

Celanese CORP
Form 10-Q
July 22, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ 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

☐ 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)

(972) 443-4000

75234-6034

(Zip Code)

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

(§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

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 ☒

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

TABLE OF CONTENTS

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	<u>3</u>
a) <u>Unaudited Interim Consolidated Statements of Operations for the three and six months ended June 30, 2011 and 2010</u>	<u>3</u>
b) <u>Unaudited Interim Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2011 and 2010</u>	<u>4</u>
c) <u>Unaudited Consolidated Balance Sheets as of June 30, 2011 and December 31, 2010</u>	<u>5</u>
d) <u>Unaudited Interim Consolidated Statement of Shareholders' Equity for the six months ended June 30, 2011</u>	<u>6</u>
e) <u>Unaudited Interim Consolidated Statements of Cash Flows for the six months ended June 30, 2011 and 2010</u>	<u>7</u>
f) <u>Notes to the Unaudited Interim Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>44</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>59</u>
<u>Item 4. Controls and Procedures</u>	<u>59</u>
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>59</u>
<u>Item 1A. Risk Factors</u>	<u>60</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>60</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>60</u>
<u>Item 4. [Removed and Reserved]</u>	<u>61</u>
<u>Item 5. Other Information</u>	<u>61</u>
<u>Item 6. Exhibits</u>	<u>61</u>
<u>Signatures</u>	<u>62</u>

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

Edgar Filing: Celanese CORP - Form 10-Q

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 (In \$ millions, except share data)	As of December 31, 2010
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)	—	—

Edgar Filing: Celanese CORP - Form 10-Q

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.

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 Therm[®] 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.

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

- 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, 2011		2010		Six Months Ended June 30, 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, 2011		Six Months Ended June 30, 2011	
	2010		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

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,

- ⁽¹⁾ 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
-------	-------	-------

14

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 an offering of \$400 million in aggregate principal amount of 5.875% senior unsecured notes due 2021 (the “5.875% Notes”) in a public offering registered under the Securities Act. The 5.875% Notes are guaranteed on a senior unsecured basis by Celanese and the Subsidiary Guarantors.

The 5.875% Notes were issued under an indenture and a first supplemental indenture, each dated May 6, 2011 (the “First Supplemental Indenture”) among Celanese US, Celanese, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee. Celanese US 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 (In millions)	Euro dollar-denominated term loan	Maturity Date
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 Leverage is:	Increases .25% Estimated Total Net Leverage Ratio as of June 30, 2011
Credit-linked revolving facility	1.50 %	not applicable	> 2.25:1.00
Term C	2.75 %	<= 1.75:1.00	> 2.25:1.00

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

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:

	Postretirement Pension Benefits				Postretirement Pension 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)
Curtailement (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 (In \$ millions)	Expected for 2011
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 (In \$ millions)	As of December 31, 2010
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		Total From
	June 30,	2010	February 2008 Through
	2011		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 (In \$ millions)	Foreign Currency Translation	Unrealized Gain (Loss) on Interest Rate Swaps	Pension and Postretire- ment Benefits	Accumulated Other Comprehensive Income (Loss), Net
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 June 30, 2011		2010		Six Months Ended June 30, 2011		2010	

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

	Advanced Engineered Materials (In \$ millions)	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other	Total
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	—	—	—	—	—	—
Reserve as of June 30, 2011	—	—	—	1	1	2
Total	5	21	—	11	12	49

14. Income Taxes

	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
	2010		2010	
	(In percentages)			
Effective income tax rate	27	27	25	19

The effective tax rate for the three and six months ended June 30, 2011 differs from the statutory rate due to foreign rate differentials, holiday incentives in various jurisdictions, partially offset by foreign losses providing no tax benefit, US deemed income inclusions, and changes in uncertain tax positions.

The higher effective tax rate for the six months ended June 30, 2011 was primarily due to the 2010 effect of tax legislation in Mexico, partially offset by foreign losses not resulting in tax benefits and the effect of healthcare reform in the US.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were enacted. Under the new legislation, in years subsequent to 2012, the tax deductible prescription coverage is reduced by the amount of the subsidy offered under Medicare Part D. As a result, the Company reduced its deferred tax asset related to postretirement prescription drug coverage by the amount of the subsidy to be received subsequent to 2012. This reduction of \$7 million to the Company's deferred tax asset was recorded to Income tax (provision) benefit in the unaudited interim consolidated statements of operations during the three months ended March 31, 2010. In March 2010, the Mexican tax authorities issued Miscellaneous Tax Resolutions ("MTRs") to clarify various provisions included in the 2010 Mexican Tax Reform Bill ("Tax Reform Bill") related to recapture amounts for 2004 and prior years, including certain aspects of the recapture rules related to income tax loss carryforwards, intercompany dividends and differences between consolidated and individual Mexican tax earnings and profits. At March 31, 2010, the application of the MTRs resulted in a reduction of \$43 million to the \$73 million income tax impact of the Tax Reform Bill that was initially recorded by the Company during the year ended December 31, 2009.

In December 2010, the Mexican tax authorities issued additional MTRs addressing tax year 2005 and subsequent periods. The MTRs issued in March 2010 and December 2010 eliminated the recapture tax on losses for which no tax benefit was received in consolidation and also clarified certain other aspects of the Tax Reform Bill originally enacted in December 2009. The December 2010 MTRs resulted in an additional reduction of \$27 million to the tax liability previously recorded by the Company. After inflation and exchange rate changes, the Company's tax liability at June 30, 2011 related to the combined Tax Reform Bill and 2010 MTRs is \$5 million payable from 2012 to 2018. The Company's US tax returns for the years 2006, 2007 and 2008 are currently under audit by the US Internal Revenue Service and certain of the Company's subsidiaries are under audit in jurisdictions outside of the US. In addition, certain statutes of limitations are scheduled to expire in the near future. It is reasonably possible that a further change in the unrecognized tax benefits may occur within the next twelve months related to the settlement of one or more of these audits or the lapse of applicable statutes of limitations; however, an estimated range of the impact on the unrecognized tax benefits cannot be quantified at this time.

15. Derivative Financial Instruments

To reduce the interest rate risk inherent in the Company's variable rate debt, the Company utilizes interest rate swap agreements to convert a portion of its variable rate debt into a fixed rate obligation. These interest rate swap agreements are designated as cash flow hedges. If an interest rate swap agreement is terminated prior to its maturity, the amount previously recorded in Accumulated other comprehensive income (loss), net is recognized into earnings over the period that the hedged transaction impacts earnings. If the hedging relationship is discontinued because it is probable that the forecasted transaction will not occur according to the original strategy, any related amounts previously recorded in Accumulated other comprehensive income (loss), net are recognized into earnings immediately.

US-dollar interest rate swap derivative arrangements are as follows:

As of June 30, 2011

Notional Value (In \$ millions)	Effective Date	Expiration Date	Fixed Rate ⁽¹⁾	
800	April 2, 2007	January 2, 2012	4.92	%
400	January 2, 2008	January 2, 2012	4.33	%
200	April 2, 2009	January 2, 2012	1.92	%
1,100	January 2, 2012	January 2, 2014	1.71	%

⁽¹⁾ Fixes the LIBOR portion of the Company's US-dollar denominated variable rate borrowings (Note 9).

As of December 31, 2010

Notional Value (In \$ millions)	Effective Date	Expiration Date	Fixed Rate ⁽¹⁾	
100	April 2, 2007	January 2, 2011	4.92	%
800	April 2, 2007	January 2, 2012	4.92	%
400	January 2, 2008	January 2, 2012	4.33	%
200	April 2, 2009	January 2, 2012	1.92	%
1,100	January 2, 2012	January 2, 2014	1.71	%

⁽¹⁾ Fixes the LIBOR portion of the Company's US-dollar denominated variable rate borrowings (Note 9).

Euro interest rate swap derivative arrangements are as follows:

As of December 31, 2010

Notional Value (In € millions)	Effective Date	Expiration Date	Fixed Rate ⁽¹⁾	
150	April 2, 2007	April 2, 2011	4.04	%

⁽¹⁾ Fixes the EURIBOR portion of the Company's Euro denominated variable rate borrowings (Note 9).

The Company did not enter into a new Euro interest rate swap arrangement upon the expiration of the existing Euro interest rate swap arrangement on April 2, 2011.

The Company held US-dollar variable rate to fixed rate interest rate swaps with a notional value of \$1.4 billion that were effective as of May 6, 2011. Upon issuance of the 5.875% Notes and prepayment of the Term B loan facility (Note 9), it became probable that the hedged interest payments associated with \$275 million of variable rate debt would not occur. The Company, therefore, dedesignated as cash flow hedges US-dollar interest rate swaps with a notional value of \$275 million. Accordingly, a loss of \$3 million related to the dedesignated US-dollar interest rate swaps, which was previously included in Accumulated other comprehensive income (loss), net, was reclassified into Interest expense in the unaudited interim consolidated statements of operations during the three months ended June 30, 2011. Future mark-to-market adjustments on these dedesignated interest rate swaps will be recorded in Interest expense through their maturity on January 2, 2012. The interest rate swaps fixed rates are 4.33% for \$75 million of notional value and 1.92% for \$200 million of notional value.

The Company also enters into foreign currency forwards and swaps to minimize its exposure to foreign currency fluctuations. Through these instruments, the Company mitigates its foreign currency exposure on transactions with third party entities as well as intercompany transactions. The foreign currency forwards and swaps are not designated as hedges under FASB ASC Topic 815, Derivatives and Hedging. Gains and losses on foreign currency forwards and swaps entered into to offset foreign exchange impacts on intercompany balances are classified as Other income (expense), net, in the unaudited interim consolidated statements of operations. Gains and losses on foreign currency forwards and swaps entered into to offset foreign exchange impacts on all other assets and liabilities are classified as Foreign exchange gain (loss), net, in the unaudited interim consolidated statements of operations.

Notional values of the foreign currency forwards and swaps are as follows:

	As of June 30, 2011 (In \$ millions)	As of December 31, 2010
Total	1,367	751

Information regarding changes in the fair value of the Company's derivative arrangements is as follows:

	Six Months Ended June 30, 2011		Six Months Ended June 30, 2010	
	Gain (Loss)		Gain (Loss)	
	Recognized	Gain (Loss)	Recognized	Gain (Loss)
	in	Recognized	in	Recognized
	Other	in	Other	in
	Comprehensive	Income	Comprehensive	Income
	Income		Income	
	(In \$ millions)			
Derivatives designated as cash flow hedging instruments				
Interest rate swaps	(17) ⁽¹⁾ (30) ⁽²⁾ (23) ⁽³⁾ (35
Derivatives not designated as hedging instruments				
Interest rate swaps	—	(3	—	—
Foreign currency forwards and swaps	—	(15	—	38
Total	(17	) (48	) (23	) 3

(1) Amount excludes \$1 million of losses associated with the Company's equity method investments' derivative activity and \$6 million of tax expense recognized in Other comprehensive income (loss).

(2) Amount excludes \$5 million of losses associated with the Company's equity method investments' derivative activity and \$4 million of tax expense recognized in Other comprehensive income (loss).

(3) Amount represents reclassification from Accumulated other comprehensive income (loss), net and is included in Interest expense in the unaudited interim consolidated statements of operations.

(4) Included in Interest expense in the unaudited interim consolidated statements of operations.

(5) Included in Foreign exchange gain (loss), net for operating activity or Other income (expense), net for non-operating activity in the unaudited interim consolidated statements of operations.

See Note 16 for additional information regarding the fair value of the Company's derivative arrangements.

16. Fair Value Measurements

The Company follows the provisions of FASB ASC Topic 820 for nonrecurring fair value measurements of non-financial assets and liabilities, such as goodwill, indefinite-lived intangible assets, property, plant and equipment and asset retirement obligations.

FASB ASC Topic 820 establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

Level 1 - unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company

Level 2 - inputs that are observable in the marketplace other than those inputs classified as Level 1

Level 3 - inputs that are unobservable in the marketplace and significant to the valuation

FASB ASC Topic 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

The Company's financial assets and liabilities are measured at fair value on a recurring basis and include securities available for sale and derivative financial instruments. Securities available for sale include US government and corporate bonds and equity securities. Derivative financial instruments include interest rate swaps and foreign currency forwards and swaps.

