Celanese CORP
Form 10-Q
July 22, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

þ	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the quarterly period ended June 30, 2011
	Or
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Commission File Number) 001-32410
CELANESE CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	98-0420726 (I.R.S. Employer Identification No.)
1601 West LBJ Freeway Dallas, TX (Address of Principal Executive Offices)	75234-6034 (Zip Code)

(972) 443-4000
(Registrant's telephone number, including area code)

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

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

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

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

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

The number of outstanding shares of the registrant's Series A common stock, $0.0001 par value, as of July 18, 2011 was 156,343,947.

CELANESE CORPORATION AND SUBSIDIARIES

Form 10-Q
For the Quarterly Period Ended June 30, 2011

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In $ millions, except share and per share data)			
Net sales	1,753	1,517	3,342	2,905
Cost of sales	(1,343)	(1,214)	(2,581)	(2,384)
Gross profit	410	303	761	521
Selling, general and administrative expenses	(140)	(124)	(268)	(248)
Amortization of intangible assets	(17)	(15)	(33)	(30)
Research and development expenses	(25)	(17)	(48)	(35)
Other (charges) gains, net	(18)	(6)	(15)	(83)
Foreign exchange gain (loss), net	(1)	—	—	2
Gain (loss) on disposition of businesses and assets, net	—	15	—	15
Operating profit (loss)	209	156	397	142
Equity in net earnings (loss) of affiliates	46	45	89	94
Interest expense	(57)	(49)	(112)	(98)
Refinancing expense	(3)	—	(3)	—
Interest income	—	1	1	2
Dividend income - cost investments	79	72	79	72
Other income (expense), net	6	(1)	9	5
Earnings (loss) from continuing operations before tax	280	224	460	217
Income tax (provision) benefit	(75)	(61)	(117)	(41)
Earnings (loss) from continuing operations	205	163	343	176
Earnings (loss) from operation of discontinued operations	(3)	(5)	3	(5)
Gain (loss) on disposition of discontinued operations	—	—	—	2
Income tax (provision) benefit from discontinued operations	1	2	(1)	1
Earnings (loss) from discontinued operations	(2)	(3)	2	(2)
Net earnings (loss)	203	160	345	174
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	203	160	345	174
Cumulative preferred stock dividends	—	—	—	(3)
Net earnings (loss) available to common shareholders	203	160	345	171
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	205	163	343	176
Earnings (loss) from discontinued operations	(2)	(3)	2	(2)
Net earnings (loss)	203	160	345	174
Earnings (loss) per common share - basic				
Continuing operations	1.31	1.04	2.20	1.13
Discontinued operations	(0.01)	(0.02)	0.01	(0.01)
Net earnings (loss) - basic	1.30	1.02	2.21	1.12
Earnings (loss) per common share - diluted				
Continuing operations	1.29	1.03	2.16	1.11

Discontinued operations	(0.01)	(0.02)	0.01	(0.01)
Net earnings (loss) - diluted	1.28	1.01	2.17	1.10
Weighted average shares - basic	156,280,721	156,326,226	156,124,358	153,315,950
Weighted average shares - diluted	159,186,077	158,405,119	158,927,250	158,674,073

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In $ millions)			
Net earnings (loss)	203	160	345	174
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on marketable securities	—	(2)	—	1
Foreign currency translation	29	(28)	87	(59)
Unrealized gain (loss) on interest rate swaps	—	6	9	3
Pension and postretirement benefits	5	2	8	6
Total other comprehensive income (loss), net of tax	34	(22)	104	(49)
Total comprehensive income (loss), net of tax	237	138	449	125
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—
Comprehensive income (loss) attributable to Celanese Corporation	237	138	449	125

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

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of June 30, 2011	As of December 31, 2010
	(In $ millions, except share data)	
ASSETS		
Current assets		
Cash and cash equivalents	741	740
Trade receivables - third party and affiliates (net of allowance for doubtful accounts - 2011: $9; 2010: $12)	1,027	827
Non-trade receivables, net	239	253
Inventories	779	610
Deferred income taxes	95	92
Marketable securities, at fair value	70	78
Assets held for sale	—	9
Other assets	63	59
Total current assets	3,014	2,668
Investments in affiliates	838	838
Property, plant and equipment (net of accumulated depreciation - 2011: $1,261; 2010: $1,131)	3,273	3,017
Deferred income taxes	434	443
Other assets	309	289
Goodwill	813	774
Intangible assets, net	238	252
Total assets	8,919	8,281
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	155	228
Trade payables - third party and affiliates	786	673
Other liabilities	575	596
Deferred income taxes	30	28
Income taxes payable	95	17
Total current liabilities	1,641	1,542
Long-term debt	2,893	2,990
Deferred income taxes	124	116
Uncertain tax positions	290	273
Benefit obligations	1,321	1,359
Other liabilities	1,277	1,075
Commitments and contingencies		
Shareholders' equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized (2011 and 2010: 0 issued and outstanding)	—	—
Series A common stock, $0.0001 par value, 400,000,000 shares authorized (2011: 178,886,161 issued and 156,343,130 outstanding; 2010: 178,028,571 issued and 155,759,293 outstanding)	—	—
Series B common stock, $0.0001 par value, 100,000,000 shares authorized (2011 and 2010: 0 issued and outstanding)	—	—

