

AXIALL CORP/DE/  
Form 10-Q  
November 05, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

OR

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  No

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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, 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.

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

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

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, 2015
Common Stock, \$0.01 par value	70,580,143

AXIALL CORPORATION

FORM 10 Q

QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015

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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, 2015	December 31, 2014
Assets:		
Cash and cash equivalents	\$ 240.5	\$ 166.8
Receivables, net of allowance for doubtful accounts of \$3.7 million at September 30, 2015 and \$5.6 million at December 31, 2014	446.6	430.6
Inventories	337.3	321.9
Prepaid expenses and other	36.1	89.7
Deferred income taxes	30.6	28.0
Current assets of discontinued operations	57.4	68.2
Total current assets	1,148.5	1,105.2
Property, plant and equipment, net	1,603.7	1,636.1
Goodwill	871.7	1,741.0
Customer relationships, net	967.4	1,024.5
Other intangible assets, net	64.7	68.1
Non-current assets of discontinued operations	-	29.6
Other assets, net	72.4	69.8
Total assets	\$ 4,728.4	\$ 5,674.3
Liabilities and Equity:		
Current portion of long-term debt	\$ 2.5	\$ 2.8
Accounts payable	267.8	264.6
Interest payable	12.8	15.2
Income taxes payable	15.4	3.1
Accrued compensation	44.2	33.3
Other accrued liabilities	109.0	132.5
Current liabilities of discontinued operations	32.4	32.6
Total current liabilities	484.1	484.1
Long-term debt, excluding the current portion of long-term debt	1,381.0	1,327.8
Lease financing obligation	82.2	94.2
Deferred income taxes	703.8	767.5
Pensions and other post-retirement benefits	202.5	250.5
Non-current liabilities of discontinued operations	-	3.8
Other non-current liabilities	141.9	157.4
Total liabilities	2,995.5	3,085.3
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, 2015 and December 31, 2014;

issued and outstanding: 70,580,143 at September 30, 2015 and

70,196,116 at December 31, 2014

0.7

0.7

Additional paid-in capital

2,284.5

2,284.3

Retained earnings (deficit)

(523.8 )

269.8

Accumulated other comprehensive loss, net of tax

(104.4 )

(73.7 )

Total Axiall stockholders' equity

1,657.0

2,481.1

Noncontrolling interest

75.9

107.9

Total equity

1,732.9

2,589.0

Total liabilities and equity

\$ 4,728.4

\$ 5,674.3

See accompanying notes to unaudited condensed consolidated financial statements.

## AXIALL CORPORATION

## Condensed Consolidated Statements of Operations

(Unaudited)

(In millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 874.4	\$ 1,047.2	\$ 2,605.7	\$ 2,905.8
Operating costs and expenses:				
Cost of sales	756.9	888.4	2,259.1	2,519.4
Selling, general and administrative expenses	68.6	78.5	229.2	228.5
Integration-related costs and other, net	2.4	6.8	11.7	19.9
Restructuring and divestiture costs	10.0	1.3	11.4	4.9
Goodwill impairment charges	847.8	-	847.8	-
Total operating costs and expenses	1,685.7	975.0	3,359.2	2,772.7
Operating income (loss)	(811.3 )	72.2	(753.5 )	133.1
Interest expense, net	(19.6 )	(19.5 )	(57.9 )	(56.9 )
Debt refinancing costs	-	-	(3.2 )	-
Foreign exchange loss	(0.5 )	(0.3 )	(1.0 )	(0.2 )
Income (loss) from continuing operations before income taxes	(831.4 )	52.4	(815.6 )	76.0
Provision for (benefit from) income taxes	(33.9 )	8.9	(29.9 )	12.8
Net income (loss) from continuing operations	(797.5 )	43.5	(785.7 )	63.2
Discontinued operations:				
Income (loss) from discontinued operations	11.0	2.0	11.6	(0.9 )
Less: Provision for (benefit from) income taxes of discontinued operations	6.0	0.4	5.3	(0.3 )
Net income (loss) from discontinued operations	5.0	1.6	6.3	(0.6 )
Consolidated net income (loss)	(792.5 )	45.1	(779.4 )	62.6
Less: net income (loss) attributable to noncontrolling interest	(22.9 )	0.6	(19.8 )	2.5
Net income (loss) attributable to Axiall	\$ (769.6 )	\$ 44.5	\$ (759.6 )	\$ 60.1
Basic earnings (loss) per share attributable to Axiall:				
Earnings (loss) per share from continuing operations	\$ (10.98 )	\$ 0.61	\$ (10.88 )	\$ 0.87
Earnings (loss) per share from discontinued operations	0.08	0.03	0.09	(0.01 )
Earnings (loss) per share attributable to Axiall	\$ (10.90 )	\$ 0.64	\$ (10.79 )	\$ 0.86
Diluted earnings (loss) per share attributable to Axiall:				
Earnings (loss) per share from continuing operations	\$ (10.98 )	\$ 0.61	\$ (10.88 )	\$ 0.86

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Earnings (loss) per share from discontinued operations	0.08	0.02	0.09	(0.01 )
Earnings (loss) per share Attributable to Axiall	\$ (10.90 )	\$ 0.63	\$ (10.79 )	\$ 0.85
Weighted average common shares outstanding:				
Basic	70.6	70.2	70.4	70.0
Diluted	70.6	70.6	70.4	70.6
Dividends per common share	\$ 0.16	\$ 0.16	\$ 0.48	\$ 0.48

See accompanying notes to unaudited condensed consolidated financial statements.



## AXIALL CORPORATION

## Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(In millions)	Three Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
Consolidated net income (loss)	\$ (792.5 )	\$ 45.1	\$ (779.4 )	\$ 62.6
Less: net income (loss) attributable to noncontrolling interest	(22.9 )	0.6	(19.8 )	2.5
Net income (loss) attributable to Axiall	(769.6 )	44.5	(759.6 )	60.1
Other comprehensive loss:				
Foreign currency translation adjustments	(46.3 )	(27.4 )	(69.6 )	(29.3 )
Derivative cash flow hedges	0.2	1.4	11.2	0.8
Pension and OPEB plan liability adjustments	33.9	(2.3 )	31.1	(7.1 )
Other comprehensive loss, before income taxes	(12.2 )	(28.3 )	(27.3 )	(35.6 )
Provision for (benefit from) income taxes related				
to other comprehensive loss items	5.9	(11.2 )	7.2	(13.8 )
Other comprehensive loss, net of tax	(18.1 )	(17.1 )	(34.5 )	(21.8 )
Other comprehensive loss attributable to noncontrolling interest, net of tax	(6.8 )	(1.9 )	(3.8 )	(3.2 )
Other comprehensive loss attributable to Axiall, net of tax	(11.3 )	(15.2 )	(30.7 )	(18.6 )
Comprehensive income (loss), net of income taxes	(810.6 )	28.0	(813.9 )	40.8
Less: comprehensive loss attributable to noncontrolling interest	(29.7 )	(1.3 )	(23.6 )	(0.7 )
Comprehensive income (loss) attributable to Axiall	\$ (780.9 )	\$ 29.3	\$ (790.3 )	\$ 41.5

See accompanying notes to unaudited condensed consolidated financial statements.