Marketable Securities. Where possible, the Company utilizes quoted prices in active markets to measure debt and equity securities; such items are classified as Level 1 in the hierarchy and include equity securities and US government bonds. When quoted market prices for identical assets are unavailable, varying valuation techniques are used. Common inputs in valuing these assets include, among others, benchmark yields, issuer spreads and recently reported trades. Such assets are classified as Level 2 in the hierarchy and typically include corporate bonds and other

US government securities. Mutual funds are valued at the net asset value per share or unit multiplied by the number of shares or units held as of the measurement date.

Derivatives. Derivative financial instruments are valued in the market using discounted cash flow techniques. These techniques incorporate Level 1 and Level 2 inputs such as interest rates and foreign currency exchange rates. These market inputs are utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the derivative valuation for interest rate swaps and foreign currency forwards and swaps are observable in the active markets and are classified as Level 2 in the hierarchy.

Assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair Value Measurement Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1) (In \$ millions)	Significant Other Observable Inputs (Level 2)	Total	
Marketable securities, at fair value				
Mutual funds	70	—	70	
Derivatives not designated as hedging instruments				
Foreign currency forwards and swaps	—	4	4	(1)
Total assets as of June 30, 2011	70	4	74	
Derivatives designated as cash flow hedging instruments				
Interest rate swaps	—	(41	) (41	) (2)
Interest rate swaps	—	(11	) (11	) (3)
Derivatives not designated as hedging instruments				
Interest rate swaps	—	(5	) (5	) (2)
Foreign currency forwards and swaps	—	(10	) (10	) (2)
Total liabilities as of June 30, 2011	—	(67	) (67)
Marketable securities, at fair value				
US corporate debt securities	—	1	1	
Mutual funds	77	—	77	
Derivatives not designated as hedging instruments				
Foreign currency forwards and swaps	—	3	3	(1)
Total assets as of December 31, 2010	77	4	81	
Derivatives designated as cash flow hedging instruments				
Interest rate swaps	—	(59	) (59	) (2)
Interest rate swaps	—	(14	) (14	) (3)
Derivatives not designated as hedging instruments				
Foreign currency forwards and swaps	—	(10	) (10	) (2)
Total liabilities as of December 31, 2010	—	(83	) (83)

(1) Included in current Other assets in the unaudited consolidated balance sheets.

(2) Included in current Other liabilities in the unaudited consolidated balance sheets.

(3) Included in noncurrent Other liabilities in the unaudited consolidated balance sheets.

Carrying values and fair values of financial instruments that are not carried at fair value in the Company's unaudited consolidated balance sheets are as follows:

	As of June 30, 2011		As of December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In \$ millions)			
Cost investments	140	—	139	—
Insurance contracts in nonqualified pension trusts	68	68	70	70
Long-term debt, including current installments of long-term debt	2,951	3,179	3,064	3,087

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

As of June 30, 2011 and December 31, 2010, the fair values of cash and cash equivalents, receivables, trade payables, short-term debt and the current installments of long-term debt approximate carrying values due to the short-term nature of these instruments. These items have been excluded from the table with the exception of the current installments of long-term debt. Additionally, certain noncurrent receivables, principally insurance recoverables, are carried at net realizable value.

The fair value of long-term debt is based on valuations from third-party banks and market quotations.

17. Commitments and Contingencies

The Company is involved in legal and regulatory proceedings, lawsuits and claims incidental to the normal conduct of business, relating to such matters as product liability, land disputes, contracts, antitrust, intellectual property, workers' compensation, chemical exposure, asbestos exposure, prior acquisitions and divestitures, past waste disposal practices and release of chemicals into the environment. The Company is actively defending those matters where the Company is named as a defendant. Due to the inherent subjectivity of assessments and unpredictability of outcomes of legal proceedings, the Company's litigation accruals and estimates of possible loss or range of possible loss ("Possible Loss") may not represent the ultimate loss to the Company from legal proceedings. For reasonably possible loss contingencies that may be material and when determinable, the Company estimates its Possible Loss, considering that the Company could incur no loss in certain matters. Thus, the Company's exposure and ultimate losses may be higher or lower, and possibly materially so, than the Company's litigation accruals and estimates of Possible Loss. For some matters, the Company is unable, at this time, to estimate its Possible Loss that is reasonably possible of occurring. Generally, the less progress that has been made in the proceedings or the broader the range of potential results, the more difficult for the Company to estimate the Possible Loss that it is reasonably possible the Company could incur. The Company may disclose certain information related to a plaintiff's claim against the Company alleged in the plaintiff's pleadings or otherwise publicly available. While information of this type may provide insight into the potential magnitude of a matter, it does not necessarily represent the Company's estimate of reasonably possible or probable loss. Some of the Company's exposure in legal matters may be offset by applicable insurance coverage. The Company does not consider the possible availability of insurance coverage in determining the amounts of any accruals or any estimates of Possible Loss.

Plumbing Actions

CNA Holdings LLC ("CNA Holdings"), a US subsidiary of the Company, which included the US business now conducted by the Ticona business that is included in the Advanced Engineered Materials segment, along with Shell Oil Company ("Shell"), E.I. DuPont de Nemours and Company ("DuPont") and others, has been a defendant in a series of lawsuits, including a number of class actions, alleging that plastic resins manufactured by these companies that were utilized by others in the production of plumbing systems for residential property were defective for this use and/or contributed to the failure of such plumbing. Based on, among other things, the findings of outside experts and the successful use of Ticona's acetal copolymer in similar applications, CNA Holdings does not believe Ticona's acetal copolymer was defective for this use or contributed to the failure of the plumbing. In addition, in many cases CNA

Holdings' potential future exposure may be limited by, among other things, statutes of limitations and repose.

In November 1995, CNA Holdings, DuPont and Shell entered into national class action settlements in the Cox, et al. v. Hoechst Celanese Corporation, et al., No. 94-0047 (Chancery Ct., Obion County, Tennessee) matter. The time to file claims against the class has expired and the entity established by the court to administer the claims was dissolved in September 2010. In addition between 1995 and 2001, CNA Holdings was named as a defendant in various putative class actions. The majority of these actions have now been dismissed. As a result the Company recorded \$59 million in reserve reductions and recoveries from associated insurance indemnifications during 2010. The reserve was further reduced by \$2 million in the three months ended June 30, 2011 following the dismissal of the remaining U.S. case. As of June 30, 2011, the class actions in Canada are subject to a pending class settlement that would result in a dismissal of those cases. The Company does not believe the Possible Loss associated with the remaining matters is material. The Company recorded recoveries and reductions in legal reserves related to plumbing actions (Note 13) to Other (charges) gains, net in the unaudited interim consolidated statements of operations as follows:

	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
	2010		2010	
	(In \$ millions)			
Recoveries	2	2	2	13
Legal reserve reductions	2	—	2	1
Total	4	2	4	14
Polyester Staple Antitrust Litigation				

CNA Holdings, the successor in interest to Hoechst Celanese Corporation (“HCC”), Celanese Americas Corporation and Celanese GmbH (collectively, the “Celanese Entities”) and Hoechst, the former parent of HCC, were named as defendants in two actions (involving multiple individual participants) filed in September 2006 by US purchasers of polyester staple fibers manufactured and sold by HCC. The actions allege that the defendants participated in a conspiracy to fix prices, rig bids and allocate customers of polyester staple sold in the United States. These actions were consolidated in a proceeding by a Multi-District Litigation Panel in the United States District Court for the Western District of North Carolina styled In re Polyester Staple Antitrust Litigation, MDL 1516. On June 12, 2008 the court dismissed these actions with prejudice against all Celanese Entities in consideration of a payment by the Company. This proceeding related to sales by the polyester staple fibers business which Hoechst sold to KoSa B.V., f/k/a Arteva B.V., a subsidiary of Koch Industries, Inc. (“KoSa”) in 1998. Prior to December 31, 2008, the Company had entered into tolling arrangements with four other alleged US purchasers of polyester staple fibers manufactured and sold by the Celanese Entities. These purchasers were not included in the settlement and one such company filed suit against the Company in December 2008 in the Western District of North Carolina entitled Milliken & Company v. CNA Holdings, Inc., Celanese Americas Corporation and Hoechst AG (No. 8-SV-00578). The Company is actively defending this matter and has filed a motion to dismiss, which is pending with the court. Based on the Company's evaluation of currently available information, including that the proceeding is in the early stages (discovery has not commenced), the damages sought are unspecified, unsupported or uncertain, the matter presents meaningful legal uncertainties (including novel issues of law) and there are significant facts in dispute, the Company does not believe the Possible Loss would be material.

In November 2003 KoSa sought recovery from the Company in alleging a variety of claims, including indemnification and breach of representations, arising out of the 1998 sale in Koch Industries, Inc. et al. v. Hoechst Aktiengesellschaft et al., (No. 03-cv-8679 Southern District NY). During the fourth quarter of 2010 the parties settled the case pursuant to a confidential agreement and the case was dismissed with prejudice.

Other Commercial Actions

In April 2007, Southern Chemical Corporation (“Southern”) filed a petition in the 190th Judicial District Court of Harris County, Texas styled Southern Chemical Corporation v. Celanese Ltd. (Cause No. 2007-25490), seeking declaratory judgment relating to the terms of a multi-year methanol supply contract. The trial court granted the Company's motion for summary judgment in March 2008 dismissing Southern's claims. In September 2009, the intermediate Texas appellate court reversed the trial court decision and remanded the case to the trial court. The Texas Supreme Court subsequently declined both parties' requests that it hear the case. On August 15, 2010, Southern filed a second amended petition adding a claim for breach of contract and seeking equitable damages in an unspecified amount from the Company. Southern amended its complaint again in June 2011, maintaining its breach of contract claims, while this time abandoning its declaratory judgment claim and making new claims for fraud and tortious interference with a third-party contract. In response to a Company motion, the Court has stated that Southern will need to amend further its complaint. Trial has been set for October 2011. The Company believes that the contractual interpretations set forth by

Southern as well as their fraud and other tort claims lack merit and is aggressively defending the matter. Based on the Company's evaluation of currently available information, including that the proceeding is in its early stages (discovery is not complete) and involves foreign entities, Southern is still in the process of amending its complaint regarding both liability and damages allegations, Southern is seeking relief other than compensatory damages, the matter presents meaningful legal uncertainties, and there are significant facts and legal claims in dispute, the Company cannot estimate the Possible Loss for this matter at this time.

Acetic Acid Patent Infringement Matters

As previously disclosed, beginning in 1999, Celanese International Corporation filed three separate infringement actions against China Petrochemical Development Corporation ("CPDC") in Taiwan alleging that CPDC infringed Celanese International Corporation's patent covering the manufacture of acetic acid. Since 1999, the cases have progressed through the Taiwan Court system, including the Intellectual Property Court. By mutual agreement on June 29, 2011, the companies entered into a settlement of this litigation. Details of the settlement are confidential and the settlement was not significant to the Company's results of operations for the three and six months ended June 30, 2011.

Award Proceedings in relation to Domination Agreement and Squeeze-Out

The Company's subsidiary, BCP Holdings GmbH ("BCP Holdings"), a German limited liability company, is a defendant in two special award proceedings initiated by minority shareholders of Celanese GmbH seeking the court's review of the amounts of (i) the fair cash compensation and of the guaranteed annual payment offered in the purchaser offer under the 2004 Domination Agreement (the "Purchase Offer") and (ii) the fair cash compensation paid for the 2006 squeeze-out ("Squeeze-Out") of all remaining shareholders of Celanese GmbH.

