AXIALL CORP/DE/
Form 10-Q
November 06, 2014

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2014

OR

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

For the transition period from to

Commission File Number 1-9753

AXIALL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**58-1563799**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Abernathy Road, Suite 1200, Atlanta, Georgia	**30328**
(Address of principal executive offices)	(Zip Code)

(770) 395-4500
(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 ý No o

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding as of November 3, 2014**
Common Stock, $0.01 par value	70,196,116

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PART I. FINANCIAL INFORMATION.

Item 1. FINANCIAL STATEMENTS.

AXIALL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions, except share data)	**September 30, 2014**	**December 31, 2013**
Assets:		
Cash and cash equivalents	**$ 113.7**	$ 166.5
Receivables, net of allowance for doubtful accounts of **$5.4 million** at September 30, 2014 and $5.5 million at December 31, 2013.	**591.3**	548.8
Inventories	**405.8**	403.6
Prepaid expenses and other	**27.8**	31.6
Deferred income taxes	**24.2**	18.0
Total current assets	**1,162.8**	1,168.5
Property, plant and equipment, net	**1,660.7**	1,658.7
Goodwill	**1,754.8**	1,763.2
Customer relationships, net	**1,049.2**	1,101.8
Other intangible assets, net	**69.3**	72.9
Other assets, net	**104.5**	112.1
Total assets	**$ 5,801.3**	$ 5,877.2
Liabilities and Equity:		
Current portion of long-term debt	**$ 2.8**	$ 2.8
Accounts payable	**372.6**	313.7
Interest payable	**12.8**	15.4
Income taxes payable	**10.5**	17.1
Accrued compensation	**26.8**	61.5
Other accrued current liabilities	**115.1**	132.6
Total current liabilities	**540.6**	543.1
Long-term debt, excluding the current portion of long-term debt	**1,328.3**	1,330.0
Lease financing obligation	**97.5**	104.7
Deferred income taxes	**818.9**	865.5
Pensions and other postretirement benefits	**119.0**	129.8
Other non-current liabilities	**163.4**	175.8
Total liabilities	**3,067.7**	3,148.9

Commitments and contingencies				
Equity:				
Preferred stock $0.01 par value; 75,000,000 shares authorized; no shares issued		**-**		-
Common stock $0.01 par value; shares authorized: 200,000,000 at September 30, 2014 and December 31, 2013; issued and outstanding: **70,196,116** at September 30, 2014 and 69,890,666 at December 31, 2013.		**0.7**		0.7
Additional paid-in capital		**2,279.1**		2,272.6
Retained earnings		**295.1**		269.3
Accumulated other comprehensive income, net of tax		**47.7**		66.3
Total Axiall stockholders' equity		**2,622.6**		2,608.9
Noncontrolling interest		**111.0**		119.4
Total equity		**2,733.6**		2,728.3
Total liabilities and equity	**$**	**5,801.3**	$	5,877.2

See accompanying notes to unaudited condensed consolidated financial statements.

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AXIALL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share data)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Net sales	**$ 1,269.4**	$ 1,197.5	**$ 3,500.0**	$ 3,531.5
Operating costs and expenses:				
Cost of sales	**1,107.3**	1,003.9	**3,110.6**	2,975.7
Selling, general and administrative expenses	**79.8**	74.9	**232.4**	219.8
Transaction-related costs and other, net	**7.8**	14.8	**23.8**	33.7
Long-lived asset impairment charges, net	**0.3**	25.8	**1.0**	28.4
Total operating costs and expenses	**1,195.2**	1,119.4	**3,367.8**	3,257.6
Operating income	**74.2**	78.1	**132.2**	273.9
Interest expense, net	**(19.5)**	(19.7)	**(56.9)**	(57.4)
Loss on redemption and other debt costs	**-**	-	**-**	(78.5)
Gain on acquisition of controlling interest	**-**	-	**-**	23.5
Foreign exchange loss	**(0.3)**	(0.4)	**(0.2)**	-
Income before income taxes	**54.4**	58.0	**75.1**	161.5
Provision for income taxes	**9.3**	18.7	**12.5**	51.3
Consolidated net income	**45.1**	39.3	**62.6**	110.2
Less net income attributable to noncontrolling interest	**0.6**	0.3	**2.5**	1.9
Net income attributable to Axiall	**$ 44.5**	$ 39.0	**$ 60.1**	$ 108.3
Income per share attributable to Axiall:				
Basic	**$ 0.64**	$ 0.56	**$ 0.86**	$ 1.63
Diluted	**$ 0.63**	$ 0.55	**$ 0.85**	$ 1.62
Weighted average common shares outstanding:				
Basic	**70.2**	69.9	**70.0**	66.4
Diluted	**70.6**	70.4	**70.6**	66.8
Dividends per common share	**$ 0.16**	$ 0.16	**$ 0.48**	$ 0.32

See accompanying notes to unaudited condensed consolidated financial statements.

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AXIALL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Consolidated net income	**$ 45.1**	$ 39.3	**$ 62.6**	$ 110.2
Less net income attributable to noncontrolling interest	**0.6**	0.3	**2.5**	1.9
Net income attributable to Axiall	**44.5**	39.0	**60.1**	108.3
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	**(27.4)**	10.2	**(29.3)**	(16.4)
Pensions and other postretirement benefit liability adjustments	**(2.3)**	0.5	**(7.1)**	1.6
Unrealized gain (loss) on derivative cash flow hedges	**1.4**	(0.3)	**0.8**	(1.1)
Other comprehensive income (loss), before income taxes	**(28.3)**	10.4	**(35.6)**	(15.9)
Provision for (benefit from) income taxes related to other comprehensive income (loss) items	**(11.2)**	3.0	**(13.8)**	(5.6)
Other comprehensive income (loss), net of tax	**(17.1)**	7.4	**(21.8)**	(10.3)
Other comprehensive loss, attributable to noncontrolling interest net of tax	**(1.9)**	-	**(3.2)**	-
Other comprehensive income (loss) attributable to Axiall, net of tax	**(15.2)**	7.4	**(18.6)**	(10.3)
Comprehensive income, net of income taxes	**28.0**	**46.7**	**40.8**	**99.9**
Less comprehensive income (loss) attributable to noncontrolling interest	**(1.3)**	0.3	**(0.7)**	1.9
Comprehensive income attributable to Axiall	**$ 29.3**	$ 46.4	**$ 41.5**	$ 98.0

See accompanying notes to unaudited condensed consolidated financial statements.

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AXIALL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In millions)	Nine Months Ended September 30, 2014	2013
Cash flows from operating activities:		
Consolidated net income	**$ 62.6**	$ 110.2
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation	**128.4**	108.1
Amortization	**56.1**	49.0
Loss on redemption and other debt costs	**-**	78.5
Gain on acquisition of controlling interest	**-**	(23.5)
Long-lived asset impairment charges, net	**1.0**	28.4
Other non-cash items	**(0.6)**	9.4
Deferred income taxes	**(35.6)**	(10.0)
Change in operating assets and liabilities, and other (excluding effects of acquisition)	**(50.4)**	(194.1)
Net cash provided by operating activities	**161.5**	156.0
Cash flows from investing activities:		
Capital expenditures	**(147.4)**	(108.5)
Acquisitions, net of cash acquired	**(6.1)**	26.7
Proceeds from sale of assets and other	**5.3**	11.1
Net cash used in investing activities	**(148.2)**	(70.7)
Cash flows from financing activities:		
Borrowings on ABL revolver	**148.9**	402.5
Repayments on ABL revolver	**(148.9)**	(402.5)
Issuance of long-term debt	**-**	450.0
Long-term debt payments	**(2.6)**	(531.1)
Deferred acquisition payments	**(10.0)**	-
Lease financing obligation payment	**(2.3)**	-
Make-whole and other fees paid related to financing activities	**(0.6)**	(98.0)
Dividends paid	**(33.8)**	(11.2)
Distribution to noncontrolling interest	**(7.7)**	(13.3)
Excess tax benefits from share-based payment arrangements	**2.3**	0.8
Stock compensation plan activity	**(7.0)**	(1.5)
Net cash used in financing activities	**(61.7)**	(204.3)
Effect of exchange rate changes on cash and cash equivalents	**(4.4)**	(1.4)
Net change in cash and cash equivalents	**(52.8)**	(120.4)
Cash and cash equivalents at beginning of period	**166.5**	200.3

Cash and cash equivalents at end of period	**$**	**113.7**	$	79.9

Significant non-cash transactions

On January 28, 2013, we acquired substantially all of the assets and liabilities of PPG Industries, Inc.'s ("PPG") business relating to the production of chlorine, caustic soda and related chemicals (the "Merged Business" or the "PPG Chemicals Business"), through a merger between a subsidiary of PPG and a subsidiary of the Company (the "Merger"). The purchase price for these transactions was approximately $2.8 billion and consisted of: (i) the issuance of approximately 35.2 million shares of our common stock valued at approximately $1.8 billion; (ii) the assumption of $967.0 million of debt; and (iii) the assumption of certain other liabilities including pension and other postretirement obligations. See Note 2 to the unaudited condensed consolidated financial statements.

