

# CELANESE CORP

## **FORM 8-K** (Current report filing)

Filed 12/02/08 for the Period Ending 12/02/08

Address	222 W. LAS COLINAS BLVD., SUITE 900N IRVING, TX, 75039-5421
Telephone	972-443-4000
CIK	0001306830
Symbol	CE
SIC Code	2820 - Plastic Material, Synthetic Resin/Rubber, Cellulos (No Glass)
Industry	Commodity Chemicals
Sector	Basic Materials
Fiscal Year	12/31

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**Current Report**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): December 2, 2008**

**CELANESE CORPORATION**

(Exact Name of Registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction  
of incorporation)

**001-32410**

(Commission File  
Number)

**98-0420726**

(IRS Employer  
Identification No.)

**1601 West LBJ Freeway, Dallas, Texas 75234-6034**

(Address of Principal Executive Offices) (Zip Code)

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

**Not Applicable**

(Former name or former address, if changed since last report):

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### Item 7.01 Regulation FD Disclosure.

On December 2, 2008, David N. Weidman, Chairman and Chief Executive Officer of Celanese Corporation (the “Company”) will address investors at the 19<sup>th</sup> Annual Citi Chemicals Conference in New York at 8:35 a.m., Eastern Time. A webcast of the presentation and a replay of the webcast will be available on our website at [www.celanese.com](http://www.celanese.com) under Investor/Presentations & Webcasts. A copy of the slide presentation posted during the webcast is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein solely for purposes of this Item 7.01 disclosure.

### Item 9.01. Financial Statements and Exhibits.

#### (d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
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99.1	Slide Presentation dated December 2, 2008 *
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\* In connection with the disclosure set forth in Item 7.01, the information in this Current Report, including the exhibit attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of such section. The information in this Current Report, including the exhibit, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act, regardless of any incorporation by reference language in any such filing. This Current Report will not be deemed an admission as to the materiality of any information in this Current Report that is required to be disclosed solely by Regulation FD.

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**EXHIBIT INDEX**

Exhibit Number Description

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**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 hereunto duly authorized.

**CELANESE CORPORATION**

By: /s/ Robert L. Villaseñor

Name: Robert L. Villaseñor

Title: Associate General Counsel and  
Assistant Secretary

Date: December 2, 2008



**Pursue.**   
**Premier.**

**Celanese Corporation**  
**December 2008**

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# Forward looking statements; Reconciliation and use of non-GAAP measures to U.S. GAAP



This presentation may contain "forward-looking statements," which include information concerning the company's plans, objectives, goals, strategies, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. When used in this presentation, the words "outlook," "forecast," "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the company will realize these expectations or that these beliefs will prove correct. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements contained in this release. Numerous factors, many of which are beyond the company's control, could cause actual results to differ materially from those expressed as forward-looking statements. Certain of these risk factors are discussed in the company's filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made, and the company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

This presentation reflects three performance measures, operating EBITDA, adjusted earnings per share and adjusted free cash flow as non-U.S. GAAP measures. The most directly comparable financial measure presented in accordance with U.S. GAAP in our consolidated financial statements for operating EBITDA is operating profit, for adjusted earnings per share is earnings per common share-diluted, and for adjusted free cash flow is cash flow from operations.

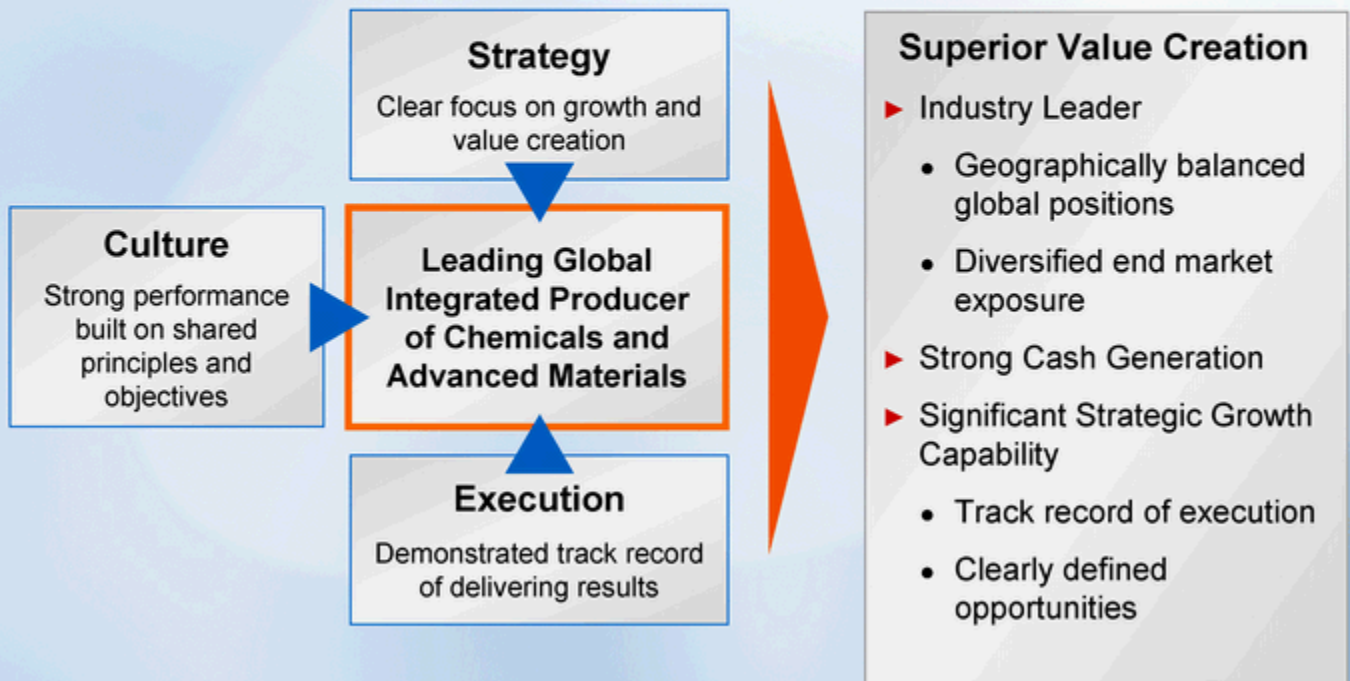
► Operating EBITDA, a measure used by management to measure performance, is defined as operating profit from continuing operations, plus equity in net earnings from affiliates, other income and depreciation and amortization, and further adjusted for other charges and adjustments. We provide guidance on operating EBITDA and are unable to reconcile forecasted operating EBITDA to a GAAP financial measure because a forecast of other charges and other adjustments is not practical. Our management believes operating EBITDA is useful to investors because it is one of the primary measures our management uses for its planning and budgeting processes and to monitor and evaluate financial and operating results. Operating EBITDA is not a recognized term under U.S. GAAP and does not purport to be an alternative to operating profit as a measure of operating performance or to cash flow from operations as a measure of liquidity. Because not all companies use identical calculations, this presentation of operating EBITDA may not be comparable to other similarly titled measures of other companies. Additionally, operating EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements nor does it represent the amount used in our debt covenants.

► Adjusted earnings per share is a measure used by management to measure performance. It is defined as net earnings (loss) available to common shareholders plus preferred dividends, adjusted for other charges and adjustments, and divided by the number of basic common shares, diluted preferred shares, and options valued using the treasury method. We provide guidance on an adjusted earnings per share basis and are unable to reconcile forecasted adjusted earnings per share to a GAAP financial measure because a forecast of other charges and other adjustments is not practical. We believe that the presentation of this non-U.S. GAAP measure provides useful information to management and investors regarding various financial and business trends relating to our financial condition and results of operations, and that when U.S. GAAP information is viewed in conjunction with non-U.S. GAAP information, investors are provided with a more meaningful understanding of our ongoing operating performance. This non-U.S. GAAP information is not intended to be considered in isolation or as a substitute for U.S. GAAP financial information.

► The tax rate used for adjusted earnings per share is the tax rate based on our original guidance communicated at the company's investor day in December 2007. We adjust this tax rate during the year only if there is a substantial change in our underlying operations; an updated forecast would not necessarily result in a change to our tax rate used for adjusted earnings per share. The adjusted tax rate may differ significantly from the tax rate used for U.S. GAAP reporting in any given reporting period. It is not practical to reconcile our prospective adjusted tax rate to the actual U.S. GAAP tax rate in any future period.

► Adjusted free cash flow is defined as cash flow from operations less capital expenditures, other productive asset purchases, operating cash from discontinued operations and certain other charges. We believe that the presentation of this non-U.S. GAAP measure provides useful information to management and investors regarding changes to the company's cash flow. Our management and credit analysts use adjusted free cash flow to evaluate the company's liquidity and assess credit quality. This non-U.S. GAAP measure is not intended to be considered in isolation or as a substitute for U.S. GAAP financial information.