Pursuant to a settlement agreement between BCP Holdings and certain former Celanese GmbH shareholders, if the court sets a higher value for the fair cash compensation or the guaranteed payment under the Purchaser Offer or the Squeeze-Out compensation, former Celanese GmbH shareholders who ceased to be shareholders of Celanese GmbH due to the Squeeze-Out will be entitled to claim for their shares the higher of the compensation amounts determined by the court in these different proceedings related to the Purchaser Offer and the Squeeze-Out. If the fair cash compensation determined by the court is higher than the Squeeze-Out compensation of €66.99, then 1,069,465 shares will be entitled to an adjustment. If the court confirms the value of the fair cash compensation under the Domination Agreement but determines a higher value for the Squeeze-Out compensation, 924,078 shares would be entitled to an adjustment. Payments already received by these shareholders as compensation for their shares will be offset so that persons who ceased to be shareholders of Celanese GmbH due to the Squeeze-Out are not entitled to more than the higher of the amount set in the two court proceedings. An expert has been appointed by the court hearing the Domination Agreement shareholders' claims to assist it in determining the value of Celanese GmbH.

Based on the Company's evaluation of currently available information, including that damages sought are unspecified, unsupported or uncertain, the matter presents meaningful legal uncertainties (including novel issues of law), there are significant facts in dispute and the court-appointed expert has not yet rendered his non-binding opinion, the Company cannot estimate the Possible Loss for this matter at this time.

Guarantees

The Company has agreed to guarantee or indemnify third parties for environmental and other liabilities pursuant to a variety of agreements, including asset and business divestiture agreements, leases, settlement agreements and various agreements with affiliated companies. Although many of these obligations contain monetary and/or time limitations, others do not provide such limitations.

As indemnification obligations often depend on the occurrence of unpredictable future events, the future costs associated with them cannot be determined at this time.

The Company has accrued for all probable and reasonably estimable losses associated with all known matters or claims that have been brought to its attention. These known obligations include the following:

Demerger Obligations

In connection with the Hoechst demerger, the Company agreed to indemnify Hoechst, and its legal successors, for various liabilities under the Demerger Agreement, including for environmental liabilities associated with contamination arising under 19 divestiture agreements entered into by Hoechst prior to the demerger.

The Company's obligation to indemnify Hoechst, and its legal successors, for environmental liabilities associated with contamination arising under these 19 divestiture agreements is subject to the following thresholds:

¶The Company will indemnify Hoechst, and its legal successors, against those liabilities up to €250 million; Hoechst, and its legal successors, will bear those liabilities exceeding €250 million; provided, however, that the Company will reimburse Hoechst, and its legal successors, for one-third of liabilities exceeding €750 million in the aggregate.

The aggregate maximum amount of environmental indemnifications under the remaining divestiture agreements that provide for monetary limits is approximately €750 million. Three of the divestiture agreements do not provide for monetary limits. Cumulative payments under the divestiture agreements as of June 30, 2011 are \$55 million.

Based on the estimate of the probability of loss under this indemnification, the Company had reserves of \$37 million and \$36 million as of June 30, 2011 and December 31, 2010, respectively, for this contingency. Where the Company is unable to reasonably determine the probability of loss or estimate such loss under an indemnification, the Company has not recognized any related liabilities.

The Company has also undertaken in the Demerger Agreement to indemnify Hoechst and its legal successors for (i) one-third of any and all liabilities that result from Hoechst being held as the responsible party pursuant to public law or current or future environmental law or by third parties pursuant to private or public law relates to contamination and (ii) liabilities that Hoechst is required to discharge, including tax liabilities, which are associated with businesses that were included in the demerger but were not demerged due to legal restrictions on the transfers of such items. These indemnities do not provide for any monetary or time limitations. The Company has not provided for any significant reserves associated with this indemnification as it is unable at this time to estimate its Possible Loss. The Company has not made any payments to Hoechst and its legal successors during the six months ended June 30, 2011 and 2010 in connection with this indemnification.

Divestiture Obligations

The Company and its predecessor companies agreed to indemnify third-party purchasers of former businesses and assets for various pre-closing conditions, as well as for breaches of representations, warranties and covenants. Such liabilities also include environmental liability, product liability, antitrust and other liabilities. These indemnifications and guarantees represent standard contractual terms associated with typical divestiture agreements and, other than environmental liabilities, the Company does not believe that they expose the Company to any significant risk. As of June 30, 2011 and December 31, 2010, the Company had reserves in the aggregate of \$25 and \$26 million respectively for these matters.

The Company has divested numerous businesses, investments and facilities through agreements containing indemnifications or guarantees to the purchasers. Many of the obligations contain monetary and/or time limitations, ranging from one year to thirty years. The aggregate amount of indemnifications and guarantees provided for under these agreements is \$199 million as of June 30, 2011. Other agreements do not provide for any monetary or time limitations.

Purchase Obligations

In the normal course of business, the Company enters into commitments to purchase goods and services over a fixed period of time. The Company maintains a number of “take-or-pay” contracts for purchases of raw materials, utilities and other services. As of June 30, 2011, there were outstanding future commitments of \$2.0 billion under take-or-pay contracts. Certain of the contracts contain a contract termination buy-out provision that allows for the Company to exit the contracts for amounts less than the remaining take-or-pay obligations. The Company does not expect to incur any material losses under take-or-pay contractual arrangements. Additionally, as of June 30, 2011, there were other outstanding commitments of \$615 million representing maintenance and service agreements, energy and utility agreements, consulting contracts and software agreements.

The Company holds a variable interest in an entity that supplies certain raw materials to the Company. The variable interest primarily relates to cost-plus contractual arrangements with the supplier and recovery of its capital expenditures for certain plant assets plus a rate of return on such assets. The entity is not consolidated because the Company is not the primary beneficiary of the entity as it does not have the power to direct the activities of the entity that most significantly impact the entity's economic performance. Related to this variable interest entity, the Company has \$63 million of capital lease obligations included in Long-term debt and \$57 million of related machinery and equipment included in Property, plant, and equipment, net in the unaudited consolidated balance sheet as of June 30,

2011. The Company's maximum exposure to loss as a result of its involvement with this variable interest entity as of June 30, 2011 is included within the take-or-pay obligation discussed above and relates primarily to contract termination penalties.

During March 2010, the Company successfully completed an amended raw material purchase agreement with a supplier who had filed for bankruptcy. Under the original contract, the Company made advance payments in exchange for preferential pricing on

certain volumes of material purchases over the life of the contract. The cancellation of the original contract and the terms of the subsequent amendment resulted in the Company accelerating amortization on the unamortized prepayment balance of \$22 million during the three months ended March 31, 2010. The accelerated amortization was recorded to Cost of sales in the unaudited interim consolidated statements of operations as follows: \$20 million was recorded in the Acetyl Intermediates segment and \$2 million was recorded in the Advanced Engineered Materials segment.

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. The consideration was recorded to Other charges (gains), net in the unaudited interim consolidated statements of operations in the Acetyl Intermediates segment.

18. Segment Information

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Eliminations	Consolidated
	(In \$ millions)						
	Three Months Ended June 30, 2011						
Net sales	346	291 ⁽¹⁾	329	914	⁽¹⁾ —	(127)	1,753
Other (charges) gains, net	(16)	(3)	—	2	(1)	—	(18)
Equity in net earnings (loss) of affiliates	39	—	—	1	6	—	46
Earnings (loss) from continuing operations before tax	66	127	28	154	(95)	—	280
Depreciation and amortization	20	13	12	25	2	—	72
Capital expenditures	20	22	12	25	2	—	81 ⁽²⁾
	Three Months Ended June 30, 2010						
Net sales	282	291 ⁽¹⁾	269	782	⁽¹⁾ 1	(108)	1,517
Other (charges) gains, net	(3)	(1)	—	(1)	(1)	—	(6)
Equity in net earnings (loss) of affiliates	39	1	—	1	4	—	45
Earnings (loss) from continuing operations before tax	79	137	16	70	(78)	—	224
Depreciation and amortization	18	9	10	24	3	—	64
Capital expenditures	8	9	13	9	1	—	40 ⁽²⁾

Net sales for Acetyl Intermediates and Consumer Specialties include inter-segment sales of \$126 million and \$1 million, respectively, for the three months ended June 30, 2011 and \$107 million and \$1 million, respectively, for the three months ended June 30, 2010.

Excludes expenditures related to the relocation of the Company's Ticona plant in Kelsterbach (Note 20) and includes an increase in accrued capital expenditures of \$7 million and an increase of \$6 million for the three months ended June 30, 2011 and 2010, respectively.

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Eliminations	Consolidated
(In \$ millions)							
Six Months Ended June 30, 2011							
Net sales	674	557 ⁽¹⁾	619	1,727 ⁽¹⁾	1	(236)	3,342
Other (charges) gains, net	(29)	(4)	—	20	(2)	—	(15)
Equity in net earnings (loss) of affiliates	73	1	—	3	12	—	89
Earnings (loss) from continuing operations before tax	139	182	53	268	(182)	—	460
Depreciation and amortization	41	25	22	50	6	—	144
Capital expenditures	37	35	24	40	4	—	140 ⁽²⁾
As of June 30, 2011							
Goodwill and intangibles, net	426	293	61	271	—	—	1,051
Total assets	3,035	1,141	978	2,029	1,736	—	8,919
Six Months Ended June 30, 2010							
Net sales	564	529 ⁽¹⁾	511	1,506 ⁽¹⁾	1	(206)	2,905
Other (charges) gains, net	2	(74)	—	(8)	(3)	—	(83)
Equity in net earnings (loss) of affiliates	83	1	—	2	8	—	94
Earnings (loss) from continuing operations before tax	171	107	28	71	(160)	—	217
Depreciation and amortization	38 ⁽³⁾	20	20	69 ⁽³⁾	6	—	153
Capital expenditures	13	15	18	14	3	—	63 ⁽²⁾
As of December 31, 2010							
Goodwill and intangibles, net	423	284	55	264	—	—	1,026
Total assets	2,765	998	841	1,909	1,768	—	8,281

Net sales for Acetyl Intermediates and Consumer Specialties include inter-segment sales of \$234 million and ⁽¹⁾ \$2 million, respectively, for the six months ended June 30, 2011 and \$201 million and \$5 million, respectively, for the six months ended June 30, 2010.

Excludes expenditures related to the relocation of the Company's Ticona plant in Kelsterbach (Note 20) and ⁽²⁾ includes a decrease in accrued capital expenditures of \$11 million and \$15 million for the six months ended June 30, 2011 and 2010, respectively.

⁽³⁾ Includes \$2 million for Advanced Engineered Materials and \$20 million for Acetyl Intermediates for the accelerated amortization of the unamortized prepayment related to a raw material purchase agreement (Note 17).

19. Earnings (Loss) Per Share

	Three Months Ended June 30,			
	2011 Basic	Diluted	2010 Basic	Diluted
(In \$ millions, except share and per share data)				
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	205	205	163	163
Earnings (loss) from discontinued operations	(2	) (2	) (3	) (3
Net earnings (loss)	203	203	160	160
Cumulative preferred stock dividends	—	—	—	—
Net earnings (loss) available to common shareholders	203	203	160	160
Weighted-average shares - basic	156,280,721	156,280,721	156,326,226	156,326,226
Dilutive stock options		2,036,940		1,787,983
Dilutive restricted stock units		868,416		290,910
Assumed conversion of preferred stock		—		—
Weighted-average shares - diluted		159,186,077		158,405,119
Per share				
Earnings (loss) from continuing operations	1.31	1.29	1.04	1.03
Earnings (loss) from discontinued operations	(0.01	) (0.01	) (0.02	) (0.02
Net earnings (loss)	1.30	1.28	1.02	1.01
	Six Months Ended June 30,			
	2011 Basic	Diluted	2010 Basic	Diluted
(In \$ millions, except share and per share data)				
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	343	343	176	176
Earnings (loss) from discontinued operations	2	2	(2	) (2
Net earnings (loss)	345	345	174	174
Cumulative preferred stock dividends	—	—	(3) —
Net earnings (loss) available to common shareholders	345	345	171	174
Weighted-average shares - basic	156,124,358	156,124,358	153,315,950	153,315,950
Dilutive stock options		2,014,769		1,854,552
Dilutive restricted stock units		788,123		369,966
Assumed conversion of preferred stock		—		3,133,605
Weighted-average shares - diluted		158,927,250		158,674,073
Per share				
Earnings (loss) from continuing operations	2.20	2.16	1.13	1.11
Earnings (loss) from discontinued operations	0.01	0.01	(0.01	) (0.01
Net earnings (loss)	2.21	2.17	1.12	1.10

Securities not included in the computation of diluted net earnings per share as their effect would have been antidilutive are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Stock options	—	582,500	90,313	596,875
Restricted stock units	—	—	—	—
Convertible preferred stock	—	—	—	—
Total	—	582,500	90,313	596,875

20. Plant Relocation

In November 2006, the Company finalized a settlement agreement with the Frankfurt, Germany Airport (“Fraport”) to relocate the Kelsterbach, Germany Ticona operations resolving several years of legal disputes related to the planned Fraport expansion. As a result of the settlement, the Company will transition Ticona’s operations from Kelsterbach to the Hoechst Industrial Park in the Rhine Main area in Germany. Under the original agreement, Fraport agreed to pay the Company a total of €670 million over a five-year period to offset costs associated with the transition of the operations from its current location and the closure of the Kelsterbach plant. The Company subsequently decided to expand the scope of the new production facilities.