See accompanying notes to unaudited condensed consolidated financial statements.

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AXIALL CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all of the adjustments that, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the interim periods reported. Such adjustments are of a normal, recurring nature.

Our financial condition as of, and our operating results for, the three and nine month periods ended September 30, 2014 are not necessarily indicative of the financial condition and results that may be expected for the full year ending December 31, 2014 or any other interim period. Certain prior period amounts have been reclassified to conform to the current period's presentation. These reclassifications are of a normal recurring nature and did not impact the Company's operating income or consolidated net income.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 (the "2013 Annual Report"). There has been no material change in the significant accounting policies followed by us during the three and nine month periods ended September 30, 2014 from those disclosed in the 2013 Annual Report. Unless the context otherwise requires, references to "Axiall," the "Company," "we," "our" or "us," means Axiall Corporation and its consolidated subsidiaries.

2. MERGER WITH THE PPG CHEMICALS BUSINESS

On January 28, 2013, we completed our acquisition of substantially all of the assets and liabilities of the Merged Business and completed the related financings (collectively, the "Transactions"). We manage the Merged Business as part of our chlorovinyls business, and have reported the results of operations of the Merged Business as part of our chlorovinyls segment since January 28, 2013.

The purchase price of the Merged Business of approximately $2.8 billion consisted of: (i) the issuance of approximately 35.2 million shares of our common stock valued at approximately $1.8 billion; (ii) assumed debt of approximately $967.0 million; and (iii) the assumption of other liabilities, including pension liabilities and other postretirement obligations.

Summary Pro Forma Information. The following unaudited pro forma financial information reflects our consolidated results of operations as if the Transactions had taken place on January 1, 2012. The pro forma information includes primarily adjustments for depreciation based on the estimated fair value of the property, plant and equipment acquired in the Merger, amortization of acquired intangible assets and interest expense on the debt we incurred to finance the Transactions. The pro forma

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information is not necessarily indicative of the results of operations that we would have reported had the Transactions actually closed on January 1, 2012, nor is it necessarily indicative of future results.

(In millions, except per share data)		Nine Months Ended September 30, 2013
Net sales	$	**3,639.2**
Net income attributable to Axiall	$	**106.3**
Net income per share attributable to Axiall:		
Basic	$	**1.52**
Diluted	$	**1.51**

Disclosure of revenues and earnings of the Merged Business since January 28, 2013 on a stand-alone basis is not practicable, as the Merged Business is not being operated as a stand-alone business.

3. NEW ACCOUNTING PRONOUNCEMENTS

In June 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU" or "Update") 2014-12 Compensation Stock Compensation (Topic 718). Under this Update *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* (a consensus of the FASB Emerging Issues Task Force), a performance target that affects vesting, and that could be achieved after the requisite service period, would be treated as a performance condition. GAAP did not address these issues. The Update states that a reporting entity should apply existing guidance in Topic 718 to account for awards with performance conditions that affect the vesting of such awards. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the periods for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The stated vesting period (which includes the period in which the performance target could be achieved) may differ from the requisite service period. The amendments in this Update are effective for annual reporting periods beginning after December 15, 2015. Earlier adoption is permitted. We are evaluating the amendments in this Update and have not yet determined the impact on our condensed consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The Update outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance issued by the FASB, including industry specific guidance. The Update provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts with customers to provide goods and services. The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate. The Update is effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2016. The new standard must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. The modified retrospective approach requires that the new standard be applied

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to all new and existing contracts as of the date of adoption, with a cumulative catch-up adjustment recorded to the opening balance of retained earnings at the effective date for existing contracts that still require performance by the entity. Under the modified retrospective approach, amounts reported prior to the date of adoption will be presented under existing guidance. The Update also requires entities to disclose both quantitative and qualitative information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. We have not yet determined the impact of adopting the standard on our condensed consolidated financial statements, nor have we determined whether we will utilize the full retrospective or modified retrospective approach.

In April 2014, the FASB issued ASU 2014-08 *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in this Update change the requirements for reporting discontinued operations in Subtopics 205 (Presentation of Financial Statements) and 360 (Property, Plant, and Equipment). The Update changes the criteria for reporting discontinued operations and enhances the FASB's convergence with International Accounting Standards. The Update improves the definition of discontinued operations by limiting discontinued operations reporting specifically to the disposal of a component or a group of components of an entity that results in a strategic shift that has (or will have) a major effect on an entity's operations and financial results when certain criteria are met. The Update raises the threshold for disposals to qualify as discontinued operations and expands the disclosure requirements for discontinued operations and certain other disposals that do not qualify as discontinued operations. The amendments in this Update are effective for annual periods beginning on or after December 15, 2014, and interim periods within that year. We are evaluating the amendments in this Update and do not expect them to have a material impact on our condensed consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. Prior to this Update, GAAP did not include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward existed. The Update provides that a liability related to an unrecognized tax benefit would be offset against a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In that case, the liability associated with the unrecognized tax benefit is presented in the financial statements as a reduction to the related deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. In situations in which a net operating loss carryforward, a similar tax loss or a tax credit carryforward is not available at the reporting date under the tax law of the jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit will be presented in the financial statements as a liability and will not be combined with deferred tax assets. The amendments in this Update do not require new recurring disclosures. The Update is effective for fiscal years beginning after December 15, 2013. In accordance with this Update, at September 30, 2014, the Company reclassified liabilities associated with certain unrecognized tax benefits as a reduction to a deferred tax assets for a net operating loss carryforward in the amount of $4.5 million.

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4. INVENTORIES

As of September 30, 2014 and December 31, 2013, the major classes of inventories were as follows:

(In millions)		September 30, 2014		December 31, 2013
Raw materials	**$**	**160.4**	$	159.5
Work-in-progress		**7.3**		5.2
Finished goods		**238.1**		238.9
Inventories	**$**	**405.8**	$	403.6

5. PROPERTY, PLANT AND EQUIPMENT, NET

As of September 30, 2014 and December 31, 2013, property, plant and equipment consisted of the following:

(In millions)		September 30, 2014		December 31, 2013
Chemical manufacturing plants	**$**	**1,407.5**	$	1,361.7
Machinery and equipment		**1,145.0**		1,070.4
Buildings		**205.1**		214.4
Land and land improvements		**175.7**		195.3
Construction-in-progress		**109.9**		116.9
Property, plant and equipment, at cost		**3,043.2**		2,958.7
Less: accumulated depreciation		**1,382.5**		1,300.0
Property, plant and equipment, net	**$**	**1,660.7**	$	1,658.7

6. GOODWILL, OTHER INTANGIBLE ASSETS AND RESTRUCTURING

Our intangible assets consist of goodwill, customer relationships, supply contracts, trade names, and technology. Goodwill is the excess of the cost of an acquired entity over the fair value of tangible and intangible assets (including customer lists, trade names and technology) acquired and liabilities assumed under acquisition accounting for business combinations.

We have two segments that contain reporting units with goodwill and intangible assets: our chlorovinyls segment includes goodwill in its chlor-alkali and derivatives and compound reporting units and our building products segment includes goodwill primarily in its siding reporting units.