# Celanese: a leading global integrated producer of chemicals and advanced materials



## Strong 2008 financial performance in uncertain environment

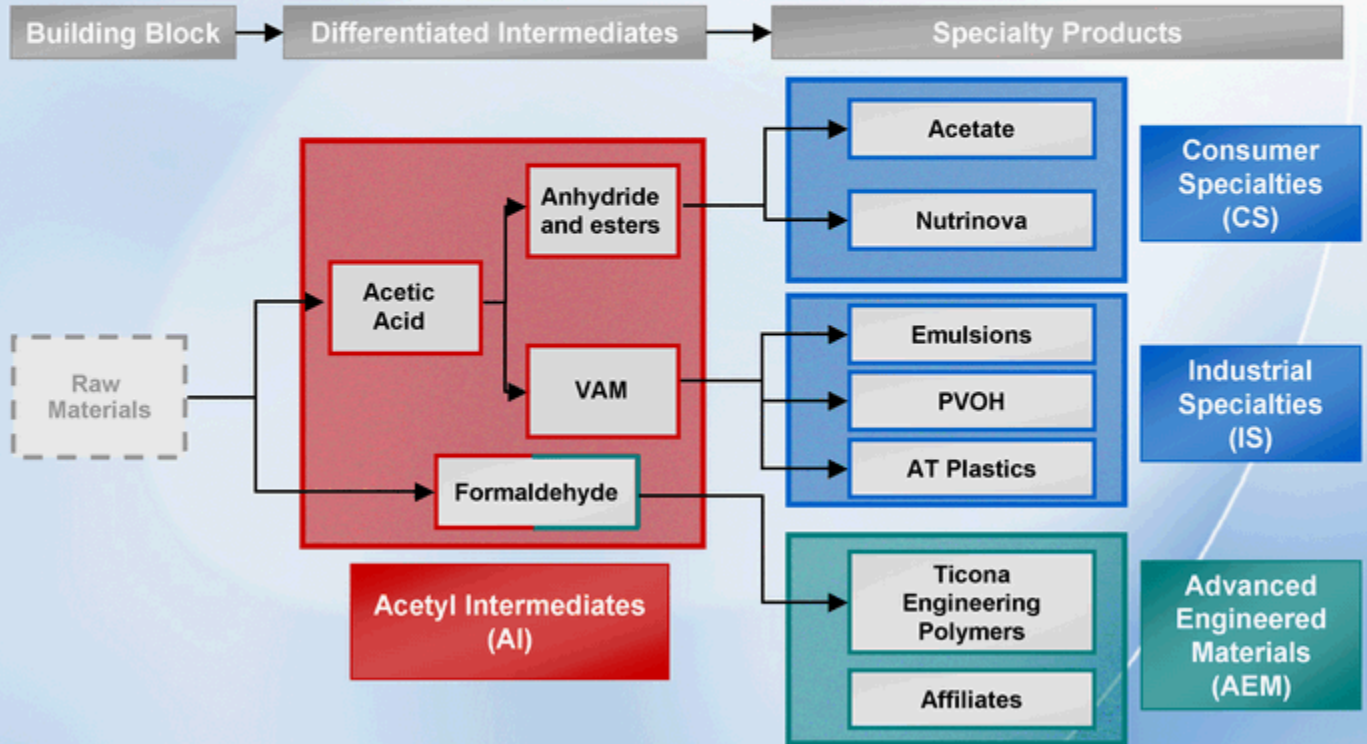


\$ in millions (except EPS)	3 <sup>rd</sup> Qtr 2008	3 <sup>rd</sup> Qtr 2007	YTD2008	YTD2007
Sales	\$1,823	\$1,573	\$5,537	\$4,684
Operating Profit	\$151	\$147	\$592	\$424
Adjusted EPS	\$0.78	\$0.73	\$3.05	\$2.35
Operating EBITDA	\$314	\$302	\$1,101	\$945

- ▶ Record performance year-to-date
  - Strong business environment during 1<sup>st</sup> half in Acetyl Intermediates offset soft environment for Industrial Specialties and Advanced Engineered Materials
  - Consumer Specialties continued to deliver sustained earnings performance
- ▶ Credit crisis and global recessionary trends pressure near term volumes
  - Significant end-consumer supply chain destocking, particularly in Asia
  - Continued global weakness in industrial/consumer confidence and demand



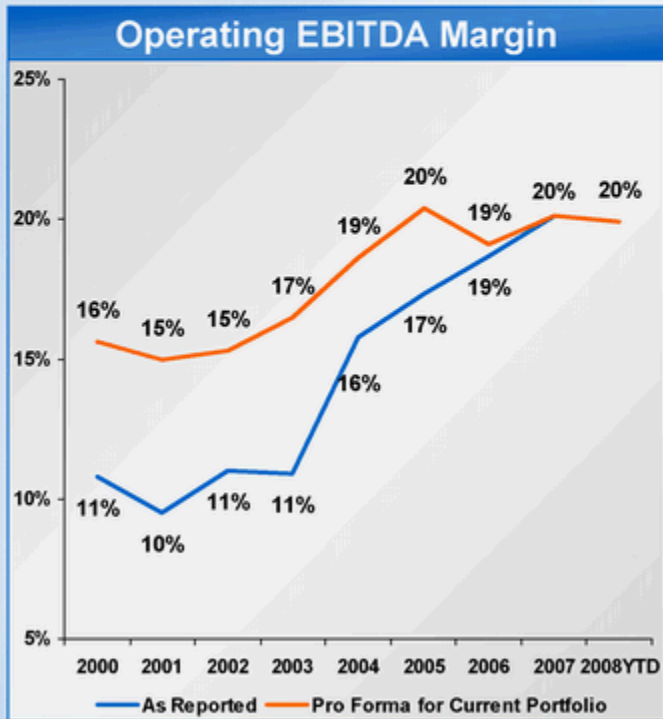
# Globally balanced and integrated businesses aligned to sustain value and accelerate growth



# Celanese has executed and will continue to execute against a simple strategic foundation

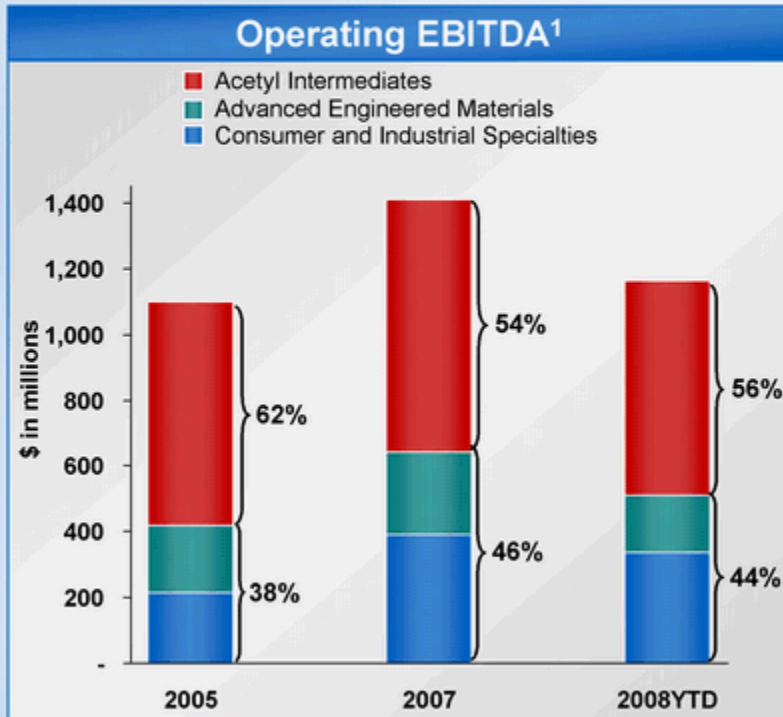


# Today's portfolio: more resilient and less volatile



- ▶ Current portfolio provides overall higher level of earnings
- ▶ Historic view with today's portfolio reflects significantly less volatility
  - Current portfolio range: 15% - 20%
  - Historic portfolio range: 10% - 20%
- ▶ One-third of portfolio is new to the company since 2000
- ▶ Strategic objectives will continue to bolster portfolio