On March 30, 2011, the Company provided notice to Fraport indicating the Company will cease operations at the Kelsterbach, Germany facility by July 31, 2011. Accordingly, the Company received its final payment from Fraport of €110 million during the three months ended June 30, 2011.

A summary of the financial statement impact associated with the Ticona Kelsterbach plant relocation is as follows:

	Six Months Ended June 30,		Total From Inception Through June 30, 2011
	2011	2010	
	(In \$ millions)		
Deferred proceeds ⁽¹⁾	158	—	907
Costs expensed	29	10	88
Costs capitalized ⁽²⁾	112	131	1,033
Lease buyout	—	—	22

⁽¹⁾ Included in noncurrent Other liabilities in the unaudited consolidated balance sheets.

⁽²⁾ Includes a decrease in accrued capital expenditures of \$2 million and \$20 million for the six months ended June 30, 2011 and 2010, respectively.

21. Consolidating Guarantor Financial Information

The 6.625% Notes and the 5.875% Notes (collectively, the “Notes”) were issued by Celanese US (the “Issuer”) and are guaranteed by Celanese Corporation (the “Parent Guarantor”) and the Subsidiary Guarantors (Note 9). The Issuer and Subsidiary Guarantors are 100% owned subsidiaries of the Parent Guarantor. The Parent Guarantor and Subsidiary Guarantors have guaranteed the Notes fully and unconditionally and jointly and severally.

For cash management purposes, the Company transfers cash between Parent Guarantor, Issuer, Subsidiary Guarantors and non-guarantors through intercompany financing arrangements, contributions or declaration of dividends between the respective parent and its subsidiaries. The transfer of cash under these activities facilitates the ability of the recipient to make specified third-party payments. As a result, the Company presents such intercompany financing activities, contributions and dividends within the category where the ultimate use of cash to third parties is presented in the accompanying unaudited interim consolidated statements of cash flows.

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

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

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2011					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	660	1,380	(287)	1,753
Cost of sales	—	—	(472)	(1,154)	283	(1,343)
Gross profit	—	—	188	226	(4)	410
Selling, general and administrative expenses	—	—	(41)	(99)	—	(140)
Amortization of intangible assets	—	—	(5)	(12)	—	(17)
Research and development expenses	—	—	(17)	(8)	—	(25)
Other (charges) gains, net	—	—	6	(24)	—	(18)
Foreign exchange gain (loss), net	—	—	—	(1)	—	(1)
Gain (loss) on disposition of businesses and assets, net	—	—	1	(1)	—	—
Operating profit (loss)	—	—	132	81	(4)	209
Equity in net earnings (loss) of affiliates	202	246	27	35	(464)	46
Interest expense	—	(56)	(9)	(9)	17	(57)
Refinancing expense	—	(3)	—	—	—	(3)
Interest income	—	5	10	2	(17)	—
Dividend income - cost investments	—	—	—	79	—	79
Other income (expense), net	—	1	(1)	6	—	6
Earnings (loss) from continuing operations before tax	202	193	159	194	(468)	280
Income tax (provision) benefit	1	9	(49)	(37)	1	(75)
Earnings (loss) from continuing operations	203	202	110	157	(467)	205
Earnings (loss) from operation of discontinued operations	—	—	(3)	—	—	(3)
Gain (loss) on disposition of discontinued operations	—	—	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	1	—	—	1
Earnings (loss) from discontinued operations	—	—	(2)	—	—	(2)
Net earnings (loss)	203	202	108	157	(467)	203
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	203	202	108	157	(467)	203

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2010					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	551	1,170	(204)	1,517
Cost of sales	—	—	(428)	(992)	206	(1,214)
Gross profit	—	—	123	178	2	303
Selling, general and administrative expenses	—	—	(43)	(81)	—	(124)
Amortization of intangible assets	—	—	(4)	(11)	—	(15)
Research and development expenses	—	—	(10)	(7)	—	(17)
Other (charges) gains, net	—	—	2	(8)	—	(6)
Foreign exchange gain (loss), net	—	—	—	—	—	—
Gain (loss) on disposition of businesses and assets, net	—	—	—	15	—	15
Operating profit (loss)	—	—	68	86	2	156
Equity in net earnings (loss) of affiliates	160	192	39	36	(382)	45
Interest expense	—	(41)	(10)	(11)	13	(49)
Refinancing expense	—	—	—	—	—	—
Interest income	—	5	7	2	(13)	1
Dividend income - cost investments	—	—	—	72	—	72
Other income (expense), net	—	(2)	—	1	—	(1)
Earnings (loss) from continuing operations before tax	160	154	104	186	(380)	224
Income tax (provision) benefit	—	6	(32)	(50)	15	(61)
Earnings (loss) from continuing operations	160	160	72	136	(365)	163
Earnings (loss) from operation of discontinued operations	—	—	(5)	—	—	(5)
Gain (loss) on disposition of discontinued operations	—	—	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	2	—	—	2
Earnings (loss) from discontinued operations	—	—	(3)	—	—	(3)
Net earnings (loss)	160	160	69	136	(365)	160
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	160	160	69	136	(365)	160

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF OPERATIONS

	Six Months Ended June 30, 2011					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	1,275	2,611	(544)	3,342
Cost of sales	—	—	(908)	(2,205)	532	(2,581)
Gross profit	—	—	367	406	(12)	761
Selling, general and administrative expenses	—	—	(80)	(188)	—	(268)
Amortization of intangible assets	—	—	(9)	(24)	—	(33)
Research and development expenses	—	—	(30)	(18)	—	(48)
Other (charges) gains, net	—	—	25	(40)	—	(15)
Foreign exchange gain (loss), net	—	—	—	—	—	—
Gain (loss) on disposition of businesses and assets, net	—	—	1	(1)	—	—
Operating profit (loss)	—	—	274	135	(12)	397
Equity in net earnings (loss) of affiliates	344	424	55	71	(805)	89
Interest expense	—	(107)	(21)	(19)	35	(112)
Refinancing expense	—	(3)	—	—	—	(3)
Interest income	—	11	19	6	(35)	1
Dividend income - cost investments	—	—	—	79	—	79
Other income (expense), net	—	3	(1)	7	—	9
Earnings (loss) from continuing operations before tax	344	328	326	279	(817)	460
Income tax (provision) benefit	1	16	(93)	(43)	2	(117)
Earnings (loss) from continuing operations	345	344	233	236	(815)	343
Earnings (loss) from operation of discontinued operations	—	—	3	—	—	3
Gain (loss) on disposition of discontinued operations	—	—	—	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	(1)	—	—	(1)
Earnings (loss) from discontinued operations	—	—	2	—	—	2
Net earnings (loss)	345	344	235	236	(815)	345
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	345	344	235	236	(815)	345

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF OPERATIONS

	Six Months Ended June 30, 2010					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	1,103	2,237	(435)	2,905
Cost of sales	—	—	(858)	(1,969)	443	(2,384)
Gross profit	—	—	245	268	8	521
Selling, general and administrative expenses	—	—	(90)	(158)	—	(248)
Amortization of intangible assets	—	—	(6)	(24)	—	(30)
Research and development expenses	—	—	(20)	(15)	—	(35)
Other (charges) gains, net	—	—	11	(94)	—	(83)
Foreign exchange gain (loss), net	—	—	—	2	—	2
Gain (loss) on disposition of businesses and assets, net	—	—	—	15	—	15
Operating profit (loss)	—	—	140	(6)	8	142
Equity in net earnings (loss) of affiliates	174	231	66	69	(446)	94
Interest expense	—	(80)	(19)	(23)	24	(98)
Refinancing expense	—	—	—	—	—	—
Interest income	—	10	13	3	(24)	2
Dividend income - cost investments	—	—	—	72	—	72
Other income (expense), net	—	(1)	(1)	7	—	5
Earnings (loss) from continuing operations before tax	174	160	199	122	(438)	217
Income tax (provision) benefit	—	14	(44)	(27)	16	(41)
Earnings (loss) from continuing operations	174	174	155	95	(422)	176
Earnings (loss) from operation of discontinued operations	—	—	(5)	—	—	(5)
Gain (loss) on disposition of discontinued operations	—	—	2	—	—	2
Income tax (provision) benefit from discontinued operations	—	—	1	—	—	1
Earnings (loss) from discontinued operations	—	—	(2)	—	—	(2)
Net earnings (loss)	174	174	153	95	(422)	174
Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net earnings (loss) attributable to Celanese Corporation	174	174	153	95	(422)	174

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATING BALANCE SHEETS

	As of June 30, 2011					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
ASSETS						
Current assets						
Cash and cash equivalents	1	—	174	566	—	741
Trade receivables - third party and affiliates	—	—	314	853	(140)	1,027
Non-trade receivables, net	—	85	1,639	500	(1,985)	239
Inventories, net	—	—	188	639	(48)	779
Deferred income taxes	—	25	33	37	—	95
Marketable securities, at fair value	—	—	70	—	—	70
Assets held for sale	—	—	—	—	—	—
Other assets	—	2	24	53	(16)	63
Total current assets	1	112	2,442	2,648	(2,189)	3,014
Investments in affiliates	1,348	4,236	1,432	545	(6,723)	838
Property, plant and equipment, net	—	—	665	2,608	—	3,273
Deferred income taxes	—	13	399	22	—	434
Other assets	—	618	125	314	(748)	309
Goodwill	—	—	298	515	—	813
Intangible assets, net	—	—	77	161	—	238
Total assets	1,349	4,979	5,438	6,813	(9,660)	8,919
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Short-term borrowings and current installments of long-term debt - third party and affiliates	—	1,444	133	220	(1,642)	155
Trade payables - third party and affiliates	—	—	283	643	(140)	786
Other liabilities	—	74	374	496	(369)	575
Deferred income taxes	—	—	—	30	—	30
Income taxes payable	(28)	(326)	403	49	(3)	95
Total current liabilities	(28)	1,192	1,193	1,438	(2,154)	1,641
Long-term debt	—	2,410	884	343	(744)	2,893
Deferred income taxes	—	—	—	124	—	124
Uncertain tax positions	4	18	29	239	—	290
Benefit obligations	—	—	1,189	132	—	1,321
Other liabilities	—	11	103	1,178	(15)	1,277
Total Celanese Corporation shareholders' equity	1,373	1,348	2,040	3,359	(6,747)	1,373
Noncontrolling interests	—	—	—	—	—	—
Total shareholders' equity	1,373	1,348	2,040	3,359	(6,747)	1,373
Total liabilities and shareholders' equity	1,349	4,979	5,438	6,813	(9,660)	8,919