Treasury stock, at cost (2011: 22,543,031 shares; 2010: 22,269,278 shares)	(842)	(829)
Additional paid-in capital	601	574
Retained earnings	2,180	1,851
Accumulated other comprehensive income (loss), net	(566)	(670)
Total Celanese Corporation shareholders' equity	1,373	926
Noncontrolling interests	—	—
Total shareholders' equity	1,373	926
Total liabilities and shareholders' equity	8,919	8,281

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

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Six Months Ended June 30, 2011	
	Shares	Amount
	(In $ millions, except share data)	
Preferred stock		
Balance as of the beginning of the period	—	—
Issuance of preferred stock	—	—
Balance as of the end of the period	—	—
Series A common stock		
Balance as of the beginning of the period	155,759,293	—
Stock option exercises	706,330	—
Purchases of treasury stock	(273,753)	—
Stock awards	151,260	—
Balance as of the end of the period	156,343,130	—
Treasury stock		
Balance as of the beginning of the period	22,269,278	(829)
Purchases of treasury stock, including related fees	273,753	(13)
Balance as of the end of the period	22,543,031	(842)
Additional paid-in capital		
Balance as of the beginning of the period		574
Stock-based compensation, net of tax		10
Stock option exercises, net of tax		17
Balance as of the end of the period		601
Retained earnings		
Balance as of the beginning of the period		1,851
Net earnings (loss) attributable to Celanese Corporation		345
Series A common stock dividends		(16)
Balance as of the end of the period		2,180
Accumulated other comprehensive income (loss), net		
Balance as of the beginning of the period		(670)
Other comprehensive income (loss)		104
Balance as of the end of the period		(566)
Total Celanese Corporation shareholders' equity		1,373
Noncontrolling interests		
Balance as of the beginning of the period		—
Net earnings (loss) attributable to noncontrolling interests		—
Balance as of the end of the period		—
Total shareholders' equity		1,373

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

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2011	2010
	(In $ millions)	
Operating activities		
Net earnings (loss)	345	174
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Other charges (gains), net of amounts used	(11)	35
Depreciation, amortization and accretion	151	159
Deferred income taxes, net	(2)	(10)
(Gain) loss on disposition of businesses and assets, net	—	(15)
Refinancing expense	3	—
Value-added tax on deferred proceeds from Ticona Kelsterbach plant relocation	18	—
Other, net	42	30
Operating cash provided by (used in) discontinued operations	2	2
Changes in operating assets and liabilities		
Trade receivables - third party and affiliates, net	(195)	(150)
Inventories	(145)	(32)
Other assets	(11)	24
Trade payables - third party and affiliates	102	28
Other liabilities	17	(26)
Net cash provided by (used in) operating activities	316	219
Investing activities		
Capital expenditures on property, plant and equipment	(151)	(78)
Acquisitions, net of cash acquired	(8)	(46)
Proceeds from sale of businesses and assets, net	5	20
Deferred proceeds from Ticona Kelsterbach plant relocation	158	—
Capital expenditures related to Ticona Kelsterbach plant relocation	(114)	(151)
Other, net	(23)	(20)
Net cash provided by (used in) investing activities	(133)	(275)
Financing activities		
Short-term borrowings (repayments), net	(34)	(9)
Proceeds from long-term debt	411	—
Repayments of long-term debt	(553)	(38)
Refinancing costs	(8)	—
Purchases of treasury stock, including related fees	(13)	(20)
Stock option exercises	17	4
Series A common stock dividends	(16)	(12)
Preferred stock dividends	—	(3)
Other, net	(2)	—
Net cash provided by (used in) financing activities	(198)	(78)
Exchange rate effects on cash and cash equivalents	16	(39)
Net increase (decrease) in cash and cash equivalents	1	(173)
Cash and cash equivalents at beginning of period	740	1,254
Cash and cash equivalents at end of period	741	1,081

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

CELANESE CORPORATION AND SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Description of the Company and Basis of Presentation

Description of the Company

Celanese Corporation and its subsidiaries (collectively, the “Company”) is a global technology and specialty materials company. The Company’s business involves processing chemical raw materials, such as methanol, carbon monoxide and ethylene, and natural products, including wood pulp, into value-added chemicals, thermoplastic polymers and other chemical-based products.

Basis of Presentation

The unaudited interim consolidated financial statements for the three and six months ended June 30, 2011 and 2010 contained in this Quarterly Report on Form 10-Q (“Quarterly Report”) were prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for all periods presented. The unaudited interim consolidated financial statements and other financial information included in this Quarterly Report, unless otherwise specified, have been presented to separately show the effects of discontinued operations. In this Quarterly Report, the term “Celanese” refers to Celanese Corporation, a Delaware corporation, and not its subsidiaries. The term “Celanese US” refers to the Company’s subsidiary, Celanese US Holdings LLC, a Delaware limited liability company, and not its subsidiaries.