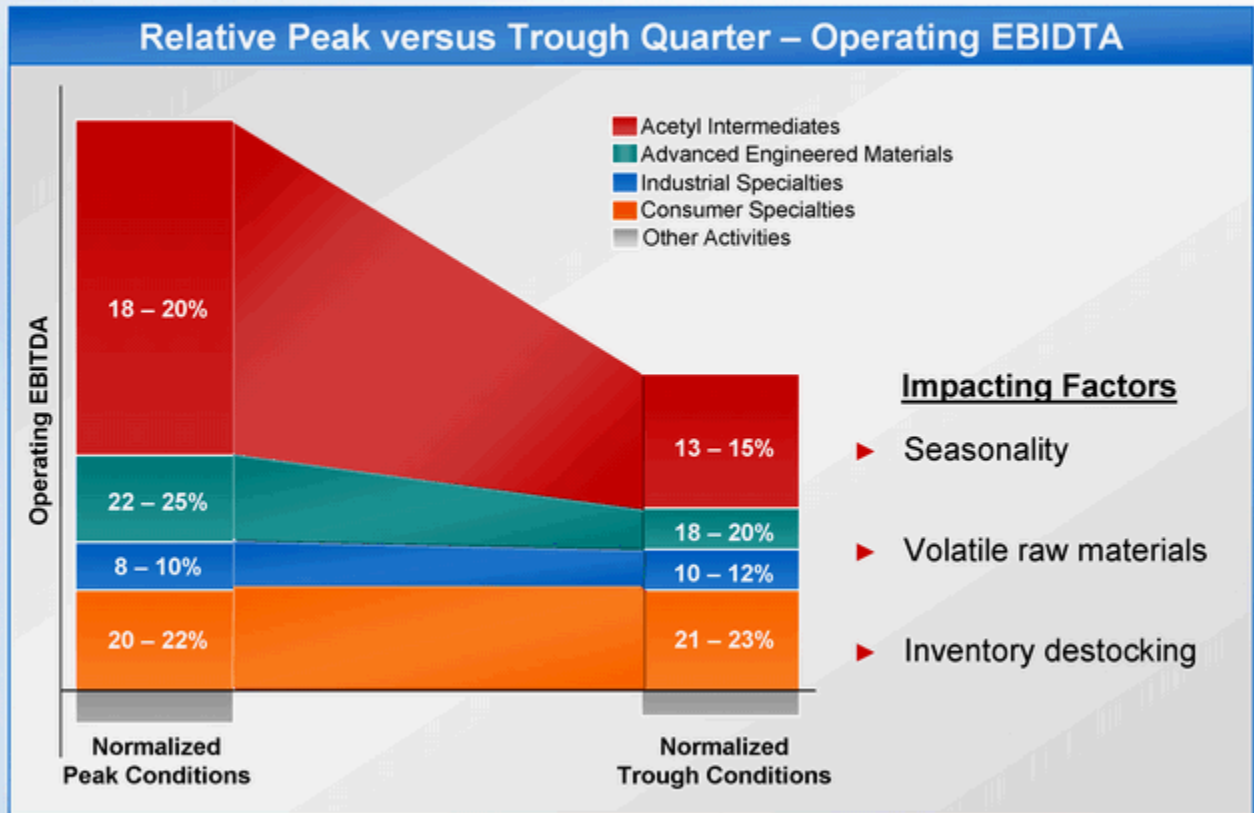
# Today's portfolio: higher growth, more specialty



- ▶ Strategic growth plans continue to accelerate earnings of specialty businesses
  - Essentially all growth has come from specialty businesses
  - Two-thirds of 2010 Strategic Growth Objectives expected from specialty businesses
- ▶ Resulting in:
  - Higher growth rates
  - Increased overall earnings power of the portfolio
  - Reduced volatility
  - Higher level of normalized earnings

<sup>1</sup>2005, 2007 and 2008YTD Operating EBITDA excludes Other Activities of (\$122), (\$82) and (\$64), respectively, for the periods presented

# Peak and trough relative performance



**Trough defined as four quarters of sustained -1% to 1% global GDP**

9 Note: Earnings from strategic affiliates included in total Operating EBITDA amounts but excluded from margin % amounts

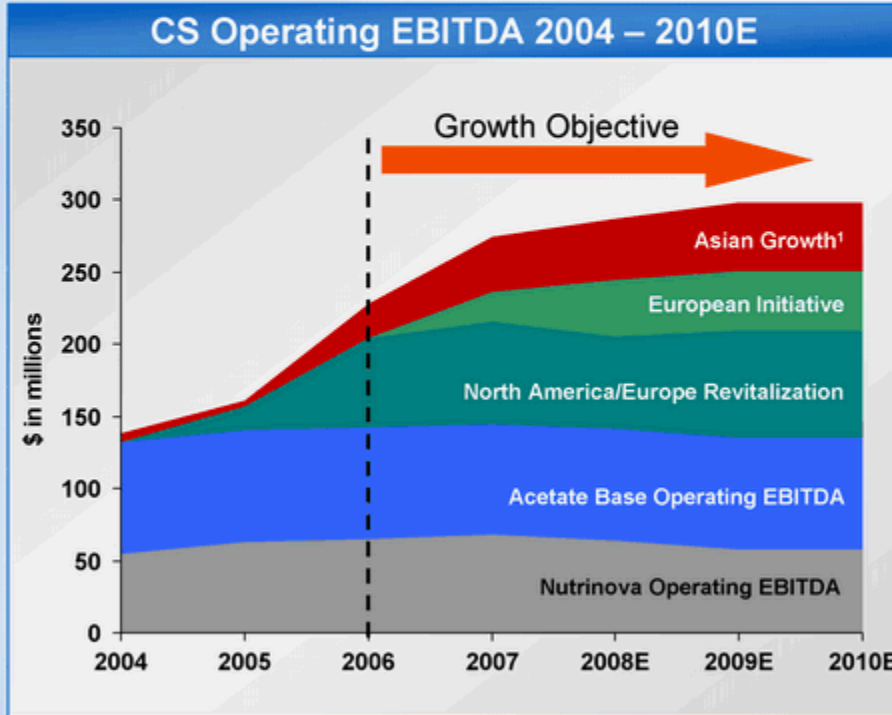


# Portfolio well-positioned to deliver and Celanese execute during all economic conditions

<b>Consumer Specialties</b>	<ul style="list-style-type: none"><li>▶ Relatively economically insensitive with stable earnings and cash flows</li><li>▶ Selective growth opportunities through customer partnerships</li></ul>
<b>Industrial Specialties</b>	<ul style="list-style-type: none"><li>▶ GDP driven volumes</li><li>▶ Downstream integration mitigates volatility</li><li>▶ Opportunities for growth through innovation and globalization</li></ul>
<b>Advanced Engineered Materials</b>	<ul style="list-style-type: none"><li>▶ Innovation and extensive portfolio provides platform</li><li>▶ Executing on value recovery opportunities</li><li>▶ Automotive and durable good volumes drive market growth</li></ul>
<b>Acetyl Intermediates</b>	<ul style="list-style-type: none"><li>▶ Leading global position provides solid platform</li><li>▶ GDP+ driven volumes</li><li>▶ Advantaged technology and cost position</li></ul>

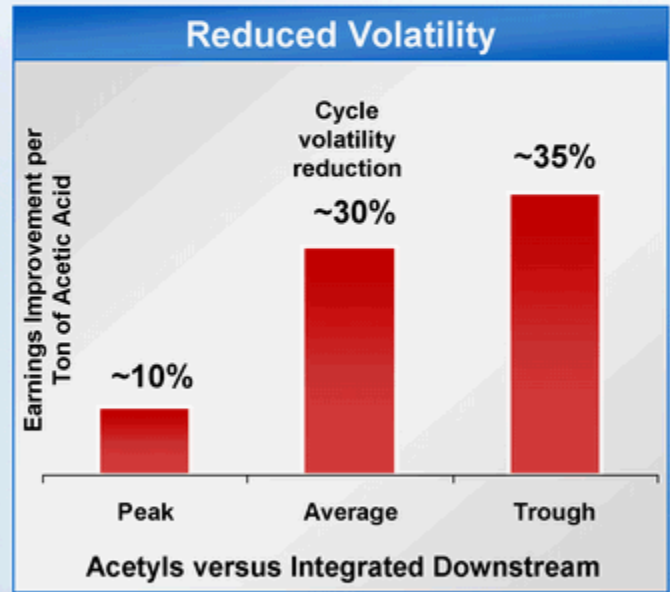
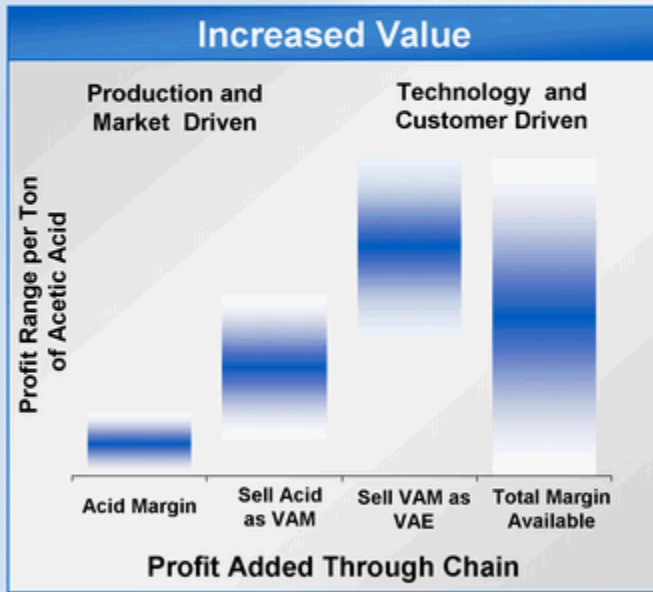
**Value Creation supported by strong cash generation, fiscal discipline and an optimized leverage portfolio**

# CS: relatively economically insensitive with stable earnings and cash flows



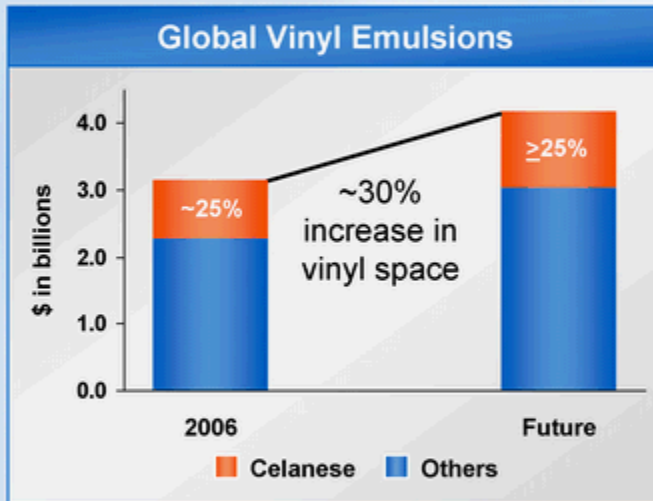
- ▶ Acetate Products revitalization completed in 2007
- ▶ Full synergy capture of APL acquisition by 2008
- ▶ Nutrinova to offset price declines with volume increases
- ▶ Modest growth beyond 2008:
  - Growth in Asia continues at ~2% per year
  - Sustainable Operating EBITDA

