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CELANESE CORP

FORM 8-K
(Current report filing)

Filed 09/15/10 for the Period Ending 09/15/10

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UNITED STATES
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): September 15, 2010

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

DELAWARE	001-32410	98-0420726
(State or other jurisdiction of incorporation)	(Commission File Number)	(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))

Item 7.01 Regulation FD Disclosure.*

On September 7, 2010, Celanese Corporation (the "Company") issued a press release announcing that its wholly-owned subsidiary, Celanese US Holdings LLC (the "Issuer"), intends to offer, pursuant to an exemption from registration under the Securities Act of 1933, as amended, senior unsecured notes (the "Private Offering"). A copy of the press release was filed with the Securities and Exchange Commission as Exhibit 99.1 to the Company's Current Report on Form 8-K dated September 7, 2010. On September 15, 2010, the Company and the Issuer delivered an offering memorandum containing certain updated information with respect to the Company to potential investors in the Private Offering. The information included in this Current Report on Form 8-K, including the items attached as exhibits hereto, is being provided to satisfy the Company's resulting public disclosure requirements under Regulation FD.

As previously disclosed in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (the "Second Quarter 10-Q"), which was filed with the Securities and Exchange Commission on July 29, 2010, 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"). In April 2010, the Company announced that Ibn Sina will construct a 50,000 ton polyacetal ("POM") production facility in Saudi Arabia and that the term of the joint venture agreement was extended until 2032. Upon successful startup of the POM facility, the Company's indirect economic interest in Ibn Sina will increase from 25% to 32.5%. SABIC's economic interest will remain unchanged. In connection with the transaction, the Company reassessed the factors surrounding the accounting method for this investment and changed the accounting from the cost method of accounting for investments to the equity method of accounting for investments beginning April 1, 2010. Effective April 1, 2010, the Company also moved its investment in the Ibn Sina affiliate from its Acetyl Intermediates business segment to its Advanced Engineered Materials business segment to reflect the change in the affiliate's business dynamics and growth opportunities as a result of the future construction of the POM facility.

The financial and business segment information relating to the Company's Ibn Sina investment that was presented in the Second Quarter 10-Q reflected the application of the equity method of accounting to the Company's Ibn Sina investment and the movement of the Ibn Sina investment to the Company's Advanced Engineered Materials business segment. In connection with the Private Offering, the Company distributed to potential investors additional updated historical financial and business segment information for the twelve months ended June 30, 2010 and for the years ended December 31, 2009, 2008 and 2007 that also reflected these adjustments. Pursuant to Regulation FD, the Company is furnishing the following exhibits with this Form 8-K, which represent all such updated historical financial and business segment information:

- Exhibit 99.1: Audited financial statements for Celanese Corporation and Subsidiaries as of December 31, 2009 and 2008, and for each of the three years ended December 31, 2009, 2008 and 2007;
- Exhibit 99.2: The section of the Preliminary Offering Memorandum entitled "Business";

- Exhibit 99.3: The section of the Preliminary Offering Memorandum entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for the years ended December 31, 2009, 2008 and 2007 and the three and six months ended June 30, 2010 and 2009; and
- Exhibit 99.4: The section of the Preliminary Offering Memorandum entitled “Summary Historical Consolidated Financial Data.”

In addition, the Company is also furnishing as Exhibit 99.5 audited financial statements as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 for CTE and Ibn Sina.

The information in this Form 8-K, including exhibits, should be read in conjunction with the Second Quarter 10-Q and subsequent SEC filings.

Item 9.01 Financial Statements and Exhibits

(d) *Exhibits*

Exhibit Number	Description
99.1	Audited Financial Statements of Celanese Corporation and Subsidiaries*
99.2	The section of the Preliminary Offering Memorandum entitled “Business”*
99.3	The section of the Preliminary Offering Memorandum entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”*
99.4	The section of the Preliminary Offering Memorandum entitled “Summary Historical Consolidated Financial Data”*
99.5	Audited Financial Statements of CTE Petrochemicals Company and National Methanol Company*
99.6	Press Release dated September 7, 2010*

* In connection with the disclosures set forth in Item 7.01, the information in this Current Report, including exhibits 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 exhibits, 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.

SIGNATURE

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/ James R. Peacock III
Name: James R. Peacock III
Title: Vice President, Deputy General Counsel and Assistant Corporate Secretary

Date: September 15, 2010

INDEX TO EXHIBITS

Exhibit Number	Description	Filed herewith or incorporated by reference
99.1	Audited Financial Statements of Celanese Corporation and Subsidiaries*	Filed herewith
99.2	The section of the Preliminary Offering Memorandum entitled “Business”*	Filed herewith
99.3	The section of the Preliminary Offering Memorandum entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”*	Filed herewith
99.4	The section of the Preliminary Offering Memorandum entitled “Summary Historical Consolidated Financial Data”*	Filed herewith
99.5	Audited Financial Statements of CTE Petrochemicals Company and National Methanol Company*	Filed herewith
99.6	Press Release dated September 7, 2010*	Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K filed with the SEC on September 8, 2010

Exhibit 99.1

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Independent Auditors' Report

The Board of Directors and Shareholders
Celanese Corporation:

We have audited the accompanying consolidated balance sheets of Celanese Corporation and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Celanese Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 15 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board ("FASB") Staff Position No. 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets* (included in FASB Accounting Standards Codification ("ASC") Subtopic 715-20, *Defined Benefit Plans*), during the year ended December 31, 2009.

As discussed in Note 23 to the consolidated financial statements, the Company adopted FASB Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (included in FASB ASC Subtopic 820-10, *Fair Value Measurements and Disclosures*), during the year ended December 31, 2008.

As discussed in Note 19 to the consolidated financial statements, the Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (included in FASB ASC Subtopic 740-10, *Income Taxes*), during the year ended December 31, 2007.

/s/ KPMG LLP

Dallas, Texas
February 12, 2010, except as to Note 31
which is as of September 15, 2010

CELANESE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2009	2008	2007
		As Adjusted (Note 31)	
	(In $ millions, except for share and per share data)		
Net sales	5,082	6,823	6,444
Cost of sales	(4,079)	(5,567)	(4,999)
Gross profit	1,003	1,256	1,445
Selling, general and administrative expenses	(469)	(540)	(516)
Amortization of intangible assets (primarily customer relationships)	(77)	(76)	(72)
Research and development expenses	(75)	(80)	(73)
Other (charges) gains, net	(136)	(108)	(58)
Foreign exchange gain (loss), net	2	(4)	2
Gain (loss) on disposition of businesses and assets, net	42	(8)	20
Operating profit	290	440	748
Equity in net earnings (loss) of affiliates	99	172	150
Interest expense	(207)	(261)	(262)
Refinancing expense	-	-	(256)
Interest income	8	31	44
Dividend income — cost investments	57	48	38
Other income (expense), net	4	3	(25)
Earnings (loss) from continuing operations before tax	251	433	437
Income tax (provision) benefit	243	(63)	(110)
Earnings (loss) from continuing operations	494	370	327
Earnings (loss) from operation of discontinued operations	6	(120)	40
Gain (loss) on disposal of discontinued operations	-	6	52
Income tax (provision) benefit from discontinued operations	(2)	24	(2)
Earnings (loss) from discontinued operations	4	(90)	90
Net earnings (loss)	498	280	417
Net (earnings) loss attributable to noncontrolling interests	-	1	(1)
Net earnings (loss) attributable to Celanese Corporation	498	281	416
Cumulative preferred stock dividends	(10)	(10)	(10)
Net earnings (loss) available to common shareholders	488	271	406
Amounts attributable to Celanese Corporation			
Earnings (loss) from continuing operations	494	371	326
Earnings (loss) from discontinued operations	4	(90)	90
Net earnings (loss)	498	281	416
Earnings (loss) per common share – basic			
Continuing operations	3.37	2.44	2.05
Discontinued operations	0.03	(0.61)	0.58
Net earnings (loss) – basic	3.40	1.83	2.63
Earnings (loss) per common share – diluted			
Continuing operations	3.14	2.27	1.90
Discontinued operations	0.03	(0.55)	0.53
Net earnings (loss) – diluted	3.17	1.72	2.43
Weighted average shares – basic	143,688,749	148,350,273	154,475,020
Weighted average shares – diluted	157,115,521	163,471,873	171,227,997

See the accompanying notes to the consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2009	2008
	As Adjusted (Note 31) (In $ millions, except share amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	1,254	676
Trade receivables – third party and affiliates (net of allowance for doubtful accounts – 2009: $18; 2008: $25)	721	631
Non-trade receivables (net of allowance for doubtful accounts – 2009: $0; 2008: $1)	262	281
Inventories	522	577
Deferred income taxes	42	24
Marketable securities, at fair value	3	6
Assets held for sale	2	2
Other assets	50	89
Total current assets	2,856	2,286
Investments in affiliates	792	781
Property, plant and equipment (net of accumulated depreciation – 2009: $1,130; 2008: $1,051)	2,797	2,470
Deferred income taxes	484	27
Marketable securities, at fair value	80	94
Other assets	311	357
Goodwill	798	779
Intangible assets, net	294	364
Total assets	8,412	7,158
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings and current installments of long-term debt – third party and affiliates	242	233
Trade payables – third party and affiliates	649	523
Other liabilities	611	574
Deferred income taxes	33	15
Income taxes payable	72	24
Total current liabilities	1,607	1,369
Long-term debt	3,259	3,300
Deferred income taxes	137	122
Uncertain tax positions	229	218
Benefit obligations	1,288	1,167
Other liabilities	1,306	806
Commitments and contingencies		
Shareholders' equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized (2009 and 2008: 9,600,000 shares issued and outstanding)	-	-
Series A common stock, $0.0001 par value, 400,000,000 shares authorized (2009: 164,995,755 shares issued and 144,394,069 outstanding; 2008: 164,107,394 shares issued and 143,505,708 outstanding)	-	-
Series B common stock, $0.0001 par value, 100,000,000 shares authorized (2009 and 2008: 0 shares issued and outstanding)	-	-
Treasury stock, at cost – (2009 and 2008: 20,601,686 shares)	(781)	(781)
Additional paid-in capital	522	495
Retained earnings	1,505	1,040
Accumulated other comprehensive income (loss), net	(660)	(580)
Total Celanese Corporation shareholders' equity	586	174
Noncontrolling interests	-	2
Total shareholders' equity	586	176
Total liabilities and shareholders' equity	8,412	7,158

See the accompanying notes to the consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	2009		2008		2007	
	Shares Outstanding	Amount	Shares Outstanding	Amount	Shares Outstanding	Amount
			As Adjusted (Note 31) (In $ millions, except share data)			
Preferred stock						
Balance as of the beginning of the period	9,600,000	-	9,600,000	-	9,600,000	-
Issuance of preferred stock	-	-	-	-	-	-
Balance as of the end of the period	9,600,000	-	9,600,000	-	9,600,000	-
Series A common stock						
Balance as of the beginning of the period	143,505,708	-	152,102,801	-	158,668,666	-
Issuance of Series A common stock	-	-	-	-	7,400	-
Stock option exercises	806,580	-	1,056,368	-	4,265,221	-
Purchases of treasury stock	-	-	(9,763,200)	-	(10,838,486)	-
Stock awards	81,781	-	109,739	-	-	-
Balance as of the end of the period	144,394,069	-	143,505,708	-	152,102,801	-
Treasury stock						
Balance as of the beginning of the period	20,601,686	(781)	10,838,486	(403)	-	-
Purchases of treasury stock, including related fees	-	-	9,763,200	(378)	10,838,486	(403)
Balance as of the end of the period	20,601,686	(781)	20,601,686	(781)	10,838,486	(403)
Additional paid-in capital						
Balance as of the beginning of the period		495		469		362
Indemnification of demerger liability		-		2		4
Stock-based compensation, net of tax		13		15		15
Stock option exercises, net of tax		14		9		88
Balance as of the end of the period		522		495		469
Retained earnings						
Balance as of the beginning of the period		1,040		793		398
Net earnings (loss) attributable to Celanese Corporation		498		281		416
Series A common stock dividends		(23)		(24)		(25)
Preferred stock dividends		(10)		(10)		(10)
Adoption of ASC 740 [(1)]		-		-		14
Balance as of the end of the period		1,505		1,040		793
Accumulated other comprehensive income (loss), net						
Balance as of the beginning of the period		(580)		196		30
Unrealized gain (loss) on securities		(3)		(23)		17
Foreign currency translation		5		(130)		70
Unrealized gain (loss) on interest rate swaps		15		(79)		(41)
Pension and postretirement benefits		(97)		(544)		120
Balance as of the end of the period		(660)		(580)		196
Total Celanese Corporation shareholders' equity		586		174		1,055
Noncontrolling interests						
Balance as of the beginning of the period		2		5		74
Purchase of remaining noncontrolling interests		-		-		(70)
Divestiture of noncontrolling interests		(2)		(2)		-
Net earnings (loss) attributable to noncontrolling interests		-		(1)		1
Balance as of the end of the period		-		2		5
Total shareholders' equity		586		176		1,060

(1) Adoption of ASC 740, *Income Taxes* related to uncertain tax positions (Note 19).

CELANESE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	2009		2008		2007	
	Shares Outstanding	Amount	Shares Outstanding	Amount	Shares Outstanding	Amount
			As Adjusted (Note 31) (In $ millions, except share data)			
Comprehensive income (loss)						
Net earnings (loss)		498		280		417
Other comprehensive income (loss), net of tax:						
Unrealized gain (loss) on securities		(3)		(23)		17
Foreign currency translation		5		(130)		70
Unrealized gain (loss) on interest rate swaps		15		(79)		(41)
Pension and postretirement benefits		(97)		(544)		120
Total comprehensive income (loss), net of tax		418		(496)		583
Comprehensive (income) loss attributable to noncontrolling interests		-		1		(1)
Comprehensive income (loss) attributable to Celanese Corporation		418		(495)		582

See the accompanying notes to the consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2009	2008	2007
		As Adjusted (Note 31) (In $ millions)	
Operating activities			
Net earnings (loss)	498	280	417
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Other charges (gains), net of amounts used	73	111	30
Depreciation, amortization and accretion	319	360	311
Deferred income taxes, net	(402)	(69)	23
(Gain) loss on disposition of businesses and assets, net	(40)	1	(74)
Refinancing expense	-	-	256
Other, net	12	37	8
Operating cash provided by (used in) discontinued operations	(2)	3	(84)
Changes in operating assets and liabilities:			
Trade receivables — third party and affiliates, net	(79)	339	(69)
Inventories	30	21	(27)
Other assets	9	53	66
Trade payables — third party and affiliates	104	(265)	(11)
Other liabilities	74	(285)	(280)
Net cash provided by operating activities	596	586	566
Investing activities			
Capital expenditures on property, plant and equipment	(176)	(274)	(288)
Acquisitions, net of cash acquired	(9)	-	(269)
Proceeds from sale of businesses and assets, net	171	9	715
Deferred proceeds on Ticona Kelsterbach plant relocation	412	311	-
Capital expenditures related to Ticona Kelsterbach plant relocation	(351)	(185)	(21)
Proceeds from sale of marketable securities	15	202	69
Purchases of marketable securities	-	(91)	(59)
Changes in restricted cash	-	-	46
Settlement of cross currency swap agreements	-	(93)	-
Other, net	(31)	(80)	(50)
Net cash provided by (used in) investing activities	31	(201)	143
Financing activities			
Short-term borrowings (repayments), net	(9)	(64)	30
Proceeds from long-term debt	-	13	2,904
Repayments of long-term debt	(80)	(47)	(3,053)
Refinancing costs	(3)	-	(240)
Purchases of treasury stock, including related fees	-	(378)	(403)
Stock option exercises	14	18	69
Series A common stock dividends	(23)	(24)	(25)
Preferred stock dividends	(10)	(10)	(10)
Other, net	(1)	(7)	14
Net cash used in financing activities	(112)	(499)	(714)
Exchange rate effects on cash and cash equivalents	63	(35)	39
Net increase (decrease) in cash and cash equivalents	578	(149)	34
Cash and cash equivalents at beginning of period	676	825	791
Cash and cash equivalents at end of period	1,254	676	825

See the accompanying notes to the consolidated financial statements.

CELANESE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of the Company and Basis of Presentation

Celanese Corporation and its subsidiaries (collectively the "Company") is a leading global integrated chemical and advanced 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.

Definitions

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, formerly known as BCP Crystal US Holdings Corp., a Delaware corporation, and not its subsidiaries. The term "Purchaser" refers to the Company's subsidiary, BCP Holdings GmbH (successor by merger to Celanese Europe Holding GmbH & Co. KG), and not its subsidiaries, except where otherwise indicated. The term "Original Shareholders" refers, collectively, to Blackstone Capital Partners (Cayman) Ltd. 1, Blackstone Capital Partners (Cayman) Ltd. 2, Blackstone Capital Partners (Cayman) Ltd. 3 and BA Capital Investors Sidecar Fund, L.P. The term "Advisor" refers to Blackstone Management Partners, an affiliate of The Blackstone Group.

Basis of Presentation

The consolidated financial statements contained herein were prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for all periods presented. The consolidated financial statements and other financial information included herein, unless otherwise specified, have been presented to separately show the effects of discontinued operations.

In the ordinary course of the 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 which the Company believes investors may have an interest in or which may have been subject to a Form 8-K filing. Investors should not assume the Company has described all contracts and agreements relative to the Company's business in these financial statements.

2. Summary of Accounting Policies

• ***Consolidation principles***

The consolidated financial statements have been prepared in accordance with US GAAP for all periods presented and include the accounts of the Company and its majority owned subsidiaries over which the Company exercises control. All significant intercompany accounts and transactions have been eliminated in consolidation.

• ***Estimates and assumptions***

The preparation of 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 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.

• ***Cash and cash equivalents***

All highly liquid investments with original maturities of three months or less are considered cash equivalents.

• ***Inventories***

Inventories, including stores and supplies, are stated at the lower of cost or market. Cost for inventories is determined using the first-in, first-out ("FIFO") method. Cost includes raw materials, direct labor and manufacturing overhead. Cost for stores and supplies is primarily determined by the average cost method.

• ***Investments in marketable securities***

The Company classifies its investments in debt and equity securities as "available-for-sale" and reports those investments at their fair market values in the consolidated balance sheets as Marketable Securities, at fair value. Unrealized gains or losses, net of the related tax effect on available-for-sale securities, are excluded from earnings and are reported as a component of Accumulated other comprehensive income (loss), net until realized. The cost of securities sold is determined by using the specific identification method.

A decline in the market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether impairment is other-than-temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year end and forecasted performance of the investee.

• ***Investments in affiliates***

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("FASB ASC") Topic 323, *Investments – Equity Method and Joint Ventures* , stipulates that the equity method should be used to account for investments whereby an investor has "the ability to exercise significant influence over operating and financial policies of an investee", but does not exercise control. FASB ASC Topic 323 generally considers an investor to have the ability to exercise significant influence when it owns 20% or more of the voting stock of an investee. FASB ASC Topic 323 lists circumstances under which, despite 20% ownership, an investor may not be able to exercise significant influence. Certain investments where the Company owns greater than a 20% ownership and cannot exercise significant influence or control are accounted for under the cost method (Note 8).

The Company assesses the recoverability of the carrying value of its investments whenever events or changes in circumstances indicate a loss in value that is other than a temporary decline. A loss in value of an equity-method or cost-method investment which is other than a temporary decline will be recognized as the difference between the carrying amount of the investment and its fair value.

The Company's estimates of fair value are determined based on a discounted cash flow model. The Company periodically engages third-party valuation consultants to assist with this process.

• *Property, plant and equipment, net*

Land is recorded at historical cost. Buildings, machinery and equipment, including capitalized interest, and property under capital lease agreements, are recorded at cost less accumulated depreciation. The Company records depreciation and amortization in its consolidated statements of operations as either Cost of sales or Selling, general and administrative expenses consistent with the utilization of the underlying assets. Depreciation is calculated on a straight-line basis over the following estimated useful lives of depreciable assets:

Land Improvements	20 years
Buildings and improvements	30 years
Machinery and Equipment	20 years

Leasehold improvements are amortized over ten years or the remaining life of the respective lease, whichever is shorter.

Accelerated depreciation is recorded when the estimated useful life is shortened. Ordinary repair and maintenance costs, including costs for planned maintenance turnarounds, that do not extend the useful life of the asset are charged to earnings as incurred. Fully depreciated assets are retained in property and depreciation accounts until sold or otherwise disposed. In the case of disposals, assets and related depreciation are removed from the accounts, and the net amounts, less proceeds from disposal, are included in earnings.

The Company also leases property, plant and equipment under operating and capital leases. Rent expense for operating leases, which may have escalating rentals or rent holidays over the term of the lease, is recorded on a straight-line basis over the lease term. Amortization of capital lease assets is included as a component of depreciation expense.

Assets acquired in business combinations are recorded at their fair values and depreciated over the assets' remaining useful lives or the Company's policy lives, whichever is shorter.

The Company assesses the recoverability of the carrying amount of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be assessed when estimated undiscounted future cash flows from the operation and disposition of the asset group are less than the carrying amount of the asset group. Asset groups have identifiable cash flows and are largely independent of other asset groups. Measurement of an impairment loss is based on the excess of the carrying amount of the asset group over its fair value. Fair value is measured using discounted cash flows or independent appraisals, as appropriate. Impairment losses are recorded in depreciation expense or Other (charges) gains, net depending on the facts and circumstances.

• *Goodwill and other intangible assets*

Trademarks and trade names, customer-related intangible assets and other intangibles with finite lives are amortized on a straight-line basis over their estimated useful lives. The excess of the purchase price over fair value of net identifiable assets and liabilities of an acquired business ("goodwill") and other indefinite-lived intangible assets are not amortized, but rather tested for impairment, at least annually. The Company tests for goodwill and indefinite-lived intangible asset impairment during the third quarter of its fiscal year using June 30 balances.

The Company assesses the recoverability of the carrying value of goodwill at least annually or whenever events or changes in circumstances indicate that the carrying amount of the goodwill of a reporting unit may not be fully recoverable. Recoverability is measured at the reporting unit level based on the provisions of FASB ASC Topic 350, *Intangibles — Goodwill and Other* . The Company's estimates of fair value are determined based on a discounted cash flow model. The Company periodically engages third-party

valuation consultants to assist with this process. Impairment losses are recorded in other operating expense or Other (charges) gains, net depending on the facts and circumstances.

The Company assesses recoverability of other indefinite-lived intangible assets at least annually or whenever events or changes in circumstances indicate that the carrying amount of the indefinite-lived intangible asset may not be fully recoverable. Recoverability is measured by a comparison of the carrying value of the indefinite-lived intangible asset over its fair value. Any excess of the carrying value of the indefinite-lived intangible asset over its fair value is recognized as an impairment loss. The Company's estimates of fair value are determined based on a discounted cash flow model. The Company periodically engages third-party valuation consultants to assist with this process. Impairment losses are recorded in other operating expense or Other (charges) gains, net depending on the facts and circumstances.

The Company assesses the recoverability of finite-lived intangible assets in the same manner as for property, plant and equipment as described above. Impairment losses are recorded in amortization expense or Other (charges) gains, net depending on the facts and circumstances.

• ***Financial instruments***

On January 1, 2008, the Company adopted the provisions of FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("FASB ASC Topic 820") for financial assets and liabilities. On January 1, 2009, the Company applied the provisions of FASB ASC Topic 820 for non-recurring fair value measurements of non-financial assets and liabilities, such as goodwill, indefinite-lived intangible assets, property, plant and equipment and asset retirement obligations. The adoptions of FASB ASC Topic 820 did not have a material impact on the Company's financial position, results of operations or cash flows. FASB ASC Topic 820 defines fair value, and increases disclosures surrounding fair value calculations.

The Company manages its exposures to currency exchange rates, interest rates and commodity prices through a risk management program that includes the use of derivative financial instruments (Note 22). The Company does not use derivative financial instruments for speculative trading purposes. The fair value of all derivative instruments is recorded as assets or liabilities at the balance sheet date. Changes in the fair value of these instruments are reported in income or Accumulated other comprehensive income (loss), net, depending on the use of the derivative and whether it qualifies for hedge accounting treatment under the provisions of FASB ASC Topic 815, *Derivatives and Hedging* ("FASB ASC Topic 815").

Gains and losses on derivative instruments qualifying as cash flow hedges are recorded in Accumulated other comprehensive income (loss), net, to the extent the hedges are effective, until the underlying transactions are recognized in income. To the extent effective, gains and losses on derivative and non-derivative instruments used as hedges of the Company's net investment in foreign operations are recorded in Accumulated other comprehensive income (loss), net as part of the foreign currency translation adjustment. The ineffective portions of cash flow hedges and hedges of net investment in foreign operations, if any, are recognized in income immediately. Derivative instruments not designated as hedges are marked to market at the end of each accounting period with the change in fair value recorded in income.

• ***Concentrations of credit risk***

The Company is exposed to credit risk in the event of nonpayment by customers and counterparties. The creditworthiness of customers and counterparties is subject to continuing review, including the use of master netting agreements, where the Company deems appropriate. The Company minimizes concentrations of credit risk through its global orientation in diverse businesses with a large number of diverse customers and suppliers. In addition, credit risks arising from derivative instruments is not significant because the counterparties to these contracts are primarily major international financial institutions and, to a lesser extent, major chemical companies. Where appropriate, the Company has diversified its selection of counterparties. Generally, collateral is not required from customers and counterparties and allowances are provided for specific risks inherent in receivables.

• ***Deferred financing costs***

The Company capitalizes direct costs incurred to obtain debt financings and amortizes these costs using a method that approximates the effective interest rate method over the terms of the related debt. Upon the extinguishment of the related debt, any unamortized capitalized debt financing costs are immediately expensed.

• ***Environmental liabilities***

The Company manufactures and sells a diverse line of chemical products throughout the world. Accordingly, the Company's operations are subject to various hazards incidental to the production of industrial chemicals including the use, handling, processing, storage and transportation of hazardous materials. The Company recognizes losses and accrues liabilities relating to environmental matters if available information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Depending on the nature of the site, the Company accrues through fifteen years, unless the Company has government orders or other agreements that extend beyond fifteen years. If the event of loss is neither probable nor reasonably estimable, but is reasonably possible, the Company provides appropriate disclosure in the notes to the consolidated financial statements if the contingency is considered material. The Company estimates environmental liabilities on a case-by-case basis using the most current status of available facts, existing technology, presently enacted laws and regulations and prior experience in remediation of contaminated sites. Recoveries of environmental costs from other parties are recorded as assets when their receipt is deemed probable.

An environmental reserve related to cleanup of a contaminated site might include, for example, a provision for one or more of the following types of costs: site investigation and testing costs, cleanup costs, costs related to soil and water contamination resulting from tank ruptures and post-remediation monitoring costs. These reserves do not take into account any claims or recoveries from insurance. There are no pending insurance claims for any environmental liability that are expected to be material. The measurement of environmental liabilities is based on the Company's periodic estimate of what it will cost to perform each of the elements of the remediation effort. The Company utilizes third parties to assist in the management and development of cost estimates for its sites. Changes to environmental regulations or other factors affecting environmental liabilities are reflected in the consolidated financial statements in the period in which they occur (Note 16).

• ***Legal fees***

The Company accrues for legal fees related to loss contingency matters when the costs associated with defending these matters can be reasonably estimated and are probable of occurring. All other legal fees are expensed as incurred.

• ***Revenue recognition***

The Company recognizes revenue when title and risk of loss have been transferred to the customer, generally at the time of shipment of products, and provided that four basic criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectibility is reasonably assured. Should changes in conditions cause the Company to determine revenue recognition criteria are not met for certain transactions, revenue recognition would be delayed until such time that the transactions become realizable and fully earned. Payments received in advance of meeting the above revenue recognition criteria are recorded as deferred revenue.

• ***Research and development***

The costs of research and development are charged as an expense in the period in which they are incurred.

• ***Insurance loss reserves***

The Company has two wholly owned insurance companies (the "Captives") that are used as a form of self insurance for property, liability and workers compensation risks. One of the Captives also insures certain third-party risks. The liabilities recorded by the Captives relate to the estimated risk of loss which is based on management estimates and actuarial valuations, and unearned premiums, which represent the portion of the third-party premiums written applicable to the unexpired terms of the policies in-force. Liabilities are recognized for known claims when sufficient information has been developed to indicate involvement of a specific policy and the Company can reasonably estimate its liability. In addition, liabilities have been established to cover additional exposure on both known and unasserted claims. Estimates of the liabilities are reviewed and updated regularly. It is possible that actual results could differ significantly from the recorded liabilities. Premiums written are recognized as revenue based on the terms of the policies. Capitalization of the Captives is determined by regulatory guidelines.

• ***Reinsurance receivables***

The Captives enter into reinsurance arrangements to reduce their risk of loss. The reinsurance arrangements do not relieve the Captives from their obligations to policyholders. Failure of the reinsurers to honor their obligations could result in losses to the Captives. The Captives evaluate the financial condition of their reinsurers and monitor concentrations of credit risk to minimize their exposure to significant losses from reinsurer insolvencies and to establish allowances for amounts deemed non-collectible.

• ***Income taxes***

The provision for income taxes has been determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and net operating loss and tax credit carry forwards. The amount of deferred taxes on these temporary differences is determined using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, as applicable, based on tax rates and laws in the respective tax jurisdiction enacted as of the balance sheet date.

The Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical taxable income, projected future taxable income, applicable tax strategies, and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Tax positions are recognized only when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the positions will be sustained upon examination. Tax positions that meet the more-likely-than-not threshold are measured using a probability weighted approach as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. Whether the more-likely-than-not recognition threshold is met for a tax position is a matter of judgment based on the individual facts and circumstances of that position evaluated in light of all available evidence.

• ***Noncontrolling interests***

Noncontrolling interests in the equity and results of operations of the entities consolidated by the Company are shown as a separate line item in the consolidated financial statements. The entities included in the consolidated financial statements that have noncontrolling interests are as follows:

	Ownership Percentage as of December 31,	
	2009	2008
Celanese Polisinteza d.o.o.	76%	76%
Synthesegasanlage Ruhr GmbH	50%	50%

In December 2009, the Company paid a liquidating dividend related to its ownership in Synthesegasanlage Ruhr GmbH in the amount of €1 million. The Companyis currently liquidating its ownership in Synthesegasanlage Ruhr GmbH.

• ***Accounting for purchasing agent agreements***

A subsidiary of the Company acts as a purchasing agent on behalf of the Company, as well as third parties. The entity arranges sale and purchase agreements for raw materials on a commission basis. Accordingly, the commissions earned on these third-party sales are classified as a reduction to Selling, general and administrative expenses.

• ***Functional and reporting currencies***

For the Company's international operations where the functional currency is other than the US dollar, assets and liabilities are translated using period-end exchange rates, while the statement of operations amounts are translated using the average exchange rates for the respective period. Differences arising from the translation of assets and liabilities in comparison with the translation of the previous periods or from initial recognition during the period are included as a separate component of Accumulated other comprehensive income (loss), net.

• ***Reclassifications***

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

3. Recent Accounting Pronouncements

In February 2010, the FASB issued FASB Accounting Standards Update 2010-09, *Subsequent Events: Amendments to Certain Recognition and Disclosure Requirements* ("ASU 2010-09"), which amends FASB ASC Topic 855, *Subsequent Events* . The update provides that US Securities and Exchange Commission ("SEC") filers, as defined in ASU 2010-09, are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. The update also requires SEC filers to continue to evaluate subsequent events through the date the financial statements are issued rather than the date the financial statements are available to be issued. The Company adopted ASU 2010-09 upon issuance. This update had no impact on the Company's financial position, results of operations or cash flows.

In January 2010, the FASB issued FASB Accounting Standards Update 2010-06, *Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"), which amends FASB ASC Topic 820-10, *Fair Value Measurements and Disclosures* . The update provides additional disclosures for transfers in and out of Levels 1 and 2 and for activity in Level 3 and clarifies certain

other existing disclosure requirements. The Company adopted ASU 2010-06 beginning January 15, 2010. This update had no impact on the Company's financial position, results of operations or cash flows.

In January 2010, the FASB issued FASB Accounting Standards Update 2010-02, *Accounting and Reporting for Decreases in Ownership of a Subsidiary — A Scope Clarification* ("ASU 2010-02"), which amends FASB ASC Topic 820-10 ("FASB ASC Topic 820-10"). The update addresses implementation issues related to changes in ownership provisions in the FASB ASC 820-10. The Company adopted ASU 2010-02 on December 31, 2009. This update had no impact on the Company's financial position, results of operations or cash flows.

In August 2009, the FASB issued FASB Accounting Standards Update 2009-05, *Fair Value Measurements and Disclosures* ("ASU 2009-05"), which amends FASB ASC Topic 820-10 ("FASB ASC Topic 820-10"). The update provides clarification on the techniques for measurement of fair value required of a reporting entity when a quoted price in an active market for an identical liability is not available. The Company adopted ASU 2009-05 beginning September 30, 2009. This update had no impact on the Company's financial position, results of operations or cash flows.

In June 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") 168, *The FASB Accounting Standards Codification ™ and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FAS 162* ("SFAS 168"), which created FASB ASC Topic 105-10 ("FASB ASC Topic 105-10"). FASB ASC Topic 105-10 identifies the sources of accounting principles and the framework for selecting principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with US GAAP (the GAAP hierarchy). The Company adopted FASB ASC Topic 105-10 beginning September 30, 2009. This standard had no impact on the Company's financial position, results of operations or cash flows.

In May 2009, the FASB issued SFAS 165, *Subsequent Events* ("SFAS 165"), codified in FASB ASC Topic 855-10, which establishes accounting and disclosure standards for events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It defines financial statements as available to be issued, requiring the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, whether it be the date the financial statements were issued or the date they were available to be issued. The Company adopted SFAS 165 upon issuance. This standard had no impact on the Company's financial position, results of operations or cash flows.

In April 2009, the FASB issued FASB Staff Position ("FSP") SFAS 115-2 and SFAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* ("FSP SFAS 115-2 and SFAS 124-2"), which is codified in FASB ASC Topic 320-10. FSP SFAS 115-2 and SFAS 124-2 provides guidance to determine whether the holder of an investment in a debt security for which changes in fair value are not regularly recognized in earnings should recognize a loss in earnings when the investment is impaired. This FSP also improves the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the consolidated financial statements. The Company adopted FSP SFAS 115-2 and SFAS 124-2 beginning April 1, 2009. This FSP had no material impact on the Company's financial position, results of operations or cash flows.

In April 2009, the FASB issued FSP SFAS 107-1 and Accounting Principles Board ("APB") Opinion APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP SFAS 107-1 and APB 28-1"). FSP SFAS 107-1 and APB 28-1, which is codified in FASB ASC Topic 825-10-50, require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. The Company adopted FSP SFAS 107-1 and APB 28-1 beginning April 1, 2009. This FSP had no impact on the Company's financial position, results of operations or cash flows.

In April 2009, the FASB issued FSP SFAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are*

Not Orderly ("FSP SFAS 157-4"). FSP SFAS 157-4, which is codified in FASB ASC Topics 820-10-35-51 and 820-10-50-2, provides additional guidance for estimating fair value and emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. The Company adopted FSP SFAS 157-4 beginning April 1, 2009. This FSP had no material impact on the Company's financial position, results of operations or cash flows.

