization.

Table of Contents

Operating profit decreased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• lower Net sales;

partially offset by:

• lower spending and raw material costs of \$35 million primarily related to productivity initiatives in our cellulose derivatives business.

On June 18, 2017, Celanese, through various subsidiaries, entered into an agreement with affiliates of The Blackstone Group L.P. (the "Blackstone Entities") to form a joint venture which combines substantially all of the operations of our cellulose derivatives business and the operations of the Rhodia Acetow cellulose acetate business owned by the Blackstone Entities. See Note 3 - Acquisitions, Dispositions and Plant Closures in the accompanying unaudited interim consolidated financial statements for further information.

## Industrial Specialties

	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016		Change	% Change	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016		Change	% Change
	(unaudited)	(unaudited)	(unaudited)	(unaudited)			(unaudited)	(unaudited)	(unaudited)	(unaudited)		
	(In \$ millions, except percentages)											
Net sales	264	245	19	7.8	%	771	760	11	1.4	%		
Net Sales Variance												
Volume	2	%				1	%					
Price	4	%				1	%					
Currency	2	%				(1)	)%					
Other	—	%				—	%					
Other (charges) gains, net	—	—	—	—	%	—	(3 )	3	(100.0)%			
Operating profit (loss)	20	25	(5 )	(20.0)%		71	85	(14 )	(16.5 )%			
Operating margin	7.6 %	10.2 %				9.2 %	11.2 %					
Depreciation and amortization	10	9	1	11.1	%	28	25	3	12.0	%		

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

Pricing of our products within Industrial Specialties is influenced by changes in the cost of raw materials. Therefore, in general, there is a direct correlation between the cost of raw materials and our Net sales for most Industrial Specialties products. This impact to pricing typically lags changes in raw material costs over months or quarters.

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Net sales increased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• higher pricing and volume in our emulsion polymers business due to higher raw material costs for vinyl acetate monomer ("VAM") across all regions; and

• a favorable currency impact resulting from a weak US dollar relative to the Euro.



Table of Contents

Operating profit decreased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• higher spending and raw material costs of \$15 million, primarily VAM;

partially offset by:

• higher Net sales.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Net sales increased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• higher pricing and volume in our emulsion polymers business due to higher raw material costs for VAM across all regions.

Operating profit decreased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

• higher spending and raw material costs of \$25 million, primarily VAM;

partially offset by:

• higher Net sales.

Acetyl Intermediates

	Three Months Ended September 30, 2017 2016 (unaudited)			Change	% Change	Nine Months Ended September 30, 2017 2016			Change	% Change		
	(In \$ millions, except percentages)											
Net sales	684	589	95	16.1	%	1,952	1,844	108	5.9	%		
Net Sales Variance												
Volume	(1	)				(6	)			%		
Price	16	%				12	%					
Currency	1	%				—	%					
Other	—	%				—	%					
Other (charges) gains, net	—	(1	)	1	(100.0)%	(50	)	(2	)	(48	) 2,400.0 %	
Operating profit (loss)	128	83	45	54.2	%	264	274	(10	)	(3.6	) %	
Operating margin	18.7 %	14.1 %				13.5 %	14.9 %					
Equity in net earnings (loss) of affiliates	1	1	—	—	%	4	4	—	—	%		
Depreciation and amortization	26	27	(1	)	(3.7	) %	78	81	(3	)	(3.7	) %

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

Pricing of acetic acid, VAM and other acetyl products is influenced by changes in the cost of raw materials. Therefore, in general, there is a direct correlation between the cost of raw materials and our Net sales for most intermediate chemistry products. This impact to pricing typically lags changes in raw material costs over months or quarters.

Table of Contents

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Net sales increased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher pricing due to higher feedstock costs, such as methanol, which positively impacted pricing for most of our products; and

- a favorable currency impact resulting from a weak US dollar relative to the Euro.

Operating profit increased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher Net sales;

partially offset by:

- higher raw material costs, primarily for methanol and ethylene, with methanol making up approximately one-half of the increase and ethylene making up approximately one-fourth of the increase in raw material costs.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Net sales increased during the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher pricing due to higher feedstock costs, such as methanol, which positively impacted pricing for most of our products;

partially offset by:

- lower volume for ethanol, which represents substantially all of the decrease in volume, due to the shutdown at our ethanol production unit in Nanjing, China.