# IS: downstream integration mitigates earnings volatility



- ▶ Higher overall earnings through integrated chain
- ▶ Lower earnings volatility with downstream integration

# IS: opportunities for growth through innovation and globalization

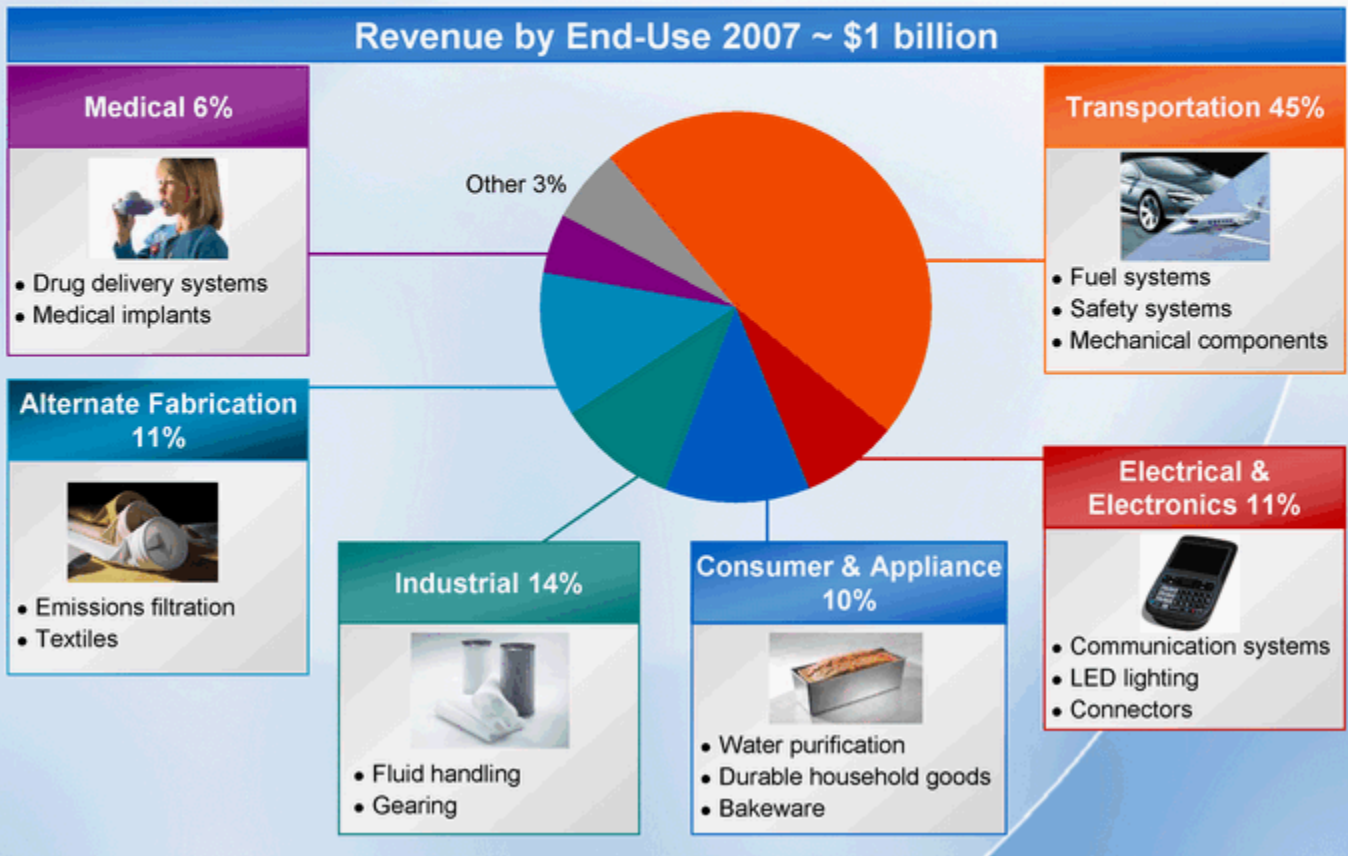


### Applications Driving Future Growth

Applications	Future Application Sales (\$MM)	Growth Rate
Low VOC and nano paints	\$400 – \$500	10+%
Engineered fabrics/glass fiber	\$200 – \$300	3% - 5%
Enviro-friendly adhesives	\$100 – \$200	8%
China building/construction	\$100 – \$200	30+%

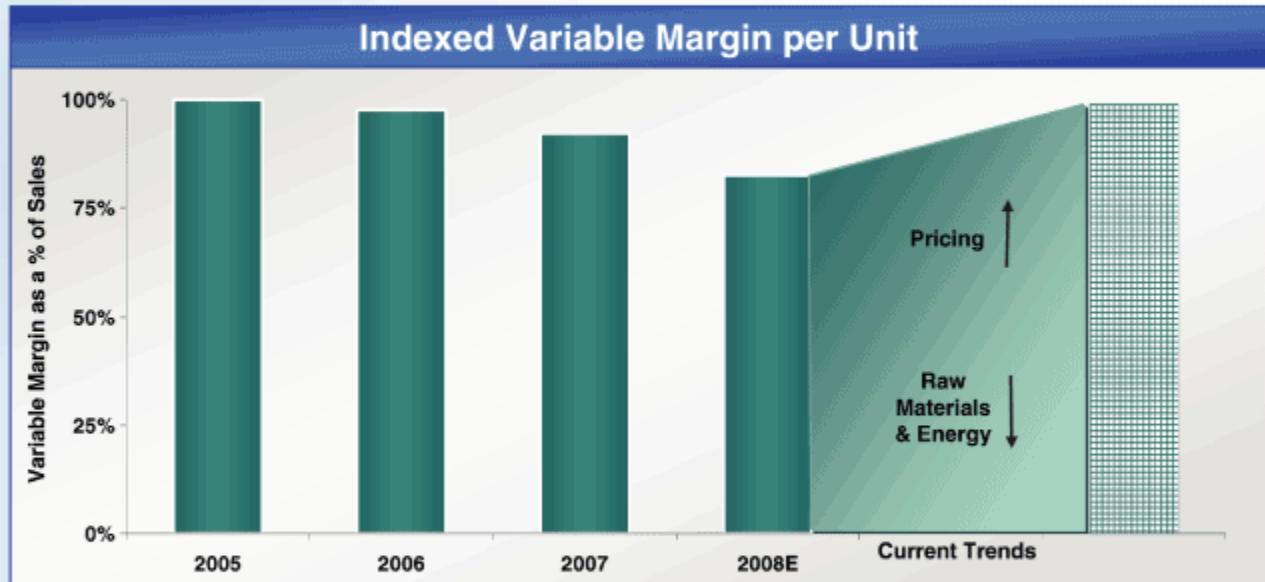
**\$1.0 billion expansion = ≥\$250 million in revenue**

# AEM: innovation and extensive portfolio Celanese provides platform



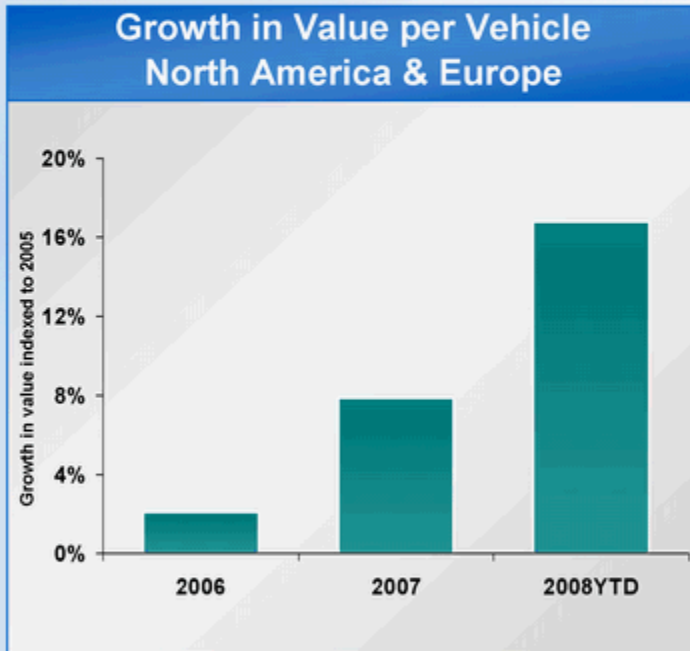


# AEM: value recovery opportunities through easing input costs and pricing initiatives



- ▶ Significantly high raw material and energy costs impacted margins since 2005
- ▶ Successful pricing actions and falling raw material costs drive margin expansion opportunities