## AXIALL CORPORATION

## Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In millions)	Nine Months Ended September 30,	
	2015	2014
<b>Cash flows from operating activities:</b>		
Consolidated net income (loss)	\$(779.4)	\$62.6
Less: net income (loss) from discontinued operations	6.3	(0.6 )
Net income (loss) from continuing operations	(785.7)	63.2
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities:		
Depreciation	131.6	127.0
Amortization	54.8	56.1
Other long-lived asset impairment charges	0.7	1.0
Goodwill impairment charges	847.8	-
Other	3.0	(0.8 )
Deferred income taxes	(70.9 )	(35.6 )
Change in operating assets and liabilities	(23.0 )	(56.9 )
Cash provided by operating activities of continuing operations	158.3	154.0
Cash provided by (used in) operating activities of discontinued operations	(3.6 )	7.5
Net cash provided by operating activities	154.7	161.5
<b>Cash flows from investing activities:</b>		
Capital expenditures	(116.5)	(139.6)
Acquisitions, net of cash acquired	-	(6.1 )
Proceeds from sale of assets and other	8.0	3.9
Cash used in investing activities of continuing operations	(108.5)	(141.8)
Cash provided by (used in) investing activities of discontinued operations	46.4	(6.4 )
Net cash used in investing activities	(62.1 )	(148.2)
<b>Cash flows from financing activities:</b>		
Borrowings under ABL revolver	-	148.9
Repayments under ABL revolver	-	(148.9)
Issuance of long-term debt	248.8	-
Repayments of long-term debt	(196.8)	(4.9 )
Fees paid related to financing activities	(3.5 )	(0.6 )
Deferred acquisition payments	(10.0 )	(10.0 )
Dividends paid	(34.4 )	(33.8 )
Distribution to noncontrolling interest	(8.4 )	(7.7 )
Share-based compensation plan activity	(6.4 )	(4.7 )
Net cash used in financing activities	(10.7 )	(61.7 )
Effect of exchange rate changes on cash and cash equivalents	(8.2 )	(4.4 )
Net change in cash and cash equivalents	73.7	(52.8 )
Cash and cash equivalents at beginning of period	166.8	166.5

Cash and cash equivalents at end of period	\$240.5	\$113.7
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See accompanying notes to unaudited condensed consolidated financial statements.

## AXIALL CORPORATION

### Notes to the 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 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, 2015 are not necessarily indicative of the financial condition and results that may be expected for the full year ending December 31, 2015 or any other interim period.

On September 30, 2015, the Company entered into and consummated an asset purchase agreement (the “Asset Purchase Agreement”) between INEOS Americas LLC (“INEOS”) and Axiall LLC, a wholly-owned subsidiary of the Company, pursuant to which the Company sold its aromatics business to INEOS. The Company concluded that it met the accounting requirements for reporting the financial position, results of operations and cash flows of its former aromatics business as discontinued operations when the sale was consummated. The accompanying unaudited condensed consolidated balance sheets, statements of operations and statements of cash flows for the three and nine months ended September 30, 2015 and 2014, and the related notes to the unaudited condensed consolidated financial statements have been adjusted to reflect the presentation of the results of operations and cash flows of the former aromatics business as discontinued operations. These adjustments primarily related to the discontinued operations of our aromatics business and did not impact the Company’s consolidated net income (loss) attributable to Axiall. Refer to Note 3 for additional information relating to this sale.

During the three months ended September 30, 2015, the Company changed the method used to estimate the interest and service cost components of net periodic cost for its post-retirement benefit plans. See Note 13 for a discussion of this change. There has been no material changes in the significant accounting policies followed by us during the three and nine months ended September 30, 2015 from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014 (the “2014 Annual Report”).

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the audited consolidated financial statements included in the 2014 Annual Report. Unless the context otherwise requires, references to “Axiall,” the “Company,” “we,” “our” or “us,” mean Axiall Corporation and its consolidated subsidiaries.

#### 2. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share from continuing operations attributable to Axiall is based on the weighted-average number of common shares outstanding during the three and nine month periods ended September 30, 2015 and 2014.

Diluted earnings (loss) per share from continuing operations attributable to Axiall is based on the weighted-average number of common shares outstanding during the three and nine month periods ended September 30, 2015 and 2014, adjusted for the dilutive effect of employee share-based compensation and other share-based compensation awards.

Due to the net loss from continuing operations in the three and nine months ended September 30, 2015, all common stock equivalents were excluded from the computation of diluted earnings (loss) per share 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 (loss) per share calculation.

The following table provides a reconciliation of the numerators and denominators used to determine basic and diluted earnings (loss) per share from continuing operations attributable to Axiall and discontinued operations for the three and nine month periods ended September 30, 2015 and 2014:

(Amounts in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2015	2014	September 30, 2015	2014
<b>Numerator</b>				
Income (loss) from continuing operations	\$(797.5)	\$43.5	\$(785.7)	\$63.2
Less net income (loss) attributable to noncontrolling interest	(22.9 )	0.6	(19.8 )	2.5
Income (loss) from continuing operations attributable to Axiall	(774.6)	42.9	(765.9)	60.7
Income (loss) from discontinued operations	5.0	1.6	6.3	(0.6 )
Consolidated net income (loss) attributable to Axiall	\$(769.6)	\$44.5	\$(759.6)	\$60.1
<b>Denominator</b>				
Weighted average common shares outstanding, basic	70.6	70.2	70.4	70.0
Dilutive impact of stock options and other share-				
based awards	-	0.4	-	0.6
Weighted average common shares outstanding, diluted	70.6	70.6	70.4	70.6

	Three Months Ended		Nine Months Ended	
	September 30, 2015	2014	September 30, 2015	2014
<b>Basic earnings (loss) per share attributable to Axiall:</b>				
<b>Basic earnings (loss) per share from continuing</b>				
operations attributable to Axiall	\$(10.98)	\$0.61	\$(10.88)	\$0.87
Basic earnings (loss) per share from discontinued operations	0.08	0.03	0.09	(0.01)
Basic earnings (loss) per share attributable to Axiall	\$(10.90)	\$0.64	\$(10.79)	\$0.86
<b>Diluted earnings (loss) per share attributable to Axiall:</b>				
<b>Diluted earnings (loss) per share from continuing</b>				
operations attributable to Axiall	\$(10.98)	\$0.61	\$(10.88)	\$0.86
Diluted earnings (loss) per share from discontinued operations	0.08	0.02	0.09	(0.01)
Diluted earnings (loss) per share attributable to Axiall	\$(10.90)	\$0.63	\$(10.79)	\$0.85

### 3. DISCONTINUED OPERATIONS

On September 30, 2015, the Company entered into and consummated the transactions contemplated by the Asset Purchase Agreement between INEOS and Axiall LLC, a wholly-owned subsidiary of the Company. Pursuant to the Asset Purchase Agreement, INEOS acquired certain assets used in the Company's aromatics business, including but

not limited to, its cumene production facility located in Pasadena, Texas. The Company retained the land and plant at its phenol, acetone and alpha-methylstyrene production facility located in Plaquemine, Louisiana (the "Plaquemine Phenol Facility"), which is part of a broader set of other Axiall facilities located in Plaquemine. In addition, the Company retained the following assets associated with its aromatics business: (i) cash and cash equivalents; (ii) accounts receivable; and (iii) inventory, other than certain raw materials and work-in-process inventory at its Pasadena facility. The Company has discontinued the manufacture of products at its Plaquemine Phenol Facility, and expects to dismantle and shut-down that facility.

At closing, the Company received \$52.4 million in cash which consisted of: (i) the selling price of \$47.4 million, pursuant to which we recorded a pre-tax gain of \$14.1 million on the disposition and a write-down of the assets at our Plaquemine Phenol Facility, the net effect of which is reflected in income (loss) from discontinued operations on our unaudited condensed consolidated statements of operations; and (ii) a \$5.0 million advance toward the cost of decommissioning and dismantling our Plaquemine Phenol Facility. That advance is recorded as an accrued liability in our unaudited condensed consolidated balance sheets. The Company has met certain terms and conditions set forth in the Asset Purchase Agreement that entitle it to receive \$5.5 million of contingent consideration during the fourth quarter of 2015. The Company expects to record the \$5.5 million payment as a gain in the fourth quarter of 2015 upon receipt. In addition, the Company may receive an additional \$5.0 million from INEOS to help defray the costs of decommissioning and dismantling the Plaquemine Phenol Facility. The Company's receipt of all or any portion of the remaining \$5.0 million that INEOS may be required to pay and its right to retain the \$5.0 million advance will depend on the amount of costs incurred by us to decommission and dismantle the Plaquemine Phenol Facility.