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATING BALANCE SHEETS

	As of December 31, 2010					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
ASSETS						
Current assets						
Cash and cash equivalents	—	—	128	612	—	740
Trade receivables - third party and affiliates	—	—	246	672	(91	) 827
Non-trade receivables, net	—	10	1,400	515	(1,672	) 253
Inventories, net	—	—	164	484	(38	) 610
Deferred income taxes	—	25	33	34	—	92
Marketable securities, at fair value	—	—	77	1	—	78
Assets held for sale	—	—	9	—	—	9
Other assets	—	48	33	43	(65	) 59
Total current assets	—	83	2,090	2,361	(1,866	) 2,668
Investments in affiliates	903	3,721	1,413	530	(5,729	) 838
Property, plant and equipment, net	—	—	650	2,367	—	3,017
Deferred income taxes	—	19	404	20	—	443
Other assets	—	614	125	389	(839	) 289
Goodwill	—	—	297	477	—	774
Intangible assets, net	—	—	79	173	—	252
Total assets	903	4,437	5,058	6,317	(8,434	) 8,281
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Short-term borrowings and current						
installments of long-term debt - third party and affiliates	—	1,227	137	190	(1,326	) 228
Trade payables - third party and affiliates	—	—	249	515	(91	) 673
Other liabilities	—	87	385	544	(420	) 596
Deferred income taxes	—	—	—	28	—	28
Income taxes payable	(26	) (309	) 314	39	(1	) 17
Total current liabilities	(26	) 1,005	1,085	1,316	(1,838	) 1,542
Long-term debt	—	2,498	980	346	(834	) 2,990
Deferred income taxes	—	—	—	116	—	116
Uncertain tax positions	3	17	28	225	—	273
Benefit obligations	—	—	1,230	129	—	1,359
Other liabilities	—	14	123	954	(16	) 1,075
Total Celanese Corporation shareholders' equity	926	903	1,612	3,231	(5,746	) 926
Noncontrolling interests	—	—	—	—	—	—
Total shareholders' equity	926	903	1,612	3,231	(5,746	) 926
Total liabilities and shareholders' equity	903	4,437	5,058	6,317	(8,434	) 8,281

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2011					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net cash provided by (used in) operating activities	—	—	175	141	—	316
Investing activities						
Capital expenditures on property, plant and equipment	—	—	(63	) (88	) —	(151)
Acquisitions, net of cash acquired	—	—	(8	) —	—	(8)
Proceeds from sale of businesses and assets, net	—	—	1	4	—	5
Deferred proceeds from Ticona Kelsterbach plant relocation	—	—	—	158	—	158
Capital expenditures related to Ticona Kelsterbach plant relocation	—	—	—	(114	) —	(114)
Other, net	—	—	(2	) (21	) —	(23)
Net cash provided by (used in) investing activities	—	—	(72	) (61	) —	(133)
Financing activities						
Short-term borrowings (repayments), net	—	—	(8	) (26	) —	(34)
Proceeds from long-term debt	—	400	—	11	—	411
Repayments of long-term debt	—	(525	) (1	) (27	) —	(553)
Refinancing costs	—	(8	) —	—	—	(8)
Proceeds and repayments from intercompany financing activities	—	133	(133) —	—	—
Purchases of treasury stock, including related fees	(13	) —	—	—	—	(13)
Dividends from subsidiary	13	113	—	—	(126) —
Dividends to parent	—	(13	) (13	) (100	) 126	—
Contributions from parent to subsidiary	—	(100	) 100	—	—	—
Stock option exercises	17	—	—	—	—	17
Series A common stock dividends	(16	) —	—	—	—	(16)
Preferred stock dividends	—	—	—	—	—	—
Other, net	—	—	(2	) —	—	(2)
Net cash provided by (used in) financing activities	1	—	(57	) (142	) —	(198)
Exchange rate effects on cash and cash equivalents	—	—	—	16	—	16
Net increase (decrease) in cash and cash equivalents	1	—	46	(46	) —	1
Cash and cash equivalents at beginning of period	—	—	128	612	—	740
Cash and cash equivalents at end of period	1	—	174	566	—	741

CELANESE CORPORATION AND SUBSIDIARIES
 UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2010						
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated	
	(In \$ millions)						
Net cash provided by (used in) operating activities	—	—	(48	) 267	—	219	
Investing activities							
Capital expenditures on property, plant and equipment	—	—	(32	) (46	) —	(78)
Acquisitions, net of cash acquired	—	—	(46	) —	—	(46)
Proceeds from sale of businesses and assets, net	—	—	—	20	—	20	
Deferred proceeds from Ticona Kelsterbach plant relocation	—	—	—	—	—	—	
Capital expenditures related to Ticona Kelsterbach plant relocation	—	—	—	(151	) —	(151)
Other, net	—	—	(5	) (15	) —	(20)
Net cash provided by (used in) investing activities	—	—	(83	) (192	) —	(275)
Financing activities							
Short-term borrowings (repayments), net	—	—	2	(11	) —	(9)
Proceeds from long term debt	—	—	—	—	—	—	
Repayments of long-term debt	—	(14	) (1	) (23	) —	(38)
Refinancing costs	—	—	—	—	—	—	
Proceeds and repayments from intercompany financing activities	—	14	19	(33) —	—	
Purchases of treasury stock, including related fees	(20	) —	—	—	—	(20)
Dividends from subsidiary	26	26	—	—	(52) —	
Dividends to parent	—	(26	) (26	) —	52	—	
Contributions from parent to subsidiary	—	—	—	—	—	—	
Stock option exercises	4	—	—	—	—	4	
Series A common stock dividends	(12	) —	—	—	—	(12)
Preferred stock dividends	(3	) —	—	—	—	(3)
Other, net	—	—	—	—	—	—	
Net cash provided by (used in) financing activities	(5	) —	(6	) (67	) —	(78)
Exchange rate effects on cash and cash equivalents	—	—	—	(39	) —	(39)
Net increase (decrease) in cash and cash equivalents	(5	) —	(137	) (31	) —	(173)
Cash and cash equivalents at beginning of period	5	—	520	729	—	1,254	
Cash and cash equivalents at end of period	—	—	383	698	—	1,081	

22. Subsequent Events

On July 7, 2011, the Company declared a quarterly cash dividend of \$0.06 per share on its Common Stock amounting to \$9 million. The cash dividends are for the period from May 1, 2011 to July 31, 2011 and will be paid on August 1, 2011 to holders of record as of July 18, 2011.

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

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

The following discussion should be read in conjunction with the Celanese Corporation and Subsidiaries consolidated financial statements as of and for the year ended December 31, 2010, filed on February 11, 2011 with the Securities and Exchange Commission ("SEC") as part of the Company's Annual Report on Form 10-K (the "2010 Form 10-K") and the unaudited interim consolidated financial statements and notes thereto included elsewhere in this Quarterly Report. Investors are cautioned that the forward-looking statements contained in this section and other parts of this Quarterly Report involve both risk and uncertainty. Several important factors could cause actual results to differ materially from those anticipated by these statements. Many of these statements are macroeconomic in nature and are, therefore, beyond the control of management. See "Special Note Regarding Forward-Looking Statements" below.

Special Note Regarding Forward-Looking Statements

Certain statements in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and other parts of this Quarterly Report are forward-looking in nature as defined in various sections of the SEC's securities laws. You can identify these statements by the fact that they do not relate to matters of a strictly factual or historical nature and generally discuss or relate to forecasts, estimates or other expectations regarding future events. Generally, words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "may," "can," "could" and "will" and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect our current views and beliefs with respect to future events at the time that the statements are made, are not historical facts or guarantees of future performance and are subject to significant risks, uncertainties and other factors that are difficult to predict and many of which are outside of our control. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate and, accordingly, should not have undue reliance placed upon them. All forward-looking statements made in this Quarterly Report are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this Quarterly Report will increase with the passage of time. We undertake no obligation, and disclaim any duty, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changes in our expectations or otherwise.

See Part I - Item 1A. Risk Factors of our 2010 Form 10-K and subsequent periodic filings we make with the SEC for a description of risk factors that could significantly affect our financial results. In addition, the following factors could cause our actual results to differ materially from those results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, among other things:

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

costs and potential disruption or interruption of production due to accidents or other unforeseen events or delays in construction of facilities;
potential liability for remedial actions and increased costs under existing or future environmental regulations, including those relating to climate change;

potential liability resulting from pending or future litigation, or from changes in the laws, regulations or policies of governments or other governmental activities in the countries in which we operate;
 • changes in currency exchange rates and interest rates;
 • our level of indebtedness, which could diminish our ability to raise additional capital to fund operations or limit our ability to react to changes in the economy or the chemicals industry; and
 • various other factors, both referenced and not referenced in this Quarterly Report.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this Quarterly Report as anticipated, believed, estimated, expected, intended, planned or projected.

Overview

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

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

2011 Highlights:

• We published independent third-party analyses of Celanese TCX™, our proprietary technology for ethanol production. Under non-disclosure agreements to protect intellectual property rights and maintain confidentiality, Fluor Corporation and WorleyParsons evaluated the our advanced ethanol technology that uses basic hydrocarbon feedstocks.

We doubled the capacity of our vinyl acetate ethylene ("VAE") unit in Nanjing, China. The expanded unit started production in the second quarter of 2011 and is expected to meet the increased global demand for innovative specialty solutions in vinyl-based emulsions.

We announced we will nearly double production at our Celstran® long-fiber reinforced thermoplastic ("LFT") manufacturing unit in Nanjing, China by the end of the fourth quarter of 2011. The unit came online in 2008 with an initial nameplate capacity of 5,000 tons per year.

We successfully completed a public offering of \$400 million in aggregate principal amount of senior unsecured notes at 5.875% due 2021. We used the net proceeds from the offering, plus cash on hand, to retire \$516 million of existing senior secured credit facility indebtedness that was set to mature in 2014.

Polyplastics Co., Ltd. ("Polyplastics"), one of the company's strategic equity affiliates, announced a 90,000 ton per year expansion to increase polyacetal production capacity in Malaysia that is expected to be operational in early 2014. The expansion is currently anticipated to be funded locally by Polyplastics.

•

We announced plans to accelerate industrial ethanol production in China 6 to 12 months earlier than previously expected. In addition to our previously announced plans for one, and possibly two greenfield units, we plan to modify and enhance our existing integrated acetyl facility at the Nanjing Chemical Industrial Park with our TCX™ advanced technology, adding approximately 200,000 tons of ethanol production capacity by mid-2013.

We broke ground on the previously announced plans for a technology development unit for ethanol production at our facility in Clear Lake, Texas, which is now expected to be commissioned by mid-2012. We also intend to construct a new

research and development facility at our Clear Lake site to continue the advancement of our acetyl and TCX™ technologies.

We announced the expansion of our ethylene vinyl acetate (“EVA”) capacity at our Edmonton manufacturing facility due to strong growth in strategic, high-value segments. Global EVA production increases are fueled by growth in the photovoltaic cell industry in China, strong demand for EVA in other parts of Asia, and demand for EVA in innovative applications like controlled-release excipients and medical packaging. We expect our capacity to increase by up to 15% for our higher vinyl acetate content EVA grades in the second half of 2011.

We announced that our Board of Directors approved a 20% increase in our quarterly Series A common stock cash dividend. The dividend rate increased from \$0.05 to \$0.06 per share of Series A common stock on a quarterly basis and from \$0.20 to \$0.24 per share on an annual basis. Our Board of Directors also approved an increase of \$129 million to our existing share repurchase authorization for a total authorization of \$629 million of our Series A common stock.