# AEM: automotive and durable good volumes drive market growth

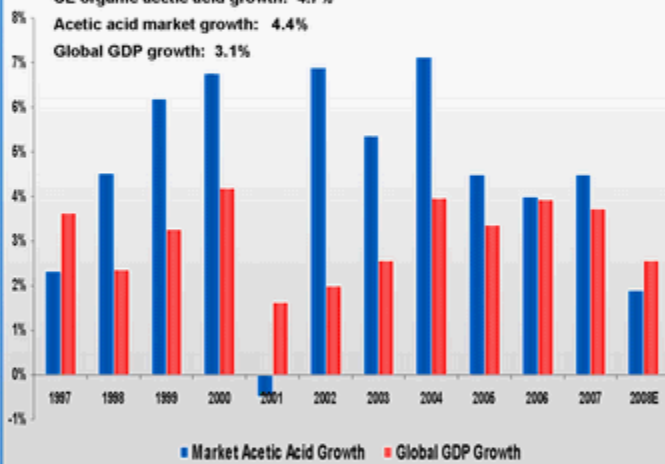


- ▶ Current North American and European unit production trends under significant pressure
  - Shift to smaller, more fuel efficient vehicles
  - Limited credit availability
- ▶ Value per vehicle expected to continue significant growth trend
- ▶ Expansion in Asia adds organic growth opportunities
- ▶ Increased focus on product development applications
  - Metal replacement
  - Fuel efficiency/Alternative fuels
  - Increased electronics

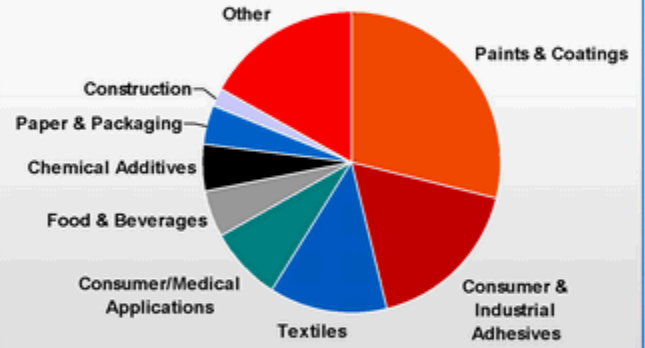
# AI: GDP+ driven volumes

## Acetic Acid Industry Global Growth versus Global GDP

1996 – 2008E CAGR:  
 CE organic acetic acid growth: 4.7%  
 Acetic acid market growth: 4.4%  
 Global GDP growth: 3.1%



## Acetyl Intermediates End-Market Exposure

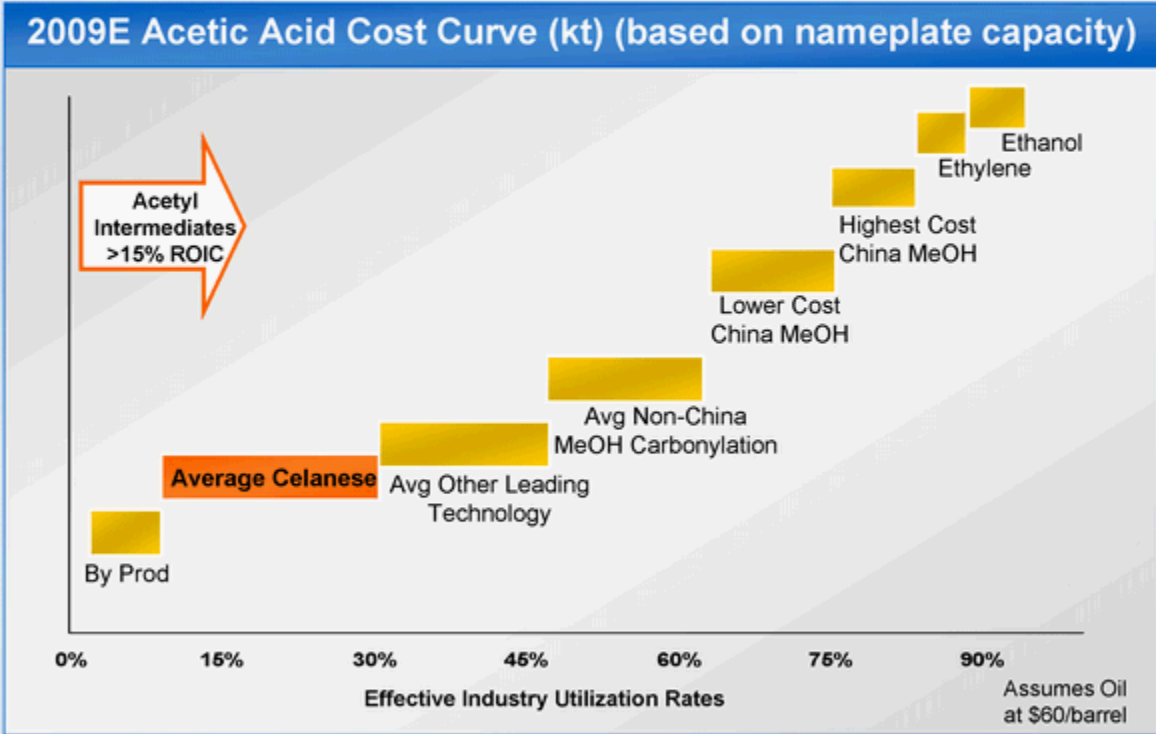


Includes intra-company sales

**Demand for acetic acid generally trends above global GDP**



# AI: advantaged technology and cost position



# Committed to delivering value creation

## Primary Strategic Growth Focus

	Group	Asia	Revitalization	Innovation	Organic	Balance Sheet	Operational Excellence	EBITDA Impact
Operating EBITDA	Consumer and Industrial Specialties	X	X	X			X	>\$100MM
	Advanced Engineered Materials	X		X	X		X	>\$100MM
	Acetyl Intermediates	X			X		X	>\$100MM
EPS	Celanese Corporate					X	X	Incremental EPS

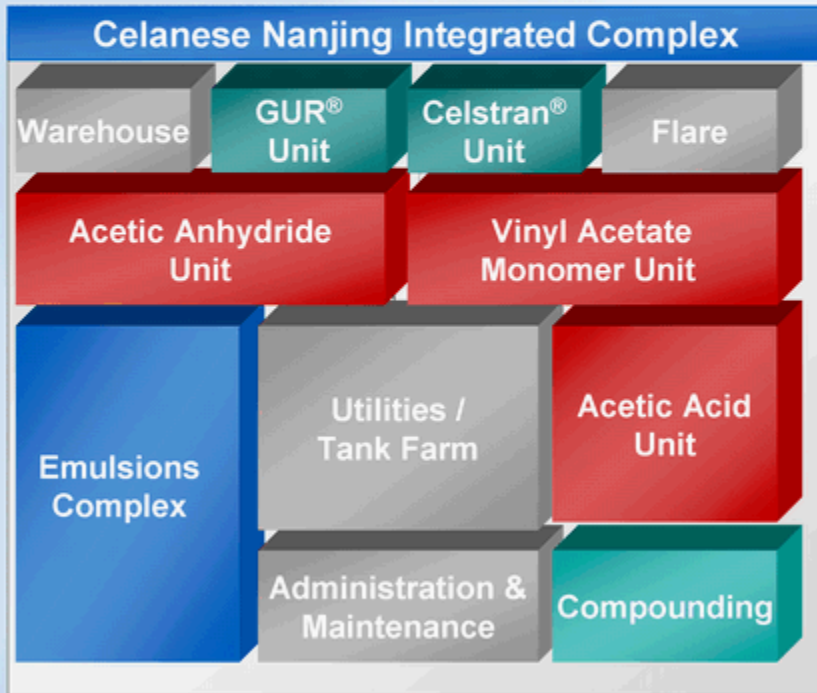
**Increased earnings profile dampens economic impact of cycle and provides strategic growth versus 2006 baseline**