Operating profit decreased during the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher raw material costs, primarily for methanol, ethylene and carbon monoxide, with methanol making up

- approximately one-half of the increase and ethylene and carbon monoxide making up the remainder of the increase in raw material costs;

- an unfavorable impact of \$48 million to Other (charges) gains, net. During the nine months ended September 30, 2017, we provided notice of termination of a contract with a key raw materials supplier at our ethanol production unit in Nanjing, China. As a result, we recorded an estimated \$50 million of plant/office closure costs primarily consisting of a \$24 million contract termination charge and an \$18 million reduction to our non-income tax receivable. See Note 14 - Other (Charges) Gains, Net in the accompanying unaudited interim consolidated financial statements for further information; and

- an unfavorable impact of \$19 million in direct costs associated with the planned turnaround at our Clear Lake, Texas site;

mostly offset by:

- higher Net sales; and

- cost savings of \$26 million, primarily related to productivity initiatives and a duty exception in the free trade agreement between Europe and Mexico.

Table of Contents

## Other Activities

	Three Months Ended September 30, 2017				2016				Nine Months Ended September 30, 2017				2016			
			Change	% Change			Change	% Change			Change	% Change			Change	% Change
	(unaudited)															
	(In \$ millions, except percentages)															
Other (charges) gains, net	—	(1	)	1		(100.0)%	(4	)	(4	)	—		—		%	
Operating profit (loss)	(46)	(23	)	(23	)	100.0	%	(113)	(73	)	(40	)	54.8	%		
Equity in net earnings (loss) of affiliates	2	6	(4	)	(66.7	)%	3	17	(14	)	(82.4)	)%				
Dividend income - cost investments	—	—	—		—	%	1	1	—		—	%				
Depreciation and amortization	4	2	2		100.0	%	8	7	1		14.3	%				

Other Activities primarily consists of corporate center costs, including administrative activities such as finance, information technology and human resource functions, interest income and expense associated with our financing activities and results of our captive insurance companies. Other Activities also includes the interest cost, expected return on assets and net actuarial gains and losses components of our net periodic benefit cost for our defined benefit pension plans and other postretirement plans, which are not allocated to our business segments.

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Operating loss increased for the three months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher functional and project spending of \$17 million, primarily related to ongoing merger, acquisition and integration related costs; and
- higher incentive compensation cost of \$9 million.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Operating loss increased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- higher functional and project spending of \$31 million, primarily related to ongoing merger, acquisition and integration related costs; and
- higher incentive compensation cost of \$12 million.

Equity in net earnings (loss) of affiliates decreased for the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to:

- a decrease in equity investment in earnings of \$4 million for InfraServ GmbH & Co. Gendorf KG and InfraServ GmbH & Co. Knapsack KG associated with a reserve for dividends received from these investments since the exercise notification was received.

## Table of Contents

### Liquidity and Capital Resources

Our primary source of liquidity is cash generated from operations, available cash and cash equivalents and dividends from our portfolio of strategic investments. In addition, as of September 30, 2017, we have \$780 million available for borrowing under our senior unsecured revolving credit facility and \$7 million available under our accounts receivable securitization facility to assist, if required, in meeting our working capital needs and other contractual obligations.

While our contractual obligations, commitments and debt service requirements over the next several years are significant, we continue to believe we will have available resources to meet our liquidity requirements, including debt service, for the next twelve months. If our cash flow from operations is insufficient to fund our debt service and other obligations, we may be required to use other means available to us such as increasing our borrowings, reducing or delaying capital expenditures, seeking additional capital or seeking to restructure or refinance our indebtedness. There can be no assurance, however, that we will continue to generate cash flows at or above current levels.

Total cash outflows for capital expenditures are expected to be in the range of \$250 million to \$300 million in 2017 primarily due to additional investments in growth opportunities in our Advanced Engineered Materials and Acetyl Intermediates segments.

On a stand-alone basis, Celanese and its immediate 100% owned subsidiary, Celanese US, have no material assets other than the stock of their subsidiaries and no independent external operations of their own. Accordingly, they generally depend on the cash flow of their subsidiaries and their ability to pay dividends and make other distributions to Celanese and Celanese US in order to meet their obligations, including their obligations under senior credit facilities and senior notes and to pay dividends on our Series A common stock, par value \$0.0001 per share ("Common Stock").

### Cash Flows

Cash and cash equivalents decreased \$177 million to \$461 million as of September 30, 2017 compared to December 31, 2016. As of September 30, 2017, \$346 million of the \$461 million of cash and cash equivalents was held by our foreign subsidiaries. If these funds are needed for our operations in the US, we will access such funds in a tax efficient manner to satisfy cash flow needs. Currently, there are no planned cash distributions that would result in incremental US taxes payable in excess of applicable foreign tax credits related to such undistributed earnings. As a result, we have not recorded any deferred income taxes on the portion of undistributed foreign earnings determined not to be permanently reinvested in foreign operations.