The following represents major classes of assets and liabilities related to the discontinued operations included in our unaudited condensed consolidated balance sheets as of the following dates:

(In millions)	September 30, December 31,	
	2015	2014
Receivables, net	\$ 33.5	\$ 36.4
Inventories	23.9	31.8
Property, plant and equipment, net	-	29.6
Total assets	\$ 57.4	\$ 97.8
Accounts payable	\$ 23.6	\$ 30.9
Accrued compensation	0.3	0.3
Other accrued liabilities	8.5	1.4
Non-current liabilities	-	3.8
Total liabilities	\$ 32.4	\$ 36.4
Net assets	\$ 25.0	\$ 61.4

Operating results of the discontinued operations for the three and nine month periods ended September 30, 2015 and 2014 are shown below:

(In millions)	Three Months Ended September 30		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 125.1	\$ 222.2	\$ 400.0	\$ 594.2
Operating costs and expenses:				
Cost of sales	127.3	219.0	399.6	591.3
Selling, general and administrative expenses	0.9	1.2	2.9	3.8
Total operating costs and expenses	128.2	220.2	402.5	595.1
Operating income (loss) from discontinued operations	(3.1 )	2.0	(2.5 )	(0.9 )
Net gain from the sale of aromatics	14.1	-	14.1	-
Income (loss) from discontinued operations	11.0	2.0	11.6	(0.9 )
Provision for (benefit from) income taxes of discontinued operations	6.0	0.4	5.3	(0.3 )
Net income (loss) from discontinued operations	\$ 5.0	\$ 1.6	\$ 6.3	\$ (0.6 )

Certain information pertaining to depreciation and amortization as well as capital expenditures associated with our discontinued operations for the three and nine month periods ended September 30, 2015 and 2014 are included below:

Three Months Ended September 30, Nine Months Ended September 30,



(In millions)	2015	2014	2015	2014
Depreciation and amortization	\$ 0.6	\$ 0.6	\$ 1.9	\$ 1.4
Capital expenditures	0.2	4.9	1.0	7.7

#### 4. RESTRUCTURING AND DIVESTITURE COSTS

During the three and nine months ended September 30, 2015, the Company initiated restructuring and divestiture activities that included: (i) the sale of our aromatics business; (ii) the reorganization of our building products segment comprising workforce and other expense reductions to drive cost savings; and (iii) changes to our corporate management structure.

##### Discontinued Operations - Aromatics

As discussed in Note 3, the Company expects to incur additional costs with respect to the decommissioning and dismantling of our Plaquemine Phenol Facility. Such costs, some of which may be capitalized, may exceed \$20 million for which INEOS may be obligated to reimburse the Company up to \$10.0 million. The Company received \$5.0 million of that amount as an advance upon the closing of the sale of the aromatics business. The Company's receipt of all or any portion of the remaining \$5.0 million that INEOS may be required to pay and its right to retain the \$5.0 million advance will depend on the amount of costs incurred by us in the decommissioning of the Plaquemine Phenol Facility.

## Chlorovinyls

During the three and nine month periods ended September 30, 2015, our chlorovinyls segment incurred divestiture costs of \$0.2 million and \$0.4 million, respectively, related to the exit and disposal activities of two immaterial product lines. There were no divestiture related costs during the three and nine month periods ended September 30, 2014.

## Building Products

During the three and nine month periods ended September 30, 2015, we incurred: (i) \$2.2 million in warranty costs that the Company honored for a previously disposed product line in our building products segment; and (ii) \$1.2 million and \$1.3 million for severance costs related to management restructuring and workforce reduction charges in our building products segment. Certain payments under these arrangements are expected to conclude by April 1, 2016.

In September of 2013 we initiated a formal plan of restructuring in our building products segment consisting of various cost savings 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 (the "2013 Building Products Restructuring Plan"): (i) during the three and nine month periods ended September 30, 2014 we incurred \$1.0 million and \$3.9 million, respectively, for severance related and other expense reduction costs to consolidate certain manufacturing operations; (ii) during the nine months ended September 30, 2015, we recognized an impairment charge of \$0.3 million to write-down certain long-lived assets to their fair value in our windows and doors reporting unit related to the sale of land and buildings; and (iii) during the three and nine months ended September 30, 2014, we recognized an impairment charge to write-down certain long-lived assets to their estimated fair values of \$0.3 million and \$1.0 million, respectively, associated with the consolidation of certain building product manufacturing facilities.

## Corporate

Restructuring costs included severance costs of \$3.6 million for both the three and nine month periods ended September 30, 2015 relating to the separation of certain executives under the terms of the Company's severance plans and policies, of which we paid \$0.5 million during the nine months ended September 30, 2015. The payments under these separation arrangements are expected to conclude by April 1, 2016. In addition, during the three and nine months ended September 30, 2015 the company incurred \$2.8 million and \$3.6 million, respectively, in costs associated with divestiture activity, primarily for the sale of our aromatics business and with the strategic review of our building products segment as announced in the second quarter of 2015.

## 5. NEW ACCOUNTING PRONOUNCEMENTS

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU" or "Update") 2015-11 – Inventory (Topic 330). The amendments in this update apply to entities that measure inventory using the first-in, first-out or average cost methods. Under this guidance, such entities are required to measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory valued using the last-in, first-out and the retail inventory methods. The amendments in this Update are effective for annual periods, including interim periods, beginning after December 15, 2016, and early adoption is permitted. We are evaluating the amendments in this Update and have not yet determined

the impact on our unaudited condensed consolidated financial statements.

In April 2015, the FASB issued ASU 2015-05 – Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40). The amendments in this Update provide explicit guidance to companies about fees paid in cloud-based computing arrangements for various hosting services. Previous GAAP guidance did not include such explicit direction. Specifically, the Update stipulates that if a cloud-based computing arrangement includes a software license, the company should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud-based computing arrangement does not include a software license, the company should account for the arrangement as a service contract. The guidance does not change the accounting treatment for service contracts. However, all software licenses within the scope of this Update should be accounted for consistent with other licenses of intangible assets. The amendments in this Update are effective for annual periods, including interim periods, beginning after December 15, 2015, and early adoption is permitted. We are evaluating the amendments in this Update and have not yet determined the impact on our unaudited condensed consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03 – Interest-Imputation of Interest (Subtopic 835-30). The amendments in this Update simplifies the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability, similar to the accounting treatment for debt discounts. Previous GAAP guidance was different from International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, which requires transactions to be deducted from the carrying value of the financial liability and not recorded as a separate asset, and conflicted with other FASB standards, specifically FASB Concept Statement 6. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. The amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and early adoption is permitted. We are evaluating the amendments in this Update and do not expect a material impact to the presentation of our unaudited condensed consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02 – Consolidation (Topic 810)-Amendments to the Consolidation Analysis to assist companies in evaluating whether certain legal entities should be consolidated. The ASU stipulates that all legal entities are subject to reevaluation under the revised consolidation model in the guidance. This Update reduces the number of consolidation models, simplifies the FASB Accounting Standards Codification and improves current GAAP by placing more emphasis on risk of loss when determining a controlling financial interest. A reporting organization may no longer have to consolidate a legal entity under certain circumstances based solely on its fee arrangement when certain criteria are met. This reduces the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity (“VIE”). The Update changes the consolidation conclusions for public and private companies in several industries that typically make use of limited partnerships or VIEs. The amendments in this Update are effective for annual periods, including interim periods, beginning after December 15, 2015. We are evaluating the amendments in this Update and have not yet determined the impact on our unaudited condensed consolidated financial statements.

In June 2014, FASB issued ASU 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 unaudited 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. In August 2015, the FASB issued ASU 2015-14 – Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date. This Update provides for a one year deferral of the effective date of ASU 2014-09. As a result, the Company expects that it will apply the new revenue standard to annual and interim reporting periods beginning after December 15, 2017. 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 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 unaudited condensed consolidated financial statements, nor have we determined whether we will utilize the full retrospective or modified retrospective approach.