In April 2009, the FASB issued FSP SFAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* ("FSP SFAS 141(R)-1"). FSP SFAS 141(R)-1, which is codified in FASB ASC Topic 805, *Business Combinations* , addresses application issues related to the measurement, accounting and disclosure of assets and liabilities arising from contingencies in a business combination. The Company adopted FSP SFAS 141(R)-1 upon issuance. This FSP had no impact on the Company's financial position, results of operations or cash flows.

In December 2008, the FASB issued FSP SFAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets* ("FSP SFAS 132(R)-1"), which is codified in FASB ASC Topic 715-20-50. FSP SFAS 132(R)-1 requires enhanced disclosures about the plan assets of a Company's defined benefit pension and other postretirement plans intended to provide financial statement users with a greater understanding of: 1) how investment allocation decisions are made; 2) the major categories of plan assets; 3) the inputs and valuation techniques used to measure the fair value of plan assets; 4) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period; and 5) significant concentrations of risk within plan assets. The Company adopted FSP SFAS 132(R)-1 on January 1, 2009. This FSP had no impact on the Company's financial position, results of operations or cash flows.

4. Acquisitions, Ventures, Divestitures, Asset Sales and Plant Closures

Acquisitions

In December 2009, the Company acquired the business and assets of FACT GmbH (Future Advanced Composites Technology) ("FACT"), a German company, for a purchase price of €5 million ($7 million). FACT is in the business of developing, producing and marketing long fiber reinforced thermoplastics. As part of the acquisition, the Company has entered into a ten year lease agreement with the seller for the property and buildings on which the FACT business is located with the option to purchase the property at various times throughout the lease. The acquired business is included in the Advanced Engineered Materials segment.

In January 2007, the Company acquired the cellulose acetate flake, tow and film business of Acetate Products Limited ("APL"), a subsidiary of Corsadi B.V. The purchase price for the transaction was approximately £57 million ($112 million), in addition to direct acquisition costs of approximately £4 million ($7 million). As contemplated prior to the closing of the acquisition, the Company closed the acquired tow production plant at Little Heath, United Kingdom in September 2007. In accordance with the Company's sponsor services agreement dated January 26, 2005, as amended, the Company paid the Advisor $1 million in connection with the acquisition. The acquired business is included in the Company's Consumer Specialties segment.

Ventures

In March 2007, the Company entered into a strategic partnership with Accsys Technologies PLC ("Accsys"), and its subsidiary, Titan Wood, to become the exclusive supplier of acetyl products to Titan Wood's technology licensees for use in wood acetylation. In connection with this partnership, in May 2007, the Company acquired 8,115,883 shares of Accsys' common stock representing approximately 5.45% of the total voting shares of Accsys for €22 million ($30 million). The investment was treated as an available-for-sale security and was included in Marketable securities, at fair value, on the Company's consolidated balance sheets. On November 20, 2007, the Company and Accsys announced that they agreed to amend their business

arrangements so that each company would have a nonexclusive "at-will" trading and supply relationship to give both companies greater flexibility. As part of this amendment, the Company subsequently sold all of its shares of Accsys stock for approximately €20 million ($30 million), which resulted in a cumulative loss of $3 million.

Divestitures

In July 2009, the Company completed the sale of its polyvinyl alcohol ("PVOH") business to Sekisui Chemical Co., Ltd. ("Sekisui") for a net cash purchase price of $168 million, resulting in a gain on disposition of $34 million. The net cash purchase price excludes the accounts receivable and payable retained by the Company. The transaction includes long-term supply agreements between Sekisui and the Company and therefore, does not qualify for treatment as a discontinued operation. The PVOH business is included in the Industrial Specialties segment.

In July 2008, the Company sold its 55.46% interest in Derivados Macroquimicos S.A. de C.V. ("DEMACSA") for proceeds of $3 million. DEMACSA produces cellulose ethers at an industrial complex in Zacapu, Michoacan, Mexico and is included in the Company's Acetyl Intermediates segment. In June 2008, the Company recorded a long-lived asset impairment loss of $1 million to Cost of sales in the consolidated statements of operations. As a result, the proceeds from the sale approximated the carrying value of DEMACSA on the date of the sale. The Company concluded the sale of DEMACSA is not a discontinued operation due to certain forms of continuing involvement between the Company and DEMACSA subsequent to the sale.

In August 2007, the Company sold its Films business of EVA Performance Polymers (f/k/a AT Plastics), located in Edmonton and Westlock, Alberta, Canada, to British Polythene Industries PLC ("BPI") for $12 million. The Films business manufactures products for the agricultural, horticultural and construction industries. The Company recorded a loss on the sale of $7 million during the year ended December 31, 2007. The Company maintained ownership of the Polymers business of the business formerly known as AT Plastics, which concentrates on the development and supply of specialty resins and compounds. EVA Performance Polymers is included in the Company's Industrial Specialties segment. The Company concluded that the sale of the Films business is not a discontinued operation due to the level of continuing cash flows between the Films business and EVA Performance Polymers' Polymers business subsequent to the sale.

In connection with the Company's strategy to optimize its portfolio and divest non-core operations, the Company announced in December 2006 its agreement to sell its Acetyl Intermediates segment's oxo products and derivatives businesses, including European Oxo GmbH ("EOXO"), a 50/50 venture between Celanese GmbH and Degussa AG ("Degussa"), to Advent International, for a purchase price of €480 million ($636 million) subject to final agreement adjustments and the successful exercise of the Company's option to purchase Degussa's 50% interest in EOXO. On February 23, 2007, the option was exercised and the Company acquired Degussa's interest in the venture for a purchase price of €30 million ($39 million), in addition to €22 million ($29 million) paid to extinguish EOXO's debt upon closing of the transaction. The Company completed the sale of its oxo products and derivatives businesses, including the acquired 50% interest in EOXO, on February 28, 2007. The sale included the oxo and derivatives businesses at the Oberhausen, Germany, and Bay City, Texas facilities as well as portions of its Bishop, Texas facility. Also included were EOXO's facilities within the Oberhausen and Marl, Germany plants. The former oxo products and derivatives businesses acquired by Advent International was renamed Oxea. Taking into account agreed deductions by the buyer for pension and other employee benefits and various costs for separation activities, the Company received proceeds of approximately €443million ($585 million) at closing. The transaction resulted in the recognition of a $47 million pre-tax gain, recorded to Gain (loss) on disposal of discontinued operations, which includes certain working capital and other adjustments, in 2007. Due to certain lease-back arrangements between the Company and the buyer and related environmental obligations of the Company, approximately $51 million of the transaction proceeds attributable to the fair value of the underlying land at Bay City ($1 million) and Oberhausen (€36 million) is included in deferred proceeds in noncurrent Other liabilities, and

divested land with a book value of $14 million (€10million at Oberhausen and $1 million at Bay City) remains in Property, plant and equipment, net in the Company's consolidated balance sheets.

Subsequent to closing, the Company and Oxea have certain site service and product supply arrangements. The site services include, but are not limited to, administrative, utilities, health and safety, waste water treatment and maintenance activities for terms which range up to fifteen years. Product supply agreements contain initial terms of up to fifteen years. The Company has no contractual ability through these agreements or any other arrangements to significantly influence the operating or financial policies of Oxea. The Company concluded, based on the nature and limited projected magnitude of the continuing business relationship between the Company and Oxea, the divestiture of the oxo products and derivatives businesses should be accounted for as a discontinued operation.

Third-party net sales include $5 million to the divested oxo products and derivative businesses for the year ended December 31, 2007 that were eliminated upon consolidation.

In accordance with the Company's sponsor services agreement dated January 26, 2005, as amended, the Company paid the Advisor $6 million in connection with the sale of the oxo products and derivatives businesses.

During the second quarter of 2007, the Company discontinued its Edmonton, Alberta, Canada methanol operations, which were included in the Acetyl Intermediates segment. As a result, the earnings (loss) from operations related to Edmonton methanol are accounted for as discontinued operations.

Asset Sales

In May 2008, shareholders of the Company's Koper, Slovenia legal entity voted to approve the April 2008 decision by the Company to permanently shut down this emulsions production site. The decision to shut down the site resulted in employee severance of less than $1 million, which is included in Other (charges) gains, net, in the consolidated statements of operations during the year ended December 31, 2008. Currently, the facility is idle and the existing fixed assets, including machinery and equipment, buildings and land are being marketed for sale. The Koper, Slovenia legal entity is included in the Company's Industrial Specialties segment.

In December 2007, the Company sold the assets at its Edmonton, Alberta, Canada facility to a real estate developer for approximately $35 million. As part of the agreement, the Company will retain certain environmental liabilities associated with the site. The Company derecognized $16 million of asset retirement obligations which were transferred to the buyer. As a result of the sale, the Company recorded a gain of $37 million for the year ended December 31, 2007, of which a gain of $34 million was recorded to Gain (loss) on disposition of businesses and assets, net in the consolidated statements of operations.

In July 2007, the Company reached an agreement with Babcock & Brown, a worldwide investment firm which specializes in real estate and utilities development, to sell the Company's Pampa, Texas facility. The Company ceased operations at the site in December 2008. Proceeds received upon certain milestone events are treated as deferred proceeds and included in noncurrent Other liabilities in the Company's consolidated balance sheets until the transaction is complete (expected to be in 2010), as defined in the sales agreement. These operations are included in the Company's Acetyl Intermediates segment. During the second half of 2008, the Company determined that two of the milestone events, which are outside of the Company's control, were unlikely to be achieved. The Company performed a discounted cash flow analysis which resulted in a $23 million long-lived asset impairment loss recorded to Other (charges) gains, net, in the consolidated statements of operations during the year ended December 31, 2008 (Note 18).

Plant Closures

In July 2009, the Company's wholly-owned French subsidiary, Acetex Chimie, completed the consultation procedure 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 announced its formal plan to cease all manufacturing operations and associated activities by December 2009. The Company agreed with the workers council on a set of measures of assistance aimed at minimizing the effects of the plant's closing on the Pardies workforce, including training, outplacement and severance.

As a result of the Project of Closure, the Company recorded exit costs of $89 million during the year ended December 31, 2009, which included $60 million in employee termination benefits, $17 million of contract termination costs and $12 million of long-lived asset impairment losses (see Note 18) to Other charges (gains), net, in the consolidated statements of operations. The fair value of the related held and used long-lived assets is $4 million as of December 31, 2009. In addition, the Company recorded $9 million of accelerated depreciation expense for the year ended December 31, 2009 and $8 million of environmental remediation reserves for the year ended December 31, 2009 related to the shutdown of the Company's Pardies, France facility. The Pardies, France facility is included in the Acetyl Intermediates segment.

5. Marketable Securities, at Fair Value

The Company's captive insurance companies and pension-related trusts hold available-for-sale securities for capitalization and funding requirements, respectively. The Company recorded realized gains (losses) to Other income (expense), net in the consolidated statements of operations as follows:

	Years ended December 31,		
	2009	2008	2007
		(In $ millions)	
Realized gain on sale of securities	5	10	1
Realized loss on sale of securities	-	(10)	-
Net realized gain (loss) on sale of securities	5	-	1

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

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
		(In $ millions)		
US government debt securities	26	2	-	28
US corporate debt securities	1	-	-	1
Total debt securities	27	2	-	29
Equity securities	55	-	(3)	52
Money market deposits and other securities	2	-	-	2
As of December 31, 2009	84	2	(3)	83
US government debt securities	35	17	-	52
US corporate debt securities	3	-	-	3
Total debt securities	38	17	-	55
Equity securities	55	-	(13)	42
Money market deposits and other securities	3	-	-	3
As of December 31, 2008	96	17	(13)	100

Fixed maturities as of December 31, 2009 by contractual maturity are shown below. Actual maturities could differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In $ millions)	
Within one year	3	3
From one to five years	-	-
From six to ten years	-	-
Greater than ten years	26	28
Total	29	31

Proceeds received from fixed maturities that mature within one year are expected to be reinvested into additional securities upon such maturity.

6. Receivables, Net

	As of December 31,	
	2009	2008
	(In $ millions)	
Trade receivables — third party and affiliates	739	656
Allowance for doubtful accounts — third party and affiliates	(18)	(25)
Trade receivables — third party and affiliates, net	721	631
Non-trade receivables		
Reinsurance receivables	49	40
Income taxes receivable	64	88
Other	149	154
Allowance for doubtful accounts — other	-	(1)
Total	262	281

As of December 31, 2009 and 2008, the Company had no significant concentrations of credit risk since the Company’s customer base is dispersed across many different industries and geographies.

7. Inventories

	As of December 31,	
	2009	2008
	(In $ millions)	
Finished goods	367	434
Work-in-process	28	24
Raw materials and supplies	127	119
Total	522	577

The Company recorded charges of $0 million and $14 million to reduce its inventories to the lower-of-cost or market for the years ended December 31, 2009 and 2008, respectively.

8. Investments in Affiliates

Equity Method

The Company's equity investments and ownership interests are as follows:

	Segment	Ownership Percentage as of December 31, 2009	2008	Carrying Value as of December 31, 2009	2008	Share of Earnings (Loss) Year Ended December 31, 2009	2008	2007
		(In percentages)		(In $ millions)				
European Oxo GmbH [1]	Acetyl Intermediates	-	-	-	-	-	-	2
Erfei, A.I.E. [3]	Acetyl Intermediates	-	45	-	1	-	-	(1)
National Methanol Company ("Ibn Sina")	Advanced Engineered Materials	25	25	56	46	51	118	68
Fortron Industries LLC	Advanced Engineered Materials	50	50	74	77	(3)	4	16
Korea Engineering Plastics Co., Ltd.	Advanced Engineered Materials	50	50	159	145	14	12	14
Polyplastics Co., Ltd.	Advanced Engineered Materials	45	45	175	189	15	19	25
Una SA	Advanced Engineered Materials	50	50	2	2	-	2	-
InfraServ GmbH & Co. Gendorf KG	Other Activities	39	39	27	28	3	4	5
InfraServ GmbH & Co. Hoechst KG	Other Activities	32	31	142	137	15	10	18
InfraServ GmbH & Co. Knapsack KG	Other Activities	27	27	24	22	5	4	4
Sherbrooke Capital Health and Wellness, L.P. [2]	Consumer Specialties	10	10	4	4	(1)	(1)	-
Total (As Adjusted, Note 31)				663	651	99	172	151

[1] The Company divested this investment in February 2007 (Note 4). The share of earnings (loss) for this investment is included in Earnings (loss) from operation of discontinued operations in the consolidated statements of operations.

[2] The Company accounts for its 10% ownership interest in Sherbrooke Capital Health and Wellness, L.P. under the equity method of accounting because the Company is able to exercise significant influence.

[3] The Company divested this investment in July 2009 as part of the sale of PVOH (Note 4).

	Year Ended December 31, 2009	2008	2007
	As Adjusted (Note 32) (In $ millions)		
Affiliate net earnings	335	633	503
Company's share:			
Net earnings	99	172	150 [1]
Dividends and other distributions	78	183	135

(1) Amount does not include a $1 million liquidating dividend from Clear Lake Methanol Partners for the year ended December 31, 2007.

Cost Method

The Company's investments accounted for under the cost method of accounting are as follows:

	Segment	Ownership Percentage as of December 31, 2009	2008	Carrying Value as of December 31, 2009	2008	Dividend Income for the years ended December 31, 2009	2008	2007
		(In percentages)				(In $ millions)		
Kunming Cellulose Fibers Co. Ltd.	Consumer Specialties	30	30	14	14	10	8	7
Nantong Cellulose Fibers Co. Ltd.	Consumer Specialties	31	31	77	77	38	32	24
Zhuhai Cellulose Fibers Co. Ltd.	Consumer Specialties	30	30	14	14	8	6	6
InfraServ GmbH & Co. Wiesbaden KG	Other Activities	8	8	6	6	1	2	1
Other				18	19	-	-	-
Total As Adjusted (Note 31)				129	130	57	48	38

Certain investments where the Company owns greater than a 20% ownership interest are accounted for under the cost method of accounting because the Company cannot exercise significant influence over these entities. The Company determined that it cannot exercise significant influence over these entities due to local government investment in and influence over these entities, limitations on the Company's involvement in the day-to-day operations and the present inability of the entities to provide timely financial information prepared in accordance with US GAAP.

During 2007, the Company wrote-off its remaining €1million ($1 million) cost investment in European Pipeline Development Company B.V. ("EPDC") and expensed €7 million ($9 million), included in Other income (expense), net, associated with contingent liabilities that became payable due to the Company's decision to exit the pipeline development project. In June 2008, the outstanding contingent liabilities were resolved and the Company recognized a gain of €2 million ($2 million), included in Other income (expense), net, in the consolidated statements of operations to remove the remaining accrual.

During 2007, the Company fully impaired its $5 million cost investment in Elemica Corporation ("Elemica"). Elemica is a network for the global chemical industry developed by 22 of the leading chemical companies in the world for the benefit of the entire industry. The impairment was included in Other income (expense), net in the consolidated statements of operations.

9. Property, Plant and Equipment, Net

	As of December 31, 2009	2008
	(In $ millions)	
Land	62	61
Land improvements	44	44
Buildings and building improvements	360	358
Machinery and equipment	2,669	2,615
Construction in progress	792	443
Gross asset value	3,927	3,521
Less: accumulated depreciation	(1,130)	(1,051)
Net book value	2,797	2,470

Assets under capital leases amounted to $272 million and $233 million, less accumulated amortization of $55 million and $38 million, as of December 31, 2009 and 2008, respectively. Interest costs capitalized were $2 million, $6 million and $9 million during the years ended December 31, 2009, 2008 and 2007, respectively. Depreciation expense was $213 million, $255 million and $209 million during the years ended December 31, 2009, 2008 and 2007, respectively.

During 2008 and 2009, certain long-lived assets were impaired (Note 18).

10. Goodwill

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
			(In $ millions)		
As of December 31, 2007					
Goodwill	277	264	53	278	872
Accumulated impairment losses	-	-	(6)	-	(6)
	277	264	47	278	866
Adjustments to preacquisition tax uncertainties	(9)	2	(12)	(30)	(49)
Exchange rate changes	(10)	(14)	(1)	(13)	(38)
As of December 31, 2008					
Goodwill	258	252	40	235	785
Accumulated impairment losses	-	-	(6)	-	(6)
	258	252	34	235	779
Sale of PVOH [1]	-	-	-	-	-
Exchange rate changes	5	5	1	8	19
As of December 31, 2009					
Goodwill	263	257	35	243	798
Accumulated impairment losses	-	-	-	-	-
Total	263	257	35	243	798

[1] Fully impaired goodwill of $6 million was written off related to the sale of PVOH.

Recoverability of goodwill is measured using a discounted cash flow model incorporating discount rates commensurate with the risks involved for each reporting unit which is classified as a Level 3 measurement under FASB ASC Topic 820. The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. If the calculated fair value is less than the current carrying value, impairment of the reporting unit may exist. When the recoverability test indicates potential impairment, the Company, or in certain circumstances, a third-party valuation consultant, will calculate an implied fair value of goodwill for the reporting unit. The implied fair value of goodwill is determined in a manner similar to how goodwill is calculated in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded to write down the carrying value. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit but may indicate certain long-lived and amortizable intangible assets associated with the reporting unit may require additional impairment testing.

In connection with the Company's annual goodwill impairment test performed during the three months ended September 30, 2009 using June 30 balances, the Company did not record an impairment loss related to goodwill as the estimated fair value for each of the Company's reporting units exceeded the carrying value of the underlying assets by a substantial margin. No events or changes in circumstances occurred during the three months ended December 31, 2009 that would indicate that the carrying amount of the assets may not be fully recoverable, as such, no additional impairment analysis was performed during that period.

11. 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, 2007	85	-	562	12	12	671
Acquisitions	-	28 (1)	-	-	-	28
Exchange rate changes	(3)	1	(25)	-	-	(27)
As of December 31, 2008	82	29	537	12	12	672
Acquisitions	-	-	-	1	-	1
Exchange rate changes	1	-	15	-	-	16
As of December 31, 2009	83	29	552	13	12	689
Accumulated Amortization						
As of December 31, 2007	-	-	(228)	(9)	(9)	(246)
Amortization	-	(3)	(71)	(1)	(1)	(76)
Exchange rate changes	-	-	14	-	-	14
As of December 31, 2008	-	(3)	(285)	(10)	(10)	(308)
Amortization	(5)	(3)	(67)	(1)	(1)	(77)
Exchange rate changes	-	-	(10)	-	-	(10)
As of December 31, 2009	(5)	(6)	(362)	(11)	(11)	(395)
Net book value	78	23	190	2	1	294

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(1) Acquisition of a sole and exclusive license to patents and patent applications related to acetic acid. The license is being amortized over 10 years.

Aggregate amortization expense for intangible assets with finite lives during the years ended December 31, 2009, 2008 and 2007 was $72 million, $76 million, and $72 million, respectively. In addition, during the year ended December 31, 2009 the Company recorded accelerated amortization expense of $5 million related to the AT Plastics trade name which was discontinued August 1, 2009. The trade name is now fully amortized.

Estimated amortization expense for the succeeding five fiscal years is approximately $62 million in 2010, $57 million in 2011, $43 million in 2012, $26 million in 2013, and $15 million in 2014. The Company's trademarks and trade names have an indefinite life. Accordingly, no amortization is recorded on these intangible assets.

Management tests indefinite-lived intangible assets utilizing the relief from royalty method to determine the estimated fair value for each indefinite-lived intangible asset which is classified as a Level 3 measurement under 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. Discount rates, royalty rates,

growth rates and sales projections are the assumptions most sensitive and susceptible to change as they require significant management judgment. Discount rates used are similar to the rates estimated by the weighted-average cost of capital ("WACC") considering any differences in Company-specific risk factors. Royalty rates are established by management and are periodically substantiated by third-party valuation consultants. Operational management, considering industry and Company-specific historical and projected data, develops growth rates and sales projections associated with each indefinite-lived intangible asset. Terminal value rate determination follows common methodology of capturing the present value of perpetual sales estimates beyond the last projected period assuming a constant WACC and low long-term growth rates.

In connection with the Company's annual indefinite-lived intangible assets impairment test performed during the three months ended September 30, 2009 using June 30 balances, the Company recorded an impairment loss of less than $1 million to certain indefinite-lived intangible assets. The fair value of such indefinite-lived intangible assets is $2 million as of December 31, 2009. No events or changes in circumstances occurred during the three months ended December 31, 2009 that would indicate that the carrying amount of the assets may not be fully recoverable, as such, no additional impairment analysis was performed during that period.

For the year ended December 31, 2009, the Company did not renew or extend any intangible assets.

12. Current Other Liabilities

	As of December 31,	
	2009	2008
	(In $ millions)	
Salaries and benefits	100	107
Environmental (Note 16)	13	19
Restructuring (Note 18)	99	32
Insurance	37	34
Asset retirement obligations	22	9
Derivatives	75	67
Current portion of benefit obligations (Note 15)	49	57
Sales and use tax/foreign withholding tax payable	15	16
Interest	20	54
Uncertain tax positions (Note 19)	5	-
Other	176	179
Total	611	574

13. Noncurrent Other Liabilities

	As of December 31,	
	2009	2008
	(In $ millions)	
Environmental (Note 16)	93	79
Insurance	85	85
Deferred revenue	49	55
Deferred proceeds (Note 4, Note 29)	846	371
Asset retirement obligations	45	40
Derivatives	44	76
Income taxes payable	61	-
Other	83	100
Total	1,306	806

Changes in asset retirement obligations are as follows:

	Year Ended December 31,		
	2009	2008	2007
		(In $ millions)	
Balance at beginning of year	49	47	59
Additions	14 (1)	6 (2)	-
Accretion	2	3	5
Payments	(14)	(6)	(6)
Divestitures	-	-	(16) (3)
Purchase accounting adjustments	-	-	3
Revisions to cash flow estimates	15 (4)	1	(2)
Exchange rate changes	1	(2)	4
Balance at end of year	67	49	47

(1) Relates to a site for which management no longer considers to have an indeterminate life.

(2) Relates to long-lived assets impaired (Note 18) for which management no longer considers to have an indeterminate life.

(3) Relates to the sale of the Edmonton, Alberta, Canada plant (Note 4).

(4) Primarily relates to long-lived assets impaired (Note 18) based on triggering events assessed by the Company in 2008 and decisions made by the Company in 2009.

Included in the asset retirement obligations for each of the years ended December 31, 2009 and 2008 is $10 million related to a business acquired in 2005. The Company has a corresponding receivable of $3 million and $7 million included in current Other assets and noncurrent Other assets in the consolidated balance sheets, respectively, as of December 31, 2009.

Based on long-lived asset impairment triggering events assessed by the Company in December 2008 and decisions made by the Company in 2009, the Company concluded several sites no longer have an indeterminate life. Accordingly, the Company recorded asset retirement obligations associated with these sites. The Company uses the expected present value technique to measure the fair value of the asset retirement obligations which is classified as a Level 3 measurement under FASB ASC Topic 820. The expected present value technique uses a set of cash flows that represent the probability-weighted average of all possible cash flows based on the Company's judgment. The Company uses the following inputs to determine the fair value of the asset retirement obligations based on the Company's experience with fulfilling obligations of this type and the Company's knowledge of market conditions: a) labor costs; b) allocation of overhead costs; c) profit on labor and overhead costs; d) effect of inflation on estimated costs and profits; e) risk premium for bearing the uncertainty inherent in cash flows, other than inflation; f) time value of money represented by the risk-free interest rate commensurate with the timing of the associated cash flows; and g) nonperformance risk relating to the liability which includes the Company's own credit risk.

The Company has identified but not recognized asset retirement obligations related to certain of its existing operating facilities. Examples of these types of obligations include demolition, decommissioning, disposal and restoration activities. Legal obligations exist in connection with the retirement of these assets upon closure of the facilities or abandonment of the existing operations. However, the Company currently plans on continuing operations at these facilities indefinitely and therefore a reasonable estimate of fair value cannot be determined at this time. In the event the Company considers plans to abandon or cease operations at these sites, an asset retirement obligation will be reassessed at that time. If certain operating facilities were to close, the related asset retirement obligations could significantly affect the Company's results of operations and cash flows.

14. Debt

	As of December 31,	
	2009	2008
	(In $ millions)	
Short-term borrowings and current installments of long-term debt — third party and affiliates		
Current installments of long-term debt	102	81
Short-term borrowings, principally comprised of amounts due to affiliates	140	152
Total	242	233
Long-term debt		
Senior credit facilities: Term loan facility due 2014	2,785	2,794
Term notes 7.125%, due 2009	-	14
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 and other secured borrowings due at various dates through 2054	242	211
Other bank obligations, interest rates ranging from 2.3% to 5.3%, due at various dates through 2014	153	181
Subtotal	3,361	3,381
Less: Current installments of long-term debt	102	81
Total	3,259	3,300

Senior Credit Facilities

The Company's senior credit agreement consists of $2,280 million of US dollar-denominated and €400 million of Euro-denominated term loans due 2014, a $600 million revolving credit facility terminating in 2013 and a $228 million credit-linked revolving facility terminating in 2014. Borrowings under the senior credit agreement bear interest at a variable interest rate based on LIBOR (for US dollars) or EURIBOR (for Euros), as applicable, or, for US dollar-denominated loans under certain circumstances, a base rate, in each case plus an applicable margin. The applicable margin for the term loans and any loans under the credit-linked revolving facility is 1.75%, subject to potential reductions as defined in the senior credit agreement. As of December 31, 2009, the applicable margin was 1.75%. The term loans under the senior credit agreement are subject to amortization at 1% of the initial principal amount per annum, payable quarterly. The remaining principal amount of the term loans is due on April 2, 2014.

As of December 31, 2009, there were no outstanding borrowings or letters of credit issued under the revolving credit facility. As of December 31, 2009, there were $88 million of letters of credit issued under the credit-linked revolving facility and $140 million remained available for borrowing.

On June 30, 2009, the Company entered into an amendment to the senior credit agreement. The amendment reduced the amount available under the revolving credit facility from $650 million to $600 million and increased the first lien senior secured leverage ratio covenant that is applicable when any amount is outstanding under the revolving credit portion of the senior credit agreement at set forth below. Prior to giving

effect to the amendment, the maximum first lien senior secured leverage ratio was 3.90 to 1.00. As amended, the maximum senior secured leverage ratio for the following trailing four-quarter periods is as follows:

	First Lien Senior Secured Leverage Ratio
December 31, 2009	5.25 to 1.00
March 31, 2010	4.75 to 1.00
June 30, 2010	4.25 to 1.00
September 30, 2010	4.25 to 1.00
December 31, 2010 and thereafter	3.90 to 1.00

As a condition to borrowing funds or requesting that letters of credit be issued under that 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 a certain threshold as specified above. 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 first lien senior secured leverage ratio is calculated as the ratio of consolidated first lien senior secured debt to earnings before interest, taxes, depreciation and amortization, subject to adjustment identified in the credit agreement.

Based on the estimated first lien senior secured leverage ratio for the trailing four quarters at December 31, 2009, the Company's borrowing capacity under the revolving credit facility is currently $600 million. As of December 31, 2009, the Company estimates its first lien senior secured leverage ratio to be 3.39 to 1.00 (which would be 4.11 to 1.00 were the revolving credit facility fully drawn). The maximum first lien senior secured leverage ratio under the revolving credit facility for such period is 5.25 to 1.00.

The Company's senior credit agreement also contains a number of restrictions on certain of its subsidiaries, including, but not limited to, restrictions on their 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 certain hedge transactions; or engage in other businesses. The senior credit agreement also contains a number of affirmative covenants and events of default, including a cross default to other debt of certain of the Company's subsidiaries 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 loans and other financial obligations under the Company's senior credit agreement.

The senior credit agreement is guaranteed by Celanese Holdings LLC, a subsidiary of Celanese Corporation, and certain domestic subsidiaries of the Company's subsidiary, Celanese US Holdings LLC ("Celanese US"), a Delaware limited liability company, and is secured by a lien on substantially all assets of Celanese US and such guarantors, subject to certain agreed exceptions, pursuant to the Guarantee and Collateral Agreement, dated as of April 2, 2007, by and among Celanese Holdings LLC, Celanese US, certain subsidiaries of Celanese US and Deutsche Bank AG, New York Branch, as Administrative Agent and as Collateral Agent.

The Company is in compliance with all of the covenants related to its debt agreements as of December 31, 2009.

Debt Refinancing

In April 2007, the Company, through certain of its subsidiaries, entered into a new senior credit agreement. Proceeds from the new senior credit agreement, together with available cash, were used to retire the Company's $2,454 million amended and restated (January 2005) senior credit facilities, which consisted of

$1,626 million in term loans due 2011, a $600 million revolving credit facility terminating in 2009 and a $228 million credit-linked revolving facility terminating in 2009, and to retire all of the Company's 9.625% senior subordinated notes due 2014 and 10.375% senior subordinated notes due 2014 (the "Senior Subordinated Notes") and 10% senior discount notes due 2014 and 10.5% senior discount notes due 2014 (the "Senior Discount Notes") as discussed below.

Substantially all of the Senior Discount Notes and Senior Subordinated Notes were tendered in the first quarter of 2007. The remaining outstanding Senior Discount Notes and Senior Subordinated Notes not tendered in conjunction with the Tender Offers were redeemed by the Company in May 2007 through optional redemption allowed in the indentures.

As a result of the refinancing, the Company incurred premiums paid on early redemption of debt of $207 million, accelerated amortization of premiums and deferred financing costs of $33 million and other refinancing expenses of $16 million.

In connection with the refinancing, the Company recorded deferred financing costs of $39 million related to the senior credit agreement, which are included in noncurrent Other assets on the consolidated balance sheets and are being amortized over the term of the new senior credit agreement. The deferred financing costs consist of $23 million of costs incurred to acquire the new senior credit agreement and $16 million of debt issue costs existing prior to the refinancing.

For the years ended December 31, 2009, 2008 and 2007, the Company recorded amortization of deferred financing costs, which is classified in Interest expense, in the consolidated statements of operations of $7 million, $7 million, and $8 million, respectively. As of December 31, 2009 and 2008, respectively, the Company had $27 million and $32 million of net deferred financing costs.

Principal payments scheduled to be made on the Company's debt, including short-term borrowings, are as follows:

	(In $ millions)
2010	242
2011	89
2012	65
2013	73
2014	2,699
Thereafter	333
Total	3,501

15. Benefit Obligations

Pension obligations. Pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent pensions. The commitments result from participation in defined contribution and defined benefit plans, primarily in the US. Benefits are dependent on years of service and the employee's compensation. Supplemental retirement benefits provided to certain employees are nonqualified for US tax purposes. Separate trusts have been established for some nonqualified plans. Pension costs under the Company's retirement plans are actuarially determined.

The Company sponsors defined benefit pension plans in North America, Europe and Asia. Independent trusts or insurance companies administer the majority of these plans.

The Company sponsors various defined contribution plans in North America, Europe and Asia covering certain employees. Employees may contribute to these plans and the Company will match these contributions in varying amounts. The Company's matching contribution to the defined contribution plans are

based on specified percentages of employee contributions and aggregated $11 million, $13 million and $12 million for the years ended December 31, 2009, 2008 and 2007, respectively.

The Company participates in multiemployer defined benefit pension plans in Europe covering certain employees. The Company's contributions to the multiemployer defined benefit pension plans are based on specified percentages of employee contributions and aggregated $6 million, $7 million and $7 million, for the years ended December 31, 2009, 2008 and 2007, respectively.

Other postretirement obligations. Certain retired employees receive postretirement healthcare and life insurance benefits under plans sponsored by the Company, which has the right to modify or terminate these plans at any time. The cost for coverage is shared between the Company and the retiree. The cost of providing retiree health care and life insurance benefits is actuarially determined and accrued over the service period of the active employee group. The Company's policy is to fund benefits as claims and premiums are paid. The US plan was closed to new participants effective January 1, 2006.

The following tables set forth the benefit obligations, the fair value of the plan assets and the funded status of the Company's pension and postretirement benefit plans; and the amounts recognized in the Company's consolidated financial statements:

	Pension Benefits as of December 31,		Postretirement Benefits as of December 31,	
	2009	2008	2009	2008
	(In $ millions)			
Change in projected benefit obligation				
Projected benefit obligation at beginning of period	3,073	3,264	275	306
Service cost	29	31	1	2
Interest cost	193	195	17	17
Participant contributions	-	-	25	22
Plan amendments	5	-	-	2
Actuarial (gain) loss [1]	230	(107)	12	(14)
Special termination benefits	-	-	-	-
Divestitures	(3)	-	-	-
Settlements	(1)	(19)	-	-
Benefits paid	(222)	(222)	(59)	(58)
Federal subsidy on Medicare Part D	-	-	6	6
Curtailments	(2)	(1)	-	(2)
Foreign currency exchange rate changes	40	(68)	4	(6)
Other	-	-	-	-
Projected benefit obligation at end of period	3,342	3,073	281	275
Change in plan assets				
Fair value of plan assets at beginning of period	2,170	2,875	-	-
Actual return on plan assets	306	(448)	-	-
Employer contributions	44	48	34	35
Participant contributions	-	-	25	23
Divestitures	(2)	-	-	-
Settlements	(3)	(22)	-	-
Benefits paid	(222)	(222)	(59)	(58)
Foreign currency exchange rate changes	36	(61)	-	-
Other	-	-	-	-
Fair value of plan assets at end of period	2,329	2,170	-	-
Funded status and net amounts recognized				
Plan assets less than benefit obligation	(1,013)	(903)	(281)	(275)
Unrecognized prior service cost	6	1	1	1
Unrecognized actuarial (gain) loss	630	502	(63)	(80)
Net amount recognized in the consolidated balance sheets	(377)	(400)	(343)	(354)
Amounts recognized in the consolidated balance sheets consist of				
Noncurrent Other assets	5	8	-	-
Current Other liabilities	(22)	(22)	(27)	(35)
Pension obligations	(996)	(889)	(254)	(240)
Accrued benefit liability	(1,013)	(903)	(281)	(275)
Net actuarial (gain) loss	630	502	(63)	(80)
Prior service (benefit) cost	6	1	1	1
Other comprehensive (income) loss [2]	636	503	(62)	(79)
Net amount recognized in the consolidated balance sheets	(377)	(400)	(343)	(354)

(1) Primarily relates to change in discount rates.