# Focused cash flow and capital structure strategy



**Fiscal discipline and measured actions priority in current environment**

# Asia strategy: high-return growth



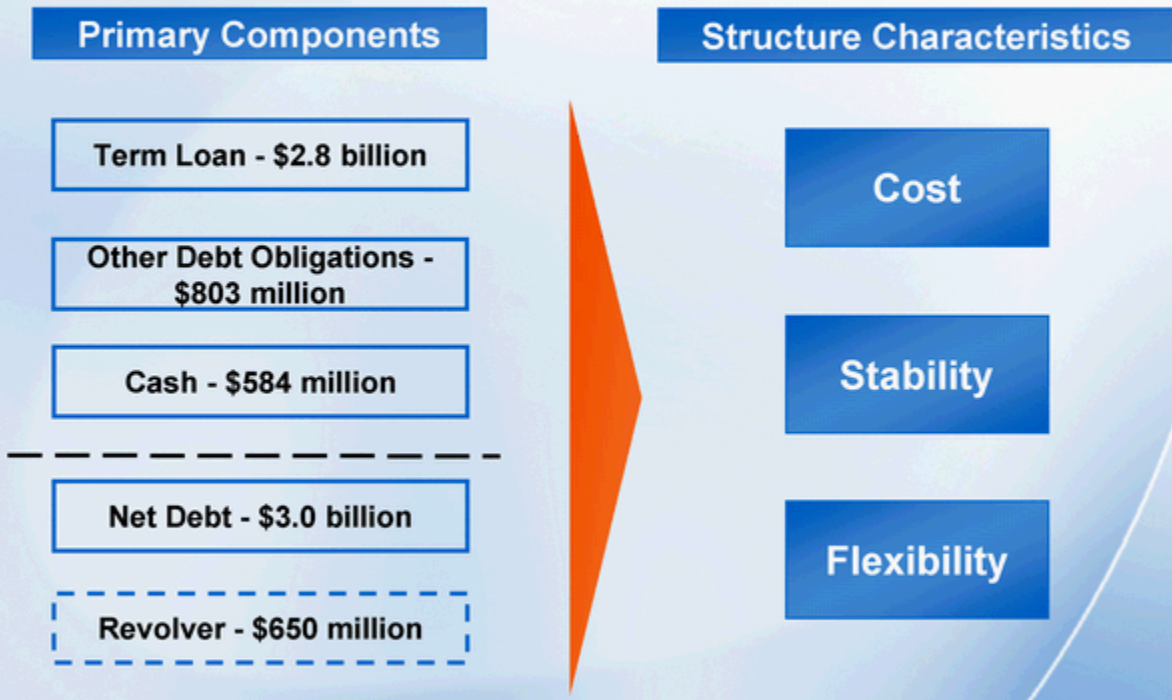
**Investment Dynamics**

- ▶ Total investment: **\$300 - \$350 million** – over 80% complete
- ▶ Total revenue: **\$600 - \$800 million** when sold out by 2010
- ▶ Incremental EBITDA: **\$120 - \$150 million** by 2010

**ROIC = 25 – 30%**

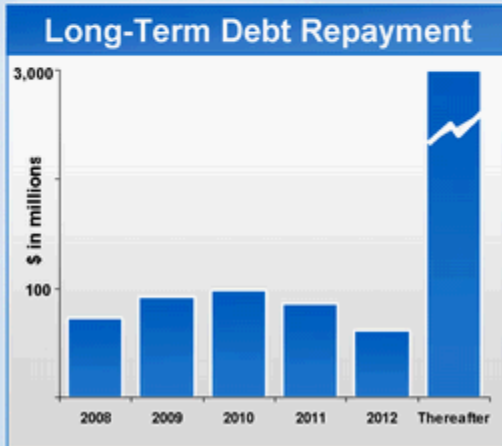
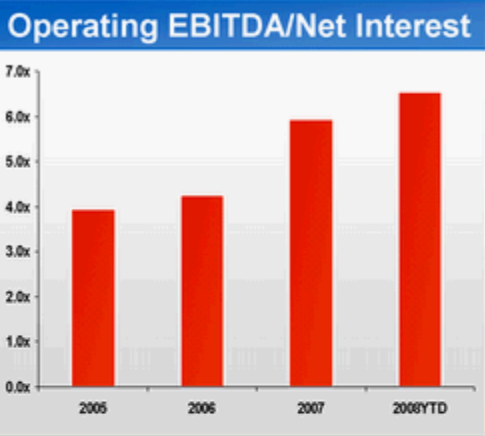
- ▶ Recently announced AEM liquid crystal polymer unit to start production in 2010

# Optimized leverage profile



**Strong balance sheet provides flexibility and stability with positive adjusted free cash flow expected in 2009**

# Increased financial flexibility



## Stable, Flexible & Low Cost

- ▶ Continued improvement in coverage ratios
- ▶ Advantages of structure:
  - ▶ LIBOR +150 bps
  - ▶ Term loan maturity not until 2014
  - ▶ 1% annual term loan amortization
  - ▶ "Covenant-lite"
- ▶ Decrease in overall borrowing costs since 2005



# Appendix

## Advanced Engineered Materials

in millions	3 <sup>rd</sup> Qtr 2008	3 <sup>rd</sup> Qtr 2007
Net Sales	\$272 up 5%	\$258
Operating EBITDA	\$45 down 36%	\$70

### Third Quarter 2008:

- ▶ Increased net sales driven by improved pricing and positive currency effects
- ▶ Increased penetration in value per vehicle and growth in non-automotive applications partially offset significant declines in US and European automotive builds
- ▶ Asia growth strategy continues to deliver positive results
- ▶ Higher raw material and energy costs continue to pressure margins
- ▶ Operating EBITDA decrease also impacted by lower earnings from equity affiliates



## Consumer Specialties

in millions	3 <sup>rd</sup> Qtr 2008	3 <sup>rd</sup> Qtr 2007
Net Sales	\$295 up 5%	\$282
Operating EBITDA	\$56 up 6%	\$53

Third Quarter 2008:

- ▶ Net sales increase primarily driven by strong pricing and foreign currency effects
- ▶ Higher pricing more than offset slightly lower volumes for the quarter
- ▶ Operating EBITDA increase primarily the result of improved pricing and realized acquisition synergies

## Industrial Specialties

in millions	3 <sup>rd</sup> Qtr 2008	3 <sup>rd</sup> Qtr 2007
Net Sales	\$378 up 20%	\$314
Operating EBITDA	\$36 up 100%	\$18

### Third Quarter 2008:

- ▶ Increase in net sales primarily driven by higher pricing and favorable currency impacts
- ▶ Slight volume increase due to favorable comparison to 2007 which included impacts associated with Clear Lake outage
- ▶ Demand weakness in certain US and European end-markets continues, while China volumes continue to increase
- ▶ Operating EBITDA improvement due to expanded margins

## Acetyl Intermediates

in millions	3 <sup>rd</sup> Qtr 2008	3 <sup>rd</sup> Qtr 2007
Net Sales	\$1,056 up 22%	\$864
Operating EBITDA	\$182 up 2%	\$178

### Third Quarter 2008:

- ▶ Increased net sales driven by higher pricing, increased volumes and favorable currency impacts
- ▶ Volume and pricing strength offset by significantly higher input costs and Hurricane Ike impacts
- ▶ Increased dividends from Ibn Sina contributed to improved Operating EBITDA for the quarter

## Reg G: Reconciliation of Adjusted EPS

### Adjusted Earnings Per Share - Reconciliation of a Non-U.S. GAAP Measure

<i>(in \$ millions, except per share data)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
<b>Earnings from continuing operations before tax and minority interests</b>	313	125	447	526
<i>Non-GAAP Adjustments:</i>				
Other charges and other adjustments <sup>1</sup>	(93)	15	113	92
Refinancing costs	-	-	254	-
<b>Adjusted earnings from continuing operations before tax and minority interests</b>	220	140	814	618
Income tax provision on adjusted earnings <sup>2</sup>	(62)	(35)	(228)	(163)
Minority interests	(1)	(1)	(1)	(4)
<b>Adjusted earnings from continuing operations</b>	157	104	585	451
Preferred dividends	(3)	(2)	(10)	(10)
<b>Adjusted net earnings available to common shareholders</b>	154	102	575	441
Add back: Preferred dividends	3	2	10	10
<b>Adjusted net earnings for adjusted EPS</b>	157	104	585	451
<b>Diluted shares (millions)</b>				
Weighted average shares outstanding	151.7	158.7	154.5	158.6
Assumed conversion of Preferred Shares	12.0	12.0	12.0	12.0
Assumed conversion of Restricted Stock	0.6	-	0.4	-
Assumed conversion of stock options	4.3	1.8	4.3	1.2
Total diluted shares	168.6	172.5	171.2	171.8
<b>Adjusted EPS</b>	0.93	0.61	3.42	2.62

<sup>1</sup> See Table 7 for details

<sup>2</sup> The adjusted tax rate for the three and twelve months ended December 31, 2007 is 28% based on the original full year 2007 guidance.



## Reg G: Reconciliation of Adjusted EPS

### Adjusted Earnings (Loss) Per Share - Reconciliation of a Non-U.S. GAAP Measure

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<i>(in \$ millions, except per share data)</i>				
<b>Earnings (loss) from continuing operations</b>				
before tax and minority interests	152	131	617	134
<i>Non-GAAP Adjustments:</i>				
Other charges and other adjustments <sup>1</sup>	20	40	66	175
Refinancing costs	-	-	-	254
<b>Adjusted Earnings (loss) from continuing operations</b>				
before tax and minority interests	172	171	683	563
Income tax (provision) benefit on adjusted earnings <sup>2</sup>	(45)	(48)	(178)	(158)
Minority interests	-	-	1	-
<b>Adjusted Earnings (loss) from continuing operations</b>	<b>127</b>	<b>123</b>	<b>506</b>	<b>405</b>
Preferred dividends	(3)	(2)	(8)	(7)
<b>Adjusted net earnings (loss) available to common shareholders</b>	<b>124</b>	<b>121</b>	<b>498</b>	<b>398</b>
Add back: Preferred dividends	3	2	8	7
<b>Adjusted net earnings (loss) for adjusted EPS</b>	<b>127</b>	<b>123</b>	<b>506</b>	<b>405</b>
<b>Diluted shares (millions)</b>				
Weighted average shares outstanding	147.1	150.2	150.0	155.4
Assumed conversion of Preferred Shares	12.0	12.0	12.0	12.0
Assumed conversion of Restricted Stock	0.4	0.4	0.6	0.3
Assumed conversion of stock options	3.4	4.8	3.4	4.4
<b>Total diluted shares</b>	<b>162.9</b>	<b>167.4</b>	<b>166.0</b>	<b>172.1</b>
<b>Adjusted EPS</b>	<b>0.78</b>	<b>0.73</b>	<b>3.05</b>	<b>2.35</b>

<sup>1</sup> See Table 7 for details

<sup>2</sup> The adjusted tax rate for the three and nine months ended September 30, 2008 is 26% based on the forecasted adjusted tax rate for 2008.