## 6. INVENTORIES

As of September 30, 2015 and December 31, 2014, the major classes of inventories were as follows:

(In millions)	September 30, 2015	December 31, 2014
Raw materials	\$ 104.8	\$ 109.8
Work-in-process	2.7	2.6
Finished goods	229.8	209.5
Inventories	\$ 337.3	\$ 321.9

## 7. PROPERTY, PLANT AND EQUIPMENT, NET

As of September 30, 2015 and December 31, 2014, property, plant and equipment consisted of the following:

(In millions)	September 30, 2015	December 31, 2014
Chemical manufacturing plants	\$ 1,307.8	\$ 1,299.5
Machinery and equipment	1,128.3	1,080.0
Buildings	188.0	199.5
Land and land improvements	164.0	176.5
Construction-in-progress	117.4	84.6
Property, plant and equipment, at cost	2,905.5	2,840.1
Less: accumulated depreciation	1,301.8	1,204.0
Property, plant and equipment, net	\$ 1,603.7	\$ 1,636.1

## 8. GOODWILL AND OTHER INTANGIBLE ASSETS

Our intangible assets consist of goodwill, customer relationships, supply contracts, technology and trade names. Goodwill is the excess of the cost of an acquired entity over the fair value of tangible and intangible assets (including, but not limited to, customer relationships, supply contracts, technology and trade names) acquired and liabilities assumed under acquisition accounting for business combinations.

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 values of these assets for impairment between annual impairment tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Such events and indicators may include, without limitation, significant declines in the 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. During the three months ended September 30, 2015, we determined there were indicators that required us to perform an interim impairment test in our reporting units that carry goodwill and other indefinite-lived intangible assets. These factors included, but were not limited to, the operating results during the nine months ended September 30, 2015, the sustained deterioration of market conditions in certain of our industries and the resulting decline in our market capitalization. Based on our analysis, we concluded there was no impairment for our other indefinite-lived intangible assets.

Impairment testing for goodwill is a two-step test performed at the reporting unit level. The first step of the impairment analysis involves comparing the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit exceeds the carrying value, goodwill is not considered impaired. If the carrying 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 utilize discounted cash flow analyses (the “income approach”) and market multiple analyses (the “market approach”), 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 and 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 or operational plans, it is possible that goodwill not currently impaired, may become impaired in the future. Based on our analysis conducted during the three months ended September 30, 2015, we concluded that the estimated fair values of our compound, mouldings and siding reporting units exceeded the carrying values in each respective unit by more than 10 percent. We also concluded that the estimated fair value of our chlor-alkali and derivatives reporting unit was lower than its carrying value, and consequently, we proceeded with the second step of the goodwill impairment test in order to measure the magnitude of impairment, if any.

That second-step testing considered management's revised assessment of the operating results and projected cash flows for our chlor-alkali and derivatives reporting unit, the sustained deterioration in market conditions for the chlor-alkali and derivatives industries, and the decline in our market capitalization below book value. Based on the results of the second-step test, the Company recorded its best estimate of a preliminary goodwill impairment charge of \$847.8 million related to our chlor-alkali and derivatives reporting unit during the three months ended September 30, 2015. Further reductions in our future projections of operating results and cash flows from our chlor-alkali and derivatives reporting unit, or certain reporting units in our building products business, or a further deterioration of market conditions in the chlor-alkali and derivatives or building products industries in which we operate, among other factors, could result in the Company incurring additional goodwill impairment charges for one or more of those reporting units.

Goodwill. As of September 30, 2015, 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 unit. The following table provides the detail of the changes made to goodwill during the nine months ended September 30, 2015.

	Building		
(In millions)	Chlorovinyls	Products	Total
Gross goodwill at December 31, 2014	\$ 1,790.8	\$ 160.2	\$ 1,951.0
Accumulated impairment losses	(59.6 )	(150.4)	(210.0 )
Net goodwill at December 31, 2014	\$ 1,731.2	\$ 9.8	\$ 1,741.0
Gross goodwill at December 31, 2014	\$ 1,790.8	\$ 160.2	\$ 1,951.0
Goodwill impairment charge	(847.8 )	-	(847.8 )
Foreign currency translation adjustment	(21.5 )	-	(21.5 )
Gross goodwill at September 30, 2015	921.5	160.2	1,081.7
Accumulated impairment losses	(59.6 )	(150.4)	(210.0 )
Net goodwill at September 30, 2015	\$ 861.9	\$ 9.8	\$ 871.7

Indefinite lived intangible assets. As of September 30, 2015 and December 31, 2014, our indefinite lived intangible assets consisted of certain trade names with a carrying value of \$5.9 million and \$6.0 million, respectively, net of cumulative translation adjustment.



Definite lived intangible assets. As of September 30, 2015 and December 31, 2014, we had definite lived intangible assets related to: (i) customer relationships, supply contracts, technology and trade names in our chlorovinyls segment; and (ii) customer relationships and technology in our building products segment. The following table provides the definite lived intangible assets, by reportable segment, as of September 30, 2015 and December 31, 2014.

(In millions)	Chlorovinyls		Building Products		Total	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
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
Technology	14.9	14.9	17.4	17.4	32.3	32.3
Trade names	6.0	6.0	-	-	6.0	6.0
Total	1,205.8	1,205.8	49.6	49.6	1,255.4	1,255.4
Accumulated impairment						
charges:						
Customer relationships	(2.9 )	(2.6 )	-	-	(2.9 )	(2.6 )
Total	(2.9 )	(2.6 )	-	-	(2.9 )	(2.6 )
Accumulated amortization:						
Customer relationships	(167.4 )	(121.1 )	(13.3)	(12.1 )	(180.7 )	(133.2 )
Supply contracts	(5.6 )	(4.1 )	-	-	(5.6 )	(4.1 )
Technology	(1.8 )	(1.3 )	(13.8)	(12.7 )	(15.6 )	(14.0 )
Trade names	(0.9 )	(0.7 )	-	-	(0.9 )	(0.7 )
Total	(175.7 )	(127.2 )	(27.1)	(24.8 )	(202.8 )	(152.0 )
Foreign currency translation						
adjustment:						
Customer relationships	(23.4 )	(14.2 )	(0.1 )	-	(23.5 )	(14.2 )
Total	(23.4 )	(14.2 )	(0.1 )	-	(23.5 )	(14.2 )
Net carrying amounts:						
Customer relationships	948.6	1,004.4	18.8	20.1	967.4	1,024.5
Supply contracts	37.0	38.5	-	-	37.0	38.5
Technology	13.1	13.6	3.6	4.7	16.7	18.3
Trade names	5.1	5.3	-	-	5.1	5.3
Total	\$1,003.8	\$ 1,061.8	\$22.4	\$ 24.8	\$1,026.2	\$ 1,086.6

The weighted average estimated useful lives remaining for customer relationships, supply contracts, technology and definite lived trade names are approximately 15 years, 17 years, 16 years and 14 years, respectively, as of September 30, 2015. Amortization expense for the definite lived intangible assets was \$16.5 million and \$16.8 million for the three months ended September 30, 2015 and 2014, respectively, and \$49.8 million and \$50.4 million for the nine months ended September 30, 2015 and 2014, respectively. The estimated annual amortization expense for definite lived intangible assets for the next five fiscal years is approximately \$66.4 million per year.

**9. OTHER ASSETS, NET**

As of September 30, 2015 and December 31, 2014, other assets, net of accumulated amortization, consisted of the following:

(In millions)	September 30, 2015	December 31, 2014
Deferred financing costs, net	\$ 23.1	\$ 26.2
Deferred income taxes	21.1	21.1
Advances to and investments in joint ventures, net	21.5	14.7
Other	6.7	7.8
Total other assets, net	\$ 72.4	\$ 69.8

## 10. LONG TERM DEBT AND LEASE FINANCING OBLIGATION

As of September 30, 2015 and December 31, 2014, our long term debt consisted of the following:

(In millions)	Maturity Date	September 30, 2015	December 31, 2014
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 \$1.8 million at December 31, 2014)	January 28, 2017	-	192.6
Term Loan (net of debt issuance costs and discounts			
totaling \$2.7 million at September 30, 2015)	February 27, 2022	245.5	-
ABL Revolver	December 17, 2019	-	-
<b>Total debt</b>		<b>1,383.5</b>	<b>1,330.6</b>
Less: current portion of long-term debt		(2.5 )	(2.8 )
<b>Long-term debt, net</b>		<b>\$ 1,381.0</b>	<b>\$ 1,327.8</b>

## 4.625 Notes

Axiall Corporation and certain of its subsidiaries guarantee \$688.0 million in aggregate principal amount of senior unsecured notes due 2021 bearing interest at a rate of 4.625 percent per annum (the "4.625 Notes") that were issued by Eagle Spinco Inc. ("Spinco"). Interest payments on the 4.625 Notes commenced on August 15, 2013 and interest is payable semi-annually in arrears on February 15 and August 15 of each year. The 4.625 Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by Axiall Corporation and by its existing and future domestic subsidiaries, other than certain excluded subsidiaries.