(2) Amount shown net of tax of $54 million and $1 million as of December 31, 2009 and 2008, respectively, in the consolidated statements of shareholders' equity and comprehensive income (loss). See Note 17 for the related tax associated with the pension and postretirement benefit obligations.

The percentage of US and international projected benefit obligation at the end of the period is as follows:

	Pension Benefits as of December 31,		Postretirement Benefits as of December 31,	
	2009	2008	2009	2008
	(In percentages)			
US plans	85%	86%	90%	91%
International plans	15%	14%	10%	9%
Total	100%	100%	100%	100%

The percentage of US and international fair value of plan assets at the end of the period is as follows:

	Pension Benefits as of December 31,	
	2009	2008
	(In percentages)	
US plans	83%	84%
International plans	17%	16%
Total	100%	100%

A summary of pension plans with projected benefit obligations in excess of plan assets is shown below:

	As of December 31,	
	2009	2008
	(In $ millions)	
Projected benefit obligation	3,280	2,924
Fair value of plan assets	2,262	2,014

Included in the above table are pension plans with accumulated benefit obligations in excess of plan assets as detailed below:

	As of December 31,	
	2009	2008
	(In $ millions)	
Accumulated benefit obligation	3,169	2,797
Fair value of plan assets	2,249	1,985

The accumulated benefit obligation for all defined benefit pension plans was $3,218 million and $2,967 million as of December 31, 2009 and 2008, respectively.

The following table sets forth the Company's net periodic pension cost:

	Pension Benefits Year Ended December 31,			Postretirement Benefits Year Ended December 31,		
	2009	2008	2007	2009	2008	2007
	(In $ millions)					
Service cost	29	31	38	1	1	2
Interest cost	193	195	187	17	17	19
Expected return on plan assets	(207)	(218)	(216)	-	-	-
Amortization of prior service cost	-	-	-	-	-	-
Recognized actuarial (gain) loss	1	1	1	(5)	(4)	(2)
Curtailment (gain) loss	(1)	(2)	(1)	-	-	(1)
Settlement (gain) loss	-	3	(12)	-	-	-
Special termination benefits	2	-	-	-	-	-
Net periodic benefit cost	17	10	(3)	13	14	18

Amortization of the actuarial (gain) loss into net periodic cost in 2010 is expected to be $8 million and $(4) million for pension benefits and postretirement benefits, respectively.

Included in the pension obligations above are accrued liabilities relating to supplemental retirement plans for certain US employees amounting to $235 million and $224 million as of December 31, 2009 and 2008, respectively. Pension expense relating to these plans included in net periodic benefit cost totaled $15 million, $15 million and $14 million for the years ended December 31, 2009, 2008 and 2007, respectively. To fund these obligations, nonqualified trusts were established which hold marketable securities valued at $82 million and $97 million as of December 31, 2009 and 2008, respectively. In addition to holding marketable securities, the nonqualified trusts hold investments in insurance contracts of $66 million and $67 million as of December 31, 2009 and 2008, respectively, which are included in noncurrent Other assets in the consolidated balance sheets.

Valuation

The Company uses the corridor approach in the valuation of its defined benefit plans and other postretirement benefits. The corridor approach defers all actuarial gains and losses resulting from variances between actual results and economic estimates or actuarial assumptions. For defined benefit pension plans, these unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. For other postretirement benefits, amortization occurs when the net gains and losses exceed 10% of the accumulated postretirement benefit obligation at the beginning of the year. The amount in excess of the corridor is amortized over the average remaining service period to retirement date for active plan participants or, for retired participants, the average remaining life expectancy.

The following table set forth the principal weighted-average assumptions used to determine benefit obligation:

	Pension Benefits as of December 31,		Postretirement Benefits as of December 31,	
	2009	2008	2009	2008
	(In percentages)			
Discount rate obligations				
US plans	5.90	6.50	5.50	6.40
International plans	5.41	5.84	5.49	6.11
Combined	5.83	6.41	5.50	6.37
Rate of compensation increase				
US plans	4.00	4.00	N/A	N/A
International plans	2.94	3.24	N/A	N/A
Combined	3.84	3.90	N/A	N/A

The following table set forth the principal weighted-average assumptions used to determine benefit cost:

	Pension Benefits Year Ended December 31,			Postretirement Benefits Year Ended December 31,		
	2009	2008	2007	2009	2008	2007
	(In percentages)					
Discount rate obligations						
US plans	6.50	6.30	5.88	6.40	6.00	5.88
International plans	5.84	5.42	4.70	6.11	5.31	4.80
Combined	6.41	6.16	5.86	6.37	5.93	5.79
Expected return on plan assets						
US plans	8.50	8.50	8.50	N/A	N/A	N/A
International plans	5.29	5.68	6.59	N/A	N/A	N/A
Combined	7.94	8.05	8.20	N/A	N/A	N/A
Rate of compensation increase						
US plans	4.00	4.00	4.00	N/A	N/A	N/A
International plans	3.24	3.15	3.18	N/A	N/A	N/A
Combined	3.90	3.66	3.73	N/A	N/A	N/A

The expected rate of return is assessed annually and is based on long-term relationships among major asset classes and the level of incremental returns that can be earned by the successful implementation of different active investment management strategies. Equity returns are based on estimates of long-term inflation rate, real rate of return, 10-year Treasury bond premium over cash and equity risk premium. Fixed income returns are based on maturity, long-term inflation, real rate of return and credit spreads. The US qualified defined benefit plans' actual return on assets for the year ended December 31, 2009 was 18% versus an expected long-term rate of asset return assumption of 8.5%.

In the US, the rate used to discount pension and other postretirement benefit plan liabilities was based on a yield curve developed from market data of over 300 Aa-grade non-callable bonds at December 31, 2009. This yield curve has discount rates that vary based on the duration of the obligations. The estimated future cash flows for the pension and other benefit obligations were matched to the corresponding rates on the yield curve to derive a weighted average discount rate.

The Company determines its discount rates in the Euro zone using the iBoxx Euro Corporate AA Bond indices with appropriate adjustments for the duration of the plan obligations. In other international

locations, the Company determines its discount rates based on the yields of high quality government bonds with a duration appropriate to the duration of the plan obligations.

On January 1, 2009, the Company's health care cost trend assumption for US postretirement medical plan's net periodic benefit cost was 9% for the first year declining 0.5% per year to an ultimate rate of 5%. On January 1, 2008, the Company's health care cost trend assumption for US postretirement medical plan's net periodic benefit cost was 9% for the first two years declining 0.5% per year to an ultimate rate of 5%. On January 1, 2007, the health care cost trend rate was 8.5% per year declining 1% per year to an ultimate rate of 5%.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point increase or decrease in the assumed health care cost trend rate would impact postretirement obligations by $4 million and $(3) million, respectively. The effect of a one percent increase or decrease in the assumed health care cost trend rate would have a less than $1 million impact on service and interest cost.

Plan Assets

The investment objective for the plans are to earn, over moving twenty-year periods, the long-term expected rate of return, net of investment fees and transaction costs, to satisfy the benefit obligations of the plan, while at the same time maintaining sufficient liquidity to pay benefit obligations and proper expenses, and meet any other cash needs, in the short- to medium-term.

The following tables set forth the weighted average target asset allocations for the Company's pension plans:

Asset Category — US	2010
US equity securities	26%
Global equity	20%
High yield fixed income/other	4%
Liability hedging bonds	50%
Total	100%

Asset Category — International	2010
Equity securities	21%
Debt securities	73%
Real estate and other	6%
Total	100%

The equity and debt securities objectives are to provide diversified exposure across the US and Global equity markets and to manage the plan's risks and returns through the use of multiple managers and strategies. The fixed income portfolio objectives are to hedge a portion of the interest rate risks associated with the plan's funding target liabilities. The goal of the liability hedging bond is to reduce surplus volatility and provide a liquidity reserve for paying off benefits. The strategy is designed to reduce liability-related interest rate risk by investing in bonds that match the duration and credit quality of the projected plan liabilities. Derivatives based strategies may be used to improve the effectiveness of the hedges. Other types of investments include investments in real estate and insurance contracts that follow several different strategies.

As discussed in Note 3, the Company adopted certain provisions of FASB ASC Topic 715-20-50 on January 1, 2009. FASB ASC Topic 715-20-50 requires enhanced disclosures about the plan assets of a company's defined benefit pension and other postretirement plans intended to provide financial statement

users with a greater understanding of the inputs and valuation techniques used to measure the fair value of plan assets and the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period using the framework established under FASB ASC Topic 820, *Fair Value Measurements and Disclosures* . FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities 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 three levels of inputs used to measure fair value are 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

The Company's defined benefit plan assets are measured at fair value on a recurring basis and include the following items:

Cash and Cash Equivalents: Foreign and domestic currencies as well as short term securities are valued at cost plus accrued interest, which approximates fair value.

Common/Collective Trusts: Composed of various funds whose diversified portfolio is comprised of foreign and domestic equities, fixed income securities, and short term investments. Investments are valued at the net asset value of units held by the plan at year-end.

Corporate stock and government and corporate debt: Valued at the closing price reported on the active market in which the individual securities are traded. Automated quotes are provided by multiple pricing services and validated by the plan custodian. These securities are traded on exchanges as well as in the over the counter market.

Registered Investment Companies: Composed of various mutual funds and other investment companies whose diversified portfolio is comprised of foreign and domestic equities, fixed income securities, and short term investments. Investments are valued at the net asset value of units held by the plan at year-end.

Mortgage Backed Securities: Fair value is estimated based on valuations obtained from third-party pricing services for identical or comparable assets. Mortgage Backed Securities are traded in the over the counter broker/dealer market.

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, foreign currency forwards and swaps, and options are observable in the active markets and are classified as Level 2 in the hierarchy.

Insurance contracts: Valued at contributions made, plus earnings, less participant withdrawals and administrative expenses, which approximates fair value.

The following table sets forth the fair values of the Company's pension plans assets as of December 31, 2009:

	Fair Value Measurement Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
		(In $ millions)		
Assets				
Cash & cash equivalents	2	-	-	2
Collateralized mortgage obligations	-	16	-	16
Common/collective trusts	-	210	19	229
Corporate debt	-	831	-	831
Corporate stock-common & preferred	522	-	-	522
Derivatives	14	244	-	258
Government debt				
Treasuries, other debt	88	212	-	300
Mortgage backed securities	-	53	-	53
Real estate	-	7	-	7
Registered investment companies	-	298	-	298
Short-term investments	-	65	-	65
Other	3	-	-	3
Insurance contracts	-	28	-	28
Total assets	629	1,964	19	2,612
Liabilities				
Derivatives	(15)	(268)	-	(283)
Total liabilities	(15)	(268)	-	(283)
Total net assets	614	1,696	19	2,329

The Company's Level 3 investment in common/collective trusts was valued using significant unobservable inputs. Inputs to this valuation include characteristics and quantitative data relating to the asset, investment cost, position size, liquidity, current financial condition of the company and other relevant market data. The following table sets forth fair value measurements using significant unobservable inputs:

	Common/Collective Trust
	(In $ millions)
Balance, beginning of period	7
Unrealized gains (losses)	10
Purchases, sales, issuances and settlements, net	2
Balance, end of period	19

The financial objectives of the qualified pension plans are established in conjunction with a comprehensive review of each plan's liability structure. The Company's asset allocation policy is based on detailed asset/liability analyses. In developing investment policy and financial goals, consideration is given to each plan's demographics, the returns and risks associated with alternative investment strategies and the current and projected cash, expense and funding ratios of each plan. Investment policies must also comply with local statutory requirements as determined by each country. A formal asset/liability study of each plan is undertaken every 3 to 5 years or whenever there has been a material change in plan demographics, benefit structure or funding status and investment market. The Company has adopted a long-term investment horizon such that the risk and duration of investment losses are weighed against the long-term potential for

appreciation of assets. Although there cannot be complete assurance that these objectives will be realized, it is believed that the likelihood for their realization is reasonably high, based upon the asset allocation chosen and the historical and expected performance of the asset classes utilized by the plans. The intent is for investments to be broadly diversified across asset classes, investment styles, market sectors, investment managers, developed and emerging markets and securities in order to moderate portfolio volatility and risk. Investments may be in separate accounts, commingled trusts, mutual funds and other pooled asset portfolios provided they all conform to fiduciary standards.

External investment managers are hired to manage pension assets. Investment consultants assist with the screening process for each new manager hired. Over the long-term, the investment portfolio is expected to earn returns that exceed a composite of market indices that are weighted to match each plan's target asset allocation. The portfolio return should also (over the long-term) meet or exceed the return used for actuarial calculations in order to meet the future needs of each plan.

Employer contributions for pension benefits and postretirement benefits are preliminarily estimated to be $46 million and $27 million, respectively, in 2010. The table below reflects pension benefits expected to be paid from the plan or from the Company's assets. The postretirement benefits represent the Company's share of the benefit cost.

		Postretirement Benefit	
	Pension Benefit Payments [(1)]	Payments	Expected Federal Subsidy
		(In $ millions)	
2010	224	61	7
2011	222	63	7
2012	221	64	7
2013	223	65	8
2014	224	66	3
2015-2019	1,187	332	13

(1) Payments are expected to be made primarily from plan assets.

Other Obligations

The following table represents additional benefit liabilities and other similar obligations:

	As of December 31,	
	2009	2008
	(In $ millions)	
Long-term disability	30	33
Other	8	5
Total	38	38

16. Environmental

General

The Company is subject to environmental laws and regulations worldwide which 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.

For the years ended December 31, 2009, 2008 and 2007, the Company's expenditures, including expenditures for legal compliance, internal environmental initiatives and remediation of active, orphan, divested and US Superfund sites (as defined below) were $78 million, $78 million, and $83 million, respectively. The Company's capital project-related environmental expenditures for the years ended December 31, 2009, 2008 and 2007 were $22 million, $13 million, and $14 million, respectively. Environmental reserves for remediation matters were $106 million and $98 million as of December 31, 2009 and 2008, respectively, which represents the Company's best estimate of its liability.

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. In addition, as part of the demerger agreement between the Company and Hoechst, a specified portion of the responsibility for environmental liabilities from a number of Hoechst divestitures was transferred to the Company. The Company provides for such obligations when the event of loss is probable and reasonably estimable.

For the years ended December 31, 2009, 2008 and 2007, the total remediation efforts charged to Cost of sales in the consolidated statements of operations were $9 million, $3 million and $4 million, respectively. 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.

The Company did not record any insurance recoveries related to these matters for the reported periods and there are no receivables for insurance recoveries as of December 31, 2009. As of December 31, 2009 and 2008, there were receivables of $9 million and $9 million, respectively, from the former owner APL, which was acquired in 2007 (see Note 4).

German InfraServs

On January 1, 1997, coinciding with a reorganization of the Hoechst businesses in Germany, real estate service companies ("InfraServs") were created to own directly the land and property and to provide various technical and administrative services at each of the manufacturing locations. The Company has manufacturing operations at the InfraServ location in Frankfurt am Main-Hoechst, Germany and holds interests in the companies which own and operate the former Hoechst sites in Gendorf, Knapsack and Wiesbaden.

InfraServs are liable for any residual contamination and other pollution because they own the real estate on which the individual facilities operate. In addition, Hoechst, and its legal successors, as the responsible party under German public law, is liable to third parties for all environmental damage that

occurred while it was still the owner of the plants and real estate. The contribution agreements entered into in 1997 between Hoechst and the respective operating companies, as part of the divestiture of these companies, provide that the operating companies will indemnify Hoechst, and its legal successors, against environmental liabilities resulting from the transferred businesses. Additionally, the InfraServs have agreed to indemnify Hoechst, and its legal successors, against any environmental liability arising out of or in connection with environmental pollution of any site. Likewise, in certain circumstances the Company could be responsible for the elimination of residual contamination on a few sites that were not transferred to InfraServ companies, in which case Hoechst, and its legal successors, must reimburse the Company for two-thirds of any costs so incurred.

The InfraServ partnership agreements provide that, as between the partners, each partner is responsible for any contamination caused predominantly by such partner. Any liability, which cannot be attributed to an InfraServ partner and for which no third party is responsible, is required to be borne by the InfraServ partnership. In view of this potential obligation to eliminate residual contamination, the InfraServs, primarily relating to equity and cost affiliates which are not consolidated by the Company, have reserves of $94 million and $84 million as of December 31, 2009 and 2008, respectively.

If an InfraServ partner defaults on its respective indemnification obligations to eliminate residual contamination, the owners of the remaining participation in the InfraServ companies have agreed to fund such liabilities, subject to a number of limitations. To the extent that any liabilities are not satisfied by either the InfraServs or their owners, these liabilities are to be borne by the Company in accordance with the demerger agreement. However, Hoechst, and its legal successors, will reimburse the Company for two-thirds of any such costs. Likewise, in certain circumstances the Company could be responsible for the elimination of residual contamination on several sites that were not transferred to InfraServ companies, in which case Hoechst, and its legal successors, must also reimburse the Company for two-thirds of any costs so incurred. The German InfraServs are owned partially by the Company, as noted below, and the remaining ownership is held by various other companies. The Company's ownership interest and environmental liability participation percentages for such liabilities which cannot be attributed to an InfraServ partner were as follows as of December 31, 2009:

Company	Ownership %	Liability %
InfraServ GmbH & Co. Gendorf KG	39%	10%
InfraServ GmbH & Co. Knapsack KG	27%	22%
InfraServ GmbH & Co. Hoechst KG	32%	40%
InfraServ GmbH & Co. Wiesbaden KG	8%	0%
InfraServ Verwaltungs GmbH	100%	0%

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 approximately 50 sites. At most of these sites, numerous companies, including certain companies comprising 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 most 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 will join with other PRPs to sign joint defense agreements that will 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. As of December 31, 2009 and 2008, the Company had provisions totaling $10 million and $11 million, respectively, for US Superfund sites and utilized $1 million, $2 million and $1 million of these reserves during the years ended December 31, 2009, 2008 and 2007, respectively. Additional provisions and adjustments recorded during the years ended December 31, 2009, 2008 and 2007 approximately offset these expenditures.

Hoechst Liabilities

In connection with the Hoechst demerger, the Company agreed to indemnify Hoechst, and its legal successors, for the first €250 million of future remediation liabilities for environmental damages arising from 19 specified divested Hoechst entities. As of December 31, 2009 and 2008, reserves of $32 million and $27 million, respectively, for these matters are included as a component of the total environmental reserves. As of December 31, 2009 and 2008, the Company, has made total cumulative payments of $51 million and $48 million, respectively. If such future liabilities exceed €250 million, Hoechst, and its legal successors, will bear such excess up to an additional €500 million. Thereafter, the Company will bear one-third and Hoechst, and its legal successors, will bear two-thirds of any further environmental remediation liabilities. Where the Company is unable to reasonably determine the probability of loss or estimate such loss under this indemnification, the Company has not recognized any liabilities relative to this indemnification.

17. Shareholders' Equity

Preferred Stock

The Company has $240 million aggregate liquidation preference of outstanding 4.25% convertible perpetual preferred stock ("Preferred Stock"). Holders of the Preferred Stock are entitled to receive, when, as and if, declared by the Company's Board of Directors, out of funds legally available, cash dividends at the rate of 4.25% per annum of liquidation preference, payable quarterly in arrears, commencing on May 1, 2005. Dividends on the Preferred Stock are cumulative from the date of initial issuance. Accumulated but unpaid dividends accumulate at an annual rate of 4.25%. The Preferred Stock is convertible, at the option of the holder, at any time into approximately 1.26 shares of Series A common stock, subject to adjustments, per $25.00 liquidation preference of Preferred Stock and upon conversion will be recorded in the consolidated statements of shareholders' equity and comprehensive income (loss). On February 1, 2010, the Company announced its intention to redeem its Preferred Stock (Note 31).

During 2009, 2008 and 2007, the Company declared and paid $10 million of cash dividends in each period on its Preferred Stock.

Dividends

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 at an annual rate of $0.16 per share unless the Company's Board of Directors, in its sole discretion, determines otherwise. Further, such

dividends payable to holders of the Company's Series A common stock cannot be declared or paid nor can any funds be set aside for the payment thereof, unless the Company has paid or set aside funds for the payment of all accumulated and unpaid dividends with respect to the shares of the Company's Preferred Stock, as described above. Additionally, the amount available to pay cash dividends is restricted by the Company's senior credit agreement.

During 2009, 2008 and 2007, the Company declared and paid cash dividends of $23 million, $24 million and $25 million, respectively, to holders of its Series A common stock.

Treasury Stock

In conjunction with the April 2007 debt refinancing (Note 14), the Company, through its wholly-owned subsidiary Celanese International Holdings Luxembourg S.à.r.l. ("CIH"), formerly Celanese Caylux Holdings Luxembourg S.C.A., repurchased 2,021,775 shares of its outstanding Series A common stock in a modified "Dutch Auction" tender offer from public shareholders, which expired on April 3, 2007, at a purchase price of $30.50 per share. The total price paid for these shares was $62 million. The Company also separately purchased, through its wholly-owned subsidiary CIH, 329,011 shares of the Company's Series A common stock at $30.50 per share from the investment funds associated with The Blackstone Group L.P. The total price paid for these shares was $10 million.

In June 2007, the Company's Board of Directors authorized the repurchase of up to $330 million of its Series A common stock. During 2007, the Company repurchased 8,487,700 shares of its Series A common stock at an average purchase price of $38.88 per share for a total of $330 million pursuant to this authorization. The Company completed repurchasing shares related to this authorization during July 2007.

In February 2008, the Company's Board of Directors authorized the repurchase of up to $400 million of the Company's Series A common stock. This authorization was increased to $500 million in October 2008. The authorization gives management discretion in determining the conditions under which shares may be repurchased.

During the year ended December 31, 2008, the Company repurchased 9,763,200 shares of its Series A common stock at an average purchase price of $38.68 per share for a total of $378 million pursuant to this authorization.

These purchases reduced 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.

Accumulated Other Comprehensive Income (Loss), Net

Accumulated other comprehensive income (loss), net, which is displayed in the consolidated statements of shareholders' equity, represents net earnings (loss) plus the results of certain shareholders' equity changes not reflected in the consolidated statements of operations. Such items include unrealized gain (loss) on marketable securities, foreign currency translation, certain pension and postretirement benefit obligations and unrealized gain (loss) on interest rate swaps.

The components of Accumulated other comprehensive income (loss), net are as follows:

	Unrealized Gain (Loss) on Marketable Securities	Foreign Currency Translation	Unrealized Gain (Loss) on Interest Rate Swaps	Pension and Postretirement Benefits	Accumulated Other Comprehensive Income (Loss), Net
			As Adjusted (Note 31) (In $ millions)		
Balance as of December 31, 2006	9	17	4	-	30
Current-period change	17	70	(41)	124	170
Tax benefit (expense)	-	-	-	(4)	(4)
Balance as of December 31, 2007	26	87	(37)	120	196
Current-period change	(23) [(1)]	(130)	(79)	(549)	(781)
Tax benefit (expense)	-	-	-	5	5
Balance as of December 31, 2008	3	(43)	(116)	(424)	(580)
Current-period change	(5)	10	23	(150)	(122)
Tax benefit (expense)	2	(5)	(8)	53	42
Balance as of December 31, 2009	-	(38)	(101)	(521)	(660)

(1) Includes a net reclassification adjustment of ($2) million to the consolidated statements of operations.

18. Other (Charges) Gains, Net

The components of Other (charges) gains, net are as follows:

	Year Ended December 31,		
	2009	2008	2007
		(In $ millions)	
Employee termination benefits	(105)	(21)	(32)
Plant/office closures	(17)	(7)	(11)
Deferred compensation triggered by Exit Event (Note 20)	-	-	(74)
Plumbing actions	10	-	4
Insurance recoveries associated with Clear Lake, Texas (Note 30)	6	38	40
Resolution of commercial disputes with a vendor	-	-	31
Asset impairments	(14)	(115)	(9)
Ticona Kelsterbach plant relocation (Note 29)	(16)	(12)	(5)
Sorbates antitrust actions (Note 24)	-	8	-
Other	-	1	(2)
Total	(136)	(108)	(58)

2009

During the first quarter of 2009, the Company began efforts to align production capacity and staffing levels with the Company's view of an economic environment of prolonged lower demand. For the year ended December 31, 2009, Other charges included employee termination benefits of $40 million related to this endeavor. As a result of the shutdown of the vinyl acetate monomer ("VAM") production unit in Cangrejera, Mexico, the Company recognized employee termination benefits of $1 million and long-lived asset impairment

losses of $1 million during the year ended December 31, 2009. The VAM production unit in Cangrejera, Mexico is included in the Company's Acetyl Intermediates segment.

As a result of the Project of Closure (Note 4), Other charges for the Company included exit costs of $89 million during the year ended December 31, 2009, which consisted of $60 million in employee termination benefits, $17 million of contract termination costs and $12 million of long-lived asset impairment losses related to capitalized costs associated with asset retirement obligations (Note 13). The Pardies, France facility is included in the Acetyl Intermediates segment.

Due to continued declines in demand in automotive and electronic sectors, the Company announced plans to reduce capacity by ceasing polyester polymer production at its Ticona manufacturing plant in Shelby, North Carolina. Other charges for the year ended December 31, 2009 included employee termination benefits of $2 million and long-lived asset impairment losses of $1 million related to this event. The Shelby, North Carolina facility is included in the Advanced Engineered Materials segment.

Other charges for the year ended December 31, 2009 was partially offset by $6 million of insurance recoveries in satisfaction of claims the Company made related to the unplanned outage of the Company's Clear Lake, Texas acetic acid facility during 2007, a $9 million decrease in legal reserves for plumbing claims due to the Company's ongoing assessment of the likely outcome of the plumbing actions and the expiration of the statute of limitation.

2008

Other (charges) gains, net for asset impairments includes long-lived asset impairment losses of $92 million related to the potential closure of the Company's acetic acid and VAM production facility in Pardies, France, the VAM production unit in Cangrejera, Mexico (which the Company subsequently decided to shut down effective at the end of February 2009) and certain other facilities. Of the $92 million recorded in December 2008, $76 million relates to the Acetyl Intermediates segment and $16 million relates to the Advanced Engineered Materials segment. Consideration of this potential capacity reduction was necessitated by the significant change in the global economic environment and anticipated lower customer demand.

Additionally, the Company recognized $23 million of long-lived asset impairment losses related to the shutdown of the Company's Pampa, Texas facility (Acetyl Intermediates segment).

Other (charges) gains, net for employee termination benefits includes severance and retention charges of $13 million related to the sale of the Company's Pampa, Texas facility and $8 million of severance and retention charges related to other business optimization plans undertaken by the Company.

2007

Other (charges) gains, net for employee termination benefits and plant/office closures include charges related to the Company's plan to simplify and optimize its Emulsions and PVOH businesses (Industrial Specialties segment) to become a leader in technology and innovation and grow in both new and existing markets. Other (charges) gains, net for employee termination benefits and plant/office closures also includes charges related to the sale of the Company's Pampa, Texas facility. In addition, the Company recorded an impairment of long-lived assets of $3 million during the year ended December 31, 2007.

In December 2007, the Company received a one-time payment in resolution of commercial disputes with a vendor.

For the year ended December 31, 2007, asset impairments included $6 million of goodwill impairment related to the PVOH business.

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

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other	Total
			(In $ millions)			
Employee Termination Benefits						
Reserve as of December 31, 2007	2	5	12	16	2	37
Additions	1	2	1	13	4	21
Cash payments	(1)	(5)	(6)	(12)	(3)	(27)
Currency translation adjustment	-	-	(1)	-	(1)	(2)
Reserve as of December 31, 2008	2	2	6	17	2	29
Additions	12	9	6	66	12	105
Cash payments	(8)	(7)	(9)	(23)	(7)	(54)
Currency translation adjustment	1	-	-	-	-	1
Reserve as of December 31, 2009	7	4	3	60	7	81
Plant/Office Closures						
Reserve as of December 31, 2007	1	3	1	2	1	8
Additions	-	-	-	-	-	-
Cash payments	(1)	-	(1)	(2)	-	(4)
Currency translation adjustment	-	(1)	-	-	-	(1)
Reserve as of December 31, 2008	-	2	-	-	1	3
Additions	-	-	-	17	-	17
Transfers	-	(2)	-	-	-	(2)
Cash payments	-	-	-	-	-	-
Reserve as of December 31, 2009	-	-	-	17	1	18
Total	7	4	3	77	8	99

19. Income Taxes

Earnings (loss) from continuing operations before tax by jurisdiction are as follows:

	Year Ended December 31,		
	2009	2008	2007
	As Adjusted (Note 31) (In $ millions)		
US	294	135	(111)
International	(43)	298	548
Total	251	433	437

The income tax provision (benefit) consists of the following:

	Year Ended December 31,		
	2009	2008	2007
	(In $ millions)		
Current			
US	11	62	(9)
International	148	92	163
Total	159	154	154
Deferred			
US	(404)	(37)	17
International	2	(54)	(61)
Total	(402)	(91)	(44)
Income tax provision (benefit)	(243)	63	110

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the consolidated deferred tax assets and liabilities were as follows:

	As of December 31,	
	2009	2008
	(In $ millions)	
Deferred tax assets		
Pension and postretirement obligations	361	304
Accrued expenses	195	195
Inventory	10	8
Net operating loss and tax credit carryforwards	375	279
Other	220	192
Subtotal	1,161	978
Valuation allowance	(334)	(652) [1]
Total	827	326
Deferred tax liabilities		
Depreciation and amortization	336	322
Investments	45	41
Other	90	49
Total	471	412
Net deferred tax assets (liabilities)	356	(86)

[1] Includes deferred tax asset valuation allowances primarily for the Company's deferred tax assets in the US, Luxembourg, France and Germany, as well as other foreign jurisdictions. These valuation allowances relate primarily to net operating loss carryforward benefits and other net deferred tax assets, all of which may not be realizable.

Since 2004, the Company has maintained a valuation allowance against its US net deferred tax assets. FASB ASC Topic 740, *Income Taxes* , requires the Company to continually assess all available positive and negative evidence to determine whether it is more likely than not that the net deferred tax assets will be realized. During 2009, the Company concluded that due to cumulative profitability, it is more likely than not that it will realize its net US deferred tax assets with the exception of certain state net operating loss

carryforwards. Accordingly, during the year ended December 31, 2009, the Company recorded a deferred tax benefit of $492 million for the release of the beginning-of-the-year US valuation allowance associated with those US net deferred tax assets expected to be realized in 2009 and subsequent years.

For the year ended December 31, 2009, the valuation allowance decreased by $318 million consisting of: (1) income tax benefits, net, of $314 million, (2) an increase of $1 million allocated to Accumulated other comprehensive income, (3) an increase of $11 million related to foreign currency translation adjustments and (4) $16 million of other decreases related to unrecognized tax benefits and other adjustments to deferred taxes. The charge to Accumulated other comprehensive income relates to deferred tax assets associated with the Company's pension and postretirement obligations. The change in valuation allowance associated with foreign currency translation adjustments is related to changes in deferred tax assets for unrealized foreign exchange gains and losses on effective hedges and on foreign income previously taxed but not yet received in the US. The charge also relates to foreign currency translation adjustments for deferred tax assets recorded in various foreign jurisdictions. The decrease related to unrecognized tax benefits and other adjustments to deferred taxes includes adjustments to temporary differences and net operating loss carryforwards due to changes in uncertain tax positions.

A reconciliation of the significant differences between the US federal statutory tax rate of 35% and the effective income tax rate on income from continuing operations is as follows:

	Year Ended December 31,		
	2009	2008	2007
	As Adjusted (Note 31) (In $ millions)		
Income tax provision computed at US federal statutory tax rate	88	152	153
Increase (decrease) in taxes resulting from:			
Change in valuation allowance	(314)	(5)	9
Equity income and dividends	(20)	(17)	8
Expenses not resulting in tax benefits	4	18	38
US tax effect of foreign earnings and dividends	10	(5)	27
Other foreign tax rate differentials [1]	(15)	(84)	(95)
Legislative changes	71	3	(21)
Tax-deductible interest on foreign equity instruments & other related items	(76)	-	(19)
State income taxes and other	9	1	10
Income tax provision (benefit)	(243)	63	110

[1] Includes impact of earnings from China and Singapore subject to tax holidays which expire between 2008 and 2013 and favorable tax rates in other jurisdictions.

Federal and state income taxes have not been provided on accumulated but undistributed earnings of $2.8 billion as of December 31, 2009 as such earnings have been permanently reinvested in the business. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable.

The effective tax rate for continuing operations for the year ended December 31, 2009 was (97)% compared to 15% for the year ended December 31, 2008. The effective tax rate for 2009 was favorably impacted by the release of US valuation allowance, partially offset by lower earnings in jurisdictions participating in tax holidays, increases in valuation allowances on certain foreign net deferred tax assets and the effect of new tax legislation in Mexico.

The Company operates under tax holidays in various countries which are effective through December 2013. In China, one of the Company's entities has a tax holiday that provided for a zero percent tax rate in 2007 and 2008. For 2009 through 2011, the Company's tax rate is 50% of the statutory rate, or 12.5% based on the 2009 statutory rate of 25%. In Singapore, one of the Company's entities has a tax holiday that provides for a zero percent tax rate through 2010. For 2011 through 2013, the Company's tax rate will be 10% based on the current statutory rate of 17%. The impact of these tax holidays decreased foreign taxes $2 million for the year ended December 31, 2009.

The Corporate Tax Reform Act of 2008 was signed by the German Federal President in August 2007. The Act reduced the Company's combined corporate statutory tax rate from 40% to 30% while imposing limitations on the deductibility of certain expenses, including interest expense. The Company recognized a tax benefit of $39 million in 2007 related to the statutory rate reduction on its German net deferred tax liabilities.

Mexico enacted the 2008 Fiscal Reform Bill on October 1, 2007. Effective January 1, 2008, the bill repealed the existing asset-based tax and established a dual income tax system consisting of a new minimum flat tax (the "IETU") and the existing regular income tax system. The IETU system taxes companies on cash basis net income, consisting only of certain specified items of revenue and expense, at a rate of 16.5%, 17% and 17.5% for 2008, 2009 and 2010 forward, respectively. In general, companies must pay the higher of the income tax or the IETU, although unlike the previous asset tax, the IETU is not creditable against future income tax liabilities. The Company has determined that it will primarily be subject to the IETU in future periods, and as such it has recorded tax expense (benefit) of $(5) million, $7 million and $20 million in 2009, 2008 and 2007, respectively, for the tax effects of the IETU system.