Goodwill. During the nine month period ended September 30, 2014, the Company recorded an immaterial correction of an error related to the overstatement of certain assets and deferred tax liabilities recorded in connection with the acquisition accounting for the Merged Business that were outside of the measurement period. The Company recognized a $0.7 million decrease in the fair value of acquired net assets and a $0.7 million increase to goodwill on the consolidated balance sheet as of September 30, 2014. Management performed an evaluation under Staff Accounting Bulletin No. 108 and concluded the effect of the adjustment is immaterial to the current and prior periods' financial

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statements. The following table provides the detail of the changes made to goodwill during the nine months ended September 30, 2014.

(In millions)	Chlorovinyls	Building Products	Total
Gross goodwill at December 31, 2013	$ 1,808.8	$ 160.3	$ 1,969.1
Accumulated impairment losses	(55.5)	(150.4)	(205.9)
Net goodwill at December 31, 2013	$ 1,753.3	$ 9.9	$ 1,763.2
Gross goodwill at December 31, 2013	**$ 1,808.8**	**$ 160.3**	**$ 1,969.1**
Adjustments	**0.7**	**-**	**0.7**
Foreign currency translation adjustment	**(9.1)**	**-**	**(9.1)**
Gross goodwill at September 30, 2014	**1,800.4**	**160.3**	**1,960.7**
Accumulated impairment losses	**(55.5)**	**(150.4)**	**(205.9)**
Net goodwill at September 30, 2014	**$ 1,744.9**	**$ 9.9**	**$ 1,754.8**

Indefinite-lived intangible assets. Our indefinite-lived intangible assets consisted of certain trade names with a carrying value of $6.0 million at September 30, 2014 and December 31, 2013 in our building products segment.

Valuation of Goodwill and Indefinite-Lived Intangible Assets: The carrying values of our goodwill and indefinite-lived intangible assets are tested for impairment annually in the fourth quarter, using a measurement date of October 1. In addition, we evaluate the carrying value of these assets for impairment between annual impairment tests if an event occurs or circumstances change that would indicate the carrying amounts may be impaired. Such events and indicators may include, without limitation, significant declines in industries in which our products are used, significant changes in the estimated future cash flows of our reporting units, significant changes in capital market conditions and significant changes in our market capitalization. As of September 30, 2014 we do not believe there have been any events or circumstances that would require us to perform an interim impairment test in our reporting units that carry goodwill and indefinite-lived intangible assets. However, certain factors including but not limited to a sustained decline in our market capitalization below its book value or further deterioration in our industry or market conditions could lead us to determine, in a future period, that an impairment test would be required and result in an impairment charge, which could have a negative impact on our result of operations.

Impairment testing for goodwill is a two-step test performed at a reporting unit level. The first step of the impairment analysis involves comparing the fair value of the reporting unit to its book value, including goodwill. If the fair value of the reporting unit exceeds the book value, goodwill is not considered impaired. If the book value exceeds the fair value, the second step of the impairment analysis is performed, in which we measure the amount of impairment. Our goodwill evaluations utilized discounted cash flow analyses and market multiple analyses in estimating fair value. The weighting of the discounted cash flow and market approaches varies by each reporting unit based on factors specific to each reporting unit. Inherent in our fair value determinations are certain judgments and estimates relating to future cash flows, including our interpretation of current economic indicators and market conditions, overall economic conditions and our strategic operational plans with regard to our business units. In addition, to the extent significant changes occur in market conditions, overall economic conditions or our strategic operational plan, it is possible that goodwill not currently impaired, may become impaired in the future.

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Definite-lived intangible assets. At September 30, 2014 and December 31, 2013, we had definite-lived intangible assets in our building products segment that related to customer relationships and technology. In the acquisition of the Merged Business, we acquired definite-lived intangible assets in our chlorovinyls segment. The values of these assets acquired are $1.1 billion for customer relationships, $42.6 million for supply contracts, $14.9 million for technology and $6.0 million for trade names. At September 30, 2014 and December 31, 2013, there were no definite-lived intangible assets in our aromatics segment. The following table provides the definite-lived intangible assets, by reportable segment, as of September 30, 2014 and December 31, 2013.

	Chlorovinyls		Building Products		Total	
(In millions)	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Gross carrying amounts						
Customer relationships	**$ 1,142.3**	$ 1,142.3	**$ 32.2**	$ 32.2	**$ 1,174.5**	$ 1,174.5
Supply contracts	**42.6**	42.6	**-**	-	**42.6**	42.6
Trade names	**6.0**	6.0	**-**	-	**6.0**	6.0
Technology	**14.9**	14.9	**17.4**	17.4	**32.3**	32.3
Total	**1,205.8**	1,205.8	**49.6**	49.6	**1,255.4**	1,255.4
Accumulated amortization:						
Customer relationships	**(104.8)**	(58.2)	**(11.7)**	(10.5)	**(116.5)**	(68.7)
Supply contracts	**(3.6)**	(2.0)	**-**	-	**(3.6)**	(2.0)
Trade names	**(0.6)**	(0.3)	**-**	-	**(0.6)**	(0.3)
Technology	**(1.1)**	(0.6)	**(12.3)**	(11.1)	**(13.4)**	(11.7)
Total	**(110.1)**	(61.1)	**(24.0)**	(21.6)	**(134.1)**	(82.7)
Foreign currency translation adjustment:						
Customer relationships	**(8.8)**	(4.0)	**-**	-	**(8.8)**	(4.0)
Total	**(8.8)**	(4.0)	**-**	-	**(8.8)**	(4.0)
Net carrying amounts						
Customer relationships	**1,028.7**	1,080.1	**20.5**	21.7	**1,049.2**	1,101.8
Supply contracts	**39.0**	40.6	**-**	-	**39.0**	40.6
Trade names	**5.4**	5.7	**-**	-	**5.4**	5.7
Technology	**13.8**	14.3	**5.1**	6.3	**18.9**	20.6
Total	**$ 1,086.9**	$ 1,140.7	**$ 25.6**	$ 28.0	**$ 1,112.5**	$ 1,168.7

The weighted average estimated useful life remaining for customer relationships, supply contracts, definite-lived trade names and technology is approximately 16 years, 18 years, 15 years, and 16 years, respectively. Amortization expense for the definite-lived intangible assets was $16.8 million and $15.2 million for the three months ended September 30, 2014 and 2013, respectively and $51.4 million and $45.0 million for the nine months ended September 30, 2014 and 2013, respectively. The estimated annual amortization expense for definite-lived intangible assets the next five fiscal years is approximately $67.1 million per year.

Restructuring: In September 2013, we initiated a restructuring plan in our building products segment consisting of various cost saving initiatives, including the reduction of overhead and plant labor, and the consolidation of various plants, primarily in the window and door profiles reporting unit, to improve utilization and efficiencies. During the three and nine month periods ended September 30, 2014, we recorded $1.0 million and $3.9 million, respectively, in restructuring charges in our building products segment that are included in Transaction-related costs and other, net in the unaudited condensed consolidated statements of operations. We expect to complete these restructuring initiatives in 2015 with additional expected restructuring charges in 2014 and 2015 totaling a combined $2.4 million.

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7. OTHER ASSETS, NET

As of September 30, 2014 and December 31, 2013, other assets, net of accumulated amortization, consisted of the following:

(In millions)	September 30, 2014	December 31, 2013
Pension assets	**$ 28.8**	$ 26.9
Deferred financing costs, net	**25.9**	28.8
Deferred income taxes	**17.4**	21.8
Advances to and investments in joint ventures, net	**19.4**	14.2
Advances for long-term purchase contracts, net	**2.3**	9.1
Long-term assets held for sale	**4.6**	3.9
Other	**6.1**	7.4
Total other assets, net	**$ 104.5**	$ 112.1

8. LONG-TERM DEBT AND LEASE FINANCING OBLIGATION

As of September 30, 2014 and December 31, 2013, our long-term debt consisted of the following:

(In millions)	Maturity Date	September 30, 2014	December 31, 2013
4.625 Notes	February 15, 2021	**$ 688.0**	$ 688.0
4.875 Notes	May 15, 2023	**450.0**	450.0
Term Loan (net of debt issuance costs totaling **$2.0 million** at September 30, 2014 and $2.4 million at December 31, 2013)	January 28, 2017	**193.1**	194.8
ABL Revolver	January 28, 2018	**-**	-
Total debt		**$ 1,331.1**	$ 1,332.8
Less current portion of long-term debt		**(2.8)**	(2.8)
Long-term debt, net		**$ 1,328.3**	$ 1,330.0

Term Loan and ABL Revolver

As of September 30, 2014, outstanding borrowings under the Company's term loan facility (the "Term Loan") had a stated interest rate of 3.50 percent per annum.