# Reg G: Other Charges and Other Adjustments

## Other Charges and Other Adjustments

### Other Charges:

(in \$ millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
Employee termination benefits	5	1	32	12
Plant/office closures	7	(1)	11	(1)
Insurance recoveries associated with plumbing cases	(2)	(2)	(4)	(5)
Insurance recoveries associated with Clear Lake, Texas	(40)	-	(40)	-
Resolution of commercial disputes with a vendor	(31)	-	(31)	-
Deferred compensation triggered by Exit Event	-	-	74	-
Asset impairments	-	-	9	-
Ticona Kelsterbach plant relocation	1	-	5	-
Other	-	-	2	4
<b>Total</b>	<b>(60)</b>	<b>(2)</b>	<b>58</b>	<b>10</b>

### Other Adjustments: <sup>1</sup>

(in \$ millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
Executive severance & other costs related to Squeeze-Out	-	2	-	30
Ethylene pipeline exit costs	-	-	10	-
Business optimization	8	8	18	12
Foreign exchange loss related to refinancing transaction	-	-	22	-
Loss on AT Plastics films sale	-	-	7	-
Discontinued methanol production <sup>2</sup>	-	16	31	52
Gain on disposal of investment (Pemeas)	-	(11)	-	(11)
Gain on Edmonton sale	(34)	-	(34)	-
Other	(7)	2	1	(1)
<b>Total</b>	<b>(33)</b>	<b>17</b>	<b>55</b>	<b>82</b>
<b>Total other charges and other adjustments</b>	<b>(93)</b>	<b>15</b>	<b>113</b>	<b>92</b>

<sup>1</sup> These items are included in net earnings but not included in other charges.

<sup>2</sup> Adjusted earnings per share included earnings from its discontinued methanol production which was included in the company's 2007 guidance.

# Reg G: Other Charges and Other Adjustments

## Reconciliation of Other Charges and Other Adjustments

### Other Charges:

(in \$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Employee termination benefits	8	2	19	27
Plant/office closures	-	4	7	4
Insurance recoveries associated with plumbing cases	-	(2)	-	(2)
Long-term compensation triggered by Exit Event	-	-	-	74
Asset impairments	21	6	21	9
Clear Lake insurance recoveries	(23)	-	(23)	-
Sorbates settlement	(8)	-	(8)	-
Ticona Kelsterbach plant relocation	3	1	8	4
Other	-	1	-	2
<b>Total</b>	<b>1</b>	<b>12</b>	<b>24</b>	<b>118</b>

### Other Adjustments: <sup>1</sup>

(in \$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,		Income Statement Classification
	2008	2007	2008	2007	
Ethylene pipeline exit costs	-	-	(2)	10	Other income/expense, net
Business optimization	9	5	27	10	SG&A
Foreign exchange loss related to refinancing transaction	-	13	-	22	Other income/expense, net
Ticona Kelsterbach plant relocation	(2)	-	(6)	-	Cost of sales
Plant closures	7	-	14	-	Cost of sales
Executive severance & other costs related to Squeeze-Out	-	(1)	-	-	SG&A
AT Plastics films sale	-	7	-	7	Gain on disposition
Other	5	4	9	8	Various
<b>Total</b>	<b>19</b>	<b>28</b>	<b>42</b>	<b>57</b>	
<b>Total other charges and other adjustments</b>	<b>20</b>	<b>40</b>	<b>66</b>	<b>175</b>	

<sup>1</sup> These items are included in net earnings but not included in other charges.

# Reg G: Reconciliation of Operating EBITDA

## Segment Data and Reconciliation of Operating Profit (Loss) to Operating EBITDA - a Non-U.S. GAAP Measure

(In \$ millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
<b>Net Sales</b>				
Advanced Engineered Materials	253	224	1,030	915
Consumer Specialties	279	224	1,111	876
Industrial Specialties	331	309	1,346	1,281
Acetyl Intermediates	1,083	831	3,615	3,351
Other Activities <sup>1</sup>	-	6	2	22
Intersegment eliminations	(186)	(164)	(660)	(667)
<b>Total</b>	<b>1,760</b>	<b>1,430</b>	<b>6,444</b>	<b>5,778</b>
<b>Operating Profit (Loss)</b>				
Advanced Engineered Materials	30	29	133	145
Consumer Specialties	69	41	199	165
Industrial Specialties	26	9	28	44
Acetyl Intermediates	276	107	616	456
Other Activities <sup>1</sup>	(77)	(46)	(228)	(190)
<b>Total</b>	<b>324</b>	<b>140</b>	<b>748</b>	<b>620</b>
<b>Equity Earnings and Other Income/(Expense) <sup>2</sup></b>				
Advanced Engineered Materials	7	13	55	55
Consumer Specialties	3	2	40	24
Industrial Specialties	-	-	-	(1)
Acetyl Intermediates	27	23	78	63
Other Activities <sup>1</sup>	8	12	-	22
<b>Total</b>	<b>45</b>	<b>50</b>	<b>173</b>	<b>163</b>
<b>Other Charges and Other Adjustments <sup>3</sup></b>				
Advanced Engineered Materials	(10)	(1)	(5)	(5)
Consumer Specialties	(27)	-	(16)	-
Industrial Specialties	(1)	2	32	16
Acetyl Intermediates	(97)	16	(38)	52
Other Activities <sup>1</sup>	42	(2)	140	29
<b>Total</b>	<b>(93)</b>	<b>15</b>	<b>113</b>	<b>92</b>
<b>Depreciation and Amortization Expense</b>				
Advanced Engineered Materials	18	17	69	65
Consumer Specialties	12	10	51	39
Industrial Specialties	16	14	59	59
Acetyl Intermediates	25	23	106	101
Other Activities <sup>1</sup>	2	-	6	5
<b>Total</b>	<b>73</b>	<b>64</b>	<b>291</b>	<b>269</b>
<b>Operating EBITDA</b>				
Advanced Engineered Materials	45	58	252	260
Consumer Specialties	57	53	274	228
Industrial Specialties	41	25	119	118
Acetyl Intermediates	231	169	762	672
Other Activities <sup>1</sup>	(25)	(35)	(82)	(134)
<b>Total</b>	<b>349</b>	<b>269</b>	<b>1,325</b>	<b>1,144</b>

<sup>1</sup> Other Activities primarily includes corporate selling, general and administrative expenses and the results from captive insurance companies.

<sup>2</sup> The 2007 Operating Profit (Loss) and Other Charges and Other Adjustments amounts include deductible associated with insurance recovery.

<sup>3</sup> Includes equity earnings from affiliates, dividends from cost investments and other income/(expense).

<sup>4</sup> Excludes adjustments to minority interest, net interest, taxes, depreciation, amortization and discontinued operations (See Table 7).



# Reg G: Reconciliation of Operating EBITDA

Segment Data and Reconciliation of Operating Profit (Loss) to Operating EBITDA -  
a Non-U.S. GAAP Measure

(In \$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<b>Net Sales</b>				
Advanced Engineered Materials	272	258	866	777
Consumer Specialties	295	282	869	832
Industrial Specialties	378	314	1,129	1,016
Acetyl Intermediates	1,056	864	3,219	2,532
Other Activities <sup>1</sup>	-	1	1	2
Intersegment eliminations	(178)	(146)	(547)	(474)
<b>Total</b>	<b>1,823</b>	<b>1,573</b>	<b>5,537</b>	<b>4,684</b>
<b>Operating Profit (Loss)</b>				
Advanced Engineered Materials	13	35	80	103
Consumer Specialties	42	34	138	130
Industrial Specialties	18	(9)	55	2
Acetyl Intermediates	100	117	425	340
Other Activities <sup>1</sup>	(22)	(30)	(106)	(151)
<b>Total</b>	<b>151</b>	<b>147</b>	<b>592</b>	<b>424</b>
<b>Equity Earnings, Cost - Dividend Income and Other Income (Expense)</b>				
Advanced Engineered Materials	12	18	32	48
Consumer Specialties	1	2	49	37
Industrial Specialties	-	-	-	-
Acetyl Intermediates	33	28	95	51
Other Activities <sup>1</sup>	12	(10)	17	(8)
<b>Total</b>	<b>58</b>	<b>38</b>	<b>193</b>	<b>128</b>
<b>Other Charges and Other Adjustments <sup>2</sup></b>				
Advanced Engineered Materials	1	-	3	5
Consumer Specialties	-	2	1	11
Industrial Specialties	3	14	11	33
Acetyl Intermediates	13	2	33	28
Other Activities <sup>1</sup>	3	22	18	98
<b>Total</b>	<b>20</b>	<b>40</b>	<b>66</b>	<b>175</b>
<b>Depreciation and Amortization Expense</b>				
Advanced Engineered Materials	19	17	58	51
Consumer Specialties	13	15	40	39
Industrial Specialties	15	13	43	43
Acetyl Intermediates	36	31	102	81
Other Activities <sup>1</sup>	2	1	7	4
<b>Total</b>	<b>85</b>	<b>77</b>	<b>250</b>	<b>218</b>
<b>Operating EBITDA</b>				
Advanced Engineered Materials	45	70	173	207
Consumer Specialties	56	53	228	217
Industrial Specialties	36	18	109	78
Acetyl Intermediates	182	178	655	500
Other Activities <sup>1</sup>	(5)	(17)	(64)	(57)
<b>Total</b>	<b>314</b>	<b>302</b>	<b>1,101</b>	<b>945</b>

<sup>1</sup> Other Activities primarily includes corporate selling, general and administrative expenses and the results from captive insurance companies.  
<sup>2</sup> See Reconciliation of Other Charges and Other Adjustments.