On December 7, 2009, Mexico enacted the 2010 Mexican Tax Reform Bill ("Tax Reform Bill") to be effective January 1, 2010. Under this new legislation, the corporate income tax rate will be temporarily increased from 28% to 30% for 2010 through 2012, then reduced to 29% in 2013, and finally reduced back to 28% in 2014 and future years. These rate changes would impact the Company in the event that it reverts to paying taxes on a regular income tax basis versus an IETU basis. Further, under current law, income tax loss carryforwards reported in the tax consolidation that were not utilized on an individual company basis within 10 years were subject to recapture. The Tax Reform Bill as enacted accelerates this recapture period from 10 years to 5 years and effectively requires payment of taxes even if no benefit was obtained through the tax consolidation regime. Finally, significant modifications were also made to the rules for income taxes previously deferred on intercompany dividends, as well as to income taxes related to differences between consolidated and individual Mexican tax earnings and profits. The estimated income tax impact to the Company of this new legislation at December 31, 2009 is $73 million, payable $12 million in 2010, $14 million in 2012, $12 million in 2013 and $35 million in 2014 and thereafter.

As of December 31, 2009, the Company had US federal net operating loss carryforwards of $41 million that are subject to limitation. These net operating loss carryforwards begin to expire in 2021.

The Company also had foreign net operating loss carryforwards as of December 31, 2009 of $1 billion for Luxembourg, Canada, China, Germany, Mexico and other foreign jurisdictions with various expiration dates. Net operating losses in China have various carryforward periods and begin expiring in 2011. Net operating losses in Luxembourg, Canada and Germany have no expiration date. Net operating losses in Mexico have a ten year carryforward period and began to expire in 2009. However, these losses are not available for use under the new IETU tax regulations in Mexico. As the IETU is the primary system upon which the Company will be subject to tax in future periods, no deferred tax asset has been reflected in the consolidated balance sheets as of December 31, 2009 for these income tax loss carryforwards.

The Company adopted the provisions of FASB ASC Topic 740-10 effective January 1, 2007. FASB ASC Topic 740-10 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax benefit is required to meet before being recognized in the financial statements. FASB ASC Topic 740-10 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in

interim periods, disclosure and transition. As a result of the implementation of FASB ASC Topic 740-10, the Company increased Retained earnings by $14 million and decreased Goodwill by $2 million as included in the consolidated balance sheets. In addition, certain tax liabilities for unrecognized tax benefits, as well as related potential penalties and interest, were reclassified from current liabilities to noncurrent liabilities. Liabilities for unrecognized tax benefits as of December 31, 2009 relate to various US and foreign jurisdictions.

A reconciliation of the amount of unrecognized tax benefits is as follows:

	Year Ended December 31,	
	2009	2008
	(In $ millions)	
As of the beginning of the year	195	200
Increases in tax positions for the current year	19	-
Increases in tax positions for prior years	39	7
Decreases in tax positions of prior years	(38)	(10)
Settlements	(7)	(2)
As of the end of the year	208	195

Included in the unrecognized tax benefits as of December 31, 2009 are $208 million of tax benefits that, if recognized, would reduce the Company's effective tax rate.

The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. As of December 31, 2009 and 2008, the Company has recorded a liability of $45 million and $38 million, respectively, for interest and penalties. This amount includes an increase of $7 million and $2 million for the years ended December 31, 2009 and 2008, respectively. As of December 31, 2009, $5 million of unrecognized tax benefits are included in current Other liabilities (Note 12).

The Company operates in the US (including multiple state jurisdictions), Germany and approximately 40 other foreign jurisdictions including Canada, China, France, Mexico and Singapore. Examinations are ongoing in a number of those jurisdictions including, most significantly, in Germany for the years 2001 to 2004 and 2005 to 2007. The Company's US federal income tax returns for 2003 and beyond are open for examination under statute. The US tax years 2006 to 2008 were selected for audit in 2010. Currently, unrecognized tax benefits are not expected to change significantly over the next 12 months.

20. Stock-Based and Other Management Compensation Plans

In December 2004, the Company approved a stock incentive plan for executive officers, key employees and directors, a deferred compensation plan for executive officers and key employees as well as other management incentive programs.

The stock incentive plan allows for the issuance or delivery of up to 16,250,000 shares of the Company's Series A common stock through the award of stock options, restricted stock units ("RSUs") and other stock-based awards as may be approved by the Company's Compensation Committee of the Board of Directors. At the Company's discretion under the 2004 incentive plan, the Company has the right to award dividend equivalents on RSU grants which are earned in accordance with the Company's common stock dividend policy and are reinvested in additional RSUs. Dividend equivalents on these RSUs are forfeited if vesting conditions are not met.

In April 2009, the Company approved a global incentive plan which replaces the Company's 2004 stock incentive plan. The 2009 global incentive plan enables the Compensation Committee of the Board of

Directors to award incentive and nonqualified stock options, stock appreciation rights, shares of common stock, restricted stock, restricted stock units and incentive bonuses (which may be paid in cash or stock or a combination thereof), any of which may be performance-based, with vesting and other award provisions that provide effective incentive to Company employees (including officers), non-management directors and other service providers. Under the 2009 global incentive plan, the company no longer has the option to grant RSUs with the right to participate in dividends or dividend equivalents.

The maximum number of shares that may be issued under the 2009 global incentive plan is equal to 5,350,000 shares plus (a) any shares of Common Stock that remain available for issuance under the 2004 stock incentive plan (not including any shares of Common Stock that are subject to outstanding awards under the 2004 stock incentive plan or any shares of Common Stock that were issued pursuant to awards under the 2004 stock incentive plan) and (b) any awards under the 2004 stock incentive plan that remain outstanding that cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the award to the extent that such award is exercised for or settled in vested and non-forfeitable shares). As of December 31, 2009, a total of 3,812,359 shares remained available for awards under the 2009 stock incentive plan. A total of 7,185,959 and 1,481,886 shares were subject to outstanding awards under the 2004 stock incentive plan and 2009 global incentive plan, respectively.

Deferred Compensation

The 2004 deferred compensation plan provides an aggregate maximum amount payable of $196 million. The initial component of the deferred compensation plan vested in 2004 and was paid in the first quarter of 2005. In May 2007, the Original Shareholders sold their remaining equity interest in the Company triggering an Exit Event, as defined by the plan. Cash compensation of $74 million, representing the participants' 2005 and 2006 contingent benefits, was paid to the participants during the year ended December 31, 2007. Participants continuing in the 2004 deferred compensation plan (see below for discussion regarding certain participant's decision to participate in a revised program) continue to vest in their 2008 and 2009 time-based and performance-based entitlements as defined in the deferred compensation plan. During the years ended December 31, 2009, 2008 and 2007, the Company recorded compensation expense of $1 million, $3 million and $84 million, respectively, associated with this plan. As of December 31, 2009, there was no deferred compensation payable remaining associated with this plan.

On April 2, 2007, certain participants in the Company's deferred compensation plan elected to participate in a revised program, which includes both cash awards and restricted stock units (see Restricted Stock Units below). Under the revised program, participants relinquished their cash awards of up to $30 million that would have contingently accrued from 2007-2009 under the original plan. In lieu of these awards, the revised deferred compensation program provides for a future cash award in an amount equal to 90% of the maximum potential payout under the original plan, plus growth pursuant to one of three participant-selected notional investment vehicles, as defined in the associated agreements. Participants must remain employed through 2010 to vest in the new award. The Company will recognize expense through December 31, 2010 and make award payments under the revised program in the first quarter of 2011, unless participants elect to further defer the payment of their individual awards. Based on participation in the revised program, the Company expensed $10 million, $8 million and $6 million during the years ended December 31, 2009, 2008 and 2007, respectively, related to the revised program.

In December 2007, the Company adopted a deferred compensation plan whereby certain of the Company's senior employees and directors were offered the opportunity to defer a portion of their compensation in exchange for a future payment amount equal to their deferments plus or minus certain amounts based upon the market performance of specified measurement funds selected by the participant. Participants are required to make deferral elections under the plan prior to January 1 of the year such deferrals will be withheld from their compensation. The Company expensed less than $1 million and $1 million during the years ended December 31, 2009 and 2008, respectively, related to this plan.

Long-Term Incentive Plan

Effective January 1, 2004, the Company adopted a long-term incentive plan (the "LTIP Plan") which covers certain members of management and other key employees of the Company. The LTIP Plan is a three-year cash based plan in which awards are based on annual and three-year cumulative targets (as defined in the LTIP Plan). In February 2007, $26 million was paid to the LTIP plan participants. There are no additional amounts due under the LTIP Plan.

In December 2008, the Company granted time-vesting cash awards of $22 million to the Company's executive officers and certain other key employees. Each award of cash vests 30% on October 14, 2009, 30% on October 14, 2010 and 40% on October 14, 2011. In its sole discretion, the compensation committee of the Board of Directors may at any time convert all or a portion of the cash award to an award of time-vesting restricted stock units. The liability cash awards are being accrued and expensed over the term of the agreements outlined above. During the year ended December 31, 2009, less than $1 million was paid to participants who left the Company. In October 2009, the Company paid cash awards totaling $6 million to active employees, representing 30% of the remaining outstanding cash awards. During the years ended December 31, 2009 and 2008, the Company expensed $7 million and less than $1 million, respectively, related to the cash awards.

Stock Options

The Company has a stock-based compensation plan that makes awards of stock options to the Company's executives and certain employees. It is the Company's policy to grant options with an exercise price equal to the average of the high and low price of the Company's Series A common stock on the grant date. The options issued have a ten-year term and vest on a graded basis over periods ranging from one to five years. The estimated value of the Company's stock-based awards less expected forfeitures is recognized over the awards' respective vesting period on a straight-line basis.

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing method. The weighted average assumptions used in the model are outlined in the following table:

	Year Ended December 31,		
	2009	2008	2007
Risk-free interest rate	1.90 %	3.30 %	4.60 %
Estimated life in years	5.20	7.70	6.80
Dividend yield	0.96 %	0.38 %	0.42 %
Volatility	54.30 %	31.40 %	27.50 %

The computation of the expected volatility assumption used in the Black-Scholes calculations for new grants is based on the Company's historical volatilities. When establishing the expected life assumptions, the Company reviews annual historical employee exercise behavior of option grants with similar vesting periods.

A summary of changes in stock options outstanding is as follows:

	Year Ended December 31, 2009			
	Number of Options (In millions)	Weighted-Average Exercise Price (In $)	Weighted-Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In $ millions)
As of December 31, 2008	7.0	19.35		
Granted	0.1	17.17		
Exercised	(0.8)	17.79		
Forfeited	(0.3)	34.06		
As of December 31, 2009	6.0	19.01	5.6	79
Options exercisable at end of year	5.0	17.09	5.3	75

The weighted-average grant-date fair value of stock options granted during the years ended December 31, 2009, 2008, and 2007 was $7.46, $16.78, and $14.42, respectively, per option. The total intrinsic value of options exercised during the years ended December 31, 2009, 2008, and 2007 was $9 million, $27 million, and $84 million, respectively. As of December 31, 2009, the Company had approximately $7 million of total unrecognized compensation expense related to stock options, excluding estimated forfeitures, expected to be recognized over a weighted-average period of 1.3 years. Cash received from stock option exercises was $14 million, $18 million, and $69 million during the years ended December 31, 2009, 2008, and 2007, respectively. There was no tax benefit realized from stock option exercises during the year ended December 31, 2009. During the year ended December 31, 2008 the Company reversed $8 million of the $19 million tax benefit that was realized during the year ended December 31, 2007.

During 2009, the Company extended the contractual life of 4 million fully vested share options held by 6 employees. As a result of that modification, the Company recognized additional compensation expense of $1 million for the year ended December 31, 2009.

Restricted Stock Units ("RSUs")

Performance-based RSUs. The Company grants performance-based RSUs to the Company's executive officers and certain employees once per year. The Company may also grant performance-based RSUs to certain new employees or to employees who assume positions of increasing responsibility at the time those events occur. The number of performance-based RSUs that ultimately vest is dependent on one or both of the following as per the terms of the specific award agreement: The achievement of 1) internal profitability targets (performance condition) and 2) market performance targets measured by the comparison of the Company's stock performance versus a defined peer group (market condition).

The performance-based RSUs generally cliff-vest during the Company's quarter-end September 30 black-out period three years from the date of grant. The ultimate number of shares of the Company's Series A common stock issued will range from zero to stretch, with stretch defined individually under each award, net of personal income taxes withheld. The market condition is factored into the estimated fair value per unit and compensation expense for each award will be based on the probability of achieving internal profitability targets, as applicable, and recognized on a straight-line basis over the term of the respective grant, less estimated forfeitures. For performance-based RSUs granted without a performance condition, compensation expense is based on the fair value per unit recognized on a straight-line basis over the term of the grant, less estimated forfeitures.

In April 2007, the Company granted performance-based RSUs to certain employees that vest annually in equal tranches beginning October 1, 2008 through October 1, 2011 and include a market condition. The performance-based RSUs awarded include a catch-up provision that provides for an additional year of vesting of previously unvested amounts, subject to certain maximums. Compensation expense is based on the fair value per unit recognized on a straight-line basis over the term of the grant, less estimated forfeitures.

A summary of changes in performance-based RSUs outstanding is as follows:

	Number of Units (In thousands)	Weighted Average Fair Value (In $)
Nonvested at December 31, 2008	1,188	19.65
Granted	420	38.16
Vested	(79)	21.30
Forfeited	(114)	17.28
Nonvested at December 31, 2009	1,415	25.24

The fair value of shares vested for performance-based RSUs during the years ended December 31, 2009 and 2008 was $2 million and $3 million, respectively. There were no vestings that occurred during the year ended December 31, 2007.

Fair value for the Company's performance-based RSUs was estimated at the grant date using a Monte Carlo simulation approach. Monte Carlo simulation was utilized to randomly generate future stock returns for the Company and each company in the defined peer group for each grant based on company-specific dividend yields, volatilities and stock return correlations. These returns were used to calculate future performance-based RSU vesting percentages and the simulated values of the vested performance-based RSUs were then discounted to present value using a risk-free rate, yielding the expected value of these performance-based RSUs.

The range of assumptions used in the Monte Carlo simulation approach is outlined in the following table:

	Year Ended December 31,		
	2009	2008	2007
Risk-free interest rate	1.11%	1.05%	4.53 - 4.55%
Dividend yield	0.00 - 4.64%	0.00 - 12.71%	0.00 - 2.76%
Volatility	25 - 75%	20 - 70%	20 - 45%

In December 2008, the Company granted 200,000 performance units to be settled in cash to the Company's Chief Executive Officer. The terms of the performance units are substantially similar to the performance-based RSUs granted in December 2008 and include a performance condition and a market condition. The value of the performance units is equivalent to the value of one share of the Company's Series A common stock and any amounts that may vest under the performance unit award agreement are to be settled in cash rather than shares of the Company's Series A common stock. The compensation committee of the Board of Directors may elect to convert all or any portion of the performance units award to an award of an equivalent value of performance-based RSUs.

Time-based RSUs. The Company grants non-employee Directors time-based RSUs annually that generally vest one year after grant. The fair value of the time-based RSUs is equal to the closing price of the Company's Series A common stock on the grant date.

The Company also grants time-based RSUs to the Company's executives and certain employees that vest ratably over time intervals ranging from two to four years. The fair value of the time-based RSUs is equal to the average of the high and low price of the Company's Series A common stock on the grant date.

A summary of changes in time-based RSUs outstanding is as follows:

	Employee Time-based RSUs		Director Time-Based RSUs	
	Number of Units (In thousands)	Weighted Average Fair Value (In $)	Number of Units (In thousands)	Weighted Average Fair Value (In $)
Nonvested at December 31, 2008	105	39.34	15	44.02
Granted	421	23.13	41	16.58
Vested	(23)	37.60	(15)	44.02
Forfeited	(1)	39.53	-	-
Nonvested at December 31, 2009	502	25.57	41	16.58

As of December 31, 2009, there was approximately $35 million of unrecognized compensation cost related to RSUs, excluding estimated forfeitures, expected to be recognized over a weighted-average period of 2.3 years. The fair value of shares vested for time-based RSUs during the years ended December 31, 2009 and 2008 was $2 million and $1 million, respectively. No RSUs vested during the year ended December 31, 2007.

21. Leases

Total rent expense charged to operations under all operating leases was $148 million, $141 million and $122 million for the years ended December 31, 2009, 2008 and 2007, respectively. Future minimum lease payments under non-cancelable rental and lease agreements which have initial or remaining terms in excess of one year as of December 31, 2009 are as follows:

	Capital	Operating
	(In $ millions)	
2010	63	50
2011	39	36
2012	38	31
2013	35	24
2014	35	16
Later years	276	46
Sublease income	-	(29)
Minimum lease commitments	486	174
Less amounts representing interest	244	
Present value of net minimum lease obligations	242	

The Company expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases.

22. Derivative Financial Instruments

Interest Rate Risk Management

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 the variable rate debt to 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.

As of December 31, 2006, the Company had an interest rate swap agreement in place with a notional value of $300 million. On March 29, 2007, in connection with the April 2007 debt refinancing, the Company terminated this interest rate swap agreement and recognized a gain of $2 million related to amounts previously recorded in Accumulated other comprehensive income (loss), net.

In March 2007, in anticipation of the April 2007 debt refinancing, the Company entered into various US dollar and Euro interest rate swap agreements, which became effective on April 2, 2007, with notional amounts of $1.6 billion and €150 million, respectively. The notional amount of the $1.6 billion US dollar interest rate swaps decreased by $400 million effective January 2, 2008 and decreased by another $200 million effective January 2, 2009. To offset the declines, the Company entered into US dollar interest rate swaps with a combined notional amount of $400 million which became effective on January 2, 2008 and an additional US dollar interest rate swap with a notional amount of $200 million which became effective April 2, 2009. The notional amount of the interest rate swaps decreased by $100 million effective January 4, 2010. No new swaps were entered into to offset the declines.

The Company recognized interest (expense) income from hedging activities relating to interest rate swaps of ($63) million, ($18) million and $6 million for the years ended December 31, 2009, 2008 and 2007, respectively. The Company recorded a net loss of $0 million for the year ended December 31, 2009 and less than $1 million for each of the years ended December 31, 2008 and 2007, to Other income (expense), net in the consolidated statements of operations for the ineffective portion of the interest rate swap agreements. The Company recorded an unrealized gain (loss) on interest rate swaps of $15 million and ($79) million during the years ended December 31, 2009 and 2008, respectively.

Foreign Exchange Risk Management

Certain entities have receivables and payables denominated in currencies other than their respective functional currencies, which creates foreign exchange risk. The Company 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 currently outstanding foreign currency contracts are hedging booked exposure, however the Company may from time to time hedge its currency exposure related to forecasted transactions. Forward contracts are not designated as hedges under FASB ASC Topic 815.

The following table indicates the total US dollar equivalents of net foreign exchange exposure related to (short) long foreign exchange forward contracts outstanding by currency. All of the contracts included in the table below will have approximately offsetting effects from actual underlying payables, receivables, intercompany loans or other assets or liabilities subject to foreign exchange remeasurement.

	2010 Maturity (In $ millions)
Currency	
Euro	(372)
British pound sterling	(90)
Chinese renminbi	(200)
Mexican peso	(5)
Singapore dollar	27
Canadian dollar	(48)
Japanese yen	8
Brazilian real	(11)
Swedish krona	15
Other	(1)
Total	(677)

To protect the foreign currency exposure of a net investment in a foreign operation, the Company entered into cross currency swaps with certain financial institutions in 2004. The cross currency swaps and the Euro-denominated portion of the senior term loan were designated as a hedge of a net investment of a foreign operation. The Company dedesignated the net investment hedge due to the debt refinancing in April 2007 and redesignated the cross currency swaps and new senior Euro term loan in July 2007. As a result, the Company recorded $26 million of mark-to-market losses related to the cross currency swaps and the new senior Euro term loan during this period.

Under the terms of the cross currency swap arrangements, the Company paid approximately €13 million in interest and received approximately $16 million in interest on June 15 and December 15 of each year. The fair value of the net obligation under the cross currency swaps was included in current Other liabilities in the consolidated balance sheets as of December 31, 2007. Upon maturity of the cross currency swap agreements in June 2008, the Company owed €276 million ($426 million) and was owed $333 million. In settlement of the obligation, the Company paid $93 million (net of interest of $3 million) in June 2008.

During the year ended December 31, 2008, the Company dedesignated €385 million of the €400 Euro-denominated portion of the term loan, previously designated as a hedge of a net investment of a foreign operation. The remaining €15 million Euro-denominated portionof the term loan was dedesignated as a hedge of a net investment of a foreign operation in June 2009. Prior to the dedesignations, the Company had been using external derivative contracts to offset foreign currency exposures on certain intercompany loans. As a result of the dedesignations, the foreign currency exposure created by the Euro-denominated term loan is expected to offset the foreign currency exposure on certain intercompany loans, decreasing the need for external derivative contracts and reducing the Company's exposure to external counterparties.

The effective portion of the gain (loss) on the derivative (cross currency swaps) is recorded in Accumulated other comprehensive income (loss), net. For the years ended December 31, 2009, 2008 and 2007, the amount charged to Accumulated other comprehensive income (loss), net was $0 million, $(19) million and $(19) million, respectively. The gain (loss) related to items excluded from the assessment of hedge effectiveness of the cross currency swaps are recorded to Other income (expense), net in the consolidated statements of operations. For the years ended December 31, 2009, 2008 and 2007, the amount charged to

Other income (expense), net in the consolidated statements of operations was $0 million, $1 million and $(6) million, respectively.

Commodity Risk Management

The Company has exposure to the prices of commodities in its procurement of certain raw materials. The Company manages its exposure primarily through the use of long-term supply agreements and derivative instruments. The Company regularly assesses its practice of purchasing a portion of its commodity requirements forward and utilization of other raw material hedging instruments, in addition to forward purchase contracts, in accordance with changes in market conditions. Forward purchases and swap contracts for raw materials are principally settled through actual delivery of the physical commodity. For qualifying contracts, the Company has elected to apply the normal purchases and normal sales exception of FASB ASC Topic 815, as it was probable at the inception and throughout the term of the contract that they would not settle net and would result in physical delivery. As such, realized gains and losses on these contracts are included in the cost of the commodity upon the settlement of the contract.

In addition, the Company occasionally enters into financial derivatives to hedge a component of a raw material or energy source. Typically, these types of transactions do not qualify for hedge accounting. These instruments are marked to market at each reporting period and gains (losses) are included in Cost of sales in the consolidated statements of operations. The Company recognized no gain or loss from these types of contracts during the years ended December 31, 2009 and 2008 and less than $1 million during the year ended December 31, 2007. As of December 31, 2009, the Company did not have any open financial derivative contracts for commodities.

The following table presents information regarding changes in the fair value of the Company's derivative arrangements:

	Year ended December 31, 2009	
	Gain (Loss) Recognized in Other Comprehensive Income	Gain (Loss) Recognized in Income
	(In $ millions)	
Derivatives designated as cash flow hedging instruments		
Interest rate swaps	(40)	(63) [1]
Derivatives designated as net investment hedging instruments		
Euro-denominated term loan	—	—
Derivatives not designated as hedging instruments		
Foreign currency forwards and swaps	—	(20)
Total	(40)	(83)

[1] Amount represents reclassification from Accumulated other comprehensive income and is classified as interest expense in the consolidated statement of operations.

See Note 23, Fair Value Measurements, for additional information regarding the fair value of the Company's derivative arrangements.

23. Fair Value Measurements

As discussed in Note 2, the Company adopted certain provisions of FASB ASC Topic 820 on January 1, 2008 and 2009. 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 marketable securities and derivative financial instruments. Marketable securities include US government and corporate bonds, mortgage-backed securities 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, forward mortgage-backed securities trade prices and recently reported trades. Such assets are classified as Level 2 in the hierarchy and typically include mortgage-backed securities, corporate bonds and other US government securities.

Derivative Financial Instruments. 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.

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The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis:

	Fair Value Measurement Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
	(In $ millions)		
Marketable securities, at fair value			
US government debt securities	—	28	28
US corporate debt securities	—	1	1
Equity securities	52	—	52
Money market deposits and other securities	—	2	2
Derivatives not designated as hedging instruments			
Foreign currency forwards and swaps	—	12	12 [1]
Total assets as of December 31, 2009	52	43	95
Derivatives designated as cash flow hedging instruments			
Interest rate swaps	—	(68)	(68) [2]
Interest rate swaps	—	(44)	(44) [3]
Derivatives not designated as hedging instruments			
Foreign currency forwards and swaps	—	(7)	(7) [2]
Total liabilities as of December 31, 2009	—	(119)	(119)
Marketable securities			
US government debt securities	—	52	52
US corporate debt securities	—	3	3
Equity securities	42	—	42
Money market deposits and other securities	—	3	3
Derivatives not designated as hedging instruments			
Foreign currency forwards and swaps	—	54	54 [1]
Total assets as of December 31, 2008	42	112	154
Derivatives designated as cash flow hedging instruments			
Interest rate swaps	—	(42)	(42) [2]
Interest rate swaps	—	(76)	(76) [3]
Derivatives not designated as hedging instruments			
Foreign currency forwards and swaps	—	(25)	(25) [2]
Total liabilities as of December 31, 2008	—	(143)	(143)

[1] Included in current Other assets in the consolidated balance sheets.

[2] Included in current Other liabilities in the consolidated balance sheets.

[3] Included in noncurrent Other liabilities in the consolidated balance sheets.

Summarized below are the carrying values and estimated fair values of financial instruments that are not carried at fair value on the Company's consolidated balance sheets:

	As of December 31, 2009		As of December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In $ millions)			
Cost investments (As Adjusted, Note 8 and Note 31)	129	—	130	—
Insurance contracts in nonqualified pension trusts	66	66	67	67
Long-term debt, including current installments of long-term debt	3,361	3,246	3,381	2,404

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 December 31, 2009 and 2008, 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.

24. Commitments and Contingencies

The Company is involved in a number of legal and regulatory proceedings, lawsuits and claims incidental to the normal conduct of business, relating to such matters as product liability, antitrust, intellectual property, workers' compensation, prior acquisitions and divestitures, past waste disposal practices and release of chemicals into the environment. While it is impossible at this time to determine with certainty the ultimate outcome of these proceedings, lawsuits and claims, the Company is actively defending those matters where the Company is named as a defendant. Additionally, the Company believes, based on the advice of legal counsel, that adequate reserves have been made and that the ultimate outcomes of all such litigation and claims will not have a material adverse effect on the financial position of the Company; however, the ultimate outcome of any given matter may have a material impact on the results of operations or cash flows of the Company in any given reporting period.

Plumbing Actions

CNA Holdings LLC. ("CNA Holdings"), a US subsidiary of the Company, which included the US business now conducted by the Ticona business which 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 plastics manufactured by these companies that were utilized in the production of plumbing systems for residential property were defective or caused such plumbing systems to fail. 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 or caused the plumbing systems to fail. In many cases CNA Holdings' potential future exposure may be limited by invocation of the statute of limitations since CNA Holdings ceased selling the resin for use in the plumbing systems in site-built homes during 1986 and in manufactured homes during 1990.

In November 1995, CNA Holdings, DuPont and Shell entered into national class action settlements that called for the replacement of plumbing systems of claimants who have had qualifying leaks, as well as reimbursements for certain leak damage. In connection with such settlement, the three companies had agreed to fund these replacements and reimbursements up to an aggregate amount of $950 million. As of December 31, 2009, the aggregate funding is $1,109 million, due to additional contributions and funding commitments made primarily by other parties.

During the period between 1995 and 2001, CNA Holdings was also named as a defendant in the following putative class actions:

- *Cox, et al. v. Hoechst Celanese Corporation, et al.* , No. 94-0047 (Chancery Ct., Obion County, Tennessee) (class was certified).
- *Couture, et al. v. Shell Oil Company, et al.* , No. 200-06-000001-985 (Quebec Superior Court, Canada).
- *Dilday, et al. v. Hoechst Celanese Corporation, et al.* , No. 15187 (Chancery Ct., Weakley County, Tennessee).
- *Furlan v. Shell Oil Company, et al.* , No. C967239 (British Columbia Supreme Court, Vancouver Registry, Canada).
- *Gariepy, et al. v. Shell Oil Company, et al.* , No. 30781/99 (Ontario Court General Division, Canada).
- *Shelter General Insurance Co., et al. v. Shell Oil Company, et al.* , No. 16809 (Chancery Ct., Weakley County, Tennessee).
- *St. Croix Ltd., et al. v. Shell Oil Company, et al.* , No. 1997/467 (Territorial Ct., St. Croix Division, the US Virgin Islands).
- *Tranter v. Shell Oil Company, et al.* , No. 46565/97 (Ontario Court General Division, Canada).

In addition, between 1994 and 2008 CNA Holdings was named as a defendant in numerous non-class actions filed in Arizona, Florida, Georgia, Louisiana, Mississippi, New Jersey, Tennessee and Texas, the US Virgin Islands and Canada of which ten are currently pending. In all of these actions, the plaintiffs have sought recovery for alleged damages caused by leaking polybutylene plumbing. Damage amounts have generally not been specified but these cases generally do not involve (either individually or in the aggregate) a large number of homes.

As of December 31, 2009, the Company had remaining accruals of $55 million, of which $1 million is included in current Other liabilities in the consolidated balance sheets. As of December 31, 2008, the Company had remaining accruals of $64 million, of which $2 million was included in current Other liabilities in the consolidated balance sheets.

The Company reached settlements with CNA Holdings' insurers specifying their responsibility for these claims. During the year ended December 31, 2007, the Company received $23 million of insurance proceeds from various CNA Holdings' insurers as full satisfaction for their responsibility for these claims. During the year ended December 31, 2008, the Company received less than $1 million from insurers. During the year ended December 31, 2009, the Company recognized a $9 million decrease in legal reserves for plumbing claims due to the Company's ongoing assessment of the likely outcome of the plumbing actions and the expiration of the statute of limitation.

Plumbing Insurance Indemnifications

Celanese GmbH entered into agreements with insurance companies related to product liability settlements associated with Celcon ® plumbing claims. These agreements, except those with insolvent insurance companies, require the Company to indemnify and/or defend these insurance companies in the event that third parties seek additional monies for matters released in these agreements. The indemnifications in these agreements do not provide for time limitations.

In certain of the agreements, Celanese GmbH received a fixed settlement amount. The indemnities under these agreements generally are limited to, but in some cases are greater than, the amount received in settlement from the insurance company. The maximum exposure under these indemnifications is $95 million. Other settlement agreements have no stated limits.

There are other agreements whereby the settling insurer agreed to pay a fixed percentage of claims that relate to that insurer's policies. The Company has provided indemnifications to the insurers for amounts paid in excess of the settlement percentage. These indemnifications do not provide for monetary or time limitations.

Sorbates Antitrust Actions

In May 2002, the European Commission informed Hoechst AG ("Hoechst") of its intent to officially investigate the sorbates industry. In early January 2003, the European Commission served Hoechst, Nutrinova, Inc., a US subsidiary of Nutrinova Nutrition Specialties & Food Ingredients GmbH and previously a wholly owned subsidiary of Hoechst ("Nutrinova"), and a number of competitors of Nutrinova with a statement of objections alleging unlawful, anticompetitive behavior affecting the European sorbates market. In October 2003, the European Commission ruled that Hoechst, Chisso Corporation, Daicel Chemical Industries Ltd. ("Daicel"), The Nippon Synthetic Chemical Industry Co. Ltd. and Ueno Fine Chemicals Industry Ltd. operated a cartel in the European sorbates market between 1979 and 1996. The European Commission imposed a total fine of €138 million onsuch companies, of which €99 million was assessed against Hoechst and its legal successors. The case against Nutrinova was closed. Pursuant to the Demerger Agreement with Hoechst, Celanese GmbH was assigned the obligation related to the sorbates antitrust matter; however, Hoechst, and its legal successors, agreed to indemnify Celanese GmbH for 80% of any costs Celanese GmbH incurred relative to this matter. Accordingly, Celanese GmbH recognized a receivable from Hoechst from this indemnification. In June 2008, the Court of First Instance of the European Communities (Fifth Chamber) reduced the fine against Hoechst to €74.25 million and in July 2008, Hoechst paid the €74.25 million fine. In August 2008, the Company paid Hoechst €17 million, including interest of €2 million, in satisfaction of its 20% obligation with respect to the fine.

Based on the advice of external counsel and a review of the existing facts and circumstances relating to the sorbates antitrust matters, including the settlement of the European Union's investigation, as well as civil claims filed and settled, the Company released its accruals related to the settled sorbates antitrust matters and the indemnification receivables resulting in a gain of $8 million, net, included in Other (charges) gains, net, in the consolidated statements of operations for the year ended December 31, 2008.

In addition, in 2004 a civil antitrust action styled *Freeman Industries LLC v. Eastman Chemical Co., et. al.* was filed against Hoechst and Nutrinova, Inc. in the Law Court for Sullivan County in Kingsport, Tennessee. The plaintiff sought monetary damages and other relief for alleged conduct involving the sorbates industry. The trial court dismissed the plaintiff's claims and upon appeal the Supreme Court of Tennessee affirmed the dismissal of the plaintiff's claims. In December 2005, the plaintiff lost an attempt to amend its complaint and the entire action was dismissed with prejudice. Plaintiff's counsel subsequently filed a new complaint with new class representatives in the District Court of the District of Tennessee. The Company's

motion to strike the class allegations was granted in April 2008 and the plaintiff's request to appeal the ruling remains pending.

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 25 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 against all Celanese Entities in consideration of a payment by the Company of $107 million. This proceeding related to sales by the polyester staple fibers business which Hoechst sold to KoSa, Inc. in 1998. Accordingly, the impact of this settlement is reflected within discontinued operations in the consolidated statements of operations for the year ended December 31, 2008. The Company also previously 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-CV-00578). The Company is actively defending this matter and has filed a motion to dismiss, which is pending with the court.

In December 1998, HCC sold its polyester staple business (the "1998 Sale") to KoSa B.V., f/k/a Arteva B.V., a subsidiary of Koch Industries, Inc. ("KoSa"), under an asset purchase agreement ("APA"). In August of 2002, Arteva Specialties, S.a.r.l., a subsidiary of KoSa ("Arteva Specialties"), pled guilty to a criminal violation of the Sherman Act relating to anti-competitive conduct following the 1998 Sale. Shortly thereafter, various polyester staple customers filed approximately 50 civil anti-trust lawsuits against KoSa and Arteva Specialties, some of which alleged anti-competitive conduct prior to the 1998 Sale. In a complaint filed on November 3, 2003 in the United States District Court for the Southern District of New York, *Koch Industries, Inc. et al. v. Hoechst Aktiengellschaft et al.* , No. 03-cv-8679, Koch Industries, Inc., KoSa, Arteva Specialties and Arteva Services S.a.r.l. sought recovery from Hoechst and the Celanese Entities exceeding $371 million. In the complaint, the plaintiffs alleged claims of fraud, unjust enrichment and indemnification for retained liabilities and for breach of contractual representations and warranties under the APA. Both parties filed motions for summary judgment in 2009. On July 19, 2010, the court granted in part and denied in part the pending motions. The court dismissed the plaintiffs' claims for fraud and unjust enrichment, which also eliminated plaintiffs' claims for punitive damages. The court also held that the plaintiffs cannot recover damages for liabilities arising out of the operation of the polyester staple business incurred after the 1998 Sale. The plaintiffs can recover damages for the costs of defending and settling civil antitrust actions brought against them to the extent such damages arose out of the operation of the polyester staple business prior to the 1998 Sale (i.e., "Retained Liabilities" as defined in the APA). The plaintiffs have alleged that they paid approximately $135 million for the costs of settling and defending both pre- and post-1998 Sale civil antitrust actions. The court reserved for trial the calculation and allocation of any damages to which the plaintiffs would be entitled under the relevant sections of the APA. Because of insufficient information, including that contained in the record, we are unable to estimate the amount of the Company's loss for this matter. The court also preserved for trial the plaintiffs' claim for breach of contractual representations and warranties under the APA. No date has been set for trial. The Company is actively defending this matter.