In the opinion of management, the accompanying unaudited consolidated balance sheets and related unaudited interim consolidated statements of operations, comprehensive income (loss), cash flows and shareholders’ equity include all adjustments, consisting only of normal recurring items necessary for their fair presentation in conformity with US GAAP. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission (“SEC”). These unaudited interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements as of and for the year ended December 31, 2010, filed on February 11, 2011 with the SEC as part of the Company’s Annual Report on Form 10-K.

Operating results for the three and six months ended June 30, 2011 are not necessarily indicative of the results to be expected for the entire year.

In the ordinary course of business, the Company enters into contracts and agreements relative to a number of topics, including acquisitions, dispositions, joint ventures, supply agreements, product sales and other arrangements. The Company endeavors to describe those contracts or agreements that are material to its business, results of operations or financial position. The Company may also describe some arrangements that are not material but in which the Company believes investors may have an interest or which may have been included in a Form 8-K filing. Investors should not assume the Company has described all contracts and agreements relative to the Company’s business in this Quarterly Report.

Estimates and Assumptions

The preparation of unaudited interim consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of revenues, expenses and allocated charges during the reporting period. Significant estimates pertain to impairments of goodwill, intangible assets and other long-lived assets, purchase price allocations, restructuring costs and other (charges) gains, net, income taxes, pension and other postretirement benefits, asset retirement obligations, environmental liabilities and loss contingencies, among others. Actual results could differ from those estimates.

Reclassifications

The Company has reclassified certain prior period amounts to conform to the current period’s presentation.

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2. Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-05, Presentation of Comprehensive Income, an amendment to Accounting Standards Codification ("ASC") Topic 220, Comprehensive Income. The update gives companies the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendments in the update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The ASU is effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not expect the impact of adopting this ASU to be material to the Company's financial position, results of operations or cash flows.

In May 2011, the FASB issued FASB ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, an amendment to FASB ASC Topic 820, Fair Value Measurement. The update revises the application of the valuation premise of highest and best use of an asset, the application of premiums and discounts for fair value determination, as well as the required disclosures for transfers between Level 1 and Level 2 fair value measures and the highest and best use of nonfinancial assets. The update provides additional disclosures regarding Level 3 fair value measurements and clarifies certain other existing disclosure requirements. The ASU is effective for the Company for interim and annual periods beginning after December 15, 2011. The Company does not expect the impact of adopting this ASU to be material to the Company's financial position, results of operations or cash flows.

3. Acquisitions, Dispositions, Ventures and Plant Closures

Acquisitions

On February 6, 2011, the Company acquired a business primarily consisting of emulsions process technology from Crown Paints Limited. The acquired operations are included in the Industrial Specialties segment. Pro forma financial information since the acquisition date has not been provided as the acquisition did not have a material impact on the Company's financial information.

The Company allocated the purchase price of the acquisition to developed technology acquired based on its estimated fair value. The excess of purchase price over the fair value of the developed technology was recorded as goodwill. Developed technology was valued using the relief from royalty methodology which is considered a Level 3 measurement under FASB ASC Topic 820, Fair Value Measurement ("FASB ASC Topic 820"). The relief from royalty method estimates the Company's theoretical royalty savings from ownership of the intangible asset. Key assumptions used in this model include discount rates, royalty rates, growth rates, sales projections and terminal value rates, all of which require significant management judgment and, therefore, are susceptible to change.

The consideration paid and the amounts of the intangible assets acquired recognized at the acquisition date are as follows:

	Weighted Average Life (In years)	(In $ millions)
Cash consideration		8
Intangible assets acquired		
Developed technology	4	7
Goodwill		1
Total		8

In May 2010, the Company acquired two product lines, Zenite® liquid crystal polymer ("LCP") and Thermx® polycyclohexylene-dimethylene terephthalate ("PCT"), from DuPont Performance Polymers. The acquisition continues to build upon the Company's position as a global supplier of high performance materials and technology-driven applications. These two product lines broaden the Company's Ticona Engineering Polymers offerings within its Advanced Engineered Materials segment, enabling the Company to respond to a globalizing customer base, especially in the high growth electrical and electronics applications.

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In connection with the acquisition, the Company committed to purchase certain inventories at a future date. As of June 30, 2011, the Company purchased $12 million of inventories. The Company has no further commitment to purchase additional inventories pursuant to the acquisition agreement.

Ventures

The Company indirectly owns a 25% interest in its National Methanol Company ("Ibn Sina") affiliate through CTE Petrochemicals Company ("CTE"), a joint venture with Texas Eastern Arabian Corporation Ltd. (which also indirectly owns 25%). The remaining interest in Ibn Sina is held by Saudi Basic Industries Corporation ("SABIC"). SABIC and CTE entered into an Ibn Sina joint venture agreement in 1981. In April 2010, the Company announced that Ibn Sina will construct a 50,000 ton per year polyacetal ("POM") production facility in Saudi Arabia and that the term of the joint venture agreement was extended until 2032. Ibn Sina's existing natural gas supply contract expires in 2022. Upon successful startup of the POM facility, the Company's indirect economic interest in Ibn Sina will increase from 25% to 32.5% although the Company's indirect ownership interest will remain unchanged. SABIC's economic and ownership interest will remain unchanged. The Ibn Sina equity method investment is included in the Advanced Engineered Materials segment.