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

Net cash provided by operating activities decreased \$195 million to \$745 million for the nine months ended September 30, 2017 compared to \$940 million for the same period in 2016. Net cash provided by operating activities for the nine months ended September 30, 2017 decreased primarily due to:

- a decrease in net earnings;
- unfavorable trade working capital of \$65 million primarily due to an increase in trade receivables related to our SOFTER and Nilit acquisitions; and
- an increase of \$21 million in cash taxes paid.

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

Net cash used in investing activities increased \$265 million to \$457 million for the nine months ended September 30, 2017 compared to \$192 million for the same period in 2016, primarily due to:

- a net cash outflow of \$269 million related to the acquisition of Nilit in May 2017.

## Table of Contents

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

Net cash used in financing activities increased \$29 million from \$467 million for the nine months ended September 30, 2016 to \$496 million for the nine months ended September 30, 2017, primarily due to: an increase in net repayments on long-term debt of \$479 million, primarily as a result of issuing €750 million in principal amount of 1.125% senior unsecured notes due September 26, 2023, which did not recur in the current year, and the repayment of SOFTER bank loans in January 2017; and an increase of \$200 million in share repurchases of our Common Stock; partially offset by: an increase in net borrowings on short-term debt of \$667 million, primarily as a result of borrowings under our revolving credit facility and accounts receivable securitization facility during the nine months ended September 30, 2017, as well as repayments of borrowings under our senior unsecured revolving credit facility during the nine months ended September 30, 2016, which did not recur in the current year.

### **Debt and Other Obligations**

On June 18, 2017, Celanese, through various subsidiaries, entered into an agreement with affiliates of the Blackstone Entities to form a joint venture which combines substantially all the operations of our cellulose derivatives business and the operations of the Rhodia Acetow cellulose acetate business owned by the Blackstone Entities. Closing of the transaction is subject to customary closing conditions.

In connection with the agreement, the joint venture with the Blackstone Entities obtained commitments for credit facilities aggregating \$2.4 billion to be entered into by the joint venture entities at the closing consisting of (i) senior secured (\$135 million) and senior unsecured (\$65 million) revolving credit facilities in an aggregate principal amount of \$200 million, (ii) senior secured term loan facilities in an aggregate principal amount of \$1.0 billion, (iii) a senior unsecured bridge facility in an aggregate principal amount of \$800 million, which bridge facility will backstop the proposed issuance of \$800 million senior unsecured notes by a joint venture subsidiary, and (iv) a senior unsecured term loan facility in an aggregate principal amount of \$400 million. The credit facilities will be guaranteed by certain of the subsidiaries of the respective borrowers; however, only the \$65 million senior unsecured revolving credit facility and the \$400 million senior unsecured term loan credit facility will be guaranteed by Celanese. Approximately \$2.2 billion of the proceeds of the debt financing are expected to be used, in part, to repay certain of the parties' existing indebtedness and a \$1.6 billion dividend to Celanese. We plan to use the proceeds of the dividend for general corporate purposes. Additionally, we anticipate that we will incur costs of approximately \$40 million prior to the closing to carve out assets and entities in anticipation of contributing these to the joint venture. See Note 3 - Acquisitions, Dispositions and Plant Closures in the accompanying unaudited interim consolidated financial statements for further information.

There have been no material changes to our debt or other obligations described in our 2016 Form 10-K other than those disclosed above and in Note 10 - Debt in the accompanying unaudited interim consolidated financial statements.

### **Share Capital**

On July 17, 2017, our Board of Directors approved a \$1.5 billion increase in our Common Stock repurchase authorization.

There have been no material changes to our share capital described in our 2016 Form 10-K other than those disclosed above and in Note 13 - Stockholders' Equity in the accompanying unaudited interim consolidated financial statements.

### **Contractual Obligations**

Except as otherwise described in this report, there have been no material revisions outside the ordinary course of business to our contractual obligations as described in our 2016 Form 10-K.

### **Off-Balance Sheet Arrangements**

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



## Table of Contents

### Critical Accounting Policies and Estimates

Our unaudited interim consolidated financial statements are based on the selection and application of significant accounting policies. The preparation of unaudited interim consolidated financial statements in conformity with US 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 Net sales, expenses and allocated charges during the reporting period. Actual results could differ from those estimates. However, we are not currently aware of any reasonably likely events or circumstances that would result in materially different results.

We describe our significant accounting policies in Note 2 - Summary of Accounting Policies, of the Notes to the Consolidated Financial Statements included in our 2016 Form 10-K. We discuss our critical accounting policies and estimates in MD&A in our 2016 Form 10-K.

### Recent Accounting Pronouncements

See Note 2 - Recent Accounting Pronouncements in the accompanying unaudited interim consolidated financial statements included in this Quarterly Report for information regarding recent accounting pronouncements.