## 4.875 Notes

On February 1, 2013, Axiall Corporation issued \$450.0 million in aggregate principal amount of senior unsecured notes due 2023, which bear interest at a rate of 4.875 percent per annum (the "4.875 Notes"). Interest payments on the 4.875 Notes commenced on May 15, 2013 and interest is payable semi-annually in arrears on May 15 and November 15 of each year. The 4.875 Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of our existing and future domestic subsidiaries, other than certain excluded subsidiaries.

## Term Loan

On February 27, 2015, Axiall Holdco, Inc., a wholly owned subsidiary of the Company ("Axiall Holdco"), entered into a credit agreement with a syndicate of financial institutions (the "Term Loan Agreement") for a new \$250 million term loan facility (the "New Term Loan Facility") to refinance the principal amount outstanding under the Company's existing term loan facility, to pay related fees and expenses, and for general corporate purposes. Obligations under the New Term Loan Facility are fully and unconditionally guaranteed, on a senior secured basis, by the Company and by each of the Company's existing and future wholly owned domestic subsidiaries, other than certain excluded subsidiaries. The obligations under the New Term Loan Facility are secured by substantially all of the assets of Axiall Holdco, Axiall Corporation and the subsidiary guarantors.

The New Term Loan Facility contains an accordion feature that permits Axiall Holdco, subject to certain conditions and to obtaining lender commitments, to incur additional term loans under the New Term Loan Facility in an amount up to the greater of: (i) \$250 million; and (ii) an amount that would not result in the Company's consolidated secured debt ratio being greater than 2.50 to 1.00.

At the election of Axiall Holdco, the New Term Loan Facility bears interest at a rate equal to: (i) the Base Rate (as defined in the Term Loan Agreement) plus 1.50 percent per annum; or (ii) LIBOR (as defined in the Term Loan Agreement) plus 3.25 percent per annum; provided that at no time will the Base Rate be deemed to be less than 2.00 percent per annum or LIBOR be deemed to be less than 0.75 percent per annum. As of September 30, 2015, outstanding borrowings under the Company's New Term Loan Facility had a stated interest rate of 4.00 percent per annum.

The Term Loan Agreement contains customary covenants (subject to exceptions), including certain restrictions on the Company and its subsidiaries to pay dividends.

## ABL Revolver

The Company's second amended and restated asset based revolving credit facility (the "ABL Revolver"), which the Company entered into in December 2014, provides for a maximum of \$600.0 million of revolving credit, subject to applicable borrowing base limitations and certain other conditions. The credit agreement governing the ABL Revolver (the "ABL Credit Agreement") contains customary covenants, including certain restrictions on the Company and its subsidiaries to pay dividends and repurchase shares of Company stock. These covenants are subject to certain exceptions and qualifications. Under the ABL Revolver, dividend payments and repurchases of our common stock in an aggregate amount not to exceed \$150 million in any fiscal year may be made if both borrowing availability under the ABL Revolver would have exceeded \$75 million at all times during the thirty days immediately preceding any such restricted payment and our consolidated fixed charge coverage ratio (as defined in the ABL Revolver) is equal to or exceeds 1.00 to 1.00, each on a pro forma basis after giving effect to any such proposed restricted payment. In addition, under the ABL Revolver, additional cash dividend payments may be made if both borrowing availability under the ABL Revolver then exceeds \$100 million and our consolidated fixed charge coverage ratio (as defined in the ABL Revolver) is equal to or exceeds 1.10 to 1.00, each on a pro forma basis after giving effect to the proposed cash dividend payment.

As of September 30, 2015 and December 31, 2014, we had no outstanding balance under our ABL Revolver. Our availability under the ABL Revolver at September 30, 2015 was approximately \$438.8 million, net of outstanding letters of credit totaling \$81.9 million. As of September 30, 2015, the applicable rate for future borrowings would have been 3.20 percent to 3.75 percent based on LIBOR or certain United States index rates, plus the applicable margin under the ABL Revolver.

As of September 30, 2015, we were in compliance with the covenants under our ABL Credit Agreement, the Term Loan Agreement and the indentures governing the 4.625 Notes and the 4.875 Notes.

## Lease Financing Obligation

As of September 30, 2015 and December 31, 2014, we had a lease financing obligation of \$82.2 million and \$94.2 million, respectively. The change from the December 31, 2014 balance is due to the change in the Canadian dollar exchange rate as of September 30, 2015. 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, certain terms and conditions, including the requirement to execute a collateralized letter of credit in favor of the buyer lessor, resulted 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 collateralized letter of credit expired on February 2, 2015 and is no longer required. We are not obligated to repay the lease financing obligation amount of \$82.2 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, 2015 are \$1.2 million in 2015, \$4.8 million in 2016, and \$1.2 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, 2014 is due to current period payments and the change in the Canadian dollar exchange rate as of September 30, 2015.

## 11. 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 values 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 New 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 8 of the notes to the unaudited condensed consolidated financial statements.

The FASB's 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.

The following is a summary of the carrying amounts and estimated fair values of our long term debt as of September 30, 2015 and December 31, 2014:

(In millions)	September 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Level 1:				
Long-term debt:				
4.625 Notes	\$688.0	\$585.7	\$688.0	\$651.9
4.875 Notes	\$450.0	\$378.8	\$450.0	\$426.7
Level 2:				
Long-term debt:				
Term Loan (net of debt issuance costs				
totaling \$1.8 million at December 31, 2014)	\$-	\$-	\$192.6	\$194.4
Term Loan (net of debt issuance costs and discounts				
totaling \$2.7 million at September 30, 2015)	\$245.5	\$249.9	\$-	\$-
Derivative instruments:				
Commodity purchase contracts	\$(3.2 )	\$(3.2 )	\$(12.9 )	\$(12.9 )

Derivative Financial Instruments. The Company is directly and indirectly affected by changes in certain market conditions and market risks. When deemed appropriate, we use derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks that may be managed by the Company through the use of derivative instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk. As an integral part of our risk management program, we may manage our financial exposures to reduce the potentially adverse effect that the volatility of the commodity markets may have on our operating results. We do not engage in speculative transactions nor do we hold or issue financial instruments for trading purposes.

All derivative financial instruments are carried at fair value in our consolidated balance sheets. If the derivative financial instrument qualifies for hedge accounting treatment, changes in the fair value are either offset against the change in fair value of assets, liabilities or firm commitments through earnings or recognized in other comprehensive

income (loss) until the hedged item is recognized in earnings.

We also enter into derivative financial instruments that are designed to hedge risks but are not designated as hedging instruments. Changes in the fair values of these non-designated hedging instruments are adjusted to fair values through earnings in our consolidated statements of operations.

We formally document hedging instruments and hedging transactions, as well as our risk management objective and strategy for undertaking hedged transactions. This process includes linking derivative financial instruments that are designated as cash flow hedges to specific assets or liabilities on the consolidated balance sheets or linking derivatives to forecasted transactions. We also formally assess, both at inception and on an ongoing basis, whether the derivative financial instruments used in hedging transactions are highly effective in offsetting changes in the fair values or cash flows of hedged transactions. When it is determined that a derivative is not highly effective or the derivative is expired, sold, terminated, exercised, discontinued, or otherwise settled because it is unlikely that a forecasted transaction will occur, we discontinue the use of hedge accounting for that specific hedge derivative financial instrument.

## 12. 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

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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 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.