Plant Closures

• Spondon, Derby, United Kingdom

In March 2010, the Company assessed the possibility of consolidating its global acetate flake and tow manufacturing operations to strengthen the Company's competitive position, reduce fixed costs and align future production capacities with anticipated industry demand trends. The assessment was also driven by a global shift in product consumption and included considering the probability of closing the Company's acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom. Based on this assessment, the Company concluded that certain long-lived assets were partially impaired. Accordingly, in March 2010, the Company recorded long-lived asset impairment losses of $72 million (Note 13) to Other (charges) gains, net in the unaudited interim consolidated statements of operations. The Spondon, Derby, United Kingdom operations are included in the Consumer Specialties segment.

In April 2010, the Company announced the proposed cessation of operations at the acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom and began the consulting process with employees and their representatives. As a result, in August 2010, the Company announced it would consolidate its global acetate manufacturing capabilities by closing its acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom. The Company expects to serve its acetate customers under this proposal by optimizing its global production network, which includes facilities in Lanaken, Belgium; Narrows, Virginia; and Ocotlan, Mexico, as well as the Company's acetate affiliate facilities in China. The Company expects the closure of the acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom will occur during 2012.

The exit costs and plant shutdown costs recorded in the unaudited interim consolidated statements of operations related to the closure of the acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom (Note 13) are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In $ millions)			
Employee termination benefits	(3)	—	(5)	—
Asset impairments	—	—	—	(72)
Total exit costs recorded to Other (charges) gains, net	(3)	—	(5)	(72)
Accelerated depreciation	(3)	—	(7)	—
Total plant shutdown costs	(3)	—	(7)	—

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• Pardies, France

In July 2009, the Company completed the consultation process with the workers council on its “Project of Closure” and social plan related to the Company’s Pardies, France facility pursuant to which the Company ceased all manufacturing operations and associated activities in December 2009. The Pardies, France operations are included in the Acetyl Intermediates segment.

The exit costs and plant shutdown costs recorded in the unaudited interim consolidated statements of operations related to the Project of Closure (Note 13) are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In $ millions)			
Employee termination benefits	(1)	(1)	(2)	(2)
Asset impairments	—	—	—	(1)
Contract termination costs	—	—	—	(3)
Reindustrialization costs	—	—	—	(3)
Total exit costs recorded to Other (charges) gains, net	(1)	(1)	(2)	(9)
Inventory write-offs	—	—	—	(4)
Other	(2)	—	(2)	(5)
Total plant shutdown costs	(2)	—	(2)	(9)

4. Marketable Securities, at Fair Value

The Company’s captive insurance companies and nonqualified pension trusts hold available-for-sale securities for capitalization and funding requirements, respectively.

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

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
	(In $ millions)			
Mutual funds	70	—	—	70
As of June 30, 2011	70	—	—	70
US corporate debt securities	1	—	—	1
Mutual funds	77	—	—	77
As of December 31, 2010	78	—	—	78

5. Inventories

	As of June 30, 2011	As of December 31, 2010
	(In $ millions)	
Finished goods	588	442
Work-in-process	34	31
Raw materials and supplies	157	137
Total	779	610

6. Goodwill and Intangible Assets, Net

Goodwill

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
	(In $ millions)				
As of December 31, 2010					
Goodwill	299	249	35	191	774
Accumulated impairment losses	—	—	—	—	—
Total	299	249	35	191	774
Acquisitions (Note 3)	—	—	1	—	1
Exchange rate changes	11	9	1	17	38
As of June 30, 2011					
Goodwill	310	258	37	208	813
Accumulated impairment losses	—	—	—	—	—
Total	310	258	37	208	813

Intangible Assets, Net

	Trademarks and Trade Names	Licenses	Customer-Related Intangible Assets	Developed Technology	Covenants Not to Compete and Other	Total
	(In $ millions)					
Gross Asset Value						
As of December 31, 2010	88	30	526	20	23	687
Acquisitions (Note 3)	—	—	—	7	—	7
Exchange rate changes	4	1	34	—	(1)	38
As of June 30, 2011	92	31	560	27	22	732
Accumulated Amortization						
As of December 31, 2010	(5)	(10)	(395)	(11)	(14)	(435)
Amortization	—	(2)	(28)	(1)	(2)	(33)
Exchange rate changes	—	1	(25)	(1)	(1)	(26)
As of June 30, 2011	(5)	(11)	(448)	(13)	(17)	(494)
Net book value	87	20	112	14	5	238

Amortization expense for intangible assets with finite lives is recorded in the unaudited interim consolidated statements of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In $ millions)			
Amortization of intangible assets	17	15	33	30

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

	(In $ millions)
2012	49
2013	31
2014	19
2015	8
2016	5

The Company’s trademarks and trade names have an indefinite life. Accordingly, no amortization expense is recorded on these intangible assets. For the six months ended June 30, 2011, the Company did not renew or extend any intangible assets.