Acetic Acid Patent Infringement Matters

On May 9, 1999, Celanese International Corporation filed a private criminal action styled *Celanese International Corporation v. China Petrochemical Development Corporation* against China Petrochemical Development Corporation ("CPDC") in the Taiwan Kaoshiung District Court alleging that CPDC infringed Celanese International Corporation's patent covering the manufacture of acetic acid. Celanese International Corporation also filed a supplementary civil brief that, in view of changes in Taiwanese patent laws, was subsequently converted to a civil action alleging damages against CPDC based on a period of infringement of ten years, 1991-2000, and based on CPDC's own data that was reported to the Taiwanese securities and exchange commission. Celanese International Corporation's patent was held valid by the Taiwanese patent office. On August 31, 2005, the District Court held that CPDC infringed Celanese International Corporation's acetic acid patent and awarded Celanese International Corporation approximately $28 million (plus interest) for the period of 1995 through 1999. In October 2008, the High Court, on appeal, reversed the District Court's $28 million award to the Company. The Company appealed to the Superior Court in November 2008, and the court remanded the case to the Intellectual Property Court on June 4, 2009. On January 16, 2006, the District Court awarded Celanese International Corporation $800,000 (plus interest) for the year 1990. In January 2009, the High Court, on appeal, affirmed the District Court's award and CPDC appealed on February 5, 2009 to the Supreme Court. On June 29, 2007, the District Court awarded Celanese International Corporation $60 million (plus interest) for the period of 2000 through 2005. CPDC appealed this ruling and on July 21, 2009, the High Court ruled in CPDC's favor. The Company appealed to the Supreme Court and in December 2009, the case was remanded to the Intellectual Property Court.

Workers Compensation Claims

The Company has been provided with notices of claims filed with the South Carolina Workers' Compensation Commission and the North Carolina Industrial Commission. The notices of claims identify various alleged injuries to current and former employees arising from alleged exposure to undefined chemicals at current and former plant sites in South Carolina and North Carolina. As of December 31, 2009, there were 950 claims pending. The Company has reserves for defense costs related to these matters.

Asbestos Claims

As of December 31, 2009, Celanese Ltd. and/or CNA Holdings, Inc., both US subsidiaries of the Company, are defendants in approximately 526 asbestos cases. During the year ended December 31, 2009, 56 new cases were filed against the Company, 90 cases were resolved, and 1 case was added after further analysis by outside counsel. Because many of these cases involve numerous plaintiffs, the Company is subject to claims significantly in excess of the number of actual cases. The Company has reserves for defense costs related to claims arising from these matters. The Company believes that there is no material exposure related to these matters.

Award Proceedings in relation to Domination Agreement and Squeeze-Out

On October 1, 2004, a Domination Agreement between Celanese GmbH and the Purchaser became operative, pursuant to which the Purchaser became obligated to offer to acquire all outstanding Celanese GmbH shares from the minority shareholders of Celanese GmbH in return for payment of fair cash compensation ("Squeeze-Out"). The amount of this fair cash compensation was determined to be €41.92 per share, plus interest, in accordance with applicable German law. Until the Squeeze-Out was registered in the commercial register in Germany on December 22, 2006, any minority shareholder who elected not to sell its shares to the Purchaser was entitled to remain a shareholder of Celanese GmbH and to receive from the

Purchaser a gross guaranteed annual payment on its shares of €3.27 per Celanese GmbH share less certain corporate taxes in lieu of any dividend.

The amounts of the fair cash compensation and of the guaranteed annual payment offered under the Domination Agreement as well as the Squeeze-Out compensation are under court review in two separate special award proceedings. The amounts of the fair cash compensation and of the guaranteed annual payment offered under the Domination Agreement may be increased in special award proceedings initiated by minority shareholders, which may further reduce the funds the Purchaser can otherwise make available to the Company. As of March 30, 2005, several minority shareholders of Celanese GmbH had initiated special award proceedings seeking the court's review of the amounts of the fair cash compensation and of the guaranteed annual payment offered under the Domination Agreement. As a result of these proceedings, the amount of the fair cash consideration and the guaranteed annual payment offered under the Domination Agreement could be increased by the court so that all minority shareholders, including those who have already tendered their shares into the mandatory offer and have received the fair cash compensation could claim the respective higher amounts. The court dismissed all of these proceedings in March 2005 on the grounds of inadmissibility. Thirty-three plaintiffs appealed the dismissal, and in January 2006, twenty-three of these appeals were granted by the court. They were remanded back to the court of first instance, where the valuation will be further reviewed. On December 12, 2006, the court of first instance appointed an expert to help determine the value of Celanese GmbH. In the first quarter of 2007, certain minority shareholders that received €66.99 per share as fair cash compensation also filed award proceedings challenging the amount they received as fair cash compensation. The case remains pending before the court of the first instance.

The Company received applications for the commencement of award proceedings filed by 79 shareholders against the Purchaser with the Frankfurt District Court requesting the court to set a higher amount for the Squeeze-Out compensation. The motions are based on various alleged shortcomings and mistakes in the valuation of Celanese GmbH done for purposes of the Squeeze-Out. On May 11, 2007, the court of first instance appointed a common representative for those shareholders that have not filed an application on their own.

Should the court set a higher value for the Squeeze-Out compensation, former Celanese GmbH shareholders who ceased to be shareholders of Celanese GmbH due to the Squeeze-Out are entitled, pursuant to a settlement agreement between the Purchaser and certain former Celanese GmbH shareholders, to claim for their shares the higher of the compensation amounts determined by the court in these different proceedings. Payments these shareholders already received as compensation for their shares will be offset so that those shareholders 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.

The Purchaser and Celanese GmbH have entered into a new domination agreement on March 26, 2010 which became effective on April 9, 2010 (the "Domination Agreement II"). Under the Domination Agreement II, the Purchaser is required, among other things, to compensate Celanese GmbH for any annual loss incurred, determined in accordance with German accounting requirements, by Celanese GmbH at the end of the fiscal year in which the loss was incurred. This obligation to compensate Celanese GmbH for annual losses will apply during the entire term of the Domination Agreement II. If Celanese GmbH incurs losses during any period of the operative term of the Domination Agreement II and if such losses lead to an annual loss of Celanese GmbH at the end of any given fiscal year during the term of the Domination Agreement II, the Purchaser will be obligated to make a corresponding cash payment to Celanese GmbH to the extent that the respective annual loss is not fully compensated for by the dissolution of profit reserves accrued at the level of Celanese GmbH during the term of the Domination Agreement II. The Purchaser may be able to reduce or avoid cash payments to Celanese GmbH by off-setting against such loss compensation claims by Celanese GmbH any valuable counterclaims against Celanese GmbH that the Purchaser may have. If the Purchaser is obligated to make cash payments to Celanese GmbH to cover an annual loss, we may not have sufficient funds to make payments on our indebtedness when due and, unless the Purchaser is able to obtain funds from a

source other than annual profits of Celanese GmbH, The Purchaser may not be able to satisfy its obligation to fund such shortfall.

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*

The Company has obligations 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, 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, however the Company will reimburse Hoechst, and its legal successors, for one-third of those liabilities for amounts that exceed €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.

Based on the estimate of the probability of loss under this indemnification, the Company had reserves of $32 million and $27 million as of December 31, 2009 and 2008, 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 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 reserves associated with this indemnification as it is not probable or estimable. The Company has not made any payments to Hoechst or its legal successors during the years ended December 31, 2009 and 2008, respectively, 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 December 31, 2009 and 2008, the Company has reserves in the aggregate of $32 million and $33 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 guarantees provided for under these agreements is approximately $1.9 billion as of December 31, 2009. 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 and utilities. As of December 31, 2009, there were outstanding future commitments of $1.7 billion under take-or-pay contracts. The Company recognized $17 million of losses related to take-or-pay contract termination costs for the year ended December 31, 2009 related to the Company's Pardies, France Project of Closure (see Note 18). The Company does not expect to incur any material losses under take-or-pay contractual arrangements unrelated to the Pardies, France Project of Closure. Additionally, as of December 31, 2009, there were other outstanding commitments of $713 million representing maintenance and service agreements, energy and utility agreements, consulting contracts and software agreements.

In April 2007, Southern Chemical Corporation ("Southern") filed a petition in the 190 th 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 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 damages in an unspecified amount from the Company. Trial has been set for August 2011. The Company does not believe the contractual interpretations set forth by Southern have merit and is vigorously defending the matter.

25. Supplemental Cash Flow Information

The following table represents supplemental cash flow information for cash and non-cash activities:

	Year Ended December 31,		
	2009	2008	2007
	(In $ millions)		
Taxes, net of refunds	17	98	181
Interest, net of amounts capitalized	208	259	414[1]
Noncash investing and financing activities			
Fair value adjustment to securities available for sale, net of tax	(3)	(25)	17
Capital lease obligations	38	103	80
Accrued capital expenditures	(9)	(7)	18
Asset retirement obligations	30	8	4
Accrued Ticona Kelsterbach plant relocation costs	22	17	19

[1] Amount includes premiums paid on early redemption of debt and related issuance costs, net of amounts capitalized, of $217 million for the year ended December 31, 2007.

26. Business and Geographical Segments

Business Segments

The Company operates through the following business segments:

- ***Advanced Engineered Materials***

The Company's Advanced Engineered Materials segment develops, produces and supplies a broad portfolio of high performance technical polymers for application in automotive and electronics products as well as other consumer and industrial applications. The Company and its strategic affiliates are a leading participant in the global technical polymers industry. The primary products of Advanced Engineered Materials are used in a broad range of products including automotive components, electronics, appliances, industrial applications, battery separators, conveyor belts, filtration equipment, coatings, medical devices, electrical and electronics.

- ***Consumer Specialties***

The Company's Consumer Specialties segment consists of the Acetate Products and Nutrinova businesses. The Acetate Products business primarily produces and supplies acetate tow, which is used in the production of filter products. The Company also produces acetate flake which is processed into acetate fiber in the form of a tow band. The Company's Nutrinova business produces and sells Sunett ®, a high intensity sweetener, and food protection ingredients, such as sorbates, for the food, beverage and pharmaceuticals industries.

- ***Industrial Specialties***

The Company's Industrial Specialties segment includes the Emulsions, PVOH and EVA Performance Polymers businesses. The Company's Emulsions business is a global leader which produces a broad product

portfolio, specializing in vinyl acetate ethylene emulsions, and is a recognized authority on low VOC (volatile organic compounds), an environmentally-friendly technology. As a global leader, the Company's PVOH business produced a broad portfolio of performance PVOH chemicals engineered to meet specific customer requirements. The Company's emulsions and PVOH products are used in a wide array of applications including paints and coatings, adhesives, building and construction, glass fiber, textiles and paper. EVA Performance Polymers offers a complete line of low-density polyethylene and specialty ethylene vinyl acetate resins and compounds. EVA Performance Polymers' products are used in many applications including flexible packaging films, lamination film products, hot melt adhesives, medical tubing and devices, automotive carpet and solar cell encapsulation films.

In July 2009, the Company completed the sale of its PVOH business to Sekisui (Note 4).

• ***Acetyl Intermediates***

The Company's Acetyl Intermediates segment produces and supplies acetyl products, including acetic acid, VAM, acetic anhydride and acetate esters. These products are generally used as starting materials for colorants, paints, adhesives, coatings, medicines and more. Other chemicals produced in this business segment are organic solvents and intermediates for pharmaceutical, agricultural and chemical products.

• ***Other Activities***

Other Activities primarily consists of corporate center costs, including financing and administrative activities such as legal, accounting and treasury functions and interest income or expense associated with financing activities of the Company, and the captive insurance companies.

The business segment management reporting and controlling systems are based on the same accounting policies as those described in the summary of significant accounting policies in Note 2. The Company evaluates performance based on operating profit, net earnings (loss), cash flows and other measures of financial performance reported in accordance with US GAAP.

Sales and revenues related to transactions between business segments are generally recorded at values that approximate third-party selling prices.

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Eliminations	Consolidated
				(In $ millions)			
As Adjusted (Note 31)							
Year ended December 31, 2009							
Net sales	808	1,084[1]	974	2,603[1]	2	(389)	5,082
Other (charges) gains, net	(18)	(9)	4	(91)	(22) [3]	—	(136)
Equity in net earnings (loss) of affiliates	78	1	—	5	15	—	99
Earnings (loss) from continuing operations before tax	114	288	89	102	(342)	—	251
Depreciation and amortization	73	50	51	123	11	—	308
Capital expenditures	27	50	45	36	9	—	167[2]
Goodwill and intangible assets	385	299	62	346	—	—	1,092
Total assets	2,268	1,083	740	1,985	2,336	—	8,412
As Adjusted (Note 31)							
Year ended December 31, 2008							
Net sales	1,061	1,155	1,406	3,875[1]	2	(676)	6,823
Other (charges) gains, net	(29)	(2)	(3)	(78)	4	—	(108)
Equity in net earnings (loss) of affiliates	155	—	—	3	14	—	172
Earnings (loss) from continuing operations before tax	190	237	47	312	(353)	—	433
Depreciation and amortization	76	53	62	150	9	—	350
Capital expenditures	55	49	67	86	10	—	267[2]
Goodwill and intangible assets	398	309	73	363	—	—	1,143
Total assets	1,916	995	903	2,194	1,150	—	7,158

(1) Includes $389 million, $676 million and $660 million of intersegment sales eliminated in consolidation for the years ended December 31, 2009, 2008 and 2007, respectively.

(2) Excludes expenditures related to the relocation of the Company's Ticona plant in Kelsterbach (Note 29) and includes a decrease in accrued capital expenditures of $9 million and $7 million for the years ended December 31, 2009 and 2008, respectively (see Note 25).

(3) Includes $10 million of insurance recoveries received from the Company's captive insurance companies related to the Edmonton, Alberta, Canada facility that eliminates in consolidation.

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Eliminations	Consolidated
				(In $ millions)			
As Adjusted (Note 31)							
Year ended December 31, 2007							
Net sales	1,030	1,111	1,346	3,615[1]	2	(660)	6,444
Other (charges) gains, net	(4)	(4)	(23)	72	(99) [3]	—	(58)
Equity in net earnings (loss) of affiliates	123	3	—	6	18	—	150
Earnings (loss) from continuing operations before tax	260	235	28	613	(699)	—	437
Depreciation and amortization	69	51	59	106	6	—	291
Capital expenditures	59	43	63	130	11	—	306[2]

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(1) Includes $389 million, $676 million and $660 million of intersegment sales eliminated in consolidation for the years ended December 31, 2009, 2008 and 2007, respectively.

(2) Excludes expenditures related to the relocation of the Company's Ticona plant in Kelsterbach (Note 29) and includes a decrease in accrued capital expenditures of $9 million and $7 million for the years ended December 31, 2009 and 2008, respectively (see Note 25).

(3) Includes $35 million of insurance recoveries received from the Company's captive insurance companies related to the Clear Lake, Texas facility (Note 30) that eliminates in consolidation.

Geographical Segments

Revenues and noncurrent assets are presented based on the location of the business. The following table presents net sales based on the geographic location of the Company's facilities:

	Year Ended December 31,		
	2009	2008	2007
		(In $ millions)	
Net sales			
US	1,262	1,719	1,754
International	3,820	5,104	4,690
Total	5,082	6,823	6,444
Significant international net sales sources include			
Germany	1,733	2,469	2,348
China	460	393	182
Singapore	513	783	762
Belgium	459	478	295
Canada	173	276	266
Mexico	277	391	349

The following table presents property, plant and equipment, net based on the geographic location of the Company's facilities:

	As of December 31,	
	2009	2008
	(In $ millions)	
Property, plant and equipment, net		
US	634	733
International	2,163	1,737
Total	2,797	2,470
Significant international property, plant and equipment, net sources include		
Germany	1,075	682
China	516	493
Singapore	98	111
Belgium	27	24
Canada	131	117
Mexico	103	105

27. Transactions and Relationships with Affiliates and Related Parties

The Company is a party to various transactions with affiliated companies. Entities in which the Company has an investment accounted for under the cost or equity method of accounting, are considered affiliates; any transactions or balances with such companies are considered affiliate transactions. The following table represents the Company's transactions with affiliates for the periods presented:

	Year Ended December 31,		
	2009	2008	2007
		(In $ millions)	
Purchases from affiliates [1][2]	143	143	126
Sales to affiliates [1]	6	36	126
Interest income from affiliates	1	2	1
Interest expense to affiliates	1	9	7

(1) Purchases and sales from/to affiliates are accounted for at prices which, in the opinion of the Company, approximate those charged to third-party customers for similar goods or services.

(2) Primarily includes utilities and services purchased from InfraServ Hoechst.

Refer to Note 8 for additional information related to dividends received from affiliates.

The following table represents the Company's balances with affiliates for the periods presented:

	As of December 31,	
	2009	2008
	(In $ millions)	
Trade and other receivables from affiliates	—	8
Current notes receivable (including interest) from affiliates	12	9
Noncurrent notes receivable (including interest) from affiliates	7	9
Total receivables from affiliates	19	26
Accounts payable and other liabilities due affiliates	15	18
Short-term borrowings from affiliates	85	103
Total due affiliates	100	121

The Company has agreements with certain affiliates, primarily InfraServ entities, whereby excess affiliate cash is lent to and managed by the Company, at variable interest rates governed by those agreements.

For the year ended 2007, the Company made payments to the Advisor of $7 million in accordance with the sponsor services agreement dated January 26, 2005, as amended. These payments were related to the sale of the oxo products and derivatives businesses and the acquisition of APL (Note 4).

28. Earnings (Loss) Per Share

	Year Ended December 31,					
	2009		2008		2007	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
	As Adjusted (Note 31) (In $ millions, except for share and per share data)					
Amounts attributable to Celanese Corporation						
Earnings (loss) from continuing operations	494	494	371	371	326	326
Earnings (loss) from discontinued operations	4	4	(90)	(90)	90	90
Net earnings (loss)	498	498	281	281	416	416
Less: cumulative preferred stock dividend	(10)	—	(10)	—	(10)	—
Net earnings (loss) available to common shareholders	488	498	271	281	406	416
Weighted average shares — basic	143,688,749	143,688,749	148,350,273	148,350,273	154,475,020	154,475,020
Dilutive stock options		1,167,922		2,559,268		4,344,644
Dilutive restricted stock units		172,246		504,439		362,130
Assumed conversion of preferred stock		12,086,604		12,057,893		12,046,203
Weighted average shares — diluted	143,688,749	157,115,521	148,350,273	163,471,873	154,475,020	171,227,997
Per share						
Earnings (loss) from continuing operations	3.37	3.14	2.44	2.27	2.05	1.90
Earnings (loss) from discontinued operations	0.03	0.03	(0.61)	(0.55)	0.58	0.53
Net earnings (loss)	3.40	3.17	1.83	1.72	2.63	2.43

The following securities were not included in the computation of diluted net earnings per share as their effect would have been antidilutive:

	Year Ended December 31,		
	2009	2008	2007
Stock options	2,433,515	2,298,159	336,133
Restricted stock units	302,635	90,625	—
Total	2,736,150	2,388,784	336,133

29. Ticona Kelsterbach Plant Relocation

In November 2006, the Company finalized a settlement agreement with the Frankfurt, Germany, Airport ("Fraport") to relocate the Kelsterbach, Germany Ticona business, included in the Advanced Engineered Materials segment, 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 by mid-2011. Under the original agreement, Fraport agreed to pay Ticona a total of €670 million over a five-year period to offset the costs associated with the transition of the business from its current location and the closure of the Kelsterbach plant. In February 2009, the Company announced the Fraport supervisory board approved the acceleration of the 2009 and 2010 payments of €200 million and €140 million, respectively, required by the settlement agreement signed in June 2007. In February 2009, the Company received a discounted amount of €322 million ($412 million) under this

agreement. In addition, the Company received €59 million ($75 million) in value-added tax from Fraport which was remitted to the tax authorities in April 2009. In June 2008, the Company received €200 million ($311 million) from Fraport under this agreement. Amounts received from Fraport are accounted for as deferred proceeds and are included in noncurrent Other liabilities in the consolidated balance sheets.

Below is a summary of the financial statement impact associated with the Ticona Kelsterbach plant relocation:

	Year Ended December 31,		Total From Inception Through December 31, 2009
	2009	2008	
	(In $ millions)		
Proceeds received from Fraport	412	311	749
Costs expensed	16	12	33
Costs capitalized	373[1]	202[1]	616

[1] Includes increase in accrued capital expenditures of $22 million and $17 million for the years ended December 31, 2009 and 2008, respectively.

30. Insurance Recoveries

In May 2007, the Company announced that it had an unplanned outage at its Clear Lake, Texas acetic acid facility. At that time, the Company originally expected the outage to last until the end of May. Upon restart of the facility, additional operating issues were identified which necessitated an extension of the outage for further, more extensive repairs. In July 2007, the Company announced that the further repairs were unsuccessful on restart of the unit. All repairs were completed in early August 2007 and normal production capacity resumed. During the years ended December 31, 2009 and 2008, the Company recorded $6 million and $38 million, respectively, of insurance recoveries from its reinsurers in partial satisfaction of claims that the Company made based on losses resulting from the outage. These insurances recoveries are included in Other (charges) gains, net in the consolidated statements of operations (Note 18).

In October 2008, the Company declared force majeure on its specialty polymers products produced at its EVA Performance Polymers facility in Edmonton, Alberta, Canada as a result of certain events and subsequent cessation of production. The Company replaced damaged long-lived assets during 2009. Any contingent liabilities associated with the outage may be mitigated by the Company’s insurance policies.

31. Subsequent Events

Dividends

On January 5, 2010, the Company declared a cash dividend of $0.265625 per share on its Preferred Stock amounting to $3 million and a cash dividend of $0.04 per share on its Series A common stock amounting to $6 million. Both cash dividends are for the period from November 2, 2009 to January 31, 2010 and were paid on February 1, 2010 to holders of record as of January 15, 2010.

On April 5, 2010, the Company declared a cash dividend of $0.04 per share on its Common Stock amounting to $6 million. The cash dividends are for the period from February 1, 2010 to April 30, 2010 and were paid on May 1, 2010 to holders of record as of April 15, 2010.

On April 26, 2010, the Company announced that its Board of Directors approved a 25% increase in the Company’s quarterly Common Stock cash dividend. The Directors increased the quarterly dividend rate

from $0.04 to $0.05 per share of Common Stock on a quarterly basis and $0.16 to $0.20 per share of Common Stock on an annual basis. The new dividend rate is applicable to dividends payable beginning in August 2010.

On July 1, 2010, the Company declared a cash dividend of $0.05 per share on its Common Stock amounting to $8 million. The cash dividends are for the period from May 1, 2010 to July 31, 2010 and were paid on August 2, 2010 to holders of record as of July 15, 2010.

Preferred Stock

On February 1, 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 9.6 million 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"), at any time prior to 5:00 p.m., New York City time, on February 19, 2010. As of such date, holders of Preferred Stock had 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 on February 22, 2010 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. The Company recorded expense of less than $1 million in 2010 in Additional paid-in capital related to the conversion and redemption of the Preferred Stock

Treasury Stock

During 2010, the Company repurchased a total of 1,473,492 shares of its Series A common stock at an average purchase price of $27.82 per share for a total of $41 million. The Company has the ability to repurchase an additional $81 million of Series A common stock based on the Board of Director's authorization of $500 million.

Purchase Obligations

During the first quarter of 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 in 2010 on the unamortized prepayment balance of $22 million. The accelerated amortization was recorded in 2010 to Cost of sales as follows: $20 million was recorded in the Acetyl Intermediates segment and $2 million was recorded in the Advanced Engineered Materials segment.

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 the Ibn Sina joint venture agreement in 1981. In April 2010, the Company announced that Ibn Sina will construct a 50,000 ton polyacetal ("POM") production facility in Saudi Arabia and that the term of the joint venture agreement was extended until 2032. Upon

successful startup of the POM facility, the Company's indirect economic interest in Ibn Sina will increase from 25% to 32.5%. SABIC's economic interest will remain unchanged.

In connection with this transaction, the Company reassessed the factors surrounding the accounting method for this investment and changed the accounting from the cost method of accounting for investments to the equity method of accounting for investments beginning April 1, 2010. Financial information relating to this investment for prior periods has been retrospectively adjusted to apply the equity method of accounting. Effective April 1, 2010, the Company moved its investment in the Ibn Sina affiliate from its Acetyl Intermediates segment to its Advanced Engineered Materials segment to reflect the change in the affiliate's business dynamics and growth opportunities as a result of the future construction of the POM facility. Business segment information for prior periods included in Note 26 has been retrospectively adjusted to reflect the change.

The retrospective effect of applying the equity method of accounting to this investment to the consolidated statements of operations is as follows:

	Year Ended December 31,								
	2009			2008			2007		
	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change
	(In $ millions, except per share data)								
Equity in net earnings (loss) of affiliates	48	99	51	54	172	118	82	150	68
Dividend income — cost investments	98	57	(41)	167	48	(119)	116	38	(78)
Earnings (loss) from continuing operations before tax	241	251	10	434	433	(1)	447	437	(10)
Earnings (loss) from continuing operations	484	494	10	371	370	(1)	337	327	(10)
Net earnings (loss)	488	498	10	281	280	(1)	427	417	(10)
Net earnings (loss) attributable to Celanese Corporation	488	498	10	282	281	(1)	426	416	(10)
Net earnings (loss) available to common shareholders	478	488	10	272	271	(1)	416	406	(10)
Earnings (loss) per common share — basic									
Continuing operations	3.30	3.37	0.07	2.44	2.44	-	2.11	2.05	(0.06)
Discontinued operations	0.03	0.03	-	(0.61)	(0.61)	-	0.58	0.58	-
Net earnings (loss) — basic	3.33	3.40	0.07	1.83	1.83	-	2.69	2.63	(0.06)
Earnings (loss) per common share — diluted									
Continuing operations	3.08	3.14	0.06	2.28	2.27	(0.01)	1.96	1.90	(0.06)
Discontinued operations	0.03	0.03	-	(0.55)	(0.55)	-	0.53	0.53	-
Net earnings (loss) — diluted	3.11	3.17	0.06	1.73	1.72	(0.01)	2.49	2.43	(0.06)

The retrospective effect of applying the equity method of accounting to this investment to the consolidated balance sheet is as follows:

	As of December 31,					
	2009			2008		
	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change
	(In $ millions)					
Investments in affiliates	790	792	2	789	781	(8)
Total assets	8,410	8,412	2	7,166	7,158	(8)
Retained earnings	1,502	1,505	3	1,047	1,040	(7)
Accumulated other comprehensive income (loss), net	(659)	(660)	(1)	(579)	(580)	(1)
Total Celanese Corporation shareholders' equity	584	586	2	182	174	(8)
Total shareholders' equity	584	586	2	184	176	(8)
Total liabilities and shareholders' equity	8,410	8,412	2	7,166	7,158	(8)

The retrospective effect of applying the equity method of accounting to this investment to the consolidated statement of cash flows is as follows:

	Year Ended December 31,								
	2009			2008			2007		
	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change
	(In $ millions)								
Net earnings (loss)	488	498	10	281	280	(1)	427	417	(10)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities									
Other, net	22	12	(10)	36	37	1	(2)	8	10

The retrospective effect of applying the equity method of accounting to this investment to the business segment financial information (Note 26) is as follows:

	Year Ended December 31,								
	2009			2008			2007		
	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change	As Originally Reported	As Adjusted for Retrospective Application	Effect of Change
	(In $ millions)								
Advanced Engineered Materials Earnings (loss) from continuing operations before tax	62	114	52	69	190	121	189	260	71
Acetyl Intermediates Earnings (loss) from continuing operations before tax	144	102	(42)	434	312	(122)	694	613	(81)

Plant Closures

In April 2010, the Company announced it was considering a plan to consolidate its global acetate manufacturing capabilities by proposing the closure of its acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom. The consolidation is designed to strengthen the Company's competitive position, reduce fixed costs and align future production capacities with anticipated industry demand trends. The consolidation is also driven by a global shift in product consumption. The Company would expect 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.

During the first quarter of 2010, the Company concluded that certain long-lived assets of the Spondon, Derby, United Kingdom facility were partially impaired. Accordingly, in 2010 the Company recorded long-lived asset impairment losses of $72 million to Other (charges) gains, net. The Spondon, Derby, United Kingdom facility is included in the Consumer Specialties segment.

On August 24, 2010 the Company announced it had concluded it will consolidate its global acetate manufacturing capabilities by closing its acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom. The Company has been consulting with employees and their representatives since the announced proposed cessation of operations at the Spondon plant made on April 27, 2010. These consultations did not result in a demonstrated basis for viable continuing operations for acetate flake and tow operations at the site and therefore, the Company intends to cease operations in the latter part of 2011.

Acquisitions

On May 5, 2010, the Company acquired two product lines, Zenite ® liquid crystal polymer ("LCP") and Thermx ® polycyclohexylene-dimethylene terephthalate ("PCT"), from DuPont Performance Polymers. The acquisition will continue 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 application markets. 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. During 2010, the Company incurred $1 million in direct transaction costs as a result of this acquisition.

The Company allocated the purchase price of the acquisition to identifiable intangible assets acquired based on their estimated fair values. The excess of purchase price over the aggregate fair values was recorded as goodwill. Intangible assets were valued using the relief from royalty and discounted cash flow methodologies which are considered a Level 3 measurement under 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. Discount rates, royalty rates, growth rates and sales projections are the assumptions most sensitive and susceptible to change as they require significant management judgment. The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. The Company, with the assistance of third-party valuation consultants, calculated the fair value of the intangible assets acquired to allocate the purchase price at the respective acquisition date.

The consideration paid for the product lines 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		46
Intangible assets acquired		
Trademarks and trade names	indefinite	9
Developed technology	10	7
Covenant not to compete and other	3	11
Customer-related intangible assets	10	6
Goodwill		13
Total		46

In connection with the acquisition, the Company has committed to purchase certain inventory at a future date valued at a range between $12 million and $17 million.

Commitments and Contingencies

During 2010, the following litigation matters (Note 24) were updated to reflect new facts: Polyester Staple Antitrust Litigation; Award Proceedings in relation to Domination Agreement and Squeeze-Out; and Purchase Obligations.

Interest Rate Risk Management

On August 27, 2010 the Company executed an interest rate swap with a notional amount of $1.1 billion. As a result of the swap, the Company has fixed the LIBOR portion of $1.1 billion of the Company's floating rate debt at 1.7125% effective January 2, 2012 through January 2, 2014.

Debt Refinancing

On September 7, 2010, the Company announced it is in the process of issuing $400 million of senior unsecured notes due in 2018 (the “Notes”) through its wholly-owned subsidiary Celanese US. The Notes will be senior unsecured obligations of Celanese US and the Company. The proceeds from this offering will be used for general corporate purposes, including the repayment of existing senior secured credit facility indebtedness. In connection with this offering, the Company is seeking to amend its existing senior credit facility, which consists of $2,280 million of US dollar denominated and €400 million of Euro-denominated term loans due in 2014, a $600 million revolving credit facility terminating in 2013 and a $228 million credit-linked revolving facility terminating in 2014. The proposed amendment would, among other things, amend certain terms and conditions of the credit facilities and extend the maturity of portions of the facilities. The proposed transaction would extend (i) the maturity of a portion of the existing term loan to October 2016 and (ii) the maturity of a portion of the existing revolving credit facility to October 2015. The Company also intends to repay approximately $200 million of its term loans using cash on hand. The extended facilities will be subject to modified interest rates.

Exhibit 99.2

BUSINESS

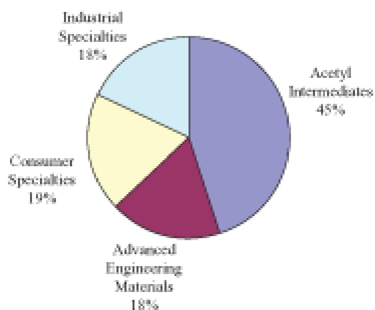
Overview

We are a leading 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 end-use 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 markets 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 share of global production capacity, operating efficiencies, proprietary production technology and competitive cost structures.

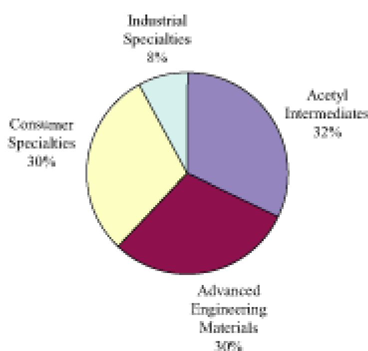
Our large and diverse global customer base consists of major companies in a broad array of industries. We hold geographically balanced global positions and participate in diversified end-use applications. We combine a demonstrated track record of execution, strong performance built on shared principles 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.

Based in Dallas, Texas, our operations are primarily located in North America, Europe and Asia and consist of 29 global production facilities (39, including our affiliates) and, as of June 30, 2010, employ approximately 7,200 employees worldwide. For the twelve months ended June 30, 2010, we generated net sales of $5,597 million and Operating EBITDA of $1,042 million. The following charts present a percentage of share breakdown of net sales and Operating EBITDA by segment and net sales by region, in each case for the twelve months ended June 30, 2010.

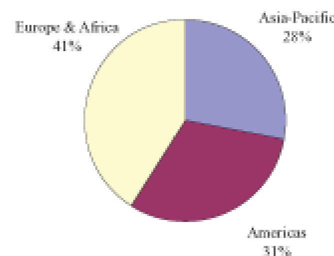
Net Sales by Business Segment (1)(2)



Operating EBITDA by Business Segment (2)



Net Sales by Region (1)(2)



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(1) Excludes $386 million of intersegment sales eliminated in consolidation.

(2) Excludes our Other Activities segment.

Business Segments

We operate principally through four business segments: Advanced Engineered Materials, Consumer Specialties, Industrial Specialties and Acetyl Intermediates. The table below illustrates each business segment's net sales for the twelve months ended June 30, 2010, as well as each business segment's major products and end-use applications.

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates
LTM June 30, 2010 Net Sales [(1)]	$1,023 million	$1,057 million	$976 million	$2,539 million
Key Products	• Polyacetal products ("POM") • Polyphenylene sulfide ("PPS") • Polybutylene terephthalate ("PBT") • Long-fiber reinforced thermoplastics ("LFT") • Ultra-high molecular weight polyethylene ("GUR ®") • Liquid crystal polymers ("LCP")	• Acetate tow • Acetate flake • Sunett ® sweetener • Sorbates	• Conventional emulsions • Vinyl acetate ethylene emulsions ("VAE") • Low-density polyethylene resins ("LDPE") • Ethylene vinyl acetate ("EVA") resins and compounds	• Acetic acid • Vinyl acetate monomer ("VAM") • Acetic anhydride • Acetaldehyde • Ethyl acetate • Butyl acetate • Formaldehyde
Major End-Use Applications	• Fuel system components • Conveyor systems • Battery separators • Electronics • Automotive safety systems • Appliances • Electronics • Filtrations • Medical devices • Telecommunications	• Filter products • Beverages • Confections • Baked goods	• Photovoltaic cell systems • Paints • Coatings • Adhesives • Textiles • Paper finishing • Flexible packaging • Lamination products • Medical tubing • Automotive parts	• Paints • Coatings • Adhesives • Lubricants • Pharmaceuticals • Films • Textiles • Inks • Plasticizers • Esters • Solvents

(1) Consolidated net sales of $5,597 million for the twelve months ended June 30, 2010 also includes $2 million in net sales from Other Activities, which is attributable to our captive insurance companies. Net Sales for Consumer Specialties and Acetyl Intermediates excludes inter-segment sales of $386 million for the twelve months ended June 30, 2010.