On December 20, 2013, a fire occurred at our PHH vinyl chloride monomer (“VCM”) manufacturing plant in Lake Charles, Louisiana. As of September 30, 2015, approximately 2,615 individuals had filed lawsuits against the Company alleging personal injury or property damage related to the incident. We do not expect any other individuals to file lawsuits regarding this matter, as the prescribed deadline for doing so has expired. We have not recorded an accrual in connection with any of these lawsuits because, at this time, we are unable to reasonably determine whether any potential loss is probable or estimable. In addition, we currently are unable to provide a reasonable estimate of the potential loss or range of loss, if any, expected to result from this contingency. We are unable to make these determinations due to a number of variables, including without limitation, uncertainties related to: (i) the fact that no written or oral discovery has been conducted by the Company in any of these lawsuits; (ii) the procedural status and jurisdictions in which these lawsuits may be adjudicated; (iii) the parties’ respective litigation strategies; (iv) the fact that none of the complaints have alleged specific injuries or a specific amount of damages; (v) any symptoms experienced by any of the plaintiffs, and whether there will be any reliable information, documentation or other discovery related thereto; (vi) the pre and post fire medical or physical condition of the plaintiffs, and whether there will be any reliable information, documentation or other discovery related thereto; and (vii) the location of any plaintiff at the time of the fire, and the duration of any exposure related thereto, and whether there will be any reliable information, documentation or other discovery related thereto.

**Environmental Remediation.** 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 incurred 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.

As of September 30, 2015 and December 31, 2014, we had reserves for environmental contingencies totaling approximately \$42 million and \$54 million, respectively, of which approximately \$2 million and \$12 million, respectively, were classified as current liabilities. 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 began in the fourth quarter of 2014 and is expected to be completed during 2016 with a period of monitoring for remedy effectiveness to follow remediation. As of September 30, 2015 and December 31, 2014, we have reserved approximately \$4 million and \$18 million, respectively, for the costs associated with this matter. The decrease in the amount of this reserve is primarily due to spending against the reserve.
  - As of September 30, 2015 and December 31, 2014, we had reserved approximately \$12 million and \$15 million, respectively, for environmental contingencies related to on site remediation at 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
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remedial activity is primarily related to 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. The reduction in the amount of this reserve is due to our assessment, during the quarter ended September 30, 2015, of the estimated costs to be incurred after September 30, 2015 to conduct this on-going remedial activity, and in particular, our assessment of the portion of the future operating costs of certain water treatment assets at our Lake Charles South Facility that should be allocated to this remediation project, as opposed to other non-remediation uses of those water treatment assets.

· As of September 30, 2015 and December 31, 2014, we had reserved approximately \$18 million and \$15 million, respectively, for environmental contingencies related to remediation activities at our Natrium, West Virginia facility (the “Natrium Facility”). The remedial actions address National Pollutant Discharge Elimination System permit requirements related primarily to hexachlorocyclohexane, (commonly referred to as BHC) and mercury. We expect that these remedial actions will be in place for an extended period of time. The increase in the amount of this reserve is due to our assessment, during the quarter ended September 30, 2015, of the estimated costs that will be incurred after September 30, 2015 to conduct this on-going remedial activity, and in particular, due to an increase in the estimated duration of the remediation period.

#### Environmental Laws and Regulations

Due to the nature of environmental laws, regulations and liabilities, it is possible that we may not have identified all potentially adverse conditions. Such conditions may not currently exist or be detectable through reasonable methods, or may not be estimable. For example, our Natrium 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 on our ability to operate or the manner in which we operate, 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.

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 chemical 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, any of 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 at covered facilities. The coal fired power plant at our Natrium Facility is our source most significantly impacted by the Boiler MACT regulations. Pursuant to these regulations, we must satisfy certain requirements by January 2016, and other requirements by March 2016. We expect to achieve compliance with all of these requirements by these deadlines.

In April 2012, the EPA issued final regulations to update emissions limits for polyvinyl 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 have complied with certain requirements of the PVC MACT regulation by the April 2015 deadline. Due to extensions we received from the relevant governmental agencies, we have until

April 2016 to come into compliance with other requirements of the PVC MACT regulation, and we expect to achieve compliance with those requirements by that deadline. 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 further 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 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 \$52 million to \$89 million. Initial remedial actions are occurring with respect to these matters at two plant sites: the Lake Charles South Facility and the Natrium Facility.

### 13. EMPLOYEE RETIREMENT PLANS

#### Defined Benefit Pension and OPEB Welfare Plans

The Company sponsors and contributes to pension plans ("Pension Plans") and other post-retirement benefit ("OPEB") 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 post-retirement arrangements outside the United States, namely in Canada and Taiwan.

The Pension Plans provide benefits to certain employees and retirees and are closed to new hires. Effective January 31, 2014, amendments to the Pension Plans for United States non-bargained employees froze all future benefit accruals for non-bargained employees who were not already frozen. The financial impact of these amendments to the Pension Plans was recognized in the fourth quarter of 2013.

The OPEB plans are unfunded and provide medical and life insurance benefits for certain employees and their dependents.

Recently approved amendments to the OPEB plans were made to further deliver retiree medical benefits through health reimbursements account contributions and to further limit life insurance benefits. Effective January 1, 2016, the

majority of Medicare and non-Medicare eligible retirees will receive retiree medical benefits through health reimbursement account contributions. In addition, effective January 1, 2016, most life insurance benefits for non-bargained retirees were eliminated and a sunset period was provided for life insurance benefits for the majority of other retirees. These OPEB benefit changes were approved and communicated to participants in August 2015 and the quantitative financial impact is reflected beginning in the third quarter of 2015. These changes reduced the OPEB benefit obligation by \$29.8 million and the resulting prior service credit will be amortized through 2025.

In connection with the OPEB plan amendments, the benefit obligation was remeasured using current assumptions as of that date, including the SOA mortality tables "RPH-2014" and an alternative generational improvement scale published by

the SOA “BB-2D”. The discount rate used to remeasure the OPEB plan obligation, at September 1, 2015 was 3.59 percent compared to 3.90 percent at December 31, 2014.

In the third quarter of 2015, we changed the method we use to estimate the service and interest components of net periodic benefit cost for U.S. pension and other postretirement benefits. This new estimation approach discounts the individual expected cash flows underlying the service cost and interest cost using the applicable spot rates derived from the yield curve used to discount the cash flows used to measure the benefit obligation. Historically, we estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period.

We have made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. We have accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle and accordingly have accounted for it prospectively. While the benefit obligation measured under this approach is unchanged, the more granular application of the spot rates will reduce the service and interest cost for the OPEB plan for the last four months of fiscal 2015 by \$0.2 million. For the OPEB plan, the spot rates used to determine service and interest costs ranged from 0.65 percent to 5.01 percent and 0.65 percent to 5.01 percent, respectively. Under the Company’s prior methodology, these rates would have resulted in weighted-average rates for service and interest costs of 3.59 percent and 3.59 percent, respectively. The new approach will be used to measure the service and interest cost for our other US pension plans in 2016. Based on current economic conditions, we estimate the service cost and interest cost for those plans will be reduced by approximately \$7.0 million in 2016 as a result of the change.

The following tables detail the pension and postretirement benefit income, including the effect of the OPEB remeasurement for the three and nine month periods ended September 30, 2015 and 2014:

(In millions)	Pensions		OPEB Benefits	
	Three Months Ended		Three Months Ended	
	September 30, 2015	2014	September 30, 2015	2014
<b>Components of net periodic benefit income:</b>				
Interest cost	\$(7.7)	\$(7.9)	\$(0.9)	\$(1.1)
Service cost	(1.1)	(0.9)	(0.2)	(0.2)
Expected return on assets	11.4	11.8	-	-
<b>Amortization of:</b>				
Prior service credit	-	-	2.5	2.2
Actuarial gain (loss)	(0.7)	0.1	-	-
Total net periodic benefit income	\$1.9	\$3.1	\$1.4	\$0.9

	Pensions		OPEB Benefits	
	Nine Months Ended		Nine Months Ended	
	September 30,		September 30,	

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(In millions)	2015	2014	2015	2014
<b>Components of net periodic benefit income:</b>				
Interest cost	\$ (23.1 )	\$ (23.7 )	\$ (3.1 )	\$ (3.3 )
Service cost	(3.3 )	(2.7 )	(0.6 )	(0.6 )
Expected return on assets	34.2	35.4	-	-
<b>Amortization of:</b>				
Prior service credit	-	-	7.1	6.8
Actuarial gain (loss)	(2.1 )	0.3	-	-
<b>Total net periodic benefit income</b>	<b>\$ 5.7</b>	<b>\$ 9.3</b>	<b>\$ 3.4</b>	<b>\$ 2.9</b>

Contributions

There were no significant contributions to the pension plan trusts during the three and nine months ended September 30, 2015 and 2014. We estimate that we will make payments of approximately \$1.9 million for benefit payments and contributions related to our Pension Plans and \$8.9 million for benefit payments related to OPEB plans for the year ending December 31, 2015.