The Company's asset based revolving credit facility (the "ABL Revolver") provides for a maximum of $500.0 million of revolving credit. The credit agreement governing the ABL Revolver (the "ABL Credit Agreement") contains customary covenants (subject to certain exceptions), including certain restrictions on the Company and its subsidiaries to pay dividends. In addition, the Company is subject to a fixed charge coverage ratio (as defined in the ABL Credit Agreement) of 1.10 to 1.00 if excess availability is less than $62.5 million for three consecutive business days. As of September 30, 2014 and December 31, 2013, we had no outstanding balance on our ABL Revolver. Our availability under the ABL Revolver at September 30, 2014 was approximately $414.6 million, net of outstanding letters of credit totaling $85.4 million.

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As of September 30, 2014, we were in compliance with the covenants under the ABL Credit Agreement, the Term Loan agreement, the indentures governing $688.0 million in aggregate principal amount of 4.625 percent senior notes of Eagle Spinco Inc. ("Spinco") due 2021 (the "4.625 Notes") and $450.0 million in aggregate principal amount of 4.875 percent senior notes of Axiall Corporation due 2023 (the "4.875 Notes").

Lease Financing Obligation

As of September 30, 2014 and December 31, 2013, we had a lease financing obligation of $97.5 million and $104.7 million, respectively. The change from the December 31, 2013 balance is due to a one-time $2.3 million payment and the change in the Canadian dollar exchange rate as of September 30, 2014. The lease financing obligation is the result of the sale and concurrent leaseback of certain land and buildings in Canada in 2007 for a term of ten years. In connection with this transaction, a collateralized letter of credit was issued in favor of the buyer-lessor, resulting in the transaction being recorded as a financing transaction rather than a sale for GAAP purposes. As a result, the land, building and related accounts continue to be recognized in the unaudited condensed consolidated balance sheets. The amount of the collateralized letter of credit was $1.6 million and $3.8 million as of September 30, 2014 and December 31, 2013, respectively. We are not obligated to repay the lease financing obligation amount of $97.5 million. Our obligation is for the future minimum lease payments under the terms of the related lease agreements. The future minimum lease payments under the terms of the related lease agreements as of September 30, 2014 are $1.4 million in 2014, $5.7 million in 2015, $5.7 million in 2016 and $1.4 million in 2017, the final year of the lease agreements. The change in the future minimum lease payments from such amounts disclosed as of December 31, 2013 is due to a one-time $2.3 million payment, current period lease payments and the change in the Canadian dollar exchange rate as of September 30, 2014.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and long-term debt. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair value because of the nature of such instruments. The fair values of our outstanding notes, as shown in the table below, are based on quoted market values. The fair value of our Term Loan facility is based on present rates for indebtedness with similar amounts, durations and credit risk. Our commodity purchase contracts are fair valued with Level 2 inputs based on quoted market values for similar but not identical financial instruments. When computed for the purposes of impairment testing, the fair values of our goodwill and other acquired intangible assets are determined using Level 3 inputs. For further details concerning the fair value of goodwill and other intangible assets, see Note 6 to the unaudited condensed consolidated financial statements.

The FASB ASC 820-10 establishes a fair value hierarchy that prioritizes observable and unobservable inputs to valuation techniques used to measure fair value. These levels, in order of highest to lowest priority are described below:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
Level 2	Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
Level 3	Prices that are unobservable for the asset or liability and are developed based on the best information available under the circumstances, which might include the Company's own data.

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The following is a summary of the carrying amounts and estimated fair values of our long-term debt as of September 30, 2014 and December 31, 2013:

	September 30, 2014		December 31, 2013	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Level 1:				
Long-term debt:				
4.625 Notes	**$ 688.0**	**$ 663.9**	$ 688.0	$ 676.4
4.875 Notes	**$ 450.0**	**$ 432.8**	$ 450.0	$ 426.9
Level 2:				
Long-term debt:				
Term Loan (net of debt issuance costs totaling **$2.0 million** at September 30, 2014 and $2.4 million at December 31, 2013)	**$ 193.1**	**$ 194.2**	$ 194.8	$ 199.0
Derivative instrument:				
Commodity purchase contracts	**$ 1.7**	**$ 1.7**	$ -	$ -

10. COMMITMENTS AND CONTINGENCIES

Legal Proceedings. We are involved in a number of contingencies incidental to the normal conduct of our business including lawsuits, claims and environmental contingencies. The outcome of these contingencies is inherently unpredictable. We believe that, in the aggregate, the outcome of all known contingencies including lawsuits, claims and environmental contingencies will not have a material adverse effect on our financial statements; however, specific outcomes with respect to such contingencies may be material to the financial statements of any particular period in which costs, if any, are recognized. Our assessment of the potential impact of the environmental contingencies is subject to uncertainty due to the complex, ongoing and evolving process of investigation and remediation of such environmental contingencies, and the potential for technological and regulatory developments. In addition, the impact of evolving programs, such as natural resource damage claims, industrial site reuse initiatives and state remediation programs creates further uncertainty of the ultimate resolution of these environmental contingencies. We anticipate that the resolution of many contingencies, and in particular environmental contingencies, will occur over an extended period of time.

Environmental Matters. It is our policy to accrue expenses for environmental contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Reserves for environmental liabilities do not include any potential offsets related to claims against third parties.

Our operations and assets are subject to extensive environmental, health and safety regulations, including laws and regulations related to air emissions, water discharges, waste disposal and remediation of contaminated sites, at both the national and local levels in the United States. We are also subject to similar laws and regulations in Canada and other jurisdictions in which we operate. The nature of the chemical and building products industries exposes us to risks of liability under these laws and regulations due to the production, storage, use, transportation and sale of materials that can cause contamination or personal injury, including, in the case of chemicals, potential releases into the environment. Environmental laws may have a significant effect on the costs of use, transportation and storage of raw materials and finished products, as well as the costs of the storage and disposal of wastes. We have and will continue to incur substantial operating and capital costs to comply with environmental laws and regulations. In addition, we may incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations for violations arising under these laws and regulations.

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As of September 30, 2014 and December 31, 2013, we had reserves for environmental contingencies totaling approximately $61 million and $64 million, respectively, of which approximately $10 million and $12 million, respectively were classified as a current liability. Our assessment of the potential impact of these environmental contingencies is subject to considerable uncertainty due to the complex, ongoing and evolving process of investigation and remediation, if necessary, of such environmental contingencies, and the potential for technological and regulatory developments.

Some of our significant environmental contingencies include the following matters:

We have entered into a Cooperative Agreement with the Louisiana Department of Environmental Quality ("LDEQ") and various other parties for the environmental remediation of a portion of the Bayou d'Inde area of the Calcasieu River Estuary in Lake Charles, Louisiana. Remedy implementation is expected to begin during the fourth quarter of 2014 and continue for a number of years thereafter, with a period of monitoring for remedy effectiveness to follow remediation. As of September 30, 2014 and December 31, 2013, we have reserved approximately $24 million and $25 million, respectively, for the costs associated with this matter.

As of September 30, 2014 and December 31, 2013, we have reserved approximately $15 million for environmental contingencies related to on-site remediation at the Lake Charles, Louisiana facility that we acquired as part of the Merged Business (the "Lake Charles South Facility") principally for ongoing remediation of groundwater and soil in connection with our corrective action permit issued pursuant to the Hazardous and Solid Waste Amendments of the Resource Conservation and Recovery Act. The remedial activity is primarily the operation of a series of well water treatment systems across the Lake Charles South Facility. In addition, remediation of possible soil contamination will be conducted in certain areas. These remedial activities are expected to continue for an extended period of time.