7. Current Other Liabilities

	As of June 30, 2011	As of December 31, 2010
	(In $ millions)	
Salaries and benefits	103	111
Environmental (Note 11)	22	16
Restructuring (Note 13)	49	57
Insurance	21	27
Asset retirement obligations	36	31
Derivatives (Note 15)	56	69
Current portion of benefit obligations	49	49
Interest	28	29
Sales and use tax/foreign withholding tax payable	27	15
Uncertain tax positions	12	15
Other	172	177
Total	575	596

8. Noncurrent Other Liabilities

	As of June 30, 2011	As of December 31, 2010
	(In $ millions)	
Environmental (Note 11)	81	85
Insurance	75	69
Deferred revenue	38	41
Deferred proceeds[1]	1,000	786
Asset retirement obligations	38	46
Derivatives (Note 15)	11	14
Income taxes payable	5	4
Other	29	30
Total	1,277	1,075

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(1) Primarily relates to proceeds received from the Frankfurt, Germany Airport as part of a settlement for the Company to relocate its Kelsterbach, Germany Ticona operations, included in the Advanced Engineered Materials segment, to a new site (Note 20). Such proceeds will be deferred until the transfer of title to the Frankfurt, Germany Airport. The Company recognized $8 million of deferred proceeds during the three months ended June 30, 2011 related to the completed sale of its Pampa, Texas facility included in the Acetyl Intermediates segment. Plant assets with a net book value of $9 million related to the Company's Pampa, Texas facility were included in Assets Held for Sale as of December 31, 2010.

9. Debt

	As of June 30, 2011	As of December 31, 2010
	(In $ millions)	
Short-term borrowings and current installments of long-term debt - third party and affiliates		
Current installments of long-term debt	58	74
Short-term borrowings, including amounts due to affiliates, weighted average interest rate of 4.4%	97	154
Total	155	228
Long-term debt		
Senior credit facilities		
Term B loan facility due 2014	—	508
Term C loan facility due 2016	1,424	1,409
Senior unsecured notes due 2018, interest rate of 6.625%	600	600
Senior unsecured notes due 2021, interest rate of 5.875%	400	—
Pollution control and industrial revenue bonds, interest rates ranging from 5.7% to 6.7%, due at various dates through 2030	181	181
Obligations under capital leases due at various dates through 2054	232	245
Other bank obligations, interest rates ranging from 1.5% to 6.3%, due at various dates through 2017	114	121
Subtotal	2,951	3,064
Current installments of long-term debt	(58)	(74)

Total	2,893	2,990

Senior Notes

In September 2010, Celanese US completed an offering of $600 million in aggregate principal amount of 6.625% senior unsecured notes due 2018 in a private placement conducted pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). On April 14, 2011, Celanese US issued $600 million aggregate principal amount of 6.625% senior unsecured notes (the “6.625% Notes”) in exchange for tendered 6.625% senior unsecured notes issued under the private placement in an exchange offer registered under the Securities Act. The 6.625% Notes have substantially identical terms as the notes issued under the private placement except the transfer restrictions, registration rights and rights to increased interest in addition to the stated interest rate do not apply to the exchange notes. The 6.625% Notes are guaranteed on a senior unsecured basis by Celanese and each of the domestic subsidiaries of Celanese US that guarantee its obligations under its senior secured credit facilities (the “Subsidiary Guarantors”).

The 6.625% Notes were issued under an indenture dated September 24, 2010 (the “Indenture”) among Celanese US, Celanese, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee. Celanese US will pay interest on the 6.625% Notes on April 15 and October 15 of each year commencing on April 15, 2011. The 6.625% Notes are redeemable, in whole or in part, at any time on or after October 15, 2014 at the redemption prices specified in the Indenture. Prior to October 15, 2014, Celanese US may redeem some or all of the 6.625% Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, plus a “make-whole” premium as specified in the Indenture. The 6.625% Notes are senior unsecured obligations of Celanese US and rank equally in right of payment with all other unsubordinated indebtedness of Celanese US.

The Indenture contains covenants, including, but not limited to, restrictions on the Company’s and its subsidiaries’ ability to incur indebtedness; grant liens on assets; merge, consolidate, or sell assets; pay dividends or make other restricted payments; engage in transactions with affiliates; or engage in other businesses.

On May 6, 2011, Celanese US completed anoffering of $400 million in aggregate principal amount of 5.875% senior unsecured notes due 2021 (the “5.875% Notes”) in a public offering registered under the Securities Act. The 5.875% Notes are guaranteed on a senior unsecured basis by Celanese and the Subsidiary Guarantors.

The 5.875% Notes were issued under an indenture and a first supplemental indenture, each dated May 6, 2011 (the “First Supplemental Indenture”) among Celanese US, Celanese, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee. Celanese US will pay interest on the 5.875% Notes on June 15 and December 15 of each year commencing on December 15, 2011. Prior to June 15, 2021, Celanese US may redeem some or all of the 5.875% Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, plus a “make-whole” premium as specified in the First Supplemental Indenture. The 5.875% Notes are senior unsecured obligations of Celanese US and rank equally in right of payment with all other unsubordinated indebtedness of Celanese US.