## 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 \$3.6 million and \$3.4 million for the three months ended September 30, 2015 and 2014, respectively, and \$10.9 million and \$10.8 million for the nine months ended September 30, 2015 and 2014, respectively.

#### 14. ACCUMULATED OTHER COMPREHENSIVE LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)

##### Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss includes: (i) 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; (ii) unrealized gains or losses on derivative financial instruments designated as cash flow hedges; (iii) equity investee's other comprehensive income or loss items; and (iv) adjustments to pension and OPEB plan liabilities. Amounts recorded in accumulated other comprehensive loss, net of tax, as of September 30, 2015 and December 31, 2014, and changes within those periods are as follows:

			Accrued	Accumulated
	Foreign	Derivative	Pension and	Other
	Currency	Cash	OPEB Plan	Comprehensive
	Items	Hedges	Liabilities	Loss
(In millions)				
Balance at January 1, 2015	\$ (20.4 )	\$ (8.3 )	\$ (45.0 )	\$ (73.7 )
Other comprehensive income (loss) before reclassifications	(57.0 )	13.0	22.4	(21.6 )
Amounts reclassified from accumulated other				
comprehensive loss, net of tax	-	(6.0 )	(3.1 )	(9.1 )
Net current period other comprehensive income (loss)	(57.0 )	7.0	19.3	(30.7 )
Balance at September 30, 2015	\$ (77.4 )	\$ (1.3 )	\$ (25.7 )	\$ (104.4 )

## Other Comprehensive Loss

Other comprehensive loss is derived from adjustments to reflect: (i) changes in foreign currency translation adjustments; (ii) the unrealized gains or losses on derivative financial instruments designated as cash flow hedges; (iii) changes in equity investee's other comprehensive income or loss; and (iv) adjustments to pension and OPEB plan liabilities. The components of other comprehensive loss for the three and nine month periods ended September 30, 2015 and 2014 are as follows:

(In millions)	Three Months Ended		Nine Months	
	September 30, 2015	2014	September 30, 2015	2014
<b>Change in foreign currency translation adjustment:</b>				
Foreign currency translation adjustments	\$ (46.3 )	\$ (27.4 )	\$(69.6)	\$(29.3)
Tax benefit	(6.9 )	(10.8 )	(8.8 )	(11.4)
Foreign currency translation adjustments, net of tax	\$ (39.4 )	\$ (16.6 )	\$(60.8)	\$(17.9)
<b>Change in derivative cash flow hedges:</b>				
Commodity hedge contracts	\$ 0.2	\$ 1.8	\$7.3	\$1.7
Equity interest in investee's other comprehensive income (loss)	-	(0.4 )	3.9	(0.9 )
Pre-tax amount	0.2	1.4	11.2	0.8
Tax expense	0.1	0.5	4.2	0.3
Derivative cash flow hedges, net of tax	\$ 0.1	\$ 0.9	\$7.0	\$0.5
<b>Change in pension and OPEB liability adjustments:</b>				
Amortization of actuarial gain (loss) and prior service credit	\$ (1.8 )	\$ (2.3 )	\$(5.0 )	\$(7.1 )
Other pension and OPEB plan adjustments	35.7	-	36.1	-
Pre-tax amount	33.9	(2.3 )	31.1	(7.1 )
Tax expense (benefit)	12.7	(0.9 )	11.8	(2.7 )
Pension and OPEB liability adjustments, net of tax	\$ 21.2	\$ (1.4 )	\$19.3	\$(4.4 )
Other comprehensive loss, before income taxes	\$ (12.2 )	\$ (28.3 )	\$(27.3)	\$(35.6)
Tax expense (benefit) for the period	5.9	(11.2 )	7.2	(13.8)
Other comprehensive loss, net of tax	\$ (18.1 )	\$ (17.1 )	\$(34.5)	\$(21.8)

The components of other comprehensive loss that have been reclassified during the three and nine month periods ended September 30, 2015 and 2014 are as follows:

(In millions)	Affected Line Items			
	Three Months Ended		Nine Months Ended	
	September 30, 2015	2014	September 30, 2015	2014
	on the Unaudited			
	Condensed Consolidated			
	Statements of Operations			

Details about other comprehensive loss components:

Change in derivative cash flow

hedges:

Loss on derivative cash

flow hedges	\$ (1.0 )	\$ -	\$ (9.7 )	\$ -	Cost of sales
Tax benefit	(0.4 )	-	(3.7 )	-	Provision for income taxes
Reclassifications for the period, net of tax	\$ (0.6 )	\$ -	\$ (6.0 )	\$ -	

Change in pension and OPEB

liability adjustments:

Amortization of actuarial gain (loss) and prior

service credit	\$ (1.8 )	\$ (2.3 )	\$ (5.0 )	\$ (7.1 )	Cost of sales and selling, general and administrative expenses
Tax benefit	(0.7 )	(0.9 )	(1.9 )	(2.7 )	Provision for income taxes
Reclassifications for the period, net of tax	\$ (1.1 )	\$ (1.4 )	\$ (3.1 )	\$ (4.4 )	

## 15. INVESTMENTS

We own a 50 percent interest in several manufacturing joint ventures in both our building products and chlorovinyls segments. In our chlorovinyls segment, we have 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, 2015, our future commitment under the take or pay arrangement approximates \$167.1 million in the aggregate, with purchases during the three and nine months ended September 30, 2015 totaling \$6.5 million and \$19.4 million, respectively, compared to purchases of \$6.3 million and \$18.7 million during the three and nine months ended September 30, 2014, 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, 2015 and December 31, 2014:

(In millions)	September 30, 2015	December 31, 2014
Investment in and net advances to RS Cogen	\$ 12.1	\$ 4.6
Supply contracts	37.0	38.5
Maximum exposure to loss	\$ 49.1	\$ 43.1

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 unaudited condensed consolidated financial statements in our chlorovinyls segment. The following table presents a reconciliation of our minority partner's ownership interest, reported as noncontrolling interest:

(In millions)	Nine Months Ended 2015	September 30, 2014
Noncontrolling interest - beginning of period	\$ 107.9	\$ 119.4
Net income (loss) attributable to noncontrolling interest	(19.8 )	2.5
Other comprehensive loss attributable to		
noncontrolling interest	(3.8 )	(3.2 )
Distribution to noncontrolling interest	(8.4 )	(7.7 )
Noncontrolling interest - end of period	\$ 75.9	\$ 111.0

## 16. SHARE BASED COMPENSATION

We have granted various types of share based payment awards to participants in the form of time based restricted stock units ("RSUs"), performance-based restricted stock units ("PRSUs") and stock option grants. The key terms of our RSUs, PRSUs and our stock option grants, including all financial disclosures, are set forth in the 2014 Annual Report.

### Time-based Restricted Stock Units and Performance-based Restricted Stock Units

In May 2015, we granted PRSUs to our executive officers, for which the number of shares ultimately earned depends on our Company's relative total shareholder return ("TSR"), as compared to a group of peer companies. The number of shares of our common stock to be awarded in connection with the vesting of those PRSUs ranges from 0 percent to 200 percent, with the percentage to be used in such vesting calculation based on the TSR performance metric. All of those PRSUs are expected to vest on the third anniversary of the grant date. Also, in May 2015, we granted PRSUs to certain of our executive officers, for which the vesting depends on the Company having a positive Adjusted EBITDA for the prescribed performance period. Those PRSUs are scheduled to vest in three equal installments on each of the first, second and third anniversaries of the grant date. In addition, in May 2015, we granted RSUs to certain of our executive officers and non-officer employees, the majority of which are scheduled to vest in three equal installments on each of the first, second and third anniversaries of the grant date, and for which there is no performance metric.