Advanced Engineered Materials

Our Advanced Engineered Materials segment develops, produces and supplies a broad portfolio of high performance technical polymers for application in automotive and electronics products, as well as other consumer and industrial applications. Together with our strategic affiliates, we are a leading participant in the global technical polymers industry. The primary products of Advanced Engineered Materials are POM, PPS, PBT, LFT, GUR ® and LCP. These materials 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 uses for LCP are electrical and electronics.

Advanced Engineered Materials' technical polymers have chemical and physical properties enabling them, among other things, to withstand extreme temperatures, resist chemical reactions with solvents and withstand fracturing or stretching. These products are used in a wide range of performance-demanding applications in the automotive and electronics sectors as well as in other consumer and industrial goods.

Advanced Engineered Materials works in concert with its customers to enable innovations and develop new or enhanced products. Advanced Engineered Materials focuses its efforts on developing new markets and applications for its product lines, often developing custom formulations to satisfy the technical and processing requirements of a customer's applications. For example, Advanced Engineered Materials has collaborated with fuel system suppliers to develop an acetal copolymer with the chemical and impact resistance necessary to withstand exposure to hot diesel fuels in the new generation of common rail diesel engines. The product can also be used in automotive fuel sender units where it remains stable at the high operating temperatures present in direct-injection diesel engines and can meet the requirements of the new generation of biofuels.

Prices for most of these products, particularly specialized product grades for targeted applications, generally reflect the value added in complex polymer chemistry, precision formulation and compounding, and the extensive application development services provided. These specialized products are not typically susceptible to cyclical swings in pricing.

Sales from the Advanced Engineered Materials business represented 16%, 15% and 16% of our consolidated net sales for the years ended December 31, 2009, 2008 and 2007, respectively. Operating EBITDA from the Advanced Engineered Materials business represented 20%, 23% and 23% of our total Operating EBITDA (excluding the Other Activities segment) for the years ended December 31, 2009, 2008, and 2007, respectively. Sales from the Advanced Engineered Materials business represented 18% of our consolidated net sales for the twelve months ended June 30, 2010. Operating EBITDA from the Advanced Engineering Materials business represented 30% of our total operating EBITDA (excluding the Other Activities segment) for the twelve months ended June 30, 2010.

Key Products

POM. Also known in the chemical industry as polyoxymethylene or polyacetal, POM is sold under the trademark Hostaform ® in all regions but North America, where it is sold under the trademark Celcon ®. Polyplastics and KEPCO are leading suppliers of POM and other engineering resins in the Asia-Pacific region. POM is used for mechanical parts, including door locks and seat belt mechanisms, in automotive applications and in electrical, consumer and medical applications such as drug delivery systems and gears for large appliances. POM, and other engineering resins, are manufactured in the Asia-Pacific region by PolyPlastics, our 45%-owned strategic venture and KEPCO, our 50%-owned strategic venture.

The primary raw material for POM is formaldehyde, which is manufactured from methanol. Advanced Engineered Materials currently purchases formaldehyde in the United States from our Acetyl Intermediates segment and, in Europe, manufactures formaldehyde from purchased methanol.

Our strategic joint venture in Saudi Arabia, known as National Methanol Company or "Ibn Sina," produces methanol and methyl tertiary-butyl ether ("MTBE"). We recently announced the extension of our Ibn Sina joint venture, including the construction of a new 50,000 ton POM manufacturing facility in Saudi Arabia. Engineering and construction on the facility is expected to begin in 2010.

LFT. Celstran ® and Compel ® are long-fiber reinforced thermoplastics, which impart extra strength and stiffness, making them more suitable for larger parts than conventional thermoplastics and both products are used in automotive, transportation and industrial applications.

GUR ®. A highly engineered material designed for heavy-duty automotive and industrial applications, GUR is used in items such as car battery separator panels, industrial conveyor belts and specialty medical and consumer applications, such as sports equipment and prostheses. GUR ® micro powder grades are used for high-performance filters, membranes, diagnostic devices, coatings and additives for thermoplastics and elastomers. GUR ® fibers are also used in protective ballistic applications.

Polyesters. Our products also include certain polyesters such as Celanex ® PBT, Celanex ® PET, Vandar ®, a series of PBT-polyester blends and Riteflex ®, a thermoplastic polyester elastomer, used in both a wide variety of automotive, electrical and consumer applications, including ignition system parts, radiator grilles, electrical switches, appliance and sensor housings, LEDs and technical fibers. Raw materials for polyesters vary. Base monomers, such as dimethyl terephthalate and PTA, are widely available with pricing dependent on broader polyester fiber and packaging resins market conditions. Smaller volume specialty co-monomers for these products are typically supplied by a limited number of companies.

Liquid crystal polymers, such as Vectra ® and Zenite ®, are used in electrical and electronics applications and for precision parts with thin walls and complex shapes or in high heat cookware applications.

Fortron ®, a PPS product, is used in a wide variety of automotive and other applications, especially those requiring heat and/or chemical resistance, including fuel system parts, radiator pipes and halogen lamp housings, often replacing metal. Other possible application fields include non-woven filtration devices such as coal fired power plants. Fortron ® is manufactured by Fortron Industries LLC ("Fortron"), Advanced Engineered Materials' 50%-owned strategic venture with Kureha Corporation of Japan.

Facilities

Between Advanced Engineered Materials and its affiliates, we have polymerization, compounding and research and technology centers in Germany, Brazil, China, South Korea, Japan, the United States and Saudi Arabia.

Geographic Regions

The following table illustrates the destination of the net sales of the Advanced Engineered Materials segment by geographic region.

Net Sales to External Customers by Destination—Advanced Engineered Materials

	Year Ended December 31,					
	2009		2008		2007	
	$	% of Segment	$	% of Segment	$	% of Segment
	(Dollars in millions)					
North America	$285	35%	$ 365	34%	$ 388	38%
Europe and Africa	403	50%	553	52%	517	50%
Asia-Pacific	82	10%	106	10%	88	8%
South America	38	5%	37	4%	37	4%
Total	$808		$1,061		$1,030	

Advanced Engineered Materials' sales in Asia are made directly and through distributors including its strategic affiliates. Polyplastics, KEPCO and Fortron are accounted for under the equity method and therefore not included in Advanced Engineered Materials' consolidated net sales.

Customers

Advanced Engineered Materials' principal customers are consumer product and medical device manufacturers, as well as suppliers to the automotive industry. Because of the highly engineered nature of the end products, Advanced Engineered Materials collaborates with its customers to assist in developing and improving specialized applications and systems. Advanced Engineered Materials has strong and long-standing relationships with the majority of its customers, and also uses distributors and electronic marketplaces for its major products, in order to reach a larger customer base. For most of Advanced Engineered Materials' products, contracts with customers typically have a term of one to two years.

Competition

Advanced Engineered Materials' principal competitors include BASF AG ("BASF"), E. I. DuPont de Nemours and Company ("DuPont"), DSM N.V., Sabic Innovative Plastics and Solvay S.A. Other regional competitors include Asahi Kasei Corporation, Mitsubishi Gas Chemicals, Inc., Chevron Phillips Chemical Company, L.P., Braskem S.A., Lanxess AG, Teijin, Sumitomo, Inc. and Toray Industries Inc.

Consumer Specialties

The Consumer Specialties segment is comprised of our Acetate Products and Nutrinova businesses. Our Acetate Products business primarily produces and supplies acetate tow, which is used in the production of filtration products. We also produce acetate flake, which is processed into acetate fiber in the form of a tow band. Our Nutrinova business produces and sells Sunett ®, a high intensity sweetener, and food protection ingredients, such as sorbates, for the food, beverage and pharmaceutical industries.

Sales from the Consumer Specialties business represented 21%, 17% and 17% of our consolidated net sales for the years ended December 31, 2009, 2008 and 2007, respectively. Operating EBITDA from the Consumer Specialties business represented 36%, 24% and 20% of our total Operating EBITDA (excluding the Other Activities segment) for the years ended December 31, 2009, 2008, and 2007, respectively. Sales from the Consumer Specialties business represented 19% of our consolidated net sales for the twelve months ended June 30, 2010. Operating EBITDA from the Consumer Specialties business represented 30% of our total Operating EBITDA (excluding the Other Activities segment) for the twelve months ended June 30, 2010.

Key Products

Acetate flake and tow. According to the 2009 Stanford Research Institute International Chemical Economics Handbook, as of 2008 we were the world's leading producer of acetate tow, (inclusive of the production of our China ventures). Acetate tow is used primarily in cigarette filters. To produce acetate tow, we first produce acetate flake by processing wood pulp with acetic acid and acetic anhydride. The wood pulp comes from reforested trees and is purchased on the open market, and the acetic acid and acetic anhydride is an intermediate we produce internally from acetic acid. The acetate flake is then further processed into acetate fiber in the form of a tow band.

We have an approximate 30% interest in three manufacturing ventures in China that produce acetate flake and tow. Our partner in each of the ventures is the Chinese state-owned tobacco entity, China National Tobacco Corporation. In addition to being our production partner, China National Tobacco accounted for approximately 12% of our 2009 acetate tow sales.

Sunett sweetener. Acesulfame potassium, a high intensity sweetener marketed under the trademark Sunett ®, is used in a variety of beverages, confections and dairy products throughout the world. Sunett ® pricing for targeted applications reflects the value added by Nutrinova, through consistent product quality and reliable supply. Nutrinova's strategy is to be the most reliable and highest quality producer of this product, to develop new product applications and expand into new segments.

Nutrinova's food ingredients business consists of the production and sale of food protection ingredients, such as sorbic acid and sorbates, and high intensity sweeteners worldwide. Nutrinova's food protection ingredients are mainly used in foods, beverages and personal care products. The primary raw materials for these products are ketene and crotonaldehyde. Sorbates pricing is extremely sensitive to demand and industry capacity and is not necessarily dependent on the prices of raw materials.

Facilities

Acetate Products has production sites in the United States, Mexico, the United Kingdom and Belgium, and participates in three manufacturing ventures in China. We recently announced the shutdown of our acetate tow and flake manufacturing operations at our Spondon, United Kingdom site. We will continue to maintain our Clarifoil manufacturing operations at this site.

Nutrinova has a production facility in Germany, as well as sales and distribution facilities in all major regions of the world.

Geographic Regions

The following table illustrates the destination of the net sales of the Consumer Specialties segment by geographic region.

Net Sales to External Customers by Destination—Consumer Specialties

	Year Ended December 31					
	2009		2008		2007	
	$	% of Segment	$	% of Segment	$	% of Segment
	(Dollars in millions)					
North America	$ 176	16%	$ 194	17%	$ 201	18%
Europe and Africa	452	42%	497	43%	427	39%
Asia-Pacific	402	37%	413	36%	437	39%
South America	48	5%	51	4%	46	4%
Total	$1,078 (1)		$1,155		$1,111	

(1) Excludes inter-segment sales of $6 million for the year ended December 31, 2009.

Sales of acetate tow are principally to the major tobacco companies that account for a majority of worldwide cigarette production. Our contracts with most of our customers are entered into on an annual basis.

Nutrinova primarily markets Sunett ® to a limited number of large multinational and regional customers in the beverage and food industry under long-term and annual contracts. Nutrinova markets food protection ingredients primarily through regional distributors to small and medium sized customers and directly through regional sales offices to large multinational customers in the food industry.

Competition

Acetate Products' principal competitors include Daicel Chemical Industries Ltd. ("Daicel"), Eastman Chemical Corporation ("Eastman") and Rhodia S.A.

The principal competitors for Nutrinova's Sunett ® sweetener are Holland Sweetener Company, The NutraSweet Company, Ajinomoto Co., Inc., Tate & Lyle PLC and several Chinese manufacturers. In sorbates, Nutrinova competes with Nantong AA, Daicel, Yu Yao/Ningbo, Yancheng AmeriPac and other Chinese manufacturers of sorbates.

Industrial Specialties

Our Industrial Specialties segment is comprised of our Emulsions and EVA Performance Polymers businesses and is a leading producer of environmentally sensitive, low VOC emulsion applications. Our emulsions products are used in a wide array of applications including paints and coatings, adhesives, construction, glass fiber, textiles and paper. EVA Performance Polymers offers a complete line of low-density polyethylene and specialty EVA resins and compounds 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. EVA resins and compounds are produced in high-pressure reactors from ethylene and VAM.

Primary raw materials for our emulsions and EVA products are VAM and ethylene, which is produced by our Acetyl Intermediates business, and ethylene, which we purchase externally from a variety of sources.

Sales from the Industrial Specialties business represented 19%, 21% and 21% of our consolidated net sales for the years ended December 31, 2009, 2008 and 2007, respectively. Operating EBITDA from the Industrial Specialties business represented 11%, 9% and 9% of our total Operating EBITDA (excluding the Other Activities segment) for the years ended December 31, 2009, 2008, and 2007, respectively. Sales from the Industrial Specialties business represented 18% of our consolidated net sales for the twelve months ended June 30, 2010. Operating EBITDA from the Industrial Specialties business represented 8% of our total Operating EBITDA (excluding the Other Activities segment) for the twelve months ended June 30, 2010.

Key Products

The products in our Emulsions business include conventional vinyl- and acrylate-based emulsions and high-pressure VAE. Emulsions are made from VAM, acrylate esters and ethylene. Our Emulsions business is a leading producer of VAE in Europe. These products are a key component of water-based architectural coatings, adhesives, non-wovens, textiles, glass fiber and other applications.

EVA Performance Polymers produces low-density polyethylene and EVA resins and compounds that are used in the manufacture of hot melt adhesives, automotive carpet, lamination film products, flexible packaging films, medical tubing and solar cell encapsulation films. EVA resins and compounds are produced in high-pressure reactors from ethylene and VAM.

Facilities

The Emulsions business has production sites in the United States, Canada, China, Spain, Sweden, the Netherlands and Germany. EVA Performance Polymers has a production facility in Edmonton, Alberta, Canada.

Geographic Regions

The following table illustrates the destination of the net sales of the Industrial Specialties segment by geographic region.

Net Sales to External Customers by Destination—Industrial Specialties

	Year Ended December 31					
	2009		2008		2007	
	$	% of Segment	$	% of Segment	$	% of Segment
	(Dollars in millions)					
North America	$382	39%	$ 617	44%	$ 583	43%
Europe and Africa	504	52%	684	48%	674	50%
Asia-Pacific	78	8%	81	6%	69	5%
South America	10	1%	24	2%	20	2%
Total	$974		$1,406		$1,346	

Customers

Industrial Specialties' products are sold to a diverse group of regional and multinational customers, typically manufacturers of water-based paints and coatings, adhesives, paper, building and construction products, glass fiber, non-wovens and textiles. EVA Performance Polymers' customers are primarily manufacturers of adhesives, automotive components, packaging materials, print media and solar energy products.

Competition

Principal competitors in the Emulsions business include The Dow Chemical Company ("Dow"), BASF, Dairen, Wacker and several smaller regional manufacturers. Principal competitors for the EVA Performance Polymers resins and compounds business include DuPont, ExxonMobil Chemical, Arkema and several Asian manufacturers.

Acetyl Intermediates

Our Acetyl Intermediates segment produces and supplies acetyl products, including acetic acid, VAM, acetic anhydride and acetate esters. These products are generally used as starting materials for colorants, paints, adhesives, coatings, and medicines. Other chemicals produced in this business segment are organic solvents and intermediates for pharmaceutical, agricultural and chemical products.

Sales from the Acetyl Intermediates business represented 44%, 47% and 46% of our consolidated net sales for the years ended December 31, 2009, 2008 and 2007, respectively. Operating EBITDA from the Acetyl Intermediates business represented 33%, 44% and 48% of our total Operating EBITDA (excluding the Other Activities segment) for the years ended December 31, 2009, 2008, and 2007, respectively. Sales from the Acetyl Intermediates business represented 45% of our consolidated net sales for the twelve months ended June 30, 2010. Operating EBITDA from the Acetyl Intermediates business represented 32% of our total Operating EBITDA (excluding the Other Activities segment) for the twelve months ended June 30, 2010.

Key Products

Acetyl Products. Acetyl products include acetic acid, VAM, acetic anhydride and acetaldehyde. Acetic acid is primarily used to manufacture VAM, PTA and other acetyl derivatives. VAM is used in a variety of adhesives, paints, films, coatings and textiles. Acetic anhydride is a raw material used in the production of cellulose acetate, detergents and pharmaceuticals. Acetaldehyde is a major feedstock for the production of a variety of derivatives, such as pyridines, which are used in agricultural products. We manufacture acetic acid, VAM and acetic anhydride for our own use, as well as for sale to third parties.

Acetic acid and VAM, our basic acetyl intermediates products, are impacted by global supply and demand fundamentals and are cyclical in nature. The principal raw materials in these products are: ethylene, which we purchase from numerous sources; carbon monoxide, which we purchase under long-term contracts; and methanol, which we purchase under long-term and short-term contracts. With the exception of carbon monoxide, these raw materials are commodity products available from a wide variety of sources.

Our production of acetyl products employs leading proprietary and licensed technologies, including our proprietary AOPlus ® 2 and AOPlus ® technologies for the production of acetic acid and VAntage ® and VAntage Plus ™ VAM technology. We believe our production technology is one of the lowest cost in the industry and provides us a sustainable cost advantage over our competitors.

Solvents and Derivatives. These include a variety of solvents, formaldehyde and other chemicals, which in turn are used in the manufacture of paints, coatings, adhesives and other products.

Many solvents and derivatives products are derived from our production of acetic acid. Primary products are:

- Ethyl acetate, an acetate ester that is a solvent used in coatings, inks and adhesives and in the manufacture of photographic films and coated papers; and
- Butyl acetate, an acetate ester that is a solvent used in inks, pharmaceuticals and perfume.

Formaldehyde and formaldehyde derivative products are derivatives of methanol and are made up of the following products:

- Formaldehyde, paraformaldehyde and formcels are primarily used to produce adhesive resins for plywood, particle board, coatings, POM engineering resins and a compound used in making polyurethane; and
- Special solvents, such as crotonaldehyde, which are used by the Nutrinova line for the production of sorbates, as well as raw materials for the fragrance and food ingredients industry.

Solvents and derivatives are commodity products characterized by cyclicality in pricing. The principal raw materials used in solvents and derivatives products are acetic acid, various alcohols, methanol, ethylene and ammonia. We manufacture many of these raw materials for our own use as well as for sales to third parties, including our competitors in the solvents and derivatives business. We purchase ethylene from a variety of sources. We manufacture acetaldehyde in Europe for our own use, as well as for sale to third parties.

Facilities

Acetyl Intermediates has production sites in the United States, China, Mexico, Singapore, Spain, France and Germany. Over the last few years, we have continued to shift our production capacity to lower cost production facilities while expanding in growth areas, such as China.

Geographic Regions

The following table illustrates net sales by destination of the Acetyl Intermediates segment by geographic region.

Net Sales to External Customers by Destination—Acetyl Intermediates

	Year Ended December 31,					
	2009		2008		2007	
	$	% of Segment	$	% of Segment	$	% of Segment
	(Dollars in millions)					
North America	$ 501	22%	$ 743	23%	$ 685	23%
Europe and Africa	771	35%	1,198	37%	1,183	40%
Asia-Pacific	884	40%	1,142	36%	968	33%
South America	64	3%	116	4%	119	4%
Total	$2,220(1)		$3,199(1)		$2,955(1)	

(1) Excludes inter-segment sales of $383 million, $676 million and $660 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Customers

Our Acetyl Intermediates business markets its products both directly to customers and through distributors. Acetic acid, VAM and acetic anhydride are global businesses which have several large customers, which we generally supply under multiyear contracts. The customers of acetic acid, VAM and acetic anhydride produce polymers used in water-based paints, adhesives, paper coatings, polyesters, film modifiers, pharmaceuticals, cellulose acetate and textiles. We have long-standing relationships with many of these customers.

Solvents and derivatives are sold to a diverse group of regional and multinational customers both under multiyear contracts and on the basis of long-standing relationships. The customers of solvents and derivatives are primarily engaged in the production of paints, coatings and adhesives. We manufacture formaldehyde for our own use as well as for sale to a few regional customers that include manufacturers in the wood products and chemical derivatives industries. Specialty solvents and amines are sold globally to a wide variety of customers, primarily in the coatings and resins and the specialty products industries.

Competition

Our principal competitors in the Acetyl Intermediates segment include Sipchem, BASF, British Petroleum PLC, Chang Chun Petrochemical Co., Ltd., Daicel, Dow, Eastman, DuPont, LyondellBasell Industries, Nippon Gohsei, Perstorp Inc., Jiangsu Sopo Corporation (Group) Ltd., Showa Denko K.K., and Kuraray Co. Ltd.

Other Activities

Other Activities primarily consists of corporate center costs, including financing and administrative activities such as legal, accounting and treasury functions, interest income and expense associated with our

financing activities, and our captive insurance companies. Our two wholly-owned captive insurance companies are a key component of our global risk management program, as well as a form of self-insurance for our property, liability and workers compensation risks. The captive insurance companies issue insurance policies to our subsidiaries to provide consistent coverage amid fluctuating costs in the insurance market and to lower long-term insurance costs by avoiding or reducing commercial carrier overhead and regulatory fees. The captive insurance companies retain risk at levels approved by management and obtain reinsurance coverage from third parties to limit the net risk retained. One of the captive insurance companies also insures certain third-party risks.

Joint Ventures & Affiliates

We have a significant portfolio of strategic relationships and joint ventures in various regions, including Asia-Pacific, North America, the Middle East and Europe. Historically, we have entered into these strategic investments in order to gain access to local demand, minimize costs and accelerate growth in areas we believe have significant future business potential. Depending on the level of investment and other factors, we account for our joint ventures using either the equity method or cost method of accounting.

In the aggregate, our strategic investments generate significant sales, earnings and cash flow. For example, during the twelve months ended June 30, 2010, our equity affiliates generated combined sales of $4.5 billion resulting in $152 million of equity in earnings from affiliates during the same period.

Additionally, for the twelve months ended June 30, 2010, our Chinese acetate joint ventures generated cash dividends to us of $71 million.

The table below represents our significant strategic ventures as of June 30, 2010:

	Location	Ownership	Segment	Partner (s)	Year Entered
Equity Method Investments					
Korea Engineering Plastics Co. Ltd	South Korea	50%	Advanced Engineered Materials	Mitsubishi Gas Chemical Company, Inc./Mitsubishi Corporation	1999
Polyplastics Co., Ltd.	Japan	45%	Advanced Engineered Materials	Daicel Chemical Industries Ltd.	1964
Fortron Industries LLC	US	50%	Advanced Engineered Materials	Kureha Corporation	1992
National Methanol Company	Saudi Arabia	25%	Advanced Engineered Materials	SABIC/ Texas Eastern Arabian Corporation Ltd.	1981
Cost Method Investments					
Kunming Cellulose Fibers Co. Ltd.	China	30%	Consumer Specialties	China National Tobacco Corporation	1993
Nantong Cellulose Fibers Co. Ltd.	China	31%	Consumer Specialties	China National Tobacco Corporation	1986
Zhuhai Cellulose Fibers Co. Ltd.	China	30%	Consumer Specialties	China National Tobacco Corporation	1993

Korea Engineering Plastics Co. Ltd. Founded in 1987, KEPCO is a leading producer of POM in South Korea. Mitsubishi Gas Chemical Company, Inc. owns 40% and Mitsubishi Corporation owns 10% of KEPCO. KEPCO operates a POM plant in Ulsan, South Korea and participates with Polyplastics and Mitsubishi Gas Chemical Company, Inc. in a POM facility in Nantong, China.

Polyplastics Co., Ltd. Polyplastics is a leading supplier of engineered plastics in the Asia-Pacific region. Polyplastics' principal production facilities are located in Japan, Taiwan, Malaysia and China. We believe Polyplastics is a leading producer and marketer of POM in the Asia-Pacific region.

Fortron Industries LLC. Fortron is a leading global producer of PPS. Fortron's facility is located in Wilmington, North Carolina.

National Methanol Company (Ibn Sina). With production facilities in Saudi Arabia, Ibn Sina represents approximately 2% of the world's methanol production capacity and is one of the world's largest producers of MTBE, a gasoline additive. We indirectly own a 25% interest in Ibn Sina through CTE Petrochemicals Company, a joint venture with Texas Eastern Arabian Corporation Ltd. Texas Eastern Arabian Corporation Ltd indirectly owns an additional 25% interest in Ibn Sina, and the remaining 50% interest is held by SABIC 50%. SABIC is responsible for all product marketing.

In connection with the extension of the joint venture, we reassessed the factors surrounding the accounting method for this investment and changed the accounting from the cost method of accounting for

investments to the equity method of accounting for investments beginning April 1, 2010. Also on April 1, 2010, we announced that Ibn Sina would begin construction of a 50,000 ton POM plant in Saudi Arabia. The purpose of the plant is to supply POM to support Celanese's AEM segment growth as well as our joint venture partners' regional business development.

China acetate joint ventures. We hold an approximately 30% ownership interest (50% board representation) in three separate Acetate Products production entities in China: the Nantong, Kunming and Zhuhai Cellulose Fiber Companies. In each instance, the Chinese state-owned tobacco entity, China National Tobacco Corporation, controls the remainder. With an estimated 30% share of the world's cigarette production and consumption, China is the world's largest and fastest growing area for acetate tow products according to the 2009 Stanford Research Institute International Chemical Economics Handbook. Combined, these ventures are a market leader in Chinese domestic acetate production and are well positioned in the Chinese cigarette market.

In December 2009, we announced plans with China National Tobacco to expand our acetate flake and tow capacity at our Nantong facility. Our Chinese acetate ventures fund their operations using operating cash flow.

Our Chinese acetate joint ventures pay a dividend in the second quarter of each fiscal year, based on the ventures' performance for the preceding year. In 2009, 2008, and 2007, we received cash dividends of $56 million, $46 million, and $37 million, respectively. In addition, in 2010, we received cash dividends of $71 million for 2010.

Despite the fact that our ownership interest exceeds 20% in each of our China Acetate Products ventures, we account for these investments using the cost method of accounting because we cannot exercise significant influence over these entities. We determined that we cannot exercise significant influence over these entities due to local government investment in and influence over these entities, limitations on our involvement in the day-to-day operations and the present inability of the entities to provide timely financial information prepared in accordance with accounting principles generally accepted in the United States.

Other Equity Investments

InfraServs. We hold ownership interests in several entities located in Germany that own and develop industrial parks and provide on-site general and administrative support to tenants. The table below represents our equity investments in InfraServ ventures as of June 30, 2010:

Company	Ownership %
InfraServ GmbH & Co. Gendorf KG	39%
InfraServ GmbH & Co. Knapsack KG	27%
InfraServ GmbH & Co. Hoechst KG	32%

Raw Materials and Energy

We purchase a variety of raw materials and energy from sources in many countries for use in our production processes. We have a policy of maintaining, when available, multiple sources of supply for materials. However, some of our individual plants may have single sources of supply for some of their raw materials, such as carbon monoxide, steam and acetaldehyde. Although we have been able to obtain sufficient supplies of raw materials, there can be no assurance that unforeseen developments will not affect our raw materials supply. Even if we have multiple sources of supply for a raw material, there can be no assurance that these sources can make up for the loss of a major supplier. There cannot be any guarantee that profitability will not be affected should we be required to qualify additional sources of supply to our specifications in the

event of the loss of a sole supplier. In addition, the price of raw materials varies, often substantially, from year to year.

A substantial portion of our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Our production facilities rely largely on fuel oil, natural gas and electricity for energy. Most of the raw materials for our European operations are centrally purchased by one of our subsidiaries, which also buys raw materials on behalf of third parties. We manage our exposure through forward purchase contracts, long-term supply agreements and multiyear purchasing and sales agreements.

We also currently purchase and lease supplies of various precious metals, such as rhodium, used as catalysts for the manufacture of Acetyl Intermediates products. For precious metals, the leases are distributed between a minimum of three lessors per product and are divided into several contracts.

Research and Development

All of our businesses conduct research and development activities to increase competitiveness. Our businesses are innovation-oriented and conduct research and development activities to develop new, and optimize existing, production technologies, as well as to develop commercially viable new products and applications. We consider the amounts spent during each of the last three fiscal years on research and development activities to be sufficient to drive our current strategic initiatives.

Intellectual Property

We attach significant importance to patents, trademarks, copyrights and product designs in order to protect our investment in research and development, manufacturing and marketing. Patents may cover processes, products, intermediate products and product uses. We also seek to register trademarks extensively as a means of protecting the brand names of our products. We protect our intellectual property vigorously against infringement and also seek to register design protection where appropriate.

Patents. In most industrial countries, patent protection exists for new substances and formulations, as well as for unique applications and production processes. However, we do business in regions of the world where intellectual property protection may be limited and difficult to enforce. We maintain strict information security policies and procedures wherever we do business. Such information security policies and procedures include data encryption, controls over the disclosure and safekeeping of confidential information, as well as employee awareness training. Moreover, we monitor competitive developments and vigorously defend against infringements of our intellectual property rights.

Trademarks. AOPlus ® 2, AOPlus ®, VAntage ®, VAntage Plus ™, BuyTiconaDirect ™, Celanex ®, Celcon ®, Celstran ®, Celvolit ®, Compel ®, Erkol ®, GUR ®, Hostaform ®, Impet ®, Mowilith ®, Nutrinova ®, Riteflex ®, Sunett ®, Vandar ®, Vectra ®, Vinamul ®, EcoVAE ®, Duroset ®, Ateva ®, Acetex ®, and certain other products and services named in this document are trademarks, service marks or registered trademarks of Celanese. The foregoing is not intended to be an exhaustive or comprehensive list of all trademarks, service marks or registered trademarks owned by Celanese. Fortron ® is a registered trademark of Fortron Industries LLC, one of Celanese's equity investments.

Neither Celanese nor any particular business segment is materially dependent upon any one patent, trademark, copyright or trade secret.

Environmental and Other Regulation

We are 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. We believe that we are in substantial compliance with all applicable environmental laws and regulations. We are also subject to retained environmental obligations specified in various contractual agreements arising from the divestiture of certain businesses by us or one of our predecessor companies.

Due to our industrial history and through retained contractual and legal obligations, we have the obligation to remediate specific areas on our own sites as well as on divested, orphan or US Superfund sites (as defined below). In addition, as part of the demerger agreement between us and Hoechst AG ("Hoechst"), a specified portion of the responsibility for environmental liabilities from a number of Hoechst divestitures was transferred to us. We provide for such obligations when the event of loss is probable and reasonably estimable.

In the US, we 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, we have 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 approximately 40 sites. At most of these sites, numerous companies, including certain of our subsidiaries and 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 most of these proceedings is uncertain. Consequently, we cannot accurately determine our ultimate liability for investigation or cleanup costs at these sites.

As events progress at each site for which we have been named a PRP, we accrue, as appropriate, a liability for site cleanup. Such liabilities include all costs that are probable and can be reasonably estimated. In establishing these liabilities, we consider our shipment of waste to a site, our 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 we join 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, we routinely review the liabilities and revise the estimate, as appropriate, based on the most current information available.

Employees

As of June 30, 2010, we had approximately 7,200 employees worldwide. The following table sets forth the approximate number of employees on a continuing basis.

	Employees as of June 30, 2010
North America	
US	2,350
Canada	250
Mexico	700
Total	**3,300**
Europe	
Germany	1,600
Other Europe	1,500
Total	**3,100**
Asia	**750**
Rest of World	**50**
Total	**7,200**

Many of our employees are unionized, particularly in Germany, Canada, Mexico, Brazil, Belgium and France. In the United States, however, less than one quarter of our employees are unionized. Moreover, in Germany and France, wages and general working conditions are often the subject of centrally negotiated collective bargaining agreements. Within the limits established by these agreements, our various subsidiaries negotiate directly with the unions and other labor organizations, such as workers' councils, representing the employees. Collective bargaining agreements between the German chemical employers associations and unions relating to remuneration generally have a term of one year, while in the United States a three year term for collective bargaining agreements is typical. We offer comprehensive benefit plans for employees and their families and believe our relations with employees are satisfactory.

Backlog

We do not consider backlog to be a significant indicator of the level of future sales activity. In general, we do not manufacture our products against a backlog of orders. Production and inventory levels are based on the level of incoming orders as well as projections of future demand. Therefore, we believe that backlog information is not material to understanding our overall business and should not be considered a reliable indicator of our ability to achieve any particular level of revenue or financial performance.

Properties

Description of Property

We own or lease numerous production and manufacturing facilities throughout the world. We also own or lease other properties, including office buildings, warehouses, pipelines, research and development facilities and sales offices. We continuously review and evaluate our facilities as a part of our strategy to

optimize our business portfolio. The following table sets forth a list of our principal production and other facilities throughout the world as of June 30, 2010.

Site	Leased/Owned	Products/Functions
Corporate Offices		
Budapest, Hungary	Leased	Administrative offices
Dallas, Texas, US	Leased	Corporate headquarters
Mexico City, Mexico	Leased	Administrative offices
Shanghai, China	Leased	Administrative Offices
Singapore	Leased	Administrative Offices
Sulzbach, Germany	Leased	Administrative Offices
Advanced Engineered Materials		
Auburn Hills, Michigan, US	Leased	Automotive Development Center
Bishop, Texas, US	Owned	POM, GUR ®, Compounding
Florence, Kentucky, US	Owned	Compounding
Fuji City, Japan	Owned by Polyplastics Co., Ltd. (6)	POM, PBT, LCP, Compounding
Kelsterbach, Germany	Owned	LFT, POM, Compounding
Kuantan, Malaysia	Owned by Polyplastics Co., Ltd. (6)	POM, Compounding
Kaiserslautern, Germany (1)	Leased	LFT
Oberhausen, Germany (1)	Leased	GUR ®
Shelby, North Carolina, US	Owned	LCP, PBT, PET, Compounding
Suzano, Brazil	Owned	Compounding
Ulsan, South Korea	Owned by Korea Engineering Plastics Co., Ltd. (6)	POM
Wilmington, North Carolina, US	Owned by Fortron Industries LLC (6)	PPS
Winona, Minnesota, US	Owned	LFT
Nanjing, China (2)	Leased	LFT, GUR ®
Consumer Specialties		
Frankfurt am Main, Germany (3)	Owned by InfraServ GmbH & Co. Hoechst KG (6)	Sorbates, Sunett ® sweetener
Kunming, China	Owned by Kunming Cellulose Fibers Co. Ltd. (5)	Acetate tow, Acetate flake
Lanaken, Belgium	Owned	Acetate tow
Nantong, China	Owned by Nantong Cellulose Fibers Co. Ltd. (5)	Acetate tow, Acetate flake
Narrows, Virginia, US	Owned	Acetate tow, Acetate flake
Ocotlán, Jalisco, Mexico	Owned	Acetate tow, Acetate flake
Spondon, Derby, UK	Owned	Acetate tow, Acetate flake
Zhuhai, China	Owned by Zhuhai Cellulose Fibers Co. Ltd. (5)	Acetate tow, Acetate flake
Industrial Specialties		
Boucherville, Quebec, Canada	Owned	Conventional emulsions
Enoree, South Carolina, US	Owned	Conventional emulsions, Vinyl acetate ethylene emulsions
Edmonton, Alberta, Canada	Owned	LDPE, EVA
Frankfurt am Main, Germany (3)	Owned by InfraServ GmbH & Co. Hoechst KG (6)	Conventional emulsions, Vinyl acetate ethylene emulsions
Geleen, Netherlands	Owned	Vinyl acetate ethylene emulsions
Meredosia, Illinois, US	Owned	Conventional emulsions, Vinyl acetate ethylene emulsions
Nanjing, China (2)	Leased	Conventional emulsions, Vinyl acetate ethylene emulsions
Perstorp, Sweden	Owned	Conventional emulsions, Vinyl acetate ethylene emulsions
Tarragona, Spain (4)	Owned by Complejo Industrial Taqsa AIE (5)	Conventional emulsions, Vinyl acetate ethylene emulsions
Warrington, UK	Owned	Site is no longer operating as of December 31, 2009.