As a result of the issuance of the 5.875% Notes, the Company accelerated amortization of deferred financing costs of $3 million which is recorded as Refinancing expense in the unaudited interim consolidated statements of operations. In addition, the Company recorded deferred financing costs of $8 million which are being amortized over the term of the 5.875% Notes. These deferred financing costs combined with existing deferred financing costs of $20 million are included in noncurrent Other assets on the unaudited consolidated balance sheet as of June 30, 2011.

The First Supplemental Indenture contains covenants, including, but not limited to, restrictions on the Company’s and its subsidiaries’ ability to incur indebtedness; grant liens on assets; merge, consolidate, or sell assets; pay dividends or make other restricted payments; engage in transactions with affiliates; or engage in other businesses.

Senior Credit Facilities

In September 2010, Celanese US, Celanese, and certain of the domestic subsidiaries of Celanese US entered into an amendment agreement (the “Amendment Agreement”) with the lenders under Celanese US’s existing senior secured credit facilities in order to amend and restate the corresponding Credit Agreement, dated as of April 2, 2007 (as previously amended, the “Existing Credit Agreement”, and as amended and restated by the Amendment Agreement, the “Amended Credit Agreement”). Our Amended Credit Agreement consists of the Term C loan facility having principal amounts of $1,140 million of US dollar-denominated and €204 million of Euro-denominated term loans, the Term B loan facility having principal amounts of $417 million US dollar-denominated and €69 million of Euro-denominated term loans, a $600 million revolving credit facility terminating in 2015 and a $228 million credit-linked revolving facility terminating in 2014.

On May 6, 2011, Celanese US, through its subsidiaries, prepaid its outstanding Term B loan facility under the Amendment Agreement set to mature in 2014 with an aggregate principal amount of $516 million using proceeds from the 5.875% Notes and cash on hand.
A summary of the prepayment on the outstanding borrowings under the Senior Credit Facilities is as follows:

	US dollar-denominated term loan	Euro dollar-denominated term loan	Maturity Date
	(In millions)		
Balance as of December 31, 2010	$1,553	€ 272	
Term B loan facility principal paydown on May 6, 2011	(414)	(69)	
1% annual amortization payment of principal pro-rated on January 4, 2011 and April 4, 2011	(8)	(1)	
Balance as of June 30, 2011 (Term C loan facility)	$1,131	€ 202	October 31, 2016

Borrowings under the Amended Credit Agreement bear interest at a variable interest rate based on LIBOR (for US dollars) or EURIBOR (for Euros), or, for US dollar-denominated loans under certain circumstances, a base rate, in each case plus a margin. The margin may increase or decrease 0.25% based on the following:

	Estimated Margin as of June 30, 2011	Estimated Margin Decreases .25% If the Estimated Total Net Leverage is:	Estimated Margin Increases .25% If the Estimated Total Net Leverage is:	Estimated Total Net Leverage Ratio as of June 30, 2011
Credit-linked revolving facility	1.50%	not applicable	> 2.25:1.00	1.66
Term C	2.75%	< = 1.75:1.00	> 2.25:1.00	1.66

The margin for borrowings under the revolving credit facility is currently 2.50% above LIBOR or EURIBOR, as applicable, subject to increase or reduction in certain circumstances based on changes in the Company’s corporate credit ratings. Term loan borrowings under the Amended Credit Agreement are subject to amortization at 1% of the initial principal amount per annum, payable quarterly.
The Amended Credit Agreement is guaranteed by Celanese and certain domestic subsidiaries of Celanese US and is secured by a lien on substantially all assets of Celanese US and such guarantors, subject to certain agreed exceptions (including for certain real property and certain shares of foreign subsidiaries), pursuant to the Guarantee and Collateral Agreement, dated as of April 2, 2007.
As a condition to borrowing funds or requesting letters of credit be issued under the revolving facility, the Company’s first lien senior secured leverage ratio (as calculated as of the last day of the most recent fiscal quarter for which financial statements have been delivered under the revolving facility) cannot exceed the threshold as specified below. Further, the Company’s first lien senior secured leverage ratio must be maintained at or below that threshold while any amounts are outstanding under the revolving credit facility.
The Company’s first lien senior secured leverage ratios and the borrowing capacity under the revolving credit facility are as follows:

	As of June 30, 2011			
	Maximum	Estimate	Estimate, if Fully Drawn	Borrowing Capacity
				(In $ millions)
First lien senior secured leverage ratio	3.90 to 1.00	1.15 to 1.00	1.62 to 1.00	600

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The balances available for borrowing under the revolving credit facility and the credit-linked revolving facility are as follows:

	As of June 30, 2011 (In $ millions)
Revolving credit facility	
Borrowings outstanding	—
Letters of credit issued	—
Available for borrowing	600
Credit-linked revolving facility	
Letters of credit issued	81
Available for borrowing	147

The Amended Credit Agreement contains covenants including, but not limited to, restrictions on the Company's and its subsidiaries' ability to incur indebtedness; grant liens on assets; merge, consolidate, or sell assets; pay dividends or make other restricted payments; make investments; prepay or modify certain indebtedness; engage in transactions with affiliates; enter into sale-leaseback transactions or hedge transactions; or engage in other businesses.