As of September 30, 2014 and December 31, 2013, we have reserved approximately $14 million for environmental contingencies related to remediation activities at our Natrium, West Virginia facility. The remedial actions address National Pollutant Discharge Elimination System permit requirements related to hexachlorocyclohexane, which is commonly referred to as BHC. We expect that these remedial actions will be in place for an extended period of time.

Due to the nature of environmental laws, regulations and liabilities, it is possible that the reviews we conducted in connection with our evaluation of, and determination to enter into, the Transactions, may not have identified all potentially adverse conditions. Such conditions may not currently exist or be detectable through reasonable methods, or may not be able to be adequately valued. For example, our Natrium, West Virginia facility and Lake Charles South Facility have both been in operation for over 65 years. There may be significant latent liabilities or future claims arising from the operation of facilities of this age, and we may be required to incur material future remediation or other costs in connection with future actions or developments at these or other facilities.

We expect to be continually subjected to increasingly stringent environmental and health and safety laws and regulations, and that continued compliance will require increased capital expenditures and increased operating costs or may impose restrictions on our present or future operations. It is difficult to predict the future interpretation and development of these laws and regulations or their impact on our future earnings and operations. Any increase in these costs, or any material restrictions, could materially adversely affect our liquidity, financial condition and results of operations. However, estimated costs for future environmental compliance and remediation may be materially lower than actual costs, or we may not be able to quantify potential costs in advance. Actual costs related to any environmental compliance in excess of estimated costs could have a material adverse effect on our financial condition in one or more future periods.

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Heightened interest in environmental regulation, such as climate change issues, has the potential to materially impact our costs and present and future operations. We, and other chemicals companies, are currently required to file certain governmental reports relating to greenhouse gas ("GHG") emissions. The U.S. Government has considered, and may in the future implement restrictions or other controls on GHG emissions which could require us to incur significant capital expenditures or further restrict our present or future operations.

In addition to GHG regulations, the United States Environmental Protection Agency (the "EPA") has recently taken certain actions to limit or control certain pollutants created by companies such as ours. For example:

In January 2013, the EPA issued Clean Air Act emission standards for boilers and incinerators (the "Boiler MACT regulations"), which are aimed at controlling emissions of toxic air contaminants. The regulations would require covered facilities to comply by January 2016. The coal fired power plant at our Natrium, West Virginia facility would likely be our source most significantly impacted by the Boiler MACT regulations. While we are continuing to review the Boiler MACT regulations' impact on our operations, we believe bringing our operations into compliance with the new regulations will require significant capital expenditures, which we currently estimate at approximately $30 million. In addition, coming into compliance could result in increased operating costs. Because our evaluation of this matter is ongoing, no assurance as to the ultimate impact of the Boiler MACT regulations on our operations or overall business can be provided.

In April 2012, the EPA issued final regulations to update emissions limits for polyvinyls chloride ("PVC") and copolymer production (the "PVC MACT regulation"). The PVC MACT regulation sets standards for major sources of PVC production and establishes certain working practices, as well as monitoring, reporting and record-keeping requirements. We would have until April 2015 to come into compliance. Following the issuance of the PVC MACT regulation, legal challenges were filed by the vinyl industry's trade organization, several vinyl manufacturers and several environmental groups, which will likely impact provisions of the PVC MACT regulation. However, there could be significant changes from the currently existing PVC MACT regulation after all legal challenges have been exhausted, which could require us to incur capital expenditures, or increase our operating costs, to levels significantly higher than what we have previously estimated.

In March 2011, the EPA proposed amendments to the emission standards for hazardous air pollutants for mercury emissions from mercury cell chlor-alkali plants. These proposed amendments would require improvements in work practices to reduce fugitive mercury emissions and would result in reduced levels of mercury emissions while still allowing the mercury cell facilities to continue to operate. We operate a mercury cell production unit at our Natrium, West Virginia facility. No assurances as to the timing or content of the final regulation, or its ultimate cost to, or impact on us, can be provided.

The potential impact of these and/or unrelated future, legislative or regulatory actions on our current or future operations cannot be predicted at this time but could be significant. Such impacts could include the potential for significant compliance costs, including capital expenditures, could result in operating restrictions or could require us to incur significant legal or other costs related to compliance or other activities. Any increase in the costs related to these initiatives, or restrictions on our operations, could materially adversely affect our liquidity, financial condition or results of operations.

Environmental Remediation: Reasonably Possible Matters. Our assessment of the potential impact of environmental contingencies is subject to considerable uncertainty due to the complex, ongoing and evolving process of investigation and remediation, if necessary, of such environmental contingencies, and the potential for technological and regulatory developments. As such, in addition to the amounts currently reserved, we may be subject to reasonably possible loss contingencies related to environmental matters in the range of $60 million to $100 million. Initial remedial actions are occurring with respect to these matters at two plant sites: the Lake Charles South Facility and the Natrium Facility.

We monitor our estimate for reasonably possible environmental losses on a quarterly basis to determine if any of the reasonably possible loss items have become probable and estimable during the current quarter. It is our policy to accrue expenses for environmental contingencies when management believes the amount of losses are probable and estimable. In addition, when environmental items that were previously reasonably possible become probable and estimable and, therefore, recorded in our condensed consolidated balance sheets and statements of operations, we adjust our environmental reasonably possible exposure range accordingly.

Involuntary Conversion of Property, Plant and Equipment. On December 20, 2013, a fire occurred in what is commonly known as the Company's PHH vinyl chloride monomer ("VCM") manufacturing plant in Lake Charles, Louisiana. The fire impacted several process components of the PHH VCM manufacturing plant. Operations at the plant returned to full service at the end of June 2014. The Company maintains property and business interruption insurance policies that provided coverage for the losses arising from this incident, less applicable deductibles. We believe we will receive net insurance proceeds greater than the carrying value of the assets that were impacted by the fire, related cleanup and other costs. In the three and nine months ended September 30, 2014, we received and recorded a portion of our insurance claim for the physical property damage to the assets impacted by the fire. We expect to realize and record net gains from these proceeds in future periods.

11. EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension and OPEB Welfare Plans

The Company sponsors and/or contributes to other postretirement medical and insurance benefit plans ("OPEB") and pension plans covering many of our United States employees, in whole or in part, based on meeting certain eligibility criteria. In addition, the Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States, namely in Canada and Taiwan. As part of the Merger, we assumed certain liabilities related to pensions ("Assumed Pension Plans") and other postretirement benefit plans ("Assumed Postretirement Plans"). Refer to Note 2 to the unaudited condensed consolidated financial statements for additional information related to the Merger. We had no other OPEB obligations prior to the Merger.

Certain employees in the United States who were hired before January 1, 2009 are covered by a defined benefit pension plan. That plan was frozen to future benefit accruals in 2009.

The Assumed Pension Plans provide benefits to certain employees and retirees of the Merged Business and are closed to new hires. Recently approved amendments to the Assumed Pension Plans for United States salaried employees froze all future benefit accruals for non-union employees effective January 31, 2014. The impact of these amendments to the Assumed Pension Plans was recognized in the fourth quarter of 2013.

The Assumed Postretirement Plans are unfunded and provide medical and life insurance benefits for certain employees of the Merged Business and their dependents. In connection with the Merger, we also acquired an Employee Group Waiver Plan ("EGWP") for certain Medicare-eligible retirees of the Merged Business and their dependents. The EGWP includes a fully-insured Medicare Part D prescription drug plan, however the EGWP was eliminated effective January 1, 2014, as part of the changes described below. The Assumed Postretirement Plans require retiree contributions based on retiree-selected coverage levels for certain retirees and their dependents and provide for sharing of future benefit cost increases between the Company and participants.

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Recently approved modifications to the Assumed Postretirement Plans were made with respect to certain participants, to deliver retiree medical benefits through health reimbursement account contributions. For the impacted participants, these retiree medical changes became effective on January 1, 2014 for Medicare eligible retirees and will become effective January 1, 2015 for non-Medicare eligible future retirees. In addition, life insurance benefits for our assumed United States non-bargained future retirees were eliminated effective January 1, 2014. These OPEB benefit changes were approved and communicated to participants in October 2013 and the quantitative financial impact to the Assumed Postretirement Plans for the United States has been reflected beginning in the fourth quarter of 2013.