Site	Leased/Owned	Products/Functions
Acetyl Intermediates		
Bay City, Texas, US [1]	Leased	VAM
Bishop, Texas, US	Owned	Formaldehyde
Cangrejera, Veracruz, Mexico	Owned	Acetic anhydride, Ethyl acetate
Clear Lake, Texas, US	Owned	Acetic acid, VAM
Frankfurt am Main, Germany [3]	Owned by InfraServ GmbH & Co. Hoechst KG [6]	Acetaldehyde, VAM, Butyl acetate
Jubail, Saudi Arabia	Owned by Ibn Sina [5]	Methyl tertiary-butyl ether, Methanol
Jurong Island, Singapore [1]	Leased	Acetic acid, Butyl acetate, Ethyl acetate, VAM
Nanjing, China [2]	Leased	Acetic acid, Acetic anhydride, VAM
Pampa, Texas, US	Owned	Site is no longer operating as of December 31, 2009.
Pardies, France	Owned	Site is no longer operating as of December 31, 2009.
Roussillon, France [1]	Leased	Acetic anhydride
Tarragona, Spain [4]	Owned by Complejo Industrial Taqsa AIE [6]	VAM

(1) Celanese owns the assets on this site, but utilizes the land through the terms of a long-term land lease.

(2) Multiple Celanese business segments conduct operations at the Nanjing facility. Celanese owns the assets on this site, but utilizes the land through the terms of a long-term land lease.

(3) Multiple Celanese business segments conduct operations at the Frankfurt facility.

(4) Multiple Celanese business segments conduct operations at the Tarragona site. Celanese owns its assets at the facility but shares ownership in the land. Celanese's ownership percentage in the land is 15%.

(5) A Celanese cost method investment.

(6) A Celanese equity method investment.

Legal Proceedings

We are involved in a number of legal and regulatory proceedings, lawsuits and claims incidental to the normal conduct of our business, relating to such matters as product liability, antitrust, intellectual property, workers' compensation, prior acquisitions, past waste disposal practices and release of chemicals into the environment. While it is impossible at this time to determine with certainty the ultimate outcome of these proceedings, lawsuits and claims, we are actively defending those matters where the Company is named as a defendant. Additionally, we believe, based on the advice of legal counsel, that adequate reserves have been made and that the ultimate outcomes of all such litigation claims will not have a material adverse effect on our financial position, but may have a material adverse effect on our results of operations or cash flows in any given accounting period. For a discussion of commitments and contingencies related to legal and regulatory proceedings, see Note 17 to our unaudited consolidated financial statements for the six months ended June 30, 2010, which are included in this offering memorandum, and Note 24 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a leading, 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 end-use applications. As an industry leader, we hold geographically balanced global positions and participate in diversified end-use markets. Our operations are primarily located in North America, Europe and Asia. 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.

2010 Significant Events:

- We announced a plan to close our acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom in the latter part of 2011.
- We acquired two product lines, Zenite ® LCP and Thermx ® PCT, from DuPont Performance Polymers.
- We announced five-year Environmental Health and Safety sustainability goals for occupational safety performance, energy intensity, greenhouse gases and waste management for the year 2015.
- We received American Chemistry Council's ("ACC") 2010 Responsible Care Initiative of the Year Award. This award recognizes companies that demonstrate leadership in the areas of employee health and safety, security or environmental protection in the chemical industry.
- We announced the construction of a 50,000 ton POM production facility by our National Methanol Company affiliate ("Ibn Sina") in Saudi Arabia and extended the term of the joint venture, which will now run until 2032. Upon successful startup of the POM facility, our indirect economic interest in Ibn Sina will increase from 25% to a total of 32.5%.
- We received formal approval of our previously announced plans to expand flake and tow capacities, each by 30,000 tons, at our affiliate facility in Nantong, China, with our affiliate partner, China National Tobacco Corporation.
- We announced a 25% increase in our quarterly common stock cash dividend beginning August 2010. The annual dividend rate will increase from $0.16 to $0.20 per share of common stock and the quarterly rate will increase from $0.04 to $0.05 per share of common stock.
- We redeemed all of our Convertible Perpetual Preferred Stock for Series A Common Stock on February 22, 2010.

2009 Significant Events:

- We announced the Frankfurt, Germany Airport ("Fraport") supervisory board approved the acceleration of the 2009 and 2010 payments of €200 million and €140 million, respectively,

required by the settlement agreement signed in June 2007. On February 5, 2009, we received a discounted amount of approximately €322 million ($412 million), excluding value-added tax of €59 million ($75 million).

- We acquired the business and assets of FACT GmbH (Future Advanced Composites Technology) ("FACT"), a German company that develops, produces and markets LFT, for a purchase price of €5 million ($7 million).
- We shut down our VAM production unit in Cangrejera, Mexico, and ceased VAM production at the site during the first quarter of 2009.
- Standard and Poor's affirmed our ratings and revised our outlook from positive to stable in February 2009.
- We received the ACC's Responsible Care ® Sustained Excellence Award for mid-size companies. The annual award, the most prestigious award given under ACC's Responsible Care ® initiative, recognizes companies for outstanding leadership under ACC's Environmental Health and Safety performance criteria.
- We completed the sale of our polyvinyl alcohol ("PVOH") business to Sekisui Chemical Co., Ltd. for the net cash purchase price of $168 million.
- We agreed to a "Project of Closure" for our acetic acid and VAM production operations at our Pardies, France facility. We ceased the production of acetic acid and VAM at our facility in Pardies, France on December 1, 2009.
- We announced that Celanese US had amended its $650 million revolving credit facility. The amendment lowered the total revolver commitment to $600 million and increased the first lien senior secured leverage ratio for a period of six quarters, beginning June 30, 2009 and ending December 31, 2010.
- We announced the creation of our new and proprietary AOPlus ® 2 acetic acid technology, which allows for expansion up to 1.5 million tons per reactor annually.
- We successfully started up our expansion of our acetic acid unit in Nanjing, China which doubled the unit's capacity from 600,000 tons to 1.2 million tons annually.
- We announced the expansion of our VAE manufacturing facility at our Nanjing, China integrated chemical complex to support continued growth plans throughout Asia. The expanded facility will double our VAE capacity in the region and is expected to be operational in the first half of 2011.
- We launched a new, innovative POM technology that is expected to create significant additional growth opportunities for our Advanced Engineered Materials segment.
- We reached a long-term agreement to supply VAM to Jiangxi Jiangwei High-Tech Stock Co., Ltd ("Jiangwei"). Jiangwei will cease production of its calcium carbide-based alternative for economic and environmental reasons and source our VAM.

Results of Operations

Ibn Sina

We indirectly own a 25% interest in Ibn Sina 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 the Ibn Sina joint venture agreement in 1981. In April 2010, we announced that Ibn Sina will construct a 50,000 ton POM production facility in Saudi Arabia and that the term of the joint venture agreement was extended until 2032. Upon successful startup of the POM facility, our indirect economic interest in Ibn Sina will increase from 25% to 32.5%. SABIC's economic interest will remain unchanged.

In connection with the transaction, we reassessed the factors surrounding the accounting method for this investment and changed the accounting from the cost method of accounting for investments to the equity method of accounting for investments beginning April 1, 2010. Financial information relating to this investment for prior periods has been retrospectively adjusted to apply the equity method of accounting.

In addition, in connection with the extension of the joint venture, we moved effective April 1, 2010, our Ibn Sina affiliate from our Acetyl Intermediates segment to our Advanced Engineered Materials segment to reflect the change in the affiliate's business dynamics and growth opportunities. Business segment information for prior periods included below has been retrospectively adjusted to reflect the change.

Financial Highlights

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2010	2009	2009	2008	2007
		(As Adjusted)		(As Adjusted)		(As Adjusted)	
	(unaudited)		(unaudited)		(audited)		
	(Dollars in millions)						
Statement of Operations Data							
Net sales	$1,517	$ 1,244	$2,905	$ 2,390	$5,082	$ 6,823	$6,444
Gross profit	303	248	521	448	1,003	1,256	1,445
Selling, general and administrative expenses	(123)	(114)	(246)	(228)	(469)	(540)	(516)
Other (charges) gains, net	(6)	(6)	(83)	(27)	(136)	(108)	(58)
Operating profit (loss)	156	89	142	116	290	440	748
Equity in net earnings (loss) of affiliates	45	35	94	41	99	172	150
Interest expense	(49)	(54)	(98)	(105)	(207)	(261)	(262)
Refinancing expenses	—	—	—	—	—	—	(256)
Dividend income—cost investments	72	53	72	56	57	48	38
Earnings (loss) from continuing operations before tax	224	127	217	116	251	433	437
Amounts attributable to Celanese Corporation							
Earnings (loss) from continuing operations	163	110	176	94	494	371	326
Earnings (loss) from discontinued operations	(3)	(1)	(2)	—	4	(90)	90
Net earnings (loss)	160	109	174	94	498	281	416
Other Data							
Depreciation and amortization	64	79	153	150	308	350	291
Operating margin (1)	10.3%	7.2%	4.9%	4.9%	5.7%	6.4%	11.6%
Earnings from continuing operations before tax as a percentage of net sales	14.8%	10.2%	7.5%	4.9%	4.9%	6.3%	6.8%

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

	As of June 30,		As of December 31,	
	2010	2009	2009	2008
	(unaudited)		(audited)	
	(in millions)			
Balance Sheet Data				
Short-term borrowings and current installments of long-term debt—third party and affiliates	$ 265	$ 224	$ 242	$ 233
Plus: Long-term debt	3,162	3,268	3,259	3,300
Total debt	$3,427	$3,492	$3,501	$3,533

Summary of Consolidated Results—Three and Six Months Ended June 30, 2010 Compared to the Three and Six Months Ended June 30, 2009

Net sales increased 22% during the three and six months ended June 30, 2010 compared to the same periods in 2009 primarily due to increased volumes across most business segments as a result of the gradual recovery of the global economy. Net sales also increased due to increases in selling prices across the majority of our business segments. The increase in net sales resulting from our acquisition of FACT in December 2009 within our Advanced Engineered Materials segment only slightly offset the decrease in net sales due to the sale of our polyvinyl alcohol ("PVOH") business in July 2009 within our Industrial Specialties segment. Unfavorable foreign currency impacts only slightly offset the increase in net sales.

Gross profit increased during the three and six months ended June 30, 2010 compared to the same periods in 2009 due to higher net sales. Gross profit as a percentage of sales was consistent for three months ended June 30, 2010 as compared to the three months ended June 30, 2009. Gross profit as a percentage of sales declined during the six months ended June 30, 2010 as compared to June 30, 2009 due to overall increased raw material and energy costs which were only partially offset by increased prices. The write-off of other productive assets of $17 million related to our Singapore and Nanjing, China facilities and increased depreciation and amortization also contributed to a lower gross profit percentage. The increase in amortization was a result of $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, 2010 compared to the same periods in 2009 primarily due to the increase in operations. As a percentage of sales, selling, general and administrative expenses declined due to our fixed spending reduction efforts and restructuring efficiencies.

The components of Other (charges) gains, net are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2009**	**2010**	**2009**
	(unaudited) (in millions)			
Employee termination benefits	$ (4)	$ (5)	$ (9)	$(29)
Ticona Kelsterbach plant relocation	(4)	(3)	(10)	(6)
Plumbing actions	2	2	14	3
Insurance recoveries associated with Clear Lake, Texas	—	—	—	6
Asset impairments	—	—	(72)	(1)
Plant/office closures	—	—	(6)	—
Total	$ (6)	$ (6)	$(83)	$(27)

During the first quarter of 2010, we concluded that certain long-lived assets were partially impaired at our acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom (see Note 3 to our unaudited consolidated financial statements for the six months ended June 30, 2010, which are included in this offering memorandum). 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 six months ended June 30, 2010. The Spondon, Derby, United Kingdom facility is included in our Consumer Specialties segment.

As a result of our Pardies, France Project of Closure (see Note 3 to our unaudited consolidated financial statements for the six months ended June 30, 2010, which are included in this offering memorandum), we recorded $1 million in employee termination benefits for the three months ended June 30, 2010. We recorded exit costs of $9 million during the six months ended June 30, 2010, which consisted of $2 million in employee termination benefits, $1 million of long-lived asset impairment losses, $3 million of contract termination costs and $3 million of reindustrialization costs. The Pardies, France facility is included in our Acetyl Intermediates segment.

Other charges for the six months ended June 30, 2010 was partially offset by $13 million of recoveries and a $1 million decrease in legal reserves associated with plumbing cases which is included in our Advanced Engineered Materials segment.

During the first quarter of 2009, we began efforts to align production capacity and staffing levels given the potential for an economic environment of prolonged lower demand. For the six months ended June 30, 2009, we recorded employee termination benefits of $28 million related to this endeavor. As a result of the shutdown of the VAM production unit in Cangrejera, Mexico, we recognized employee termination benefits of $1 million and long-lived asset impairment losses of $1 million during the six months ended June 30, 2009. The VAM production unit in Cangrejera, Mexico is included in our Acetyl Intermediates segment.

Other charges for the six months ended June 30, 2009 was partially offset by $6 million of insurance recoveries in satisfaction of claims we made related to the unplanned outage of our Clear Lake, Texas acetic acid facility during 2007, a $2 million decrease in legal reserves for plumbing claims for which the statute of limitations has expired and $1 million of insurance recoveries associated with plumbing cases.

Operating profit increased for the three and six months ended June 30, 2010 as compared to the same periods in 2009. The increase in operating profit is a result of increased gross profit.

Earnings (loss) from continuing operations before tax increased during the three and six months ended June 30, 2010 compared to the same periods in 2009 primarily due to increased equity in net earnings of affiliates and increased dividend income from cost investments in addition to the increase in operating profit.

Our effective income tax rate for the three months ended June 30, 2010 was 27% compared to 13% for the three months ended June 30, 2009. The increase in our effective rate was primarily due to foreign losses not resulting in tax benefits in the current period and increases in reserves for uncertain tax positions and related interest. Our effective income tax rate for the six months ended June 30, 2010 was 19% compared to 19% for the six months ended June 30, 2009. Our 2010 effective rate was favorably impacted by the effect of new tax legislation in Mexico, offset by foreign losses not resulting in tax benefits in the current period and the effect of healthcare reform in the US.

Financial Highlights by Business Segment—Three and Six Months Ended June 30, 2010 Compared to the Three and Six Months Ended June 30, 2009

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	2009 (As Adjusted)	Change	2010	2009 (As Adjusted)	Change
	(unaudited) (in millions)					
Net sales						
Advanced Engineered Materials	$ 282	$ 184	$ 98	$ 564	$ 349	$ 215
Consumer Specialties	291	280	11	529	546	(17)
Industrial Specialties	269	267	2	511	509	2
Acetyl Intermediates	782	622	160	1,506	1,194	312
Other Activities	1	1	—	1	1	—
Inter-segment eliminations	(108)	(110)	2	(206)	(209)	3
Total	$1,517	$ 1,244	$ 273	$2,905	$ 2,390	$ 515
Other (charges) gains, net						
Advanced Engineered Materials	$ (3)	$ (4)	$ 1	$ 2	$ (13)	$ 15
Consumer Specialties	(1)	(3)	2	(74)	(3)	(71)
Industrial Specialties	—	(1)	1	—	(3)	3
Acetyl Intermediates	(1)	—	(1)	(8)	(1)	(7)
Other Activities	(1)	2	(3)	(3)	(7)	4
Total	$ (6)	$ (6)	$ —	$ (83)	$ (27)	$ (56)
Operating profit (loss)						
Advanced Engineered Materials	$ 40	$ 1	$ 39	$ 88	$ (17)	$ 105
Consumer Specialties	64	66	(2)	34	132	(98)
Industrial Specialties	16	19	(3)	28	29	(1)
Acetyl Intermediates	68	39	29	68	50	18
Other Activities	(32)	(36)	4	(76)	(78)	2
Total	$ 156	$ 89	$ 67	$ 142	$ 116	$ 26
Earnings (loss) from continuing operations before tax						
Advanced Engineered Materials	$ 79	$ 31	$ 48	$ 171	$ 13	$ 158
Consumer Specialties	137	119	18	107	188	(81)
Industrial Specialties	16	19	(3)	28	29	(1)
Acetyl Intermediates	70	41	29	71	53	18
Other Activities	(78)	(83)	5	(160)	(167)	7
Total	$ 224	$ 127	$ 97	$ 217	$ 116	$ 101
Depreciation and amortization						
Advanced Engineered Materials	$ 18	$ 19	$ (1)	$ 38	$ 36	$ 2
Consumer Specialties	9	12	(3)	20	24	(4)
Industrial Specialties	10	14	(4)	20	27	(7)
Acetyl Intermediates	24	32	(8)	69	59	10
Other Activities	3	2	1	6	4	2
Total	$ 64	$ 79	$ (15)	$ 153	$ 150	$ 3

Factors Affecting Business Segment Net Sales—Three and Six Months Ended June 30, 2010 Compared to the Three and Six Months Ended June 30, 2009

The charts below set forth the percentage increase (decrease) in net sales from the period ended June 30, 2009 to the period ended June 30, 2010 attributable to each of the factors indicated for the following business segments.

	Volume	Price	Currency	Other [1]	Total
			(unaudited) (in percentages)		
Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009					
Advanced Engineered Materials	52	2	(5)	4[2]	53
Consumer Specialties	6	(1)	(1)	—	4
Industrial Specialties	13	9	(3)	(18) [3]	1
Acetyl Intermediates	14	15	(3)	—	26
Total Company	19	9	(3)	(3)	22
Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009					
Advanced Engineered Materials	61	(4)	—	5[2]	62
Consumer Specialties	(3)	—	—	—	(3)
Industrial Specialties	14	3	—	(17) [3]	—
Acetyl Intermediates	14	12	—	—	26
Total Company	19	6	—	(3)	22

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[1] Includes the effects of the captive insurance companies and the impact of fluctuations in intersegment eliminations.

[2] 2010 includes the effects of the FACT acquisition.

[3] 2010 does not include the effects of the PVOH business, which was sold on July 1, 2009.

Summary by Business Segment—Three and Six Months Ended June 30, 2010 compared to the Three and Six Months Ended June 30, 2009

Advanced Engineered Materials

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	2009 (As Adjusted)	Change	2010	2009 (As Adjusted)	Change
	(unaudited) (Dollars in millions)					
Net sales	282	184	98	564	349	215
Net sales variance						
Volume	52 %			61 %		
Price	2 %			(4)%		
Currency	(5)%			— %		
Other	4 %			5 %		
Other (charges) gains, net	(3)	(4)	1	2	(13)	15
Operating profit (loss)	40	1	39	88	(17)	105
Operating margin	14.2 %	0.5%		15.6 %	(4.9)%	
Earnings (loss) from continuing operations before tax	79	31	48	171	13	158
Depreciation and amortization	18	19	(1)	38	36	2

Our Advanced Engineered Materials segment develops, produces and supplies a broad portfolio of high performance technical polymers for application in automotive and electronics products, as well as other consumer and industrial applications. Together with our strategic affiliates, we are a leading participant in the global technical polymers industry. The primary products of Advanced Engineered Materials are POM, PPS, LFT, PBT, polyethylene terephthalate ("PET"), GUR ® and LCP. 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 increased $98 million and $215 million for the three and six months ended June 30, 2010, respectively, compared to the same periods in 2009. The increase in net sales is primarily related to significant increases in volume which is due to the gradual recovery in the global economy, continued success in the innovation and commercialization of new products and applications and the acquisition of FACT in December 2009. Advanced Engineered Materials' reported their lowest net sales during the three months ended March 31, 2009. Since then, the business segment has continued to see sequential volume improvement each quarter. The current quarter increase in net sales for the three months ended June 30, 2010 as compared to the same period in 2009 was positively impacted by increases in average pricing as a result of implemented price increases and product mix which was partially offset by unfavorable foreign currency impacts.

Operating profit increased $39 million and $105 million for the three and six months ended June 30, 2010, respectively, as compared to the same periods in 2009. The positive impact from higher sales volumes, increased pricing for our high performance polymers and inventory restocking was only partially offset by higher raw material and energy costs. Other charges positively impacted operating profit for the six months ended June 30, 2010 by decreasing from an expense of $13 million for the six months ended June 30, 2009 to income of $2 million for the six months ended June 30, 2010. Other charges decreased primarily as a result of plumbing recoveries and lower employee severance. Depreciation and amortization includes $2 million of accelerated amortization for the six months ended June 30, 2010 to write off the asset associated with a raw material purchase agreement with a supplier who filed for bankruptcy during 2009.

Our equity affiliates, including Ibn Sina, have experienced similar volume increases due to increased demand during the three and six months ended June 30, 2010. As a result, our proportional share of net earnings of these affiliates increased $52 million for the six months ended June 30, 2010 compared to the same period in 2009.

Consumer Specialties

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	2009	Change	2010	2009	Change
	(unaudited) (Dollars in millions)					
Net sales	291	280	11	529	546	(17)
Net sales variance						
Volume	6 %			(3)%		
Price	(1)%			— %		
Currency	(1)%			— %		
Other	— %			— %		
Other (charges) gains, net	(1)	(3)	2	(74)	(3)	(71)
Operating profit (loss)	64	66	(2)	34	132	(98)
Operating margin	22.0 %	23.6%		6.4 %	24.2%	
Earnings (loss) from continuing operations before tax	137	119	18	107	188	(81)
Depreciation and amortization	9	12	(3)	20	24	(4)

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, for the food, beverage and pharmaceuticals industries.

The decrease in net sales for the six months ended June 30, 2010 as compared to the same period in 2009 is due to decreased volumes in our Acetate business and in Sunett ® which were only partially offset by an increase in demand in sorbates. Decreased volumes were primarily due to softening in consumer demand in Sunett ® and the timing of sales related to an electrical disruption and subsequent production outage at our manufacturing facility in Narrows, Virginia in our Acetate business. The facility resumed normal operations during the quarter and we expect to recover the impacted volume throughout the remainder of the year.

Operating profit decreased for the six months ended June 30, 2010 as compared to the same period in 2009. Our fixed spending reduction efforts were not able to offset the lower volumes, higher energy and raw material costs, and additional expenditures related to the outage at our Narrows, Virginia facility. An increase in other charges for the six months ended June 30, 2010 had the most significant impact on operating profit as it was unfavorably impacted by long-lived asset impairment losses of $72 million associated with management's assessment of the potential closure of our acetate flake and tow production operations in Spondon, Derby, United Kingdom.

During the six months ended June 30, 2010, earnings from continuing operations before tax decreased due to lower operating profit, which was partially offset by higher dividends from our China ventures of $15 million compared to 2009.

Industrial Specialties

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	2009	Change	2010	2009	Change
	(unaudited) (Dollars in millions)					
Net sales	269	267	2	511	509	2
Net sales variance						
Volume	13 %			14 %		
Price	9 %			3 %		
Currency	(3)%			— %		
Other	(18)%			(17)%		
Other (charges) gains, net	—	(1)	1	—	(3)	3
Operating profit (loss)	16	19	(3)	28	29	(1)
Operating margin	5.9 %	7.1%		5.5 %	5.7%	
Earnings (loss) from continuing operations before tax	16	19	(3)	28	29	(1)
Depreciation and amortization	10	14	(4)	20	27	(7)

Our Industrial Specialties segment includes our Emulsions and EVA Performance Polymers businesses. Our Emulsions business is a global leader which produces a broad product portfolio, specializing in VAE, and is a recognized authority on low volatile organic compounds, 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. EVA Performance Polymers 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.

In July 2009, we completed the sale of our PVOH business to Sekisui Chemical Co., Ltd. ("Sekisui") for a net cash purchase price of $168 million, excluding the value of accounts receivable and payable retained by Celanese. The transaction resulted in a gain on disposition of $34 million and includes long-term supply agreements between Sekisui and Celanese.

Net sales increased $2 million for the three and six months ended June 30, 2010 compared to the same periods in 2009. Lower net sales resulting from the sale of our PVOH business were more than offset by increased volumes from our EVA Performance Polymers and Emulsions businesses. EVA Performance Polymers' volumes were lower for the second quarter of 2009 due to technical issues at our Edmonton, Alberta, Canada plant. Such technical production issues have been resolved and normal operations resumed prior to the end of the third quarter of 2009. Higher prices in our EVA Performance Polymers business due to a second quarter price increase and favorable product mix were partially offset by lower net sales in Emulsions due to an unfavorable foreign exchange rate. Vinyl acetate/ethylene emulsions production volumes at our Nanjing, China facility remained at full utilization on strong demand in the Asia-Pacific region. As previously announced, we plan to expand our production capacity in 2011 to support our continued success in new product development and application innovation.

Operating profit decreased $3 million and $1 million for the three and six months ended June 30, 2010, respectively, compared to the same periods in 2009 primarily due to the divestiture of our PVOH business. Increased sales volumes and prices were largely offset by higher raw material costs in both our EVA Performance Polymers and Emulsions businesses and increased spending and energy costs attributable to the resumption of normal operations at our EVA Performance Polymers Edmonton, Alberta, Canada plant.

Acetyl Intermediates

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	2009 (As Adjusted)	Change	2010	2009 (As Adjusted)	Change
	(unaudited) (Dollars in millions)					
Net sales	782	622	160	1,506	1,194	312
Net sales variance						
Volume	14 %			14 %		
Price	15 %			12 %		
Currency	(3)%			— %		
Other	— %			— %		
Other (charges) gains, net	(1)	—	(1)	(8)	(1)	(7)
Operating profit (loss)	68	39	29	68	50	18
Operating margin	8.7 %	6.3%		4.5 %	4.2%	
Earnings (loss) from continuing operations before tax	70	41	29	71	53	18
Depreciation and amortization	24	32	(8)	69	59	10

Our Acetyl Intermediates segment produces and supplies acetyl products, including acetic acid, VAM, acetic anhydride and acetate esters. These products are generally used as starting materials for colorants, paints, adhesives, coatings, textiles, medicines and more. Other chemicals produced in this business segment are organic solvents and intermediates for pharmaceutical, agricultural and chemical products. To meet the growing demand for acetic acid in China and ongoing site optimization efforts, we successfully expanded our acetic acid unit in Nanjing, China from 600,000 tons per reactor annually to 1.2 million tons per reactor annually. Using new AOPlus ® 2 capability, the acetic acid unit could be further expanded to 1.5 million tons per reactor annually with only modest additional capital.

Acetyl Intermediates' net sales increased $160 million and $312 million during the three and six months ended June 30, 2010, respectively, compared to the same periods in 2009 due to improvement in the global economy and increased overall demand. Current period increases in volume were also a direct result of our successful acetic acid expansion at our Nanjing, China plant. We also experienced favorable pricing which was driven by rising raw material costs and price increases in acetic acid and VAM across all regions. The increase in net sales was only slightly offset by unfavorable foreign currency impacts.

Operating profit increased during the three and six months ended June 30, 2010 compared to the same periods in 2009. The increase in operating profit is primarily due to higher volumes and prices and reduction in plant costs resulting from the closure of our less advantaged acetic acid and VAM production operations in Pardies, France. The increase in operating profit was only slightly offset by higher variable costs and an increase in other charges. Higher variable costs were a direct result of price increases, primarily in ethylene. Other charges consisted primarily of plant closure costs related to our Pardies, France facility.

Earnings from continuing operations before tax increased during the three and six months ended June 30, 2010 compared to the same periods in 2009 due to increased operating profit.

Other Activities

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

Net sales remained flat for the three and six months ended June 30, 2010.

The operating loss for Other Activities decreased $4 million and $2 million for the three and six months ended June 30, 2010, respectively, compared to the same periods in 2009. The decrease was primarily due to a $14 million gain on sale of assets, offset by $14 million higher selling, general and administrative costs. Higher selling, general and administrative expenses were primarily due to higher business optimization, finance improvement initiatives, management compensation and legal costs.

The loss from continuing operations before tax decreased $5 million and $7 million for the three and six months ended June 30, 2010, respectively, compared to the same periods in 2009. The decrease is primarily due to reduced interest expense resulting from lower interest rates on borrowings under the Senior Credit Agreement in addition to higher returns on our equity investments.

Summary of Consolidated Results—Year Ended December 31, 2009 compared with Year Ended December 31, 2008

The challenging economic environment in the United States and Europe during the second half of 2008 continued throughout 2009. Net sales declined in 2009 from 2008 primarily as a result of decreased demand due to the significant weakness of the global economy. In July 2009, we completed the sale of our PVOH business which also contributed to the declines in our sales volumes. In the fourth quarter of 2009, we began to see a gradual recovery in the global economy with increasing demand within some of our business segments. A decrease in selling prices was also a significant factor on the decrease in net sales. Decreases in key raw material and energy costs were the primary factors in lower selling prices. A slightly unfavorable foreign currency impact also contributed to the decrease in net sales.

Gross profit declined due to lower net sales. As a percentage of sales, gross profit increased as lower raw material and energy costs more than offset decreases in net sales during the year ended December 31, 2009. For the remainder of 2010, we expect raw material and energy costs to increase, which will partially be offset by increases in selling prices.

The components of Other (charges) gains, net are as follows:

	Year Ended December 31,	
	2009	2008
	(in millions)	
Employee termination benefits	$(105)	$ (21)
Plant/office closures	(17)	(7)
Plumbing actions	10	—
Insurance recoveries associated with Clear Lake, Texas	6	38
Asset impairments	(14)	(115)
Ticona Kelsterbach plant relocation	(16)	(12)
Sorbates antitrust actions	—	8
Other	—	1
Total Other (charges) gains, net	$(136)	$(108)

During the first quarter of 2009, we began efforts to align production capacity and staffing levels with our view of an economic environment of prolonged lower demand. For the year ended December 31, 2009, other charges included employee termination benefits of $40 million related to this endeavor. As a result of the shutdown of the VAM production unit in Cangrejera, Mexico, we recognized employee termination benefits of $1 million and long-lived asset impairment losses of $1 million during the year ended December 31, 2009. The VAM production unit in Cangrejera, Mexico is included in our Acetyl Intermediates segment.

As a result of the Project of Closure at our Pardies, France facility, other charges included exit costs of $89 million during the year ended December 31, 2009, which consisted of $60 million in employee

termination benefits, $17 million of contract termination costs and $12 million of long-lived asset impairment losses. The Pardies, France facility is included in the Acetyl Intermediates segment.

Due to continued declines in demand in automotive and electronic sectors, we announced plans to reduce capacity by ceasing polyester polymer production at our Ticona manufacturing plant in Shelby, North Carolina. Other charges for the year ended December 31, 2009 included employee termination benefits of $2 million and long-lived asset impairment losses of $1 million related to this event. The Shelby, North Carolina facility is included in the Advanced Engineered Materials segment.

Other charges for the year ended December 31, 2009 was partially offset by $6 million of insurance recoveries in satisfaction of claims we made related to the unplanned outage of our Clear Lake, Texas acetic acid facility during 2007, a $9 million decrease in legal reserves for plumbing claims due to the Company's ongoing assessment of the likely outcome of the plumbing actions and the expiration of the statute of limitation.

Selling, general and administrative expenses decreased during 2009 primarily due to business optimization and finance improvement initiatives.

Operating profit decreased due to lower gross profit and higher other charges partially offset by lower selling, general and administrative costs.

Equity in net earnings of affiliates decreased during 2009, primarily due to reduced earnings from our Advanced Engineered Materials' affiliates resulting from decreased demand.

Our effective tax rate for continuing operations for the year ended December 31, 2009 was (97)% compared to 15% for the year ended December 31, 2008. Our effective tax rate for 2009 was favorably impacted by the release of the US valuation allowance, partially offset by lower earnings in jurisdictions participating in tax holidays, increases in valuation allowances on certain foreign net deferred tax assets and the effect of new tax legislation in Mexico.

Financial Highlights by Business Segment—2009 Compared with 2008

	Year Ended December 31,		
	2009	2008 (As Adjusted)	Change
	(in millions)		
Net sales			
Advanced Engineered Materials	$ 808	$1,061	$ (253)
Consumer Specialties	1,084	1,155	(71)
Industrial Specialties	974	1,406	(432)
Acetyl Intermediates	2,603	3,875	(1,272)
Other Activities	2	2	—
Inter-segment Eliminations	(389)	(676)	287
Total	$5,082	$6,823	$(1,741)
Other (charges) gains, net			
Advanced Engineered Materials	$ (18)	$ (29)	$ 11
Consumer Specialties	(9)	(2)	(7)
Industrial Specialties	4	(3)	7
Acetyl Intermediates	(91)	(78)	(13)
Other Activities	(22)	4	(26)
Total	$ (136)	$ (108)	$ (28)

	Year Ended December 31,		
	2009 (As Adjusted)	2008	Change
		(in millions)	
Operating profit (loss)			
Advanced Engineered Materials	$ 38	$ 37	$ 1
Consumer Specialties	231	190	41
Industrial Specialties	89	47	42
Acetyl Intermediates	92	304	(212)
Other Activities	(160)	(138)	(22)
Total	$ 290	$ 440	$ (150)
Earnings (loss) from continuing operations before tax			
Advanced Engineered Materials	$ 114	$ 190	$ (76)
Consumer Specialties	288	237	51
Industrial Specialties	89	47	42
Acetyl Intermediates	102	312	(210)
Other Activities	(342)	(353)	11
Total	$ 251	$ 433	$ (182)
Depreciation and amortization			
Advanced Engineered Materials	$ 73	$ 76	$ (3)
Consumer Specialties	50	53	(3)
Industrial Specialties	51	62	(11)
Acetyl Intermediates	123	150	(27)
Other Activities	11	9	2
Total	$ 308	$ 350	$ (42)

Factors Affecting Business Segment Net Sales—2009 Compared with 2008

The table below sets forth the percentage increase (decrease) in net sales for the years ended December 31 attributable to each of the factors indicated for the following business segments.

	Volume	Price	Currency	Other	Total
			(in percentages)		
2009 Compared to 2008					
Advanced Engineered Materials	(21)	(1)	(2)	—	(24)
Consumer Specialties	(12)	7	(1)	—	(6)
Industrial Specialties	(10)	(10)	(2)	(9) [2]	(31)
Acetyl Intermediates	(6)	(26)	(1)	—	(33)
Total Company	(10)	(16)	(2)	2	(26) [1]

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(1) Includes the effects of the captive insurance companies.