Results of Operations

Financial Highlights

	Three Months Ended June 30, 2011 2010 (unaudited) (In \$ millions)		Six Months Ended June 30, 2011 2010 (unaudited) (In \$ millions)	
Statement of Operations Data				
Net sales	1,753	1,517	3,342	2,905
Gross profit	410	303	761	521
Selling, general and administrative expenses	(140)	) (124	) (268	) (248
Other (charges) gains, net	(18)	) (6	) (15	) (83
Operating profit (loss)	209	156	397	142
Equity in net earnings of affiliates	46	45	89	94
Interest expense	(57)	) (49	) (112	) (98
Dividend income - cost investments	79	72	79	72
Earnings (loss) from continuing operations before tax	280	224	460	217
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
Other Data				
Depreciation and amortization	72	64	144	153
			As of June 30, 2011 (unaudited) (In \$ millions)	As of December 31, 2010
Balance Sheet Data				
Cash and cash equivalents			741	740
Short-term borrowings and current installments of long-term debt - third party and affiliates			155	228

Edgar Filing: Celanese CORP - Form 10-Q

Long-term debt	2,893	2,990
Total debt	3,048	3,218

46

Consolidated Results – Three and Six Months Ended June 30, 2011 Compared with Three and Six Months Ended June 30, 2010

Net sales changed \$236 million and \$437 million during the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010 primarily as a result of increased selling prices and a positive foreign currency impact across all of our business segments. Favorable pricing was a result of increased raw material and freight costs. Continued success in innovation in our Advanced Engineered Materials segment and in our Emulsions business included in our Industrial Specialties segment also contributed to our favorable net sales. Volumes in our Acetyl Intermediates segment were down for the three and six months ended June 30, 2011 due to production turnarounds. Gross profit increased during the three and six months ended June 30, 2011 compared to the same periods in 2010. Increases in selling prices more than offset increases in raw material, energy and freight costs. During the first quarter of 2010, we wrote-off other productive assets of \$17 million related to our Singapore and Nanjing, China facilities. We also recorded \$22 million of accelerated amortization to write-off the asset associated with a raw material purchase agreement with a supplier who filed for bankruptcy during 2009. The accelerated amortization was recorded as \$20 million to our Acetyl Intermediates segment and \$2 million to our Advanced Engineered Materials segment.

Selling, general and administrative expenses increased for the three and six months ended June 30, 2011 compared to the same periods in 2010 primarily due to the increase in operations. As a percentage of sales, selling, general and administrative expenses declined from 8.2% to 8.0% and from 8.5% to 8.0% for the three and six months ended June 30, 2011, respectively, as compared to the same periods in 2010 due to sustainable efficiencies.

Other (charges) gains, net changed \$12 million and \$(68) million for the three and six months ended June 30, 2011, respectively, as compared to the same periods in 2010:

	Three Months Ended June 30, 2011		2010	Six Months Ended June 30, 2011		2010
	(unaudited)					
	(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

In November 2006, we finalized a settlement agreement with the Frankfurt, Germany Airport (“Fraport”) to relocate the Kelsterbach, Germany Ticona operations resolving several years of legal disputes related to the planned Fraport expansion. We recorded \$16 million and \$4 million of expenses related to the Ticona Kelsterbach relocation during the three months ended June 30, 2011 and 2010, respectively. We recorded \$29 million and \$10 million of expenses related to the Ticona Kelsterbach relocation during the six months ended June 30, 2011 and 2010, respectively. Additionally, we recorded \$4 million of employee termination benefits during the three months ended June 30, 2011 related to the relocation. The Ticona Kelsterbach, Germany operations are included in our Advanced Engineered Materials segment. See Note 20 in the accompanying unaudited interim consolidated financial statements for further information regarding the Ticona Kelsterbach plant relocation.

As a result of our Pardies, France Project of Closure and the previously announced closure of our Spondon, Derby, United Kingdom facility, for the six months ended June 30, 2011 we recorded \$2 million and \$5 million, respectively, of employee termination benefits. The Pardies, France operations are included in our Acetyl Intermediates segment. The Spondon, Derby, United Kingdom operations are included in our Consumer Specialties segment. See Note 3 to the accompanying unaudited interim consolidated financial statements for further information regarding these plant closures.

Other charges for the six months ended June 30, 2011 was offset by consideration of \$17 million we received in connection with the settlement of a claim against a bankrupt supplier. In addition, we recovered an additional \$4 million from the settlement of unrelated commercial disputes. These commercial dispute resolutions are included in our Acetyl Intermediates

segment. Other charges for the six months ended June 30, 2011 and 2010 was partially offset by \$2 million and \$13 million, respectively, of recoveries and a \$2 million and \$1 million, respectively, decrease in legal reserves associated with plumbing cases which is included in our Advanced Engineered Materials business segment. During 2010, we concluded that certain long-lived assets were partially impaired at our acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom. Accordingly, we wrote down the related property, plant and equipment to its fair value of \$31 million, resulting in long-lived asset impairment losses of \$72 million for the three months ended March 31, 2010.

Our effective income tax rate for the three months ended June 30, 2011 was 27% compared to 27% for the three months ended June 30, 2010. Our effective income tax rate for the six months ended June 30, 2011 was 25% compared to 19% for the six months ended June 30, 2010. The higher effective tax rate for the six months ended June 30, 2011 was primarily due to the 2010 effect of tax legislation in Mexico, partially offset by foreign losses not resulting in tax benefits and the effect of healthcare reform in the US.

Selected Data by Business Segment

	Three Months Ended June 30, 2011			Six Months Ended June 30, 2011			2010			Change		
	(unaudited)			(unaudited)			(unaudited)			(unaudited)		
	(In \$ millions, except percentages)			(In \$ millions, except percentages)			(In \$ millions, except percentages)			(In \$ millions, except percentages)		
Net sales												
Advanced Engineered Materials	346		282	64		674		564	110			
Consumer Specialties	291		291	—		557		529	28			
Industrial Specialties	329		269	60		619		511	108			
Acetyl Intermediates	914		782	132		1,727		1,506	221			
Other Activities	—		1	(1)		1		1	—			
Inter-segment eliminations	(127)		(108)	(19)		(236)		(206)	(30)			
Total	1,753		1,517	236		3,342		2,905	437			
Other (charges) gains, net												
Advanced Engineered Materials	(16)		(3)	(13)		(29)		2	(31)			
Consumer Specialties	(3)		(1)	(2)		(4)		(74)	70			
Industrial Specialties	—		—	—		—		—	—			
Acetyl Intermediates	2		(1)	3		20		(8)	28			
Other Activities	(1)		(1)	—		(2)		(3)	1			
Total	(18)		(6)	(12)		(15)		(83)	68			
Operating profit (loss)												
Advanced Engineered Materials	27		40	(13)		65		88	(23)			
Consumer Specialties	48		64	(16)		102		34	68			
Industrial Specialties	28		16	12		53		28	25			
Acetyl Intermediates	152		68	84		264		68	196			
Other Activities	(46)		(32)	(14)		(87)		(76)	(11)			
Total	209		156	53		397		142	255			
Earnings (loss) from continuing operations before tax												
Advanced Engineered Materials	66		79	(13)		139		171	(32)			
Consumer Specialties	127		137	(10)		182		107	75			
Industrial Specialties	28		16	12		53		28	25			
Acetyl Intermediates	154		70	84		268		71	197			
Other Activities	(95)		(78)	(17)		(182)		(160)	(22)			
Total	280		224	56		460		217	243			
Depreciation and amortization												
Advanced Engineered Materials	20		18	2		41		38	3			
Consumer Specialties	13		9	4		25		20	5			
Industrial Specialties	12		10	2		22		20	2			
Acetyl Intermediates	25		24	1		50		69	(19)			
Other Activities	2		3	(1)		6		6	—			
Total	72		64	8		144		153	(9)			
Operating margin ⁽¹⁾												
Advanced Engineered Materials	7.8	%	14.2	%	(6.4)	%	9.6	%	15.6	%	(6.0)	%
Consumer Specialties	16.5	%	22.0	%	(5.5)	%	18.3	%	6.4	%	11.9	%
Industrial Specialties	8.5	%	5.9	%	2.6	%	8.6	%	5.5	%	3.1	%
Acetyl Intermediates	16.6	%	8.7	%	7.9	%	15.3	%	4.5	%	10.8	%

Edgar Filing: Celanese CORP - Form 10-Q

Total	11.9	%	10.3	%	1.6	%	11.9	%	4.9	%	7.0	%
-------	------	---	------	---	-----	---	------	---	-----	---	-----	---

⁽¹⁾ Defined as operating profit (loss) divided by net sales.

Factors Affecting Business Segment Net Sales

The percentage increase (decrease) in net sales from the period ended June 30, 2010 to the period ended June 30, 2011 attributable to each of the factors indicated for each of our business segments is as follows:

	Volume (unaudited) (In percentages)	Price	Currency	Other	Total
Three Months Ended June 30, 2011 Compared to Three Months Ended June 30, 2010					
Advanced Engineered Materials	1	9	7	6	(1) 23
Consumer Specialties	(6)	) 5	1	—	—
Industrial Specialties	3	12	7	—	22
Acetyl Intermediates	(9)	) 20	6	—	17
Total Company	(6)	) 16	6	—	(3) 16
Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010					
Advanced Engineered Materials	4	8	3	5	(1) 20
Consumer Specialties	1	4	1	(1)	(2) 5
Industrial Specialties	5	12	4	—	21
Acetyl Intermediates	(5)	) 17	3	—	15
Total Company	(1)	) 13	3	—	(3) 15

(1) 2011 includes the effects of the two product lines acquired from DuPont Performance Polymers (acquired May 2010).

(2) Includes the impact of fluctuations in inter-segment sales.

(3) Includes the effects of the captive insurance companies and the impact of fluctuations in inter-segment eliminations.

Business Segments – Three and Six Months Ended June 30, 2011 Compared with Three and Six Months Ended June 30, 2010

Advanced Engineered Materials

	Three Months Ended June 30, 2011		2010		Change in \$	Six Months Ended June 30, 2011		2010		Change in \$
	(unaudited)									
	(In \$ millions, except percentages)									
Net sales	346		282		64	674		564		110
Net sales variance										
Volume	1	%				4	%			
Price	9	%				8	%			
Currency	7	%				3	%			
Other	6	%				5	%			
Other (charges) gains, net	(16)	)	(3)	)	(13)	(29)	)	2		(31)
Operating profit (loss)	27		40		(13)	65		88		(23)
Operating margin	7.8	%	14.2	%		9.6	%	15.6	%	
Equity in net earnings (loss) of affiliates	39		39		—	73		83		(10)
Earnings (loss) from continuing operations before tax	66		79		(13)	139		171		(32)
Depreciation and amortization	20		18		2	41		38		3

Our Advanced Engineered Materials segment develops, produces and supplies a broad portfolio of high performance specialty polymers for application in automotive, medical and electronics products, as well as other consumer and industrial applications. Together with our strategic affiliates, our Advanced Engineered Materials segment is a leading participant in the global specialty polymers industry. The primary products of Advanced Engineered Materials are polyacetal (“POM”), polyphenylene sulfide (“PPS”), LFT, polybutylene terephthalate (“PBT”), polyethylene terephthalate (“PET”), ultra-high molecular weight polyethylene (“GUR”), liquid crystal polymer (“LCP”) and polycyclohexylene-dimethylene terephthalate (“PCT”). POM, PPS, LFT, PBT and PET are used in a broad range of products including automotive components, electronics, appliances and industrial applications. GUR® is used in battery separators, conveyor belts, filtration equipment, coatings and medical devices. Primary end markets for LCP are electrical and electronics.

Advanced Engineered Materials’ net sales changed \$64 million and \$110 million for the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010. The increase in net sales is primarily related to increases in average pricing as a result of implemented price increases and the acquisition of two product lines, Zenite® LCP and Thermx® PCT, from DuPont Performance Polymers in May 2010. We experienced increased volumes in GUR® as a result of strong machine builds in North America and Europe, and LFT as a result of strong demand in the automotive industry. These volume increases were offset by a decrease in volume for POM as it was constrained as a result of our planned inventory build for the European expansion and Kelsterbach relocation.

Operating profit changed \$(13) million and \$(23) million for the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010. The impact from higher volumes and pricing and the positive impact from our planned inventory build for the relocation of our operations in Kelsterbach, Germany, was more than offset by higher raw material costs, increased investments in our innovation and growth initiatives and other charges incurred during the three and six months ended June 30, 2011. Other charges for the three and six months ended June 30, 2011 consisted mainly of costs associated with the relocation of our facility in Kelsterbach, Germany.