# Reg G: Reconciliation of Operating EBITDA

Segment Data and Reconciliation of Operating Profit (Loss) to Operating EBITDA - a Non-U.S. GAAP Measure - Unaudited

(in \$ millions)	March 31, 2006	Three Months Ended June 30, 2006	Three Months Ended September 30, 2006	December 31, 2006	Twelve Months Ended December 31, 2006
<b>Net Sales</b>					
Advanced Engineered Materials	231	230	230	224	915
Consumer Specialties	216	223	213	224	876
Industrial Specialties	311	326	335	309	1,281
Acetyl Intermediates	809	839	872	831	3,351
Other Activities <sup>1</sup>	5	6	5	6	22
Intersegment eliminations	(152)	(167)	(184)	(164)	(667)
<b>Total</b>	<b>1,420</b>	<b>1,457</b>	<b>1,471</b>	<b>1,430</b>	<b>5,778</b>
<b>Operating Profit (Loss)</b>					
Advanced Engineered Materials	41	38	37	29	145
Consumer Specialties	42	47	35	41	165
Industrial Specialties	15	3	17	9	44
Acetyl Intermediates	103	120	126	107	456
Other Activities <sup>1</sup>	(45)	(56)	(43)	(46)	(190)
<b>Total</b>	<b>156</b>	<b>152</b>	<b>172</b>	<b>140</b>	<b>620</b>
<b>Equity Earnings and Other Income/(Expense) <sup>2</sup></b>					
Advanced Engineered Materials	14	14	14	13	55
Consumer Specialties	-	22	-	2	24
Industrial Specialties	-	(1)	-	-	(1)
Acetyl Intermediates	7	15	18	23	63
Other Activities <sup>1</sup>	3	(3)	10	12	22
<b>Total</b>	<b>24</b>	<b>47</b>	<b>42</b>	<b>50</b>	<b>163</b>
<b>Other Charges and Other Adjustments <sup>3</sup></b>					
Advanced Engineered Materials	(2)	(2)	-	(1)	(5)
Consumer Specialties	-	-	-	-	-
Industrial Specialties	1	10	3	2	16
Acetyl Intermediates	12	14	10	16	52
Other Activities <sup>1</sup>	13	15	3	(2)	29
<b>Total</b>	<b>24</b>	<b>37</b>	<b>16</b>	<b>15</b>	<b>92</b>
<b>Depreciation and Amortization Expense</b>					
Advanced Engineered Materials	16	16	16	17	65
Consumer Specialties	11	9	9	10	39
Industrial Specialties	14	15	16	14	59
Acetyl Intermediates	23	32	23	23	101
Other Activities <sup>1</sup>	1	2	2	-	5
<b>Total</b>	<b>65</b>	<b>74</b>	<b>66</b>	<b>64</b>	<b>269</b>
<b>Operating EBITDA<sup>*</sup></b>					
Advanced Engineered Materials	69	66	67	58	260
Consumer Specialties	53	78	44	53	228
Industrial Specialties	30	27	36	25	118
Acetyl Intermediates	145	181	177	169	672
Other Activities <sup>1</sup>	(28)	(42)	(28)	(36)	(134)
<b>Total</b>	<b>269</b>	<b>310</b>	<b>296</b>	<b>289</b>	<b>1,144</b>
<sup>*</sup> Quarterly earnings for the discontinued Edmonton Methanol operations have been included in Other Charges and Other Adjustments.	14	12	10	10	52
<b>Oxo Alcohol Divestiture<sup>**</sup></b>	-	-	26	39	65
<b>Total Operating EBITDA - as reported</b>	<b>269</b>	<b>310</b>	<b>322</b>	<b>308</b>	<b>1,209</b>

<sup>\*\*</sup>For comparative purposes. The Oxo Alcohol Divestiture was reflected as a discontinued operation for the three months ended March 31, 2006 and June 30, 2006 in conjunction with reporting the results for the first and second quarter of 2007.

<sup>1</sup> Other Activities primarily includes corporate selling, general and administrative expenses and the results from captive insurance companies.

<sup>2</sup> Includes equity earnings from affiliates, dividends from cost investments and other income/(expense).

<sup>3</sup> Excludes adjustments to minority interest, net interest, taxes, depreciation, amortization and discontinued operations.

# Reg G: Reconciliation of Operating EBITDA

## Segment Data and Reconciliation of Operating Profit (Loss) to Operating EBITDA - a Non-U.S. GAAP Measure - Unaudited

(in \$ millions)	March 31, 2005	Three Months Ended June 30, 2005	September 30, 2005	December 31, 2005	Twelve Months Ended December 31, 2005
<b>Net Sales</b>					
Advanced Engineered Materials	239	223	212	213	887
Consumer Specialties	212	219	208	200	839
Industrial Specialties	206	263	305	286	1,060
Acetyl Intermediates	690	707	731	783	2,911
Other Activities <sup>1</sup>	12	8	6	6	32
Intersegment eliminations	(95)	(99)	(113)	(153)	(460)
<b>Total</b>	<b>1,264</b>	<b>1,321</b>	<b>1,349</b>	<b>1,335</b>	<b>5,269</b>
<b>Operating Profit (Loss)</b>					
Advanced Engineered Materials	39	5	18	(2)	60
Consumer Specialties	24	27	21	56	128
Industrial Specialties	-	5	5	(14)	(4)
Acetyl Intermediates	143	121	76	146	486
Other Activities <sup>1</sup>	(83)	(33)	(38)	(39)	(184)
<b>Total</b>	<b>123</b>	<b>125</b>	<b>82</b>	<b>156</b>	<b>486</b>
<b>Equity Earnings and Other Income/(Expense) <sup>2</sup></b>					
Advanced Engineered Materials	12	16	15	11	54
Consumer Specialties	-	-	(2)	3	3
Industrial Specialties	-	-	-	-	-
Acetyl Intermediates	12	(10)	32	35	69
Other Activities <sup>1</sup>	(8)	18	(2)	5	13
<b>Total</b>	<b>16</b>	<b>26</b>	<b>43</b>	<b>54</b>	<b>139</b>
<b>Other Charges and Other Adjustments <sup>3</sup></b>					
Advanced Engineered Materials	1	20	4	6	31
Consumer Specialties	1	-	10	(24)	(13)
Industrial Specialties	-	2	8	1	11
Acetyl Intermediates	19	11	15	(30)	15
Other Activities <sup>1</sup>	45	(10)	2	3	40
<b>Total</b>	<b>66</b>	<b>23</b>	<b>39</b>	<b>(44)</b>	<b>84</b>
<b>Depreciation and Amortization Expense</b>					
Advanced Engineered Materials	15	14	13	18	60
Consumer Specialties	12	12	7	11	42
Industrial Specialties	12	11	7	17	47
Acetyl Intermediates	17	24	35	34	110
Other Activities <sup>1</sup>	2	2	4	1	9
<b>Total</b>	<b>58</b>	<b>63</b>	<b>66</b>	<b>81</b>	<b>268</b>
<b>Operating EBITDA<sup>4</sup></b>					
Advanced Engineered Materials	67	55	50	33	205
Consumer Specialties	37	41	36	46	160
Industrial Specialties	12	18	20	4	54
Acetyl Intermediates	191	146	158	185	680
Other Activities <sup>1</sup>	(44)	(23)	(34)	(21)	(122)
<b>Total</b>	<b>263</b>	<b>237</b>	<b>230</b>	<b>247</b>	<b>977</b>
<i><sup>4</sup>Quarterly earnings for the discontinued Edmonton Methanol operations have been included in Other Charges and Other Adjustments.</i>	10	10	4	3	35
<b>Oxo Alcohol Divestiture</b>	22	28	22	9	81
<b>Total Operating EBITDA - as reported</b>	<b>285</b>	<b>265</b>	<b>252</b>	<b>256</b>	<b>1,058</b>

<sup>1</sup> Other Activities primarily includes corporate selling, general and administrative expenses and the results from captive insurance companies.

<sup>2</sup> Includes equity earnings from affiliates, dividends from cost investments and other income/expense.

<sup>3</sup> Excludes adjustments to minority interest, net interest, taxes, depreciation, amortization and discontinued operations.

# Reg G: Reconciliation of Net Debt

## Net Debt - Reconciliation of a Non-U.S. GAAP Measure

<i>(in \$ millions)</i>	September 30, 2008	December 31, 2007
Short-term borrowings and current		
installments of long-term debt - third party and affiliates	302	272
Long-term debt	<u>3,318</u>	<u>3,284</u>
Total debt	3,620	3,556
Less: Cash and cash equivalents	<u>584</u>	<u>825</u>
<b>Net Debt</b>	<b>3,036</b>	<b>2,731</b>