Components of net periodic benefit income (expense) for the three months ended September 30, 2014 and 2013 includes the following:

	Pensions Three Months Ended September 30,		OPEB Benefits Three Months Ended September 30,	
(In millions)	**2014**	**2013**	**2014**	**2013**
Components of net periodic benefit income (expense):				
Interest cost	**$ (7.9)**	$ (7.5)	**$ (1.1)**	$ (2.0)
Service cost	**(0.9)**	(1.7)	**(0.2)**	(0.6)
Expected return on assets	**11.8**	9.8	**-**	-
Amortization of:				
Prior service credit	**-**	-	**2.2**	-
Actuarial gain (loss)	**0.1**	(0.5)	**-**	-
Total net periodic benefit income (expense)	**$ 3.1**	$ 0.1	**$ 0.9**	$ (2.6)

Components of net periodic benefit income (expense) for the nine months ended September 30, 2014 and 2013 includes the following:

	Pensions Nine Months Ended September 30,		OPEB Benefits Nine Months Ended September 30,	
(In millions)	**2014**	**2013**	**2014**	**2013**
Components of net periodic benefit income (expense):				
Interest cost	**$ (23.7)**	$ (20.5)	**$ (3.3)**	$ (5.3)
Service cost	**(2.7)**	(4.5)	**(0.6)**	(1.7)
Expected return on assets	**35.4**	27.0	**-**	-
Amortization of:				
Prior service credit	**-**	-	**6.8**	-
Actuarial gain (loss)	**0.3**	(1.6)	**-**	-
Total net periodic benefit income (expense)	**$ 9.3**	$ 0.4	**$ 2.9**	$ (7.0)

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Assumptions

The following weighted average assumptions were used to determine the net periodic benefit income (expense) for the defined benefit pension and other postretirement welfare plans.

	Pensions		OPEB	
	2014	**2013**	**2014**	**2013**
Discount rate	**4.83%**	4.09%	**4.65%**	4.35%
Expected return on assets	**7.42%**	6.81%	**Not Applicable**	Not Applicable
Rate of compensation increase	**3.00%**	3.15%	**3.00%**	3.11%

The weighted-average healthcare cost trend rate (inflation) used for 2014 is 7.49 percent declining to 4.50 percent in the year 2024. In selecting the rates for our current and long-term health care cost assumptions, we take into consideration a number of factors including our actual health care cost increases, the design of our benefit programs, the demographics of our active and retiree populations and external expectations of future medical cost inflation rates.

Contributions

There were no significant contributions to the pension plan trusts during the three and nine months ended September 30, 2014 and 2013. We estimate that we will make payments of approximately $1.9 million for benefit payments related to our pension plans and $7.8 million for benefit payments related to OPEB plans for the year ending December 31, 2014.

Defined Contribution Plans

Most of our employees are covered by defined contribution plans under which we make contributions to individual employee accounts. Our expense related to our defined contribution plans was approximately $3.4 million and $3.5 million for the three months ended September 30, 2014 and 2013, respectively and $10.8 million for both the nine month periods ended September 30, 2014 and 2013.

12. SHARE-BASED COMPENSATION

We grant various types of share-based payment awards to participants, including restricted stock unit awards and stock option grants. The key terms of our restricted stock unit awards and our stock option grants, including all financial disclosures, are set forth in the 2013 Annual Report.

Information regarding our share-based compensation expense for the three and nine month periods ended September 30, 2014 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2014**	**2013**	**2014**	**2013**
Share-based compensation expense	**$ 4.7**	$ 3.8	**$ 11.8**	$ 8.3
Income tax provision related to share-based compensation expense	**(1.6)**	(1.3)	**(4.1)**	(2.8)
After tax share-based compensation expense	**$ 3.1**	$ 2.5	**$ 7.7**	$ 5.5

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In computing diluted earnings per share for both the three and nine months ended September 30, 2014, common stock equivalents of 0.3 million shares were not included due to their anti-dilutive effect. For both the three and nine months ended September 30, 2013, common stock equivalents of 0.5 million shares and 0.3 million shares, respectively, were not included due to their anti-dilutive effect. Certain of our restricted stock units participate in dividend distributions, however, the distributions for these restricted stock units do not have a material impact on our earnings per share calculation.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated Other Comprehensive Income

Accumulated other comprehensive income includes: i) adjustments to pension and OPEB plan liabilities; ii) foreign currency translation of assets and liabilities of foreign subsidiaries and the effects of exchange rate changes on intercompany balances of a long-term nature; iii) equity investee's other comprehensive income items; and iv) unrealized gains and losses on derivative financial instruments designated as cash flow hedges. Amounts recorded in accumulated other comprehensive income, net of tax, as of September 30, 2014 and December 31, 2013, and changes within the period are as follows:

(In millions)	**Accrued Pension and OPEB Plan Liabilities**	**Foreign Currency Items**	**Derivative Cash Flow Hedges**	**Accumulated Other Comprehensive Income**
Balance at December 31, 2013	$ 60.5	$ 6.7	$ (0.9)	$ 66.3
Other comprehensive income (loss) before reclassifications	(0.1)	(14.6)	0.5	(14.2)
Amounts reclassified from accumulated other comprehensive income (loss)	(4.4)	-	-	(4.4)
Other comprehensive income (loss) attributable to Axiall, net of tax	(4.5)	(14.6)	0.5	(18.6)
Balance at September 30, 2014	$ 56.0	$ (7.9)	$ (0.4)	$ 47.7

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Other Comprehensive Income (Loss)

Other comprehensive income (loss) is derived from adjustments to reflect the unrealized gain (loss) on derivatives, changes in pension and OPEB liabilities adjustment, changes in equity investee's other comprehensive loss and changes in foreign currency translation adjustments. The components of other comprehensive income (loss) for the three and nine month periods ended September 30, 2014 and 2013 are as follows:

(In millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Change in foreign currency translation adjustment:				
Currency translation adjustments	**$ (27.4)**	$ 10.2	**$ (29.3)**	$ (16.4)
Tax expense (benefit)	**(10.8)**	3.2	**(11.4)**	(5.7)
Foreign currency translation adjustment, net of tax	**$ (16.6)**	$ 7.0	**$ (17.9)**	$ (10.7)
Change in pension and OPEB liability adjustments:				
Pension and OPEB liability adjustments	**$ (2.3)**	$ 0.5	**$ (7.1)**	$ 1.6
Tax expense (benefit)	**(0.9)**	0.2	**(2.7)**	0.5
Pension and OPEB liability adjustments, net of tax	**$ (1.4)**	$ 0.3	**$ (4.4)**	$ 1.1
Change in derivative cash flow hedges:				
Commodity hedge contracts	**$ 1.8**	$ -	**$ 1.7**	$ -
Equity interest in investee's other comprehensive loss	**(0.4)**	(0.3)	**(0.9)**	(1.1)
Pre-tax amount	**1.4**	(0.3)	**0.8**	(1.1)
Tax expense (benefit)	**0.5**	(0.4)	**0.3**	(0.4)
Unrealized gain (loss) on derivative cash flow hedges, net of tax	**$ 0.9**	$ 0.1	**$ 0.5**	$ (0.7)
Other comprehensive income (loss), before income taxes	**$ (28.3)**	$ 10.4	**$ (35.6)**	$ (15.9)
Total tax expense (benefit) for the period	**(11.2)**	3.0	**(13.8)**	(5.6)
Other comprehensive income (loss), net of tax	**$ (17.1)**	$ 7.4	**$ (21.8)**	$ (10.3)

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The components of other comprehensive income (loss) that have been reclassified during the three and nine month periods ended September 30, 2014 and 2013 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Affected Line Items on the Unaudited Condensed Consolidated Statements of Operations
(In millions)	**2014**	**2013**	**2014**	**2013**	
Details about other comprehensive income (loss) components:					
Change in pension and OPEB liability adjustments:					
Amortization of actuarial loss (gain) and prior service credit [a]	**$ (2.3)**	**$ 0.5**	**$ (7.1)**	**$ 1.6**	Cost of sales and selling, general and administrative expenses
Tax expense (benefit)	**(0.9)**	**0.2**	**(2.7)**	**0.5**	Provision for income taxes
Reclassifications for the period, net of tax	**$ (1.4)**	**$ 0.3**	**$ (4.4)**	**$ 1.1**	

[a] These other comprehensive income (loss) components are included in the computation of net periodic benefit income (expense).