Earnings (loss) from continuing operations before tax changed \$(13) million and \$(32) million for the three and six months ended June 30, 2011 compared to the same periods in 2010 as a result of decreased operating profit. For the six months ended June 30, 2011, a decrease in equity in net earnings (loss) of affiliates also contributed to the decrease in earnings (loss) from continuing operations before tax. Our strategic affiliates continued to experience

strong demand which was offset by rising raw material costs and timing of certain expenses. Operating and financial results of our Polyplastics Co., Ltd. strategic affiliate were modestly impacted by the recent natural disasters in Japan during the three and six months ended June 30, 2011.

Consumer Specialties

	Three Months Ended June 30, 2011		Change in \$	Six Months Ended June 30, 2011		Change in \$					
	2011	2010		2011	2010						
	(unaudited)										
	(In \$ millions, except percentages)										
Net sales	291	291	—	557	529	28					
Net sales variance											
Volume	(6	)	%	1	%					
Price	5	%		4	%						
Currency	1	%		1	%						
Other	—	%		(1)	%					
Other (charges) gains, net	(3)	(1)	(2)	(4)	(74)	70
Operating profit (loss)	48	64	(16)	102	34	68				
Operating margin	16.5	%	22.0	%	18.3	%	6.4	%			
Equity in net earnings (loss) of affiliates	—	1	(1)	1	1	—				
Dividend income - cost investments	78	71	7	78	71	7					
Earnings (loss) from continuing operations before tax	127	137	(10)	182	107	75				
Depreciation and amortization	13	9	4	25	20	5					

Our Consumer Specialties segment consists of our Acetate Products and Nutrinova businesses. Our Acetate Products business primarily produces and supplies acetate tow, which is used in the production of filter products. We also produce acetate flake, which is processed into acetate tow and acetate film. Our Nutrinova business produces and sells Sunett®, a high intensity sweetener, and food protection ingredients, such as sorbates and sorbic acid, for the food, beverage and pharmaceuticals industries.

Net sales for Consumer Specialties were flat for the three months ended June 30, 2011 as compared to the same period in 2010. Lower volumes were offset by increased pricing and energy costs and a favorable foreign currency impact. Volumes for the three months ended June 30, 2011 were lower when compared to the prior year period as the three months ended June 30, 2010 reflected volume recovery from the production outages at our Acetate Products manufacturing facility in Narrows, Virginia during the three months ended March 31, 2010. Net sales increased \$28 million for the six months ended June 30, 2011 as compared to the same period in 2010. Net sales were positively impacted during the six months ended June 30, 2011 as we experienced modestly higher demand in tow and Sunett® and increased pricing across most of our Consumer Specialties product lines.

Operating profit changed \$(16) million and \$68 million for the three and six months ended June 30, 2011, respectively, as compared to the same periods in 2010. The decrease in operating profit for the three months ended June 30, 2011 is a result of increased raw material and energy costs and increased spending on planned maintenance and reliability efforts. The increase in operating profit for the six months ended June 30, 2011 is a result of the long-lived asset impairment losses of \$72 million incurred during the three months ended March 31, 2010 associated with management's assessment of the closure of our acetate flake and tow production operations in Spondon, Derby, United Kingdom.

Industrial Specialties

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2011	2010	in \$	2011	2010	in \$
	(unaudited)					
	(In \$ millions, except percentages)					
Net sales	329	269	60	619	511	108
Net sales variance						
Volume	3	%		5	%	
Price	12	%		12	%	
Currency	7	%		4	%	
Other	—	%		—	%	
Other (charges) gains, net	—	—	—	—	—	—
Operating profit (loss)	28	16	12	53	28	25
Operating margin	8.5	% 5.9	%	8.6	% 5.5	%
Earnings (loss) from continuing operations before tax	28	16	12	53	28	25
Depreciation and amortization	12	10	2	22	20	2

Our Industrial Specialties segment includes our Emulsions and EVA Performance Polymers businesses. Our Emulsions business is a global leader that produces a broad product portfolio, specializing in vinyl acetate ethylene emulsions, and is a recognized leader in low volatile organic compound emulsions, an environmentally-friendly technology. Our emulsions products are used in a wide array of applications including paints and coatings, adhesives, construction, glass fiber, textiles and paper. Our EVA Performance Polymers business offers a complete line of low-density polyethylene and specialty EVA resins and compounds. EVA Performance Polymers' products are used in many applications including flexible packaging films, lamination film products, hot melt adhesives, medical devices and tubing, automotive carpeting and solar cell encapsulation films.

Net sales changed \$60 million and \$108 million for the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010 driven by increased pricing and higher volumes. Higher pricing was attributed to recent pricing actions, current strong demand for our photovoltaic applications and improved product mix on increased sales to higher value-added applications. The increased volumes were driven by the benefits of product innovation and continued growth in vinyl emulsion applications as customers replaced oil-based solutions with our vinyl offerings, as well as higher demand for EVA performance polymers.

Operating profit changed \$12 million and \$25 million and for the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010 primarily due to higher volumes and increased pricing which were only partially offset by higher key raw material costs.

Acetyl Intermediates

	Three Months Ended June 30, 2011 (unaudited)		Change in \$	Six Months Ended June 30, 2011		Change in \$		
	(In \$ millions, except percentages)							
Net sales	914	782	132	1,727	1,506	221		
Net sales variance								
Volume	(9	)	%	(5)	%	
Price	20		%	17		%		
Currency	6		%	3		%		
Other	—		%	—		%		
Other (charges) gains, net	2	(1)	3	20	(8)	28
Operating profit (loss)	152	68	84	264	68	196		
Operating margin	16.6	%	8.7	%	15.3	%	4.5	%
Equity in net earnings (loss) of affiliates	1	1	—	3	2	1		
Earnings (loss) from continuing operations before tax	154	70	84	268	71	197		
Depreciation and amortization	25	24	1	50	69	(19)	

Our Acetyl Intermediates segment produces and supplies acetyl products, including acetic acid, vinyl acetate monomer (“VAM”), acetic anhydride and acetate esters. These products are generally used as raw materials for colorants, paints, adhesives, coatings, textiles, medicines and more. This business segment also produces organic solvents and intermediates for pharmaceutical, agricultural and chemical products.

Acetyl Intermediates’ net sales changed \$132 million and \$221 million during the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010. The increase in net sales was a result of favorable pricing which reflected the recovery of higher raw material costs and price increases generated by strong global demand for acetic acid and our major downstream derivative product lines across all regions. Higher industry utilization due to planned and unplanned production outages across the industry also contributed to the increase in net sales. These increases in net sales were slightly offset by a decrease in volumes due to production turnarounds during the six months ended June 30, 2011.

Operating profit changed \$84 million and \$196 million during the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010. The increase in operating profit is primarily due to higher sales prices, sustained reductions in plant costs resulting from the 2009 closure of our less advantaged acetic acid and VAM production operations in Pardies, France, and a favorable impact from other charges. Operating profit was also positively impacted by favorable foreign currency impacts and our inventory build as a result of expected planned production turnarounds during the third quarter of 2011.

During the six months ended June 30, 2011, we received consideration of \$17 million in connection with the settlement of a claim against a bankrupt supplier which was recorded to other charges. In addition, we recovered an additional \$4 million from the settlement of unrelated commercial disputes.

These increases to operating profit were only slightly offset by higher variable costs. Higher variable costs were a direct result of price increases in all major raw materials.

Depreciation and amortization for the six months ended June 30, 2010 includes \$20 million of accelerated amortization to write-off the asset associated with a raw material purchase agreement with a supplier who filed for bankruptcy during 2009.

Other Activities

Other Activities primarily consists of corporate center costs, including financing and administrative activities, and our captive insurance companies.

The operating loss for Other Activities changed \$(14) million and \$(11) million for the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010. Higher selling, general and administrative expenses were primarily due to strategic growth initiatives and higher other charges.

Liquidity and Capital Resources

Our primary source of liquidity is cash generated from operations, available cash and cash equivalents and dividends from our portfolio of strategic investments. In addition, as of June 30, 2011 we have \$147 million available for borrowing under our credit-linked revolving facility and \$600 million available under our revolving credit facility to assist, if required, in meeting our working capital needs and other contractual obligations.

While our contractual obligations, commitments and debt service requirements over the next several years are significant, we continue to believe we will have available resources to meet our liquidity requirements, including debt service, in 2011. If our cash flow from operations is insufficient to fund our debt service and other obligations, we may be required to use other means available to us such as increasing our borrowings, reducing or delaying capital expenditures, seeking additional capital or seeking to restructure or refinance our indebtedness. There can be no assurance, however, that we will continue to generate cash flows at or above current levels.

In January 2011, we signed letters of intent to construct and operate one, and possibly two industrial ethanol production facilities in China. The sites selected were Nanjing, China at the Nanjing Chemical Industrial Park, and Zhuhai, China at the Gaolan Port Economic Zone. We expect to begin industrial ethanol production within 30 months following project approvals with anticipated initial nameplate capacity of 400,000 tons per year per unit and an initial investment of approximately \$300 million per unit. In June 2011, we announced our plans to accelerate our entry into the industrial ethanol business 6 to 12 months by modifying and enhancing our existing integrated acetyl facility at the Nanjing Chemical Industrial Park with our TCX™ advanced technology. This would add approximately 200,000 tons per year of ethanol production capacity by mid-2013. In June 2011, we broke ground on a technology development unit for ethanol production at our facility in Clear Lake, Texas, which is expected to be operational by mid-2012. We also intend to construct a new research and development facility at our Clear Lake site to continue the advancement of our acetyl and TCX™ technologies.

In April 2010, we announced that, through our strategic venture Ibn Sina, we will construct a 50,000 ton per year POM production facility in Saudi Arabia. Our pro rata share of the capital to be invested in the POM expansion is expected to be in the range of \$150 million to \$180 million. Of our pro rata share, we expect the expansion to be funded primarily by Ibn Sina.

Cash outflows for capital expenditures are expected to be in the range of \$300 million to \$350 million in 2011, excluding amounts related to the relocation of our Ticona plant in Kelsterbach and capacity expansion in Europe. Per the terms of our agreement with Fraport, we provided notice to Fraport on March 30, 2011 indicating we will cease operations at our Kelsterbach, Germany facility by July 31, 2011. Accordingly, we received the final cash installment of €110 million in June 2011. As the relocation project progressed, we decided to expand the scope of the new production facilities and now expect to spend in excess of total proceeds to be received from Fraport. We anticipate related cash outflows for capital expenditures in 2011 will be €175 million.

In December 2009, we announced plans with China National Tobacco Corporation to expand the acetate flake and tow capacity at our venture's Nantong facility and in 2010 we received formal approval to expand flake and tow capacities, each by 30,000 tons. Our Chinese acetate ventures fund their operations using operating cash flow. We made contributions during 2010 of \$12 million and have committed to contributions of \$17 million in 2011 related to the capacity expansion in Nantong. 2011 contributions are expected to be paid during the third and fourth quarters of 2011.

As a result of the previously announced closure of our acetate flake and tow manufacturing operations at the Spondon, Derby, United Kingdom site, we expect to record total expenses of \$35 to \$45 million, consisting of \$20 million for personnel-related exit costs and \$20 million of other facility-related shutdown costs such as contract termination costs and accelerated depreciation of fixed assets. We expect that substantially all of the exit costs (except for accelerated depreciation of fixed assets of \$15 million) will result in future cash expenditures. Cash outflows are expected to occur through 2012. For the six months ended June 30, 2011, we recorded exit costs of \$5 million related to personnel-related costs. We expect the closure of the acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom will occur during 2012. See Note 3 and Note 13 in the accompanying unaudited interim consolidated financial statements.

In addition to exit-related costs associated with the closure of the Spondon, Derby, United Kingdom acetate flake and tow manufacturing operations, we expect to incur capital expenditures of \$35 million in certain capacity and efficiency improvements, principally at our Lanaken, Belgium facility, to optimize our global production network. On a stand-alone basis, Celanese has no material assets other than the stock of its subsidiaries and no independent external operations of its own. As such, Celanese generally will depend on the cash flow of its subsidiaries and their abilities to pay dividends and make other distributions to Celanese in order for Celanese to meet its obligations, including its obligations under its Series A common stock, senior credit facilities and its senior notes.