## Share-based Compensation Expense

Information regarding our share-based compensation expense for the three and nine months ended September 30, 2015 and 2014 is as follows:

(In millions)	Three Months Ended		Nine Months Ended	
	September 30, 2015	2014	September 30, 2015	2014
Share-based compensation expense	\$ 0.2	\$ 4.7	\$ 7.9	\$ 11.8
Income tax provision related to share-based compensation expense	(0.1 )	(1.6 )	(2.5 )	(4.1 )
After tax share-based compensation expense	\$ 0.1	\$ 3.1	\$ 5.4	\$ 7.7

During the three and nine months ended September 30, 2015, we reversed approximately \$3.0 million of expense related to share-based compensation due to the forfeiture of RSUs and PRSUs held by certain executive officers of the Company whose employment with the Company terminated prior to the vesting of those RSUs and PRSUs.

## 17. INCOME TAXES

Our effective income tax rates for the three and nine months ended September 30, 2015 were 4.1 percent and 3.7 percent, respectively, compared to 17.0 percent and 16.8 percent, respectively, for the three and nine months ended September 30, 2014. The effective income tax rates were determined using the estimated annual effective tax rate after considering discrete income tax items for each respective period. The effective income tax rates for the three and nine months ended September 30, 2015 were lower than the United States statutory federal income tax rate primarily due to the unfavorable permanent difference for the preliminary goodwill impairment charge during the three and nine months ended September 30, 2015 that is not deductible for income tax purposes. 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.

## 18. SEGMENT INFORMATION

As discussed in Note 3, as of September 30, 2015, the Company sold its aromatics business, including its cumene plant located in Pasadena, Texas, and subsequently ceased production at its Plaquemine Phenol Facility in October 2015, and plans to dismantle and shut-down that facility. As such, prospectively, we will manage our operating activities in two reportable segments: (i) chlorovinyls; and (ii) building products. These two segments reflect the organization used by our management to allocate resources and 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 compound products (vinyl compounds, compound additives and plasticizers)). 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.

Earnings of our segments exclude interest income and expense, unallocated corporate expenses and general plant services and provision for (benefit from) income taxes. Transactions between operating segments are valued at market based prices. The revenues generated by these transfers and reconciliations from consolidated operating income (loss) to consolidated income (loss) before income taxes for the three and nine month periods ended September 30, 2015 and 2014 are provided in the tables below.

(In millions)	Chlorovinyls	Building Products	Eliminations, Unallocated and Other	Total
<b>Three Months Ended September 30, 2015</b>				
Net sales	\$ 626.4	\$ 248.0	\$ -	\$ 874.4
Intersegment revenues	60.0	-	(60.0 )	-
Total net sales	\$ 686.4	248.0	(60.0 )	\$ 874.4
Operating income (loss)	\$ (812.1 )	20.2	(19.4 )	\$(811.3 )
Interest expense, net				(19.6 )
Foreign exchange loss				(0.5 )
Loss from continuing operations				
before income taxes				\$(831.4 )
<b>Three Months Ended September 30, 2014</b>				
Net sales	\$ 769.4	\$ 277.8	\$ -	\$ 1,047.2
Intersegment revenues	75.4	-	(75.4 )	-
Total net sales	\$ 844.8	277.8	(75.4 )	\$ 1,047.2
Operating income	\$ 69.6	24.0	(21.4 )	\$ 72.2
Interest expense, net				(19.5 )
Foreign exchange loss				(0.3 )
Income from continuing operations				
before income taxes				\$ 52.4

(In millions)	Chlorovinyls	Building Products	Eliminations, Unallocated and Other	Total
<b>Nine Months Ended September 30, 2015</b>				
Net sales	\$ 1,940.9	\$ 664.8	\$ -	\$ 2,605.7
Intersegment revenues	177.4	-	(177.4 )	-
Total net sales	\$ 2,118.3	664.8	(177.4 )	\$ 2,605.7
Operating income (loss)	\$ (730.5 )	32.5	(55.5 )	\$(753.5 )
Interest expense, net				(57.9 )
Debt refinancing costs				(3.2 )
Foreign exchange loss				(1.0 )
Loss from continuing operations				\$(815.6 )



before income taxes				
Nine Months Ended September 30, 2014				
Net sales	\$ 2,229.5	\$ 676.3	\$ -	\$ 2,905.8
Intersegment revenues	195.1	-	(195.1 )	-
Total net sales	\$ 2,424.6	676.3	(195.1 )	\$ 2,905.8
Operating income	\$ 159.5	27.4	(53.8 )	\$ 133.1
Interest expense, net				(56.9 )
Foreign exchange loss				(0.2 )
Income from continuing operations				
before income taxes				\$ 76.0

#### 19. 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 Credit Agreement under which Axiall Holdco is the borrower, as described in Note 10 of the notes to the unaudited 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 the 4.625 Notes issued by Spinco, and the Term Loan Credit Agreement.

As of September 30, 2015, payment obligations under the indenture for the 4.875 Notes issued by Axiall Corporation are guaranteed by Axiall Noteco, Inc., Axiall Holdco, Inc., Axiall, LLC, Georgia Gulf Lake Charles, LLC, Royal Building Products (USA) Inc., Royal Window and Door Profiles Plant 13 Inc., Royal Window and Door Profiles Plant 14 Inc., 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 September 30, 2015, payment obligations under the indenture for the 4.625 percent Notes issued by Spinco are guaranteed by Axiall Corporation and each of the Guarantor Subsidiaries. Royal Mouldings Limited and Exterior Portfolio, LLC, entities that previously were identified as Guarantor Subsidiaries, were merged into Royal Building Products (USA) Inc., another of the Guarantor Subsidiaries, during the nine months ended September 30, 2015, and Royal Building Products (USA) Inc. was the surviving entity in those mergers.

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 other Guarantor Subsidiaries are full, unconditional and joint and several. Except as disclosed in Note 10 of the notes to the unaudited condensed consolidated financial statements, there are no restrictions on the ability of Axiall Corporation, Spinco or any other Guarantor Subsidiary to obtain funds from any of its direct or indirect 100-percent owned 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 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) guarantor condensed consolidating balance sheets as of September 30, 2015 and December 31, 2014, (ii) guarantor condensed consolidating statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2015 and 2014, and (iii) guarantor condensed consolidating statements of cash flows for the nine months ended September 30, 2015 and 2014, of each of Axiall Corporation (as parent issuer), Spinco (as subsidiary issuer), the Guarantor Subsidiaries (which excludes Spinco), the Guarantor Subsidiaries, including Spinco (which also includes entries necessary to eliminate Spinco’s investment in such Guarantor Subsidiaries and other intercompany account balances) and the Non Guarantor Subsidiaries.

## AXIALL CORPORATION

## Guarantor Condensed Consolidating Balance Sheet

As of September 30, 2015

(Unaudited)

(In millions)	Parent		Guarantor Subsidiaries Excluding	Guarantor Subsidiaries Including	Non-Guarantor Subsidiaries		Eliminations	Consolidated
	Company	Eagle Spinco Inc.	Eagle Spinco Inc.	Eagle Spinco Inc.	(c)	(d)		
	(a)			(b)	(c)	(d)	(a)+(b)+(c)+(d)	
<b>Assets:</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 182.4	\$ 182.4	\$ 58.1	\$ -		\$ 240.5
Receivables, net of allowance for doubtful accounts	15.5	-	394.7	374.7	94.6	(38.2 )		446.6
Inventories	-	-	247.4	247.4	89.9	-		337.3
Prepaid expenses and other	0.7	-	29.2	29.2	6.6	(0.4 )		36.1
Deferred income taxes	3.1	0.6	27.5	27.5	-	-		30.6
Current assets of discontinued operations								