The Amended Credit Agreement also maintains a number of events of default, including a cross default to other debt of Celanese, Celanese US, or their subsidiaries, including the 6.625% Notes and 5.875% Notes, in an aggregate amount equal to more than $40 million and the occurrence of a change of control. Failure to comply with these covenants, or the occurrence of any other event of default, could result in acceleration of the borrowings and other financial obligations under the Amended Credit Agreement.

The Company is in compliance with all of the covenants related to its debt agreements as of June 30, 2011.

10. Benefit Obligations

The components of net periodic benefit costs are as follows:

	Pension Benefits		Postretirement Benefits		Pension Benefits		Postretirement Benefits	
	Three Months Ended June 30,				Six Months Ended June 30,			
	2011	2010	2011	2010	2011	2010	2011	2010
	(In $ millions)				(In $ millions)			
Service cost	7	8	1	1	14	16	1	1
Interest cost	45	48	2	3	91	96	6	7
Expected return on plan assets	(51)	(50)	—	—	(101)	(100)	—	—
Recognized actuarial (gain) loss	8	2	—	(1)	15	4	(1)	(2)
Curtailment (gain) loss	—	(1)	—	—	(1)	(3)	—	—
Total	9	7	3	3	18	13	6	6

The Company's commitments to fund benefit obligations during 2011 are as follows:

	As of June 30, 2011	Expected for 2011
	(In $ millions)	
Cash contributions to defined benefit pension plans	46	164
Benefit payments from nonqualified trusts related to nonqualified pension plans	8	15
Benefit payments to other postretirement benefit plans	14	27

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

The Company participates in a multiemployer defined benefit plan in Germany covering certain employees. The Company's contributions to the multiemployer defined benefit plan are based on specified percentages of employee contributions and totaled $3 million for the six months ended June 30, 2011.

11. Environmental

General

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

Environmental remediation reserves recorded in the unaudited consolidated balance sheets are categorized as follows:

	As of June 30, 2011	As of December 31, 2010
	(In $ millions)	
Demerger obligations (Note 17)	37	36
Divestiture obligations (Note 17)	25	26
US Superfund sites	14	13
Other environmental remediation reserves	27	26
Total	103	101

Remediation

Due to its industrial history and through retained contractual and legal obligations, the Company has the obligation to remediate specific areas on its own sites as well as on divested, orphan or US Superfund sites (as defined below). In addition, as part of the demerger agreement between the Company and Hoechst AG ("Hoechst"), a specified portion of the responsibility for environmental liabilities from a number of Hoechst divestitures was transferred to the Company (Note 17). The Company provides for such obligations when the event of loss is probable and reasonably estimable. The Company believes that environmental remediation costs will not have a material adverse effect on the financial position of the Company, but may have a material adverse effect on the results of operations or cash flows in any given accounting period.

US Superfund Sites

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

As events progress at each site for which it has been named a PRP, the Company accrues, as appropriate, a liability for site cleanup. Such liabilities include all costs that are probable and can be reasonably estimated. In establishing these liabilities, the Company considers its shipment of waste to a site, its percentage of total waste shipped to the site, the types of wastes involved, the conclusions of any studies, the magnitude of any remedial actions that may be necessary and the number and viability of other PRPs. Often the Company joins with other PRPs to sign joint defense agreements that settle, among PRPs, each party's percentage allocation of costs at the site. Although the ultimate liability may differ from the estimate, the Company routinely reviews the liabilities and revises the estimate, as appropriate, based on the most current information available.

12. Shareholders' Equity

Preferred Stock

In February 2010, the Company delivered notice to the holders of its 4.25% Convertible Perpetual Preferred Stock (the "Preferred Stock") that it was calling for the redemption of all 9,600,000 outstanding shares of Preferred Stock. Holders of the Preferred Stock were entitled to convert each share of Preferred Stock into 1.2600 shares of the Company's Series A Common Stock, par value $0.0001 per share ("Common Stock"). Holders of the Preferred Stock elected to convert 9,591,276 shares of Preferred Stock into an aggregate of 12,084,942 shares of Common Stock. The 8,724 shares of Preferred Stock that remained outstanding after such conversions were redeemed by the Company for 7,437 shares of Common Stock, in accordance with the terms of the Preferred Stock. In addition to the shares of Common Stock issued in respect of the shares of Preferred Stock converted and redeemed, the Company paid cash in lieu of fractional shares.

Common Stock

The Company's Board of Directors follows a policy of declaring, subject to legally available funds, a quarterly cash dividend on each share of the Company's Series A common stock unless the Company's Board of Directors, in its sole discretion, determines otherwise. The amount available to pay cash dividends is restricted by the Company's Amended Credit Agreement, the 6.625% Notes and the 5.875% Notes.