Cash Flows

Cash and cash equivalents as of June 30, 2011 were \$741 million, which is a change of \$1 million from December 31, 2010. As of June 30, 2011, \$559 million of the \$741 million of cash and cash equivalents was held by our foreign subsidiaries. If these funds are needed for our operations in the US, we may be required to accrue and pay US taxes to repatriate these funds. Our intent is to permanently reinvest these funds outside of the US, with the possible exception of funds that have been previously subject to US federal and state taxation. Our current plans do not demonstrate a need to repatriate cash held by our foreign subsidiaries in a taxable transaction to fund our US operations.

• Net Cash Provided by Operating Activities

Cash flow provided by operations changed \$97 million during the six months ended June 30, 2011 as compared to the same period in 2010. Cash flow provided by operations was positively impacted by the increase in earnings from continuing operations slightly offset by a decrease in trade working capital.

• Net Cash Provided by (Used in) Investing Activities

Net cash used in investing activities changed \$142 million for the six months ended June 30, 2011 as compared to the same period in 2010. During the six months ended June 30, 2011 we received \$158 million from the Frankfurt, Germany Airport related to the relocation of our Kelsterbach, Germany Ticona operations. No such proceeds were received during the same period in 2010. In addition, we spent less on capital expenditures related to the relocation of our Kelsterbach, Germany Ticona operations during the six months ended June 30, 2011 as compared to the same period in 2010. These decreases to cash used were only slightly offset by an increase in capital expenditures related to property, plant and equipment.

Our cash outflows for capital expenditures were \$151 million and \$78 million for the six months ended June 30, 2011 and 2010, respectively. Capital expenditures were primarily related to major replacements of equipment, capacity expansions, major investments to reduce future operating costs and environmental and health and safety initiatives.

• Net Cash Used in Financing Activities

Net cash used in financing activities changed \$(120) million for the six months ended June 30, 2011 as compared to the same period in 2010. The increase in cash used in financing activities is primarily related to the increase in the net payments on long-term debt of \$142 million. On May 6, 2011, we completed an offering of \$400 million of 5.875% senior unsecured notes due 2021 (the “5.875% Notes”). We used the proceeds from the issuance of the 5.875% Notes and cash on hand to prepay the outstanding balance of \$516 million on our Term B loan facility.

Debt and Other Obligations

• Senior Notes

In September 2010, we completed an offering of \$600 million 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, we 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 as of September 24, 2010 (the “Indenture”) among Celanese US, Celanese, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee. The 6.625% Notes bear interest at a rate of 6.625% per annum and were priced at 100% of par. Celanese US will pay interest on the 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.

56

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.

We completed the offering of the 5.875% Notes on May 6, 2011 in a public offering registered under the Securities Act. The 5.875% Notes are guaranteed on a senior unsecured basis by Celanese and each of 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.

The First Supplemental Indenture contains covenants, including, but not limited to, restrictions on our 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, we entered into an amendment agreement with the lenders under our 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 due 2016, the Term B loan facility having principal amounts of \$417 million US dollar-denominated and €69 million of Euro-denominated term loans due 2014, 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 the outstanding Term B loan facility under the Amended Credit Agreement set to mature in 2014 in an aggregate principal amount of \$516 million using proceeds from the 5.875% Notes and cash on hand. The prepaid principal amount was comprised of \$414 million of US dollar-denominated Term B loan facility and €69 million of Euro-denominated Term B loan facility. As of June 30, 2011, only the Term C loan remains outstanding under the senior credit facilities.

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

	As of June 30, 2011 (unaudited) (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

As a condition to borrowing funds or requesting that letters of credit be issued under the revolving credit facility, our 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, our first lien senior secured leverage ratio must be maintained at or below that threshold while any amounts

are outstanding under the revolving credit facility.

Our amended first lien senior secured leverage ratios and the borrowing capacity under the revolving credit facility are as follows:

	As of June 30, 2011		Estimate, If Fully Drawn	Borrowing Capacity
	Maximum (unaudited)	Estimate		
				(In \$ millions)
First Lien Senior Secured Leverage Ratio	3.90 to 1.00	1.15 to 1.00	1.62 to 1.00	600

The Amended Credit Agreement contains covenants including, but not limited to, restrictions on our 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; as well as a covenant requiring maintenance of a maximum first lien senior secured leverage ratio.

We are in compliance with all of the covenants related to our debt agreements as of June 30, 2011.
Share Capital

We have a policy of declaring, subject to legally available funds, a quarterly cash dividend on each share of Series A common stock, par value \$0.0001 per share. On April 25, 2011, we announced that our Board of Directors approved a 20% increase in the Celanese quarterly Series A common stock cash dividend. The Board of Directors increased the quarterly dividend rate from \$0.05 to \$0.06 per share of Series A common stock on a quarterly basis, which equates to \$0.20 to \$0.24 per share of Series A common stock annually. The new dividend rate will be applicable to dividends payable beginning in August 2011. On July 7, 2011, we declared a cash dividend of \$0.06 per share on our Series A common stock amounting to \$9 million. The cash dividends are for the period from May 1, 2011 to July 31, 2011 and will be paid on August 1, 2011 to holders of record as of July 18, 2011.

Our Board of Directors authorized the repurchase of our Common Stock as follows:

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

These authorizations give management discretion in determining the timing and conditions under which shares may be repurchased. This repurchase program does not have an expiration date. The number of shares repurchased and the average purchase price paid per share pursuant to these authorizations are as follows:

	Six Months Ended		Total From February 2008 Through June 30, 2011
	June 30, 2011 (unaudited)	2010	
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 will reduce the number of shares outstanding and the repurchased shares may be used by us for compensation programs utilizing our stock and other corporate purposes. We account for treasury stock using the cost method and include treasury stock as a component of Shareholders' equity.

Contractual Obligations

Except as otherwise described in this report, there have been no material revisions outside the ordinary course of business to our contractual obligations as described in our 2010 Form 10-K.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

Our unaudited interim consolidated financial statements are based on the selection and application of significant accounting policies. The preparation of unaudited interim consolidated financial statements in conformity with US Generally Accepted Accounting Principles ("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. Actual results could differ from those estimates. However, we are not currently aware of any reasonably likely events or circumstances that would result in materially different results.

We describe our significant accounting policies in Note 2, Summary of Accounting Policies, of the Notes to Consolidated Financial Statements included in our 2010 Form 10-K. We discuss our critical accounting policies and estimates in MD&A in our 2010 Form 10-K.

There have been no material revisions to the critical accounting policies as filed in our 2010 Form 10-K.

Recent Accounting Pronouncements

See Note 2 to the accompanying unaudited interim consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk for our Company has not changed materially from the foreign exchange, interest rate and commodity risks disclosed in Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our 2010 Form 10-K.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, as of June 30, 2011, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in legal and regulatory proceedings, lawsuits and claims incidental to the normal conduct of our business, relating to such matters as product liability, land disputes, contracts, antitrust, intellectual property, workers' compensation, chemical exposure, asbestos exposure, prior acquisitions and divestitures, past waste disposal practices and release of chemicals into the environment. We are actively defending those matters where the Company is named as a defendant. Due to the inherent subjectivity of assessments and unpredictability of outcomes of legal proceedings, our litigation accruals and estimates of possible loss or range of possible loss may not represent the ultimate loss to the Company from legal proceedings. See Note 17 in the accompanying unaudited interim consolidated financial statements for a discussion of material legal

proceedings. There have been no significant developments in the “Legal Proceedings” described in our 2010 Form 10-K other than those disclosed in Note 17 in the accompanying unaudited interim consolidated financial statements.

Item 1A. Risk Factors

Except as set forth herein, there have been no material changes to the risk factors under Part I, Item 1A of our 2010 Form 10-K. The following risk factor, which was included in our 2010 Form 10-K under Part I, Item 1.A “Risk Factors—Risks Related to our Business” and in our Form 10-Q for the quarter ended March 31, 2011 under Part II, Item 1A. “Risk Factors”, has been updated to reflect recent developments concerning new regulations adopted by the Environmental Protection Agency in March 2011.

Environmental regulations and other obligations relating to environmental matters could subject us to liability for fines, clean-ups and other damages, require us to incur significant costs to modify our operations and increase our manufacturing and delivery costs.

Costs related to our compliance with environmental laws and regulations, and potential obligations with respect to contaminated sites may have a significant negative impact on our operating results. These obligations include the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”) and the Resource Conservation and Recovery Act of 1976 (“RCRA”) related to sites currently or formerly owned or operated by us, or where waste from our operations was disposed. We also have obligations related to the indemnity agreement contained in the demerger and transfer agreement between Celanese GmbH and Hoechst AG, also referred to as the demerger agreement, for environmental matters arising out of certain divestitures that took place prior to the demerger.

Our operations are subject to extensive international, national, state, local and other supranational laws and regulations that govern environmental and health and safety matters, including CERCLA and RCRA. We incur substantial capital and other costs to comply with these requirements. If we violate any one of those laws or regulations, we can be held liable for substantial fines and other sanctions, including limitations on our operations as a result of changes to or revocations of environmental permits involved. Stricter environmental, safety and health laws, regulations and enforcement policies could result in substantial costs and liabilities to us or limitations on our operations and could subject our handling, manufacture, transport, use, reuse or disposal of substances or pollutants to more rigorous scrutiny than at present. One example of such regulations is the National Emission Standard for Hazardous Air Pollutants for Industrial, Commercial, and Institutional Boilers and Process Heaters, which was published by the Environmental Protection Agency (“EPA”) in the Federal Register on March 21, 2011. On May 16, 2011, the EPA administratively stayed the Boiler MACT regulation pending resolution of legal petitions and the EPA's reconsideration of portions of the final rule. The EPA intends to repropose the final Boiler MACT regulation in October 2011 and have a final signed rule in April 2012. These rules could require us to make significant capital expenditures to comply with stricter emissions requirements for industrial boilers and process heaters at our facilities in the next three to four years. Consequently, compliance with these laws and regulations could result in significant capital expenditures as well as other costs and liabilities, which could adversely affect our business and cause our operating results to be less favorable than expected. These proposed regulations are being challenged, but an adverse outcome in these proceedings may negatively affect our earnings and cash flows in a particular reporting period.

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

The table below sets forth information regarding repurchases of our Common Stock during the three months ended June 30, 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares Remaining that may be Purchased Under the Program
(unaudited)				
April 1-30, 2011	4,956	(1) \$47.87	—	\$200,000,000
May 1-31, 2011	204,353	\$48.93	204,353	\$190,000,000
June 1-30, 2011	—	\$—	—	\$190,000,000

Edgar Filing: Celanese CORP - Form 10-Q

Total	209,309	\$48.91	204,353	\$190,000,000
-------	---------	---------	---------	---------------

(1) Relate to shares employees have elected to have withheld to cover their statutory minimum withholding requirements for personal income taxes related to the vesting of restricted stock units.

Item 3. Defaults Upon Senior Securities

None.

60

Item 4. [Removed and Reserved]

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K filed with the SEC on February 11, 2011).
3.2	Third Amended and Restated By-laws, effective as of October 23, 2008 (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on October 29, 2008).
4.1	Indenture, 6.625% Senior Notes due 2018, dated as of September 24, 2010, by and between Celanese US Holdings LLC, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on September 29, 2010).
4.2	Indenture, dated as of May 6, 2011, by and between Celanese US Holdings LLC, Celanese Corporation and Wells Fargo Bank, National Association, as trustee (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on May 6, 2011).
4.3	First Supplemental Indenture, 5.875% Senior Notes due 2021, dated as of May 6, 2011, by and between Celanese US Holdings LLC, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee (Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed with the SEC on May 6, 2011).
10.1	Form of Time-Vesting Restricted Stock Unit Award Agreement (for non-employee directors) between Celanese Corporation and award recipient (filed herewith).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

CELANESE CORPORATION

By: /s/ David N. Weidman

David N. Weidman
Chairman of the Board of Directors and
Chief Executive Officer
Date: July 22, 2011

By: /s/ Steven M. Sterin

Steven M. Sterin
Senior Vice President and
Chief Financial Officer
Date: July 22, 2011