See Note 11 to the unaudited condensed consolidated financial statements for additional details.

14. INCOME TAXES

Our effective income tax rates for the three and nine month periods ended September 30, 2014 were provisions of 17.1 percent and 16.6 percent, respectively, compared to provisions of 32.2 percent and 31.8 percent, respectively, for the three and nine month periods ended September 30, 2013. The effective income tax rates were determined using the estimated annual effective tax rate after considering discrete items for each respective period. The effective income tax rates for the three and nine month periods ended September 30, 2014 were lower than the United States statutory federal income tax rate primarily due to various permanent differences including deductions for manufacturing as well as the favorable impact of changes in uncertain tax positions of $4.5 million and $8.0 million for the three and nine month periods ended September 30, 2014, respectively, and the favorable impact of the expiration of a statutory time period that would have impacted the tax deductibility of certain accruals of $2.1 million for the three month period ended September 30, 2014. The effective income tax rates for the three and nine month periods ended September 30, 2013 were lower than the United States statutory federal income tax rate primarily due to various permanent differences, including deductions for manufacturing activities and the favorable impact of changes in uncertain tax positions of $2.8 million and $3.7 million for the three and nine months ended September 30, 2013, respectively.

15. INVESTMENTS

We own a 50 percent interest in several manufacturing joint ventures in both our building products and chlorovinyls segments. In addition, and in connection with the Merger, we acquired a 50 percent ownership interest in RS Cogen, LLC ("RS Cogen"), which produces electricity and steam that are primarily sold to Axiall and its joint venture partner under take-or-pay contracts with terms that extend to 2022 and is reported in our chlorovinyls segment. The joint venture was formed with a wholly-owned subsidiary of Entergy Corporation ("Entergy") in 2000 for the construction and operation of a 425 megawatt combined cycle, natural gas-fired cogeneration facility in Lake Charles, Louisiana, the majority of which was financed by loans having terms that extend to 2022 from a syndicate of banks. Axiall's future commitment to purchase electricity and steam from the joint venture per the take-or-pay contracts approximates $23.5 million per year subject to contractually defined inflation adjustments. As of September 30, 2014, our future commitment under the take-or-pay arrangement approximates

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$192.8 million in the aggregate, with purchases during the three and nine month periods ended September 30, 2014 totaling $6.3 million and $18.7 million, respectively compared to purchases of $6.2 million and $16.6 million during the three and nine month periods ended September 2013, respectively.

RS Cogen is a variable interest entity under GAAP. The daily operations of the cogeneration facility are the activities of RS Cogen that most significantly impact its economic performance. These activities are directed by a management team with oversight by a management committee that has equal representation from Axiall and Entergy. By the terms of the joint venture agreement, all decisions of the management committee require approval by a majority of its members. Accordingly, the power to direct the activities of RS Cogen is equally shared between RS Cogen's two owners and, thus, Axiall does not consider itself to be the joint venture's primary beneficiary. Accordingly, Axiall accounts for its investment in RS Cogen under the equity method of accounting. We have recorded our investment in RS Cogen in other assets in the accompanying unaudited condensed consolidated balance sheets and our share of investee earnings in cost of goods sold in the unaudited condensed consolidated statements of operations.

The following table summarizes our maximum exposure to loss associated with RS Cogen as of September 30, 2014.

(In millions)		
Investment in and net advances to RS Cogen	$	9.4
Supply contracts		39.0
Maximum exposure to loss	$	48.4

We produce chlorine, caustic soda, hydrogen, hydrochloric acid ("HCL") and sodium hypochlorite (bleach) at our Kaohsiung, Taiwan facility. The Kaohsiung, Taiwan facility is operated by Taiwan Chlorine Industries, Ltd. ("TCI"), a joint venture in which we own a 60 percent interest and consolidate in our financial statements. A reconciliation of our minority partner's ownership, reported as noncontrolling interest follows:

(In millions)		
Noncontrolling interest at January 1, 2014	$	119.4
Net income attributable to noncontrolling interest		2.5
Other comprehensive income (loss) attributable to noncontrolling interest [a]		(3.2)
Distribution to noncontrolling interest		(7.7)
Noncontrolling interest at September 30, 2014	$	111.0

[a] Other comprehensive loss attributable to noncontrolling interest primarily relates to change in foreign currency translation adjustment.

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16. SEGMENT INFORMATION

We have three reportable segments through which we manage our operating activities: (i) chlorovinyls; (ii) building products; and (iii) aromatics. These three segments reflect the organization used by our management for internal reporting purposes. Our chlorovinyls segment produces a highly integrated chain of products, including chlor-alkali and derivative products (chlorine, caustic soda, VCM, vinyl resins, ethylene dichloride (or 1, 2 dichloroethane) ("EDC"), chlorinated solvents, calcium hypochlorite, HCL and phosgene derivatives) and compound products (vinyl compounds and compound additives and plasticizers). The financial results of the Merged Business are included with the chlorovinyls segment from January 28, 2013, the closing date of the Merger. Our building products segment consists of two primary product groups: (i) window and door profiles and trim, mouldings and deck products; and (ii) outdoor building products, which includes siding, exterior accessories, pipe and pipe fittings. Our aromatics segment manufactures cumene products and phenol and acetone products (co-products made from cumene).

Earnings of our segments exclude interest income and expense, unallocated corporate expenses and general plant services and provision for income taxes. Transactions between operating segments are valued at market based prices. The revenues generated by these transfers and reconciliations from consolidated operating income to consolidated income before income taxes for the three and nine month periods ended September 30, 2014 and 2013 are provided in the tables below.

(In millions)	Chlorovinyls	Building Products	Aromatics	Eliminations, Unallocated and Other	Total
Three Months Ended September 30, 2014					
Net sales	**$ 769.4**	**$ 277.8**	**$ 222.2**	**$ -**	**$ 1,269.4**
Intersegment revenues	**75.4**	**-**	**-**	**(75.4)**	**-**
Total net sales	**$ 844.8**	**277.8**	**222.2**	**(75.4)**	**$ 1,269.4**
Operating income	**$ 69.6**	**24.0**	**2.0**	**(21.4)**	**$ 74.2**
Interest expense, net					**(19.5)**
Foreign exchange loss					**(0.3)**
Income before income taxes					**$ 54.4**
Three Months Ended September 30, 2013					
Net sales	$ 750.0	$ 253.4	$ 194.1	$ -	$ 1,197.5
Intersegment revenues	61.8	-	-	(61.8)	-
Total net sales	$ 811.8	253.4	194.1	(61.8)	$ 1,197.5
Operating income (loss)	$ 101.6	(6.7)	5.2	(22.0)	$ 78.1
Interest expense, net					(19.7)
Foreign exchange loss					(0.4)
Income before income taxes					$ 58.0

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(In millions)	Chlorovinyls	Building Products	Aromatics	Eliminations, Unallocated and Other	Total
Nine Months Ended September 30, 2014					
Net sales	**$ 2,229.5**	**$ 676.3**	**$ 594.2**	**$ -**	**$ 3,500.0**
Intersegment revenues	**195.1**	**-**	**-**	**(195.1)**	**-**
Total net sales	**$ 2,424.6**	**676.3**	**594.2**	**(195.1)**	**$ 3,500.0**
Operating income (loss)	**$ 159.5**	**27.4**	**(0.9)**	**(53.8)**	**$ 132.2**
Interest expense, net					**(56.9)**
Foreign exchange loss					**(0.2)**
Income before income taxes					**$ 75.1**
Nine Months Ended September 30, 2013					
Net sales	$ 2,166.3	$ 660.0	$ 705.2	$ -	$ 3,531.5
Intersegment revenues	184.8	-	-	(184.8)	-
Total net sales	$ 2,351.1	$ 660.0	$ 705.2	$ (184.8)	$ 3,531.5
Operating income (loss)	$ 311.0	(0.9)	22.5	(58.7)	$ 273.9
Interest expense, net					(57.4)
Loss on redemption and other debt costs					(78.5)
Gain on acquisition of controlling interest					23.5
Income before income taxes					$ 161.5

17. SUPPLEMENTAL GUARANTOR INFORMATION

Axiall Corporation is primarily a holding company for its 100-percent and majority owned subsidiaries. Payment obligations under the indentures for the 4.875 Notes issued by Axiall Corporation, the 4.625 Notes issued by Spinco and the Term Loan under which Spinco is the borrower, as described in Note 8 to the condensed consolidated financial statements, are guaranteed by each of Axiall Corporation's 100-percent owned domestic subsidiaries (including Spinco in the case of the 4.875 Notes), other than certain excluded subsidiaries. Axiall Corporation is also a guarantor under Spinco's 4.625 Notes and the Term Loan.