On April 25, 2011, the Company announced that its Board of Directors approved a 20% increase in the Company's quarterly Common Stock cash dividend. The Board of Directors increased the quarterly dividend rate from $0.05 to $0.06 per share of Common Stock on a quarterly basis and $0.20 to $0.24 per share of Common Stock on an annual basis. The new dividend rate is applicable to dividends payable beginning in August 2011.

Treasury Stock

The Company's Board of Directors authorized the repurchase of the Company's Common Stock as follows:

Date of Board Authorization	Authorization Amount
	(In $ millions)
February 2008	400
October 2008	100
April 2011	129
As of June 30, 2011	629

The authorization gives management discretion in determining the timing and conditions under which shares may be repurchased.

The number of shares repurchased and the average purchase price paid per share pursuant to this authorization are as follows:

	Six Months Ended June 30,		Total From February 2008 Through
	2011	2010	June 30, 2011
Shares repurchased	273,753	678,592	11,704,545
Average purchase price per share	$47.54	$29.47	$37.48
Amount spent on repurchased shares (in millions)	$13	$20	$439

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

Other Comprehensive Income (Loss), Net

Components of Other comprehensive income (loss) with related tax effects are as follows:

	Three Months Ended June 30,					
	2011			2010		
	Gross Amount	Income Tax (Provision) Benefit	Net Amount	Gross Amount	Income Tax (Provision) Benefit	Net Amount
	(In $ millions)					
Unrealized gain (loss) on marketable securities	—	—	—	(2)	—	(2)
Foreign currency translation	29	—	29	(28)	—	(28)
Unrealized gain (loss) on interest rate swaps	1	(1)	—	9	(3)	6
Pension and postretirement benefits	7	(2)	5	2	—	2
Total	37	(3)	34	(19)	(3)	(22)

	Six Months Ended June 30,					
	2011			2010		
	Gross Amount	Income Tax (Provision) Benefit	Net Amount	Gross Amount	Income Tax (Provision) Benefit	Net Amount
	(In $ millions)					
Unrealized gain (loss) on marketable securities	—	—	—	1	—	1
Foreign currency translation	87	—	87	(59)	—	(59)
Unrealized gain (loss) on interest rate swaps	15	(6)	9	7	(4)	3
Pension and postretirement benefits	13	(5)	8	7	(1)	6
Total	115	(11)	104	(44)	(5)	(49)

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

	Unrealized Gain (Loss) on Marketable Securities	Foreign Currency Translation	Unrealized Gain (Loss) on Interest Rate Swaps	Pension and Postretire-ment Benefits	Accumulated Other Comprehensive Income (Loss), Net
	(In $ millions)				
Balance as of December 31, 2010	(1)	(1)	(84)	(584)	(670)
Current period change	—	87	15	13	115
Income tax (provision) benefit	—	—	(6)	(5)	(11)
Balance as of June 30, 2011	(1)	86	(75)	(576)	(566)

13. Other (Charges) Gains, Net

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
	(In $ millions)			
Employee termination benefits	(9)	(4)	(13)	(9)
Ticona Kelsterbach plant relocation (Note 20)	(16)	(4)	(29)	(10)
Plumbing actions (Note 17)	4	2	4	14
Asset impairments	—	—	—	(73)
Plant/office closures	—	—	—	(5)
Resolution of commercial disputes	2	—	22	—
Other	1	—	1	—
Total	(18)	(6)	(15)	(83)

2011

As a result of the Company’s Pardies, France Project of Closure and the previously announced closure of the Company’s Spondon, Derby, United Kingdom facility (Note 3), the Company recorded $2 million and $5 million, respectively, of employee termination benefits during the six months ended June 30, 2011. Additionally, the Company recorded $4 million of employee termination benefits during the three months ended June 30, 2011 related to the relocation of the Company's Ticona operations located in Kelsterbach, Germany (Note 20).

During the six months ended June 30, 2011, the Company received consideration of $17 million in connection with the settlement of a claim against a bankrupt supplier. In addition, the Company recovered an additional $4 million from the settlement of unrelated commercial disputes. These commercial dispute resolutions are included in the Acetyl Intermediates segment.

2010

In 2010, the Company concluded that certain long-lived assets were partially impaired at its acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom (Note 3). Accordingly, the Company wrote down the related property, plant and equipment to its fair value, resulting in long-lived asset impairment losses of $72 million for the three months ended March 31, 2010. The Company calculated the fair value using a discounted cash flow model incorporating discount rates commensurate with the risks involved for the reporting unit which is classified as a Level 3 measurement under FASB ASC Topic 820. The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment.

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

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other	Total
	(In $ millions)					
Employee Termination Benefits						
Reserve as of December 31, 2010	3	16	—	24	10	53
Additions	4	5	—	—	2	11
Cash payments	(2)	—	—	(15)	(2)	(19)
Other changes	—	—	—	—	—	—
Exchange rate changes	—	—	—	1	1	2
Reserve as of June 30, 2011	5	21	—	10	11	47
Plant/Office Closures						
Reserve as of December 31, 2010	—	—	—	3	1	4
Additions	—	—	—	—	—	—
Cash payments	—	—	—	(2)	—	(2)
Exchange rate changes	—	—	—			