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

Market risk for the Company has not changed materially from the foreign exchange, interest rate and commodity risks disclosed in Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our 2016 Form 10-K. See also Note 16 - Derivative Financial Instruments in the accompanying unaudited interim consolidated financial statements for further discussion of our market risk management and the related impact on the Company's financial position and results of operations.

### Item 4. Controls and Procedures

#### Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on that evaluation, as of September 30, 2017, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective.

#### Changes in Internal Control Over Financial Reporting

On May 3, 2017, we acquired the nylon compounding division of Nilit Group ("Nilit"). See Note 3 - Acquisitions, Dispositions and Plant Closures in the accompanying unaudited interim consolidated financial statements for further information.

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

Table of Contents

## PART II — OTHER INFORMATION

## Item 1. Legal Proceedings

The Company is involved in a number of legal and regulatory proceedings, lawsuits and claims incidental to the normal conduct of its business, relating to such matters as product liability, land disputes, contracts, employment, antitrust and competition, intellectual property, personal injury and other actions in tort, workers' compensation, chemical exposure, asbestos exposure, taxes, trade compliance, acquisitions and divestitures, claims of legacy stockholders, past waste disposal practices and release of chemicals into the environment. The Company is actively defending those matters where it is named as a defendant. Due to the inherent subjectivity of assessments and unpredictability of outcomes of legal proceedings, the Company's litigation accruals and estimates of possible loss or range of possible loss may not represent the ultimate loss to the Company from legal proceedings. See Note 12 - Environmental and Note 18 - Commitments and Contingencies in the accompanying unaudited interim consolidated financial statements for a discussion of material environmental matters and material commitments and contingencies related to legal and regulatory proceedings. There have been no significant developments in the "Legal Proceedings" described in our 2016 Form 10-K other than those disclosed in Note 12 - Environmental and Note 18 - Commitments and Contingencies in the accompanying unaudited interim consolidated financial statements. See Part I - Item 1A. Risk Factors of our 2016 Form 10-K for certain risk factors relating to these legal proceedings.

## Item 1A. Risk Factors

There have been no material changes to the risk factors under Part I, Item 1A of our 2016 Form 10-K.

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

Repurchases of our Common Stock during the three months ended September 30, 2017 are as follows:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares Remaining that may be Purchased Under the Program <sup>(2)</sup>
	(unaudited)			
July 1-31, 2017	352,244	\$ 95.54	351,310	\$ 1,694,000,000
August 1-31, 2017	1,672,635	\$ 97.52	1,672,635	\$ 1,531,000,000
September 1-30, 2017	—	\$ —	—	\$ 1,531,000,000
Total	2,024,879		2,023,945	

(1) Includes 934 shares for July 2017 related to shares withheld from employees to cover their withholding requirements for personal income taxes related to the vesting of restricted stock units.

(2) Our Board of Directors authorized the repurchase of \$3.9 billion of our Common Stock since February 2008. See Note 13 - Stockholders' Equity in the accompanying unaudited interim consolidated financial statements for further information.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

None.

## Item 5. Other Information

None.



Table of Contents

Item 6. Exhibits<sup>(1)</sup>

Exhibit

Number Description

2.1†	<u>Transaction Agreement, dated of as June 18, 2017, by and among Celanese US Holdings LLC, BCP VII Jade Cayman Aggregator Ltd., BCP VII Swordfish Aggregator L.P., Acetate UTP C.V., and Lower Tier Partnership Netherlands C.V. (incorporated by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q filed with the SEC on July 25, 2017).</u>
3.1	<u>Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed with the SEC on October 18, 2016).</u>
3.1(a)	<u>Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Celanese Corporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on April 22, 2016).</u>
3.2	<u>Fourth Amended and Restated By-laws, amended effective February 8, 2016 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on February 9, 2016).</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

\* Filed herewith.

† The schedules to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a copy of any schedule to the SEC upon request.

The Company and its subsidiaries have in the past issued, and may in the future issue from time to time, long-term debt. The Company may not file with the applicable report copies of the instruments defining the rights of holders of long-term debt to the extent that the aggregate principal amount of the debt instruments of any one series of such debt instruments for which the instruments have not been filed has not exceeded or will not exceed 10% of the assets of the Company at any pertinent time. The Company hereby agrees to furnish a copy of any such instrument(s) to the SEC upon request.



Table of Contents

SIGNATURES

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

CELANESE  
CORPORATION

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

Date: October 17, 2017

By: /s/ CHRISTOPHER  
W. JENSEN  
Christopher W. Jensen  
Executive Vice  
President and  
Chief Financial Officer

Date: October 17, 2017