As of September 30, 2014, payment obligations under the indenture for the 4.875 Notes issued by Axiall Corporation are guaranteed by Axiall Holdco, Inc., Axiall, LLC, Georgia Gulf Lake Charles, LLC, Royal Building Products (USA) Inc., Royal Mouldings Limited, Royal Window and Door Profiles Plant 13 Inc., Royal Window and Door Profiles Plant 14 Inc., Exterior Portfolio, LLC, Plastic Trends, Inc., Royal Group Sales (USA) Limited, Rome Delaware Corporation, Royal Plastics Group (U.S.A.) Limited, PHH Monomers, LLC, Eagle Holdco 3 LLC, Eagle US 2 LLC, Axiall Ohio, Inc., Eagle Natrium LLC, and Eagle Pipeline, Inc. (collectively, the "Guarantor Subsidiaries") and Spinco. As of December 31, 2013, payment obligations under the indenture for the 4.625 Notes issued by Spinco are guaranteed by Axiall Corporation and each of the Guarantor Subsidiaries.

Each of Spinco and the Guarantor Subsidiaries is a direct or indirect 100-percent owned subsidiary of Axiall Corporation. The guarantees made by each of Axiall Corporation, Spinco and the Guarantor Subsidiaries are full, unconditional and joint and several. Except with respect to certain subordination requirements relating to a non-guarantor subsidiary of the Company loaning funds to the Company or a Guarantor Subsidiary, there are no restrictions on the ability of Axiall Corporation, Spinco or any Guarantor Subsidiary to obtain funds from any of Axiall's direct or indirect 100-percent owned

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subsidiaries through dividends, loans or advances as a result of the issuance of the 4.625 Notes or the 4.875 Notes. Separate financial statements and other disclosures with respect to Spinco or the Guarantor Subsidiaries have not been provided as management believes the following information is sufficient. Investments in subsidiaries in the supplemental guarantor financial statements reflect investments in 100-percent owned entities within Axiall under the equity accounting method. This presentation of Spinco, the Guarantor Subsidiaries and the non-guarantor subsidiaries of Axiall Corporation (the "Non-Guarantor Subsidiaries") is not included to present the Company's financial condition, results of operations or cash flows for any purpose other than to comply with the specific requirements for subsidiary issuer and subsidiary guarantor reporting.

The following tables present the (i) condensed consolidating balance sheets as of September 30, 2014 and December 31, 2013, (ii) condensed consolidating statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2014 and 2013, and (iii) condensed consolidating statements of cash flows for the nine months ended September 30, 2014 and 2013, of each of Axiall Corporation (as parent issuer), Spinco (as subsidiary issuer), the Guarantor Subsidiaries (excluding Spinco), the Guarantor Subsidiaries (including Spinco and which also includes entries necessary to eliminate Spinco's investment in such Guarantor Subsidiaries and other intercompany account balances) and the Non-Guarantor Subsidiaries. The Company acquired PHH Monomers, LLC, Eagle Holdco 3 LLC, Eagle US 2 LLC, Axiall Ohio, Inc., Eagle Natrium LLC, and Eagle Pipeline, Inc. (the "Eagle Guarantors") and Spinco in connection with the consummation of the Transactions on January 28, 2013. The Eagle Guarantors are included in the Guarantor Subsidiary column of the following supplemental condensed consolidating balance sheet as of September 30, 2014 and December 31, 2013, the supplemental condensed consolidating statement of operations and comprehensive income (loss) for the three and nine months ended September 30, 2014 and 2013 and the supplemental condensed consolidating statement of cash flows for the nine months ended September 30, 2014 and 2013.

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AXIALL CORPORATION
Supplemental Condensed Consolidating Balance Sheet
September 30, 2014
(Unaudited)

(In millions)	Parent Company (a)	Eagle Spinco Inc.	Guarantor Subsidiaries Excluding Eagle Spinco Inc.	Guarantor Subsidiaries Including Eagle Spinco Inc. (b)	Non-Guarantor Subsidiaries (c)	Eliminations (d)	Consolidated (a)+(b)+(c)+(d)
Assets:							
Cash and cash equivalents	$ -	$ -	$ 54.3	$ 54.3	$ 59.4	$ -	$ 113.7
Receivables, net of allowance for doubtful accounts	151.2	-	550.6	525.8	120.9	(206.6)	591.3
Inventories	-	-	306.2	306.2	99.6	-	405.8
Prepaid expenses and other	2.2	-	22.6	22.6	5.3	(2.3)	27.8
Deferred income taxes	-	-	26.9	26.9	-	(2.7)	24.2
Total current assets	153.4	-	960.6	935.8	285.2	(211.6)	1,162.8
Property, plant and equipment, net	11.9	-	1,351.8	1,351.8	297.0	-	1,660.7
Long-term receivables affiliates	1,307.5	-	-	-	-	(1,307.5)	-
Goodwill	-	-	1,497.8	1,497.8	257.0	-	1,754.8
Customer relationships, net	-	-	894.3	894.3	154.9	-	1,049.2
Other intangibles, net	-	-	69.0	69.0	0.3	-	69.3
Other assets, net	11.0	12.2	71.3	83.5	10.0	-	104.5
Investment in subsidiaries	1,814.6	2,876.4	307.6	307.6	-	(2,122.2)	-
Total assets	$ 3,298.4	$ 2,888.6	$ 5,152.4	$ 5,139.8	$ 1,004.4	$ (3,641.3)	$ 5,801.3
Liabilities and Equity:							
Current portion of long-term debt	$ -	$ 2.8	$ -	$ 2.8	$ -	$ -	$ 2.8
Accounts payable	64.4	175.9	314.7	465.8	49.0	(206.6)	372.6
Interest payable	8.6	4.2	-	4.2	-	-	12.8
Income taxes payable	-	-	10.1	10.1	2.7	(2.3)	10.5
Accrued compensation	-	-	16.2	16.2	10.6	-	26.8
Other accrued current liabilities	16.0	-	63.9	63.9	37.9	(2.7)	115.1
Total current liabilities	89.0	182.9	404.9	563.0	100.2	(211.6)	540.6
Long-term debt excluding current portion of long-term debt	450.0	878.3	-	878.3	-	-	1,328.3
Long-term payables affiliates	-	900.0	-	900.0	407.5	(1,307.5)	-
Lease financing obligation	-	-	-	-	97.5	-	97.5
Deferred income taxes	23.4	-	755.6	755.6	39.9	-	818.9
Pension and other post retirement benefits	3.5	-	106.9	106.9	8.6	-	119.0
Other non-current liabilities	109.9	-	122.1	122.1	8.7	(77.3)	163.4
Total liabilities	675.8	1,961.2	1,389.5	3,325.9	662.4	(1,596.4)	3,067.7
Equity:							
Total Axiall stockholders' equity	2,622.6	927.4	3,762.9	1,813.9	231.0	(2,044.9)	2,622.6

Noncontrolling interest	-	-	-	-	111.0	-	111.0
Total equity	2,622.6	927.4	3,762.9	1,813.9	342.0	(2,044.9)	2,733.6
Total liabilities and equity	$ 3,298.4	$ 2,888.6	$ 5,152.4	$ 5,139.8	$ 1,004.4	$ (3,641.3)	$ 5,801.3