(2) Includes loss of sales related to the sale of the PVOH business on July 1, 2009.

Summary by Business Segment—Year Ended December 31, 2009 Compared with Year Ended December 31, 2008

Advanced Engineered Materials

	Year Ended December 31, 2009	Year Ended December 31, 2008 (As Adjusted)	Change
	(Dollars in millions)		
Net sales	$808	$1,061	$ (253)
Net sales variance			
Volume	(21)%		
Price	(1)%		
Currency	(2)%		
Other	— %		
Operating profit	38	37	1
Operating margin	4.7 %	3.5%	
Other (charges) gains, net	$ (18)	$ (29)	$ 11
Earnings (loss) from continuing operations before tax	114	190	(76)
Depreciation and amortization	73	76	(3)

Net sales decreased during 2009 compared to 2008 primarily as a result of lower sales volumes. Significant weakness in the global economy experienced during the first half of the year resulted in a dramatic decline in demand for automotive, electrical and electronic products as well as for other industrial products. As a result, sales volumes dropped significantly across all product lines. During the second half of 2009, we experienced a continued increase in demand compared with the first half of the year as a result of programs like "Cash for Clunkers" in the United States during the third quarter of 2009 and a gradual recovery in the global economy during the fourth quarter of 2009.

Operating profit increased in 2009 as compared to 2008. Lower raw material and energy costs and decreased overall spending more than offset the decline in net sales. Decreased overall spending was the result of our fixed spending reduction efforts. Non-capital spending incurred on the relocation of our Ticona Kelsterbach plant was flat compared to 2008.

Earnings from continuing operations before tax was down due to a drop in equity in net earnings of affiliates as compared to 2008. Equity in net earnings of affiliates was lower in 2009 primarily due to reduced earnings from our Advanced Engineered Materials' affiliates resulting from decreased demand and a biennial shutdown at one of our affiliate's plants.

Consumer Specialties

	Year Ended December 31,		
	2009	2008	Change
	(Dollars in millions)		
Net sales	$1,084	$1,155	$ (71)
Net sales variance			
Volume	(12)%		
Price	7 %		
Currency	(1)%		
Other	— %		
Operating profit	$ 231	$ 190	$ 41
Operating margin	21.3 %	16.5%	
Other (charges) gains, net	$ (9)	$ (2)	$ (7)
Earnings (loss) from continuing operations before tax	288	237	51
Depreciation and amortization	50	53	(3)

Net sales decreased $71 million during 2009 when compared with 2008. The decrease in net sales was driven primarily by decreased volume due to softening demand largely in tow with less significant decreases experienced in flake. Decreased volumes were primarily due to weakness in underlying demand resulting from the global economic downturn. The decrease in volume was partially offset by an increase in selling prices. A slightly unfavorable foreign currency impact also contributed to the decrease in net sales.

Operating profit increased from $190 million in 2008 to $231 million in 2009. Fixed cost reduction efforts, improved energy costs and a favorable currency impact on costs had a significant impact on the increase to operating profit.

Earnings from continuing operations before tax increased from $237 million in 2008 to $288 million in 2009. The increase was primarily due to the increase in operating profit and was also the result of an increase in dividends from our China ventures of $10 million. Increased dividends are the result of increased volumes and higher prices, as well as efficiency improvements.

Industrial Specialties

	Year Ended December 31,		
	2009	2008	Change
	(Dollars in millions)		
Net sales	$974	$1,406	$ (432)
Net sales variance			
Volume	(10)%		
Price	(10)%		
Currency	(2)%		
Other	(9)%		
Operating profit	$ 89	$ 47	$ 42
Operating margin	9.1 %	3.3%	
Other (charges) gains, net	$ 4	$ (3)	$ 7
Earnings (loss) from continuing operations before tax	89	47	42
Depreciation and amortization	51	62	(11)

Net sales declined by $432 million during 2009 compared to 2008, primarily due to the sale of our PVOH business and lower demand due to the economic downturn. The decline in our emulsions volumes was concentrated in North America and Europe, offset partially by volume increases in Asia. EVA Performance Polymers' sales volumes declined due to the impact of the force majeure event at our Edmonton, Alberta, Canada plant, which is offset in other charges in our Other Activities segment. Repairs to the plant were completed at the end of the second quarter 2009 and normal operations have resumed. Both decreases in key raw material costs resulting in lower selling prices and unfavorable currency impacts also contributed to the decrease in net sales for 2009 compared to 2008.

Operating profit increased $42 million in 2009 compared to 2008 as decreases in volume and selling prices were more than offset by lower raw material and energy costs and reduced overall spending. Reduced spending is attributable to our fixed spending reduction efforts, restructuring efficiencies and favorable foreign currency impacts on costs. The decrease in energy cost was due to both lower natural gas costs and lower usage resulting from a decline in volumes. Our EVA Performance Polymers business contributed to the increase in Other (charges) gains, net as a result of receiving $10 million in insurance recoveries in partial satisfaction of the losses resulting from the force majeure event at our Edmonton, Alberta, Canada plant. The gain on the sale of our PVOH business of $34 million had a significant impact to the increase in operating profit. Deprecation and amortization also had a favorable impact on operating profit due to the PVOH divestiture and the shutdown of our Warrington, UK emulsions facility.

Acetyl Intermediates

	Year Ended December 31, 2009	2008 (As Adjusted)	Change
	(Dollars in millions)		
Net sales	$2,603	$3,875	$(1,272)
Net sales variance			
Volume	(6)%		
Price	(26)%		
Currency	(1)%		
Other	— %		
Operating profit	$ 92	$ 304	$ (212)
Operating margin	3.5 %	7.8%	
Other (charges) gains, net	$ (91)	$ (78)	$ (13)
Earnings (loss) from continuing operations before tax	102	312	(210)
Depreciation and amortization	123	150	(27)

Net sales decreased 33% during 2009 as compared to 2008 primarily due to lower selling prices across all regions and major product lines, lower volumes and unfavorable foreign currency impacts. Lower volumes were driven by a reduction in underlying demand in Europe and in the Americas, which was only partially offset by significant increases in demand in Asia. Lower pricing was driven by lower raw material and energy prices, which also negatively impacted our formula-based pricing arrangements for VAM in the US. There were a number of production issues in Asia among the major acetic acid producers (other than Celanese), which coupled with planned outages, caused periodic and short-term market tightness. In 2010, sales are expected to increase as compared to the corresponding period in 2009 as the global economy begins to slowly recover.

Operating profit declined $212 million in 2009 compared to 2008, primarily as a result of lower prices across all regions and major product lines. Significantly lower realized pricing was partially offset by

favorable raw material and energy prices, reduced spending due to the shutdown of our Pampa, Texas facility and other reductions in fixed spending. The decline in depreciation and amortization expense was primarily a result of the long-lived asset impairment losses recognized in the fourth quarter of 2008 related to our acetic acid and VAM production facility in Pardies, France, the February 2009 closure of our VAM production unit in Cangrejera, Mexico, and lower depreciation expense resulting from the shutdown of our Pampa, Texas facility. Our operating profit was also negatively impacted by a $13 million increase in Other charges for 2009 compared to 2008, relating primarily to the planned shutdown of our Pardies, France facility.

The decrease in earnings from continuing operations before tax of $210 million is consistent with the decline in operating profit.

Other Activities

Net sales remained flat in 2009 as compared to 2008. We do not expect third-party revenues from our captive insurance companies to increase significantly in the near future.

The operating loss for Other Activities increased from an operating loss of $138 million in 2008 to an operating loss of $160 million in 2009. The increase was primarily related to higher other charges. The increase in other charges was related to insurance retention costs as a result of our force majeure event at our Edmonton, Alberta, Canada plant, partially offset in our Industrial Specialties segment and severance costs as a result of business optimization and finance improvement initiatives. The increase in other charges was partially offset by lower selling, general and administrative expenses primarily attributable to our fixed spending reduction efforts and restructuring efficiencies.

The loss from continuing operations before tax decreased $11 million in 2009 compared to 2008. This decrease was primarily due to reduced interest expense resulting from lower interest rates on borrowings under the Senior Credit Agreement and favorable currency impact.

Summary of Consolidated Results—Year Ended December 31, 2008 compared with Year Ended December 31, 2007

The challenging economic environment in the United States and Europe during the first half of 2008 resulted in higher raw material and energy costs which enabled price increase initiatives across all business segments. During the second half of 2008, the US credit crisis accelerated the economic slowdown and its spread to other regions of the world. Despite the halt in demand, we were able to maintain the majority of our enacted price increases through the remainder of 2008. As a result, increased prices improved net sales by 8%. Favorable foreign currency impacts also had a positive impact on net sales of 3%.

Net sales declined 5% due to decreased volumes. Lower volumes were primarily a result of decreased demand stemming from the global economic downturn. As demand declined, particularly during the fourth quarter of 2008, our customers began destocking to reduce their inventory levels. In response, we aggressively managed our global production capacity to align with the current environment. Decreased volumes in our acetate flake and tow businesses were not significantly impacted by the economic downturn. Rather, decreased flake volumes were the result of our strategic decision to shift our flake production to our China ventures, which we account for as cost investments.

Gross profit declined as higher raw material, energy and freight costs more than offset increases in net sales during the year ended December 31, 2008. The uncertain economic environment resulted in higher natural gas, ethylene, methanol and other commodity prices during the first nine months of the year. Our freight costs also increased, primarily due to increased rates driven by higher energy prices. Late in 2008, raw material and energy prices declined.

The components of Other (charges) gains, net are as follows:

	Year Ended December 31, 2008	Year Ended December 31, 2007
	(in millions)	
Employee termination benefits	$ (21)	$ (32)
Plant/office closures	(7)	(11)
Deferred compensation triggered by Exit Event	—	(74)
Plumbing actions	—	4
Insurance recoveries associated with Clear Lake, Texas	38	40
Resolution of commercial disputes with a vendor	—	31
Asset impairments	(115)	(9)
Ticona Kelsterbach plant relocation	(12)	(5)
Sorbates antitrust actions	8	—
Other	1	(2)
Total Other (charges) gains, net	$ (108)	$ (58)

Other charges increased in 2008 compared to 2007 and includes a long-lived asset impairment loss of $92 million in connection with the 2009 closure of our acetic acid and VAM production facility in Pardies, France, our VAM production unit in Cangrejera, Mexico and the potential closure of certain other facilities. This capacity reduction was necessitated by the significant change in the global economic environment and anticipated lower customer demand. Following the initial assessment of this capacity reduction, we shut down the Cangrejera VAM production unit in February 2009.

In addition, we recognized $23 million of long-lived asset impairment losses and $13 million of employee termination benefits in 2008 related to the shutdown of our Pampa, Texas facility.

During 2007, we fully impaired $6 million of goodwill related to our PVOH business.

Selling, general and administrative expenses increased $24 million during 2008 primarily due to business optimization and finance improvement initiatives.

Operating profit decreased due to lower gross profit and higher other charges and selling, general and administrative costs. The absence of a $34 million gain on the sale of our Edmonton, Alberta, Canada facility during 2007 also contributed to lower operating profit in 2008 as compared to 2007.

Equity in net earnings of affiliates increased $22 million during 2008, primarily due to increased earnings from our Advanced Engineered Materials' affiliates. Our effective income tax rate for 2008 was 15% compared to 25% in 2007. The effective income tax rate decreased in 2008 due to: 1) a decrease in the valuation allowance, 2) tax credits generated on foreign jurisdictions and 3) the US tax impact of foreign operations.

The loss from discontinued operations of $90 million during 2008 primarily relates to a legal settlement agreement we entered into during 2008. Under the settlement agreement, we agreed to pay $107 million to resolve certain legacy items. Because the legal proceeding related to sales by the polyester staple fibers business, which Hoechst AG sold to KoSa, Inc. in 1998, the impact of the settlement is reflected within discontinued operations for the year ended December 31, 2008.

Financial Highlights by Business Segment—2008 Compared with 2007

	Year Ended December 31, 2008	Year Ended December 31, 2007 (As Adjusted)	Change
	(in millions)		
Net sales			
Advanced Engineered Materials	$ 1,061	$ 1,030	$ 31
Consumer Specialties	1,155	1,111	44
Industrial Specialties	1,406	1,346	60
Acetyl Intermediates	3,875	3,615	260
Other Activities	2	2	—
Inter-segment Eliminations	(676)	(660)	(16)
Total	$ 6,823	$ 6,444	$ 379
Other (charges) gains, net			
Advanced Engineered Materials	$ (29)	$ (4)	$ (25)
Consumer Specialties	(2)	(4)	2
Industrial Specialties	(3)	(23)	20
Acetyl Intermediates	(78)	72	(150)
Other Activities	4	(99)	103
Total	$ (108)	$ (58)	$ (50)
Operating profit (loss)			
Advanced Engineered Materials	$ 37	$ 137	$ (100)
Consumer Specialties	190	199	(9)
Industrial Specialties	47	28	19
Acetyl Intermediates	304	612	(308)
Other Activities	(138)	(228)	90
Total	$ 440	$ 748	$ (308)
Earnings (loss) from continuing operations before tax			
Advanced Engineered Materials	$ 190	$ 260	$ (70)
Consumer Specialties	237	235	2
Industrial Specialties	47	28	19
Acetyl Intermediates	312	613	(301)
Other Activities	(353)	(699)	346
Total	$ 433	$ 437	$ (4)
Depreciation and amortization			
Advanced Engineered Materials	$ 76	$ 69	$ 7
Consumer Specialties	53	51	2
Industrial Specialties	62	59	3
Acetyl Intermediates	150	106	44
Other Activities	9	6	3
Total	$ 350	$ 291	$ 59

Factors Affecting Business Segment Net Sales—2008 Compared with 2007

The table below sets forth the percentage increase (decrease) in net sales for the years ended December 31 attributable to each of the factors indicated for the following business segments.

	Volume	Price	Currency	Other	Total
			(In percentages)		
2008 Compared to 2007					
Advanced Engineered Materials	(4)	3	4	—	3
Consumer Specialties	(6)	7	1	2 [1]	4
Industrial Specialties	(10)	11	4	(1) [2]	4
Acetyl Intermediates	(3)	7	3	—	7
Total Company	(5)	8	3	—	6[3]

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[1] Includes net sales from the Acetate Products Limited ("APL") acquisition.

[2] Includes loss of sales related to the sale of the EVA Performance Polymers' (f/k/a AT Plastics) Films business.

[3] Includes the effects of the captive insurance companies.

Summary by Business Segment—Year Ended December 31, 2008 Compared with Year Ended December 31, 2007

Advanced Engineered Materials

	Year Ended December 31, 2008	Year Ended December 31, 2007	Change
		(As Adjusted)	
	(Dollars in millions)		
Net sales	$1,061	$1,030	$ 31
Net sales variance			
Volume	(4)%		
Price	3 %		
Currency	4 %		
Other	— %		
Operating profit	$ 37	$ 137	$ (100)
Operating margin	3.5 %	13.3%	
Other (charges) gains, net	$ (29)	$ (4)	$ (25)
Earnings (loss) from continuing operations before tax	190	260	(70)
Depreciation and amortization	76	69	7

Advanced Engineered Materials' net sales increased 3% during 2008 as compared to 2007 primarily as a result of implemented pricing increases combined with favorable foreign currency impacts. Increases in net sales were partially offset by lower volumes due to significant weakness in the US and European automotive and housing industries. Extended plant shutdowns enacted by major car manufacturers during the fourth quarter of 2008 contributed significantly to the volume decline.

Operating profit declined $100 million in 2008 as compared to 2007 primarily due to higher raw material, freight and energy costs. Raw material costs increased on higher prices while freight costs increased as a result of increased freight rates and larger shipments to Asia. Raw material costs declined late in 2008,

though at year end we held higher-cost inventories while inventory destocking continued. Higher depreciation and amortization expense and increased other charges also contributed to lower operating profit. Depreciation and amortization expense are higher in 2008 due to the start-up of the GUR ® and LFT units in Asia. Other charges consist primarily of a $16 million long-lived asset impairment loss related to certain Advanced Engineered Materials' facilities and $12 million related to the relocation of our Ticona plant in Kelsterbach.

Earnings from continuing operations before tax decreased in 2008 compared to 2007 due to decreased operating profit, which was only slightly offset by increased equity in net earnings of affiliates. Equity in net earnings of affiliates increased $32 million.

Consumer Specialties

	Year Ended December 31,		
	2008	**2007**	**Change**
	(Dollars in millions)		
Net sales	$1,155	$1,111	$ 44
Net sales variance			
Volume	(6)%		
Price	7 %		
Currency	1 %		
Other	2 %		
Operating profit	$ 190	$ 199	$ (9)
Operating margin	16.5 %	17.9%	
Other (charges) gains, net	$ (2)	$ (4)	$ 2
Earnings (loss) from continuing operations before tax	237	235	2
Depreciation and amortization	53	51	2

Consumer Specialties' net sales increased 4% to $1,155 million for 2008 as compared to 2007, driven primarily by pricing actions in our Acetate Products business and an additional month of sales from our APL acquisition, which occurred on January 31, 2007, partially offset by lower volumes. Lower volumes are a direct result of our strategic decision to shift acetate flake production to our China ventures, which are accounted for as cost method investments. The full impact of this shift has been realized during 2008 and thus the resulting trend of diminishing volumes is not expected to continue. Lower flake volumes were partially offset by an increase in tow volumes as we were able to capture a portion of the growth in global tow demand.

The increase in net sales for 2008 due to higher sales prices during the year was offset most significantly by higher energy costs, and to a lesser extent, higher raw material and freight costs. Operating profit for 2008 , as compared to 2007, declined primarily due to the absence of a $22 million gain on the sale of our Edmonton, Alberta, Canada facility in 2007. Other (charges) gains during 2007 includes $3 million of deferred compensation plan expenses and $5 million of other restructuring charges, partially offset by insurance recoveries of $5 million in partial satisfaction of the business interruption losses resulting from the temporary unplanned outage of the acetic acid unit at our Clear Lake, Texas facility.

Earnings from continuing operations before tax increased from $235 million in 2007 to $237 million in 2008, as increased dividends from our China ventures more than offset the decline in operating profit. Increased dividends are the result of increased volumes, higher prices, and efficiency improvements.

Industrial Specialties

	Year Ended December 31,		
	2008	2007	Change
	(Dollars in millions)		
Net sales	$1,406	$1,346	$ 60
Net sales variance			
Volume	(10)%		
Price	11 %		
Currency	4 %		
Other	(1)%		
Operating profit	$ 47	$ 28	$ 19
Operating margin	3.3 %	2.1%	
Other (charges) gains, net	$ (3)	$ (23)	$ 20
Earnings (loss) from continuing operations before tax	47	28	19
Depreciation and amortization	62	59	3

Industrial Specialties' net sales increased by 4% during 2008 compared to 2007 as increased prices and favorable foreign currency impacts more than offset volume reductions. Pricing actions implemented by all business lines late in 2007 and during 2008 contributed to the increase in net sales. Volumes declined primarily on decreased demand across all regions due to the global economic downturn combined with the temporary shutdown of our EVA Performance Polymers plant late in 2008. The overall volume decline was partially offset by increased emulsions volumes at our Nanjing, China facility, which began operating late in 2008.

Increased net sales were more than offset by higher raw material and energy costs during 2008. The $19 million increase in operating profit was primarily due to reduced other charges and the absence of the $7 million loss on the divestiture of our EVA Performance Polymers' Films business in 2007. During 2007, we initiated a plan to simplify and optimize our Emulsions and PVOH businesses to focus on technology and innovation. Other charges during 2008 includes a charge of $3 million for employee termination benefits and accelerated depreciation related to this plan. Other charges during 2007 includes a charge of $14 million for employee termination benefits, $3 million for an impairment of long-lived assets and $5 million of accelerated depreciation expense for our shuttered United Kingdom plant related to this plan. Other charges in 2007 also include $6 million of goodwill impairment and receipt of $7 million in insurance recoveries in partial satisfaction of the business interruption losses resulting from the temporary unplanned outage of the acetic acid unit at our Clear Lake, Texas facility.

Acetyl Intermediates

	Year Ended December 31,		
	2008	2007	Change
	(As Adjusted)		
	(Dollars in millions)		
Net sales	$ 3,875	$3,615	$ 260
Net sales variance			
Volume	(3)%		
Price	7 %		
Currency	3 %		
Other	— %		
Operating profit	$ 304	$ 612	$ (308)
Operating margin	7.8 %	16.9%	
Other (charges) gains, net	$ (78)	$ 72	$ (150)
Earnings (loss) from continuing operations before tax	312	613	(301)
Depreciation and amortization	150	106	44

Acetyl Intermediates' net sales increased by 7% during 2008 as compared to 2007, primarily due to increased prices and favorable foreign currency impacts, partially offset by lower volumes. Our formula-based pricing arrangements benefited from higher ethylene and methanol costs during the first nine months of 2008. Market tightness in the Americas and favorable foreign currency impacts in Europe also contributed to the increase in net sales. Reduced volumes offset the increase in net sales as the slowdown of the global economy caused customers to slow production and diminish current inventory levels, particularly in Asia during the fourth quarter. Ethylene and methanol prices decreased during the fourth quarter of 2008 on slowed global demand.

Operating profit declined $308 million for 2008 as compared to 2007, primarily as a result of higher ethylene, methanol and energy prices, increased other charges, increased depreciation and amortization and the absence of a $12 million gain on the sale of our Edmonton, Alberta, Canada facility in 2007. Other charges increased during 2008 partially due to $76 million of long-lived asset impairment losses recognized in 2008 related to the closure of our acetic acid and VAM production facility in Pardies, France, our VAM production unit in Cangrejera, Mexico (which we shut down effective February 2009) and the potential shutdown of certain other facilities. Other charges in 2008 also includes $23 million of long-lived asset impairment losses and $13 million of severance and retention charges related to the shutdown of our Pampa, Texas facility. Also contributing to the increase was the absence of a one-time payment of $31 million received in 2007 in resolution of commercial disputes with a vendor and a $25 million decrease in insurance recoveries received in partial satisfaction of the losses resulting from the temporary unplanned outage of the acetic acid unit at our Clear Lake, Texas facility. Increased depreciation and amortization expense during 2008 is the result of accelerated depreciation associated with the shutdown of our Pampa, Texas facility and a full year of depreciation for our acetic acid plant in Nanjing, China, which started up in mid-2007.

The decrease in earnings from continuing operations before tax of $301 million is consistent with the decline in operating profit.

Other Activities

Net sales for Other Activities remained flat in 2008 as compared to 2007. We do not expect third-party revenues from our captive insurance companies to increase significantly in the near future.

The operating loss for Other Activities improved $90 million during 2008 as compared to 2007 due to lower other charges, partially offset by higher selling, general and administrative expenses. Other charges decreased principally due to the release of reserves related to the $8 million Sorbates antitrust actions settlement and the absence of $59 million of deferred compensation plan costs which were incurred during 2007. Selling, general and administrative expenses increased due to additional spending on business optimization and finance improvement initiatives during 2008.

The loss from continuing operations before tax decreased $346 million during 2008 as compared to 2007. The significant decrease was primarily due to the absence of $256 million of refinancing costs incurred in 2007 and the decrease in the operating loss discussed above.

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, if the Senior Credit Agreement Amendment is consummated as expected, we will have approximately $600 million available under our revolving credit facility and $137 million of undrawn commitments under our credit-linked revolving 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, for the remainder of 2010. 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.

As a result of the Pardies, France Project of Closure, we recorded exit costs of $18 million during the six months ended June 30, 2010 in the accompanying unaudited interim consolidated statements of operations. We may incur up to an additional $10 million in contingent employee termination benefits related to the Pardies, France Project of Closure. We expect that substantially all of the remaining exit costs will result in future cash expenditures through mid-2011. The Pardies, France facility is included in our Acetyl Intermediates segment. For more information on the Pardies, France Project of Closure, see Notes 3 and Note 13 to our unaudited consolidated financial statements for the six months ended June 30, 2010, which are included in this offering memorandum, and Note 4 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

On August 24, 2010, we announced a plan to consolidate our global acetate manufacturing capabilities by closing our acetate flake and tow manufacturing operations in Spondon, Derby, United Kingdom. The closure is intended to strengthen our competitive position and align future production capacities with anticipated industry demand trends. As a result of the closure of our acetate flake and tow manufacturing operations at the Spondon site, we expect to record future expenses of approximately $35 to $45 million, consisting of approximately $20 million for personnel-related exit costs and approximately $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 approximately $15 million) will result in future cash expenditures, which we expect to occur over a 12-18 month period.

In addition to exit-related costs, through 2011 and 2012 we anticipate making capital expenditures of approximately $75 million in certain efficiency improvements, principally at our Ocotlan, Mexico, and Narrows, Virginia facilities, to optimize our global production network.

On a stand-alone basis, Celanese Corporation has no material assets other than the stock of its subsidiaries and no independent external operations of its own. As such, Celanese Corporation generally will depend on the cash flow of its subsidiaries to meet its obligations under its Series A common stock.

Cash Flows—Six Months Ended June 30, 2010 Compared to the Six Months Ended June 30, 2009

Cash and cash equivalents as of June 30, 2010 were $1,081 million, which was a decrease of $173 million from December 31, 2009.

Net Cash Provided by (Used in) Operating Activities

Cash flow provided by operating activities decreased $80 million during the six months ended June 30, 2010 as compared to the same period in 2009. The increase in operating profit was more than offset by the increase in trade working capital.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities decreased from a cash inflow of $183 million for the six months ended June 30, 2009 to a cash outflow of $275 million for the same period in 2010. The decrease in cash provided by investment activities is primarily related to receipt of proceeds of $412 million related to the Ticona Kelsterbach plant relocation and $15 million from the sale of marketable securities that were received in 2009. There were no such proceeds in 2010.

Our cash outflow for capital expenditures was $78 million and $96 million for the six months ended June 30, 2010 and 2009, 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.

Additionally we had cash outflows for the six months ended June 30, 2010 of $46 million related to our acquisition of two product lines, Zenite ® LCP and Thermx ® PCT, from DuPont Performance Polymers. In connection with the acquisition, we have committed to purchase certain inventory at a future date valued at a range between $12 million and $17 million.

Capital expenditures are expected to be approximately $243 million for 2010, excluding amounts related to the relocation of our Ticona plant in Kelsterbach. We anticipate cash outflows for capital expenditures for our Ticona plant in Kelsterbach to be €239 million during 2010. In connection with the construction of the POM facility in Saudi Arabia, our pro rata share of invested capital is expected to total approximately $150 million over a three year period beginning in late 2010.

Net Cash Provided by (Used in) in Financing Activities

Net cash used in financing activities increased from a cash outflow of $59 million for the six months ended June, 2009 to a cash outflow of $78 million for the same period in 2010. The $19 million increase in cash outflow primarily relates to the Company’s $20 million repurchase of the its common stock that occurred during the second quarter of 2010.

Cash Flows—2009 Compared with 2008 Compared with 2007

Net Cash Provided by (Used in)Operating Activities

Cash flow provided by operating activities increased $10 million to a cash inflow of $596 million in 2009 from a cash inflow of $586 million for 2008. Operating cash flows were favorably impacted by less cash paid for interest, taxes, and legal settlements coupled with a favorable change in trade working capital which helped to offset lower operating performance.

Cash flow provided by operating activities increased $20 million to a cash inflow of $586 million in 2008 from a cash inflow of $566 million for 2007. Operating cash flows were favorably impacted by positive trade working capital changes ($202 million), lower cash taxes paid ($83 million) and the absence of adjustments to cash for discontinued operations. Adjustments to cash for discontinued operations of $84 million during 2007 related primarily to working capital changes of the oxo products and derivatives businesses and the shutdown of our Edmonton, Alberta, Canada methanol facility. Offsetting the increase in cash flows were an increase in net cash interest paid ($78 million), cash spent on legal settlements ($134 million) and decreased operating profit during the period.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities increased to a cash inflow of $31 million in 2009 from a cash outflow of $201 million in 2008. Net cash from investing activities increased primarily due to lower capital expenditures on property, plant and equipment, proceeds received from the sale of our PVOH business and increased deferred proceeds received on our Ticona Kelsterbach relocation. These cash inflows were offset slightly by an increase on our capital expenditures related to our Ticona Kelsterbach plant relocation.

Net cash provided by investing activities decreased to a cash outflow of $201 million in 2008 from a cash inflow of $143 million in 2007. Net cash from investing activities decreased primarily due to cash spent in settlement of our cross currency swaps of $93 million (see Note 22 our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum) and the absence of proceeds from the sale of our oxo products and derivatives businesses during 2007. These amounts were offset by net cash received on the sale of marketable securities ($111 million) and the excess of cash received from Fraport over amounts spent in connection with the Ticona Kelsterbach plant relocation.

Our cash outflows for capital expenditures were $176 million, $274 million and $288 million for the years ended December 31, 2009, 2008 and 2007, respectively, excluding amounts related to the relocation of our Ticona plant in Kelsterbach. Capital expenditures were primarily related to major replacements of equipment, capacity expansions, major investments to reduce future operating costs and environmental, health and safety initiatives.

As of December 31, 2009, we have received €542 millon of cash from Fraport in connection with the Ticona Kelsterbach plant relocation. Per the terms of the Fraport agreement, we expect to receive an additional €110 million in 2011 subject to downward adjustments based on our readiness to close our operations at our Kelsterbach, Germany facility.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities decreased from a cash outflow of $499 million in 2008 to a cash outflow of $112 million in 2009. The $387 million decrease in cash outflows from financing activities primarily related to the repurchase of shares during 2008 of $378 million as compared to no shares

repurchased during 2009. In addition, exchange rate effects on cash and cash equivalents increased to a favorable currency effect of $63 million in 2009 compared to an unfavorable impact of $35 million in 2008.

Net cash used in financing activities decreased to a cash outflow of $499 million in 2008 compared to a cash outflow of $714 million during 2007. The $215 million decrease in cash outflows primarily relates to the decrease in cash outflows attributable to the debt refinancing for 2008 as compared to 2007. Also contributing to the decrease, cash spent to repurchase shares was $25 million less during 2008 than during 2007. Decreased cash received for stock option exercises of $51 million for 2008 as compared to 2007, together with an unfavorable impact from exchange rate effects on cash and cash equivalents of $35 million in 2008 as compared to a favorable impact of $39 million in 2007, partially offset the increase.

Debt and Capital

As of June 30, 2010, we had total debt of $3,427 million and cash and cash equivalents of $1,081 million, resulting in net debt of $2,346 million, a $99 million increase from December 31, 2009. Decreased cash of $173 million was partially offset by net cash paydowns on debt of $47 million, purchases of treasury stock of $20 million, acquisitions of $46 million, capital expenditures (including capital expenditures related to the Kelsterbach relocation) of $229 million which was partially offset by an increase in operating performance.

Senior Credit Agreement

The Senior Credit Agreement currently consists of $2,280 million of US dollar-denominated and €400 million of Euro-denominated term loans due April 2, 2014, a $600 million revolving credit facility terminating on April 2, 2013 and a $228 million credit-linked revolving facility terminating on April 2, 2014. The term loans under the Senior Credit Agreement are subject to amortization at 1% of the initial principal amount per annum, payable quarterly. The remaining principal amount of the term loans is due on April 2, 2014. As of June 30, 2010, there were no outstanding borrowings or letters of credit issued under the revolving credit facility. As of June 30, 2010, there were $91 million of letters of credit issued under the credit-linked revolving facility and $137 million remained available for borrowing. As of June 30, 2010, we were in compliance with all of the covenants related to our debt agreements.

The Senior Credit Agreement requires us to not exceed a maximum first lien senior secured leverage ratio if there are outstanding borrowings under the revolving credit facility. The first lien senior secured leverage ratio is calculated as the ratio of consolidated first lien senior secured debt to earnings before interest, taxes, depreciation and amortization, subject to adjustments identified in the credit agreement.

On June 30, 2009, we entered into an amendment to the Senior Credit Agreement. The amendment reduced the amount available under the revolving credit facility from $650 million to $600 million and increased the first lien senior secured leverage ratio covenant that is applicable when any amount is outstanding under the revolving credit portion of the Senior Credit Agreement. Prior to giving effect to the amendment, the maximum first lien senior secured leverage ratio was 3.90 to 1.00. As amended, the maximum senior secured leverage ratio for the following trailing four-quarter periods is as follows:

	First Lien Senior Secured Leverage Ratio
June 30, 2010	4.25 to 1.00
September 30, 2010	4.25 to 1.00
December 31, 2010 and thereafter	3.90 to 1.00

Based on the estimated first lien senior secured leverage ratio for the trailing four quarters at June 30, 2010, our borrowing capacity under the revolving credit facility is $600 million. As of the quarter ended June 30, 2010, our first lien senior secured leverage ratio was 2.7 to 1.00 (which would have been 3.3 to 1.00 were the revolving credit facility fully drawn). The maximum first lien senior secured leverage ratio under the revolving credit facility for such quarter is 4.25 to 1.00. Our availability in future periods will be based on the first lien senior secured leverage ratio applicable to the future periods.

The Issuer's obligations under the Senior Credit Agreement are guaranteed by Celanese Holdings LLC, a subsidiary of Celanese, and certain domestic subsidiaries of the Issuer, and is secured by a lien on substantially all assets of the Issuer and such guarantors, subject to certain exceptions. The Senior Credit Agreement contains a number of restrictions on the Issuer, Celanese Holdings LLC and certain of the Issuer's subsidiaries, including, but not limited to, restrictions on their 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 certain hedge transactions; or engage in other businesses. The Senior Credit Agreement also contains a number of affirmative covenants. Events of default under the Senior Credit Agreement include a cross-default provision triggered by defaults on certain other debt and the occurrence of a change of control.

On September 7, 2010, we announced that we are seeking to enter into the Senior Credit Agreement Amendment to, among other things, amend certain terms and conditions of the Senior Credit Agreement and extend (i) the maturity of a portion of the existing term loans to October 2016 and (ii) the maturity of a portion of the revolving credit facilities to October 2015. We currently expect that the Senior Credit Agreement, upon giving effect to the Senior Credit Agreement Amendment, will consist of approximately $1,088 million of US dollar and Euro denominated term loans due April, 2014, approximately $1,000 million of US dollar and Euro denominated term loans due October, 2016, an approximately $600 million revolving credit facility terminating in October, 2015 and an approximately $228 million credit-linked facility terminating in April 2014. Any such amendments and amounts are subject to lender approvals as required under the Senior Credit Agreement and other customary conditions, and we can give no assurance that such amendments will become effective as proposed or at all. This offering is not conditioned on the Senior Credit Agreement Amendment becoming effective. See "Description of Certain Other Indebtedness."

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. In April 2010, we announced that our Board of Directors approved a 25% increase in the Celanese Common Stock cash dividend rate from $0.04 to $0.05 per share of Common Stock on a quarterly basis and $0.16 to $0.20 per share of Common Stock on an annual basis. The new dividend rate was applicable to dividends payable beginning in August 2010. For the years ended December 31, 2009, 2008 and 2007, we paid $23 million, $24 million and $25 million, respectively, in cash dividends on our Series A common stock. On January 5, 2010, we declared a $6 million cash dividend which was paid on February 1, 2010. On April 5, 2010, we declared a cash dividend of $0.04 per share on our Common Stock, amounting to $6 million in the aggregate that was paid on May 1, 2010. On July 1, 2010, we declared a cash dividend of $0.05 per share on our Common Stock, amounting to $8 million in the aggregate that was paid on August 2, 2010.

On February 1, 2010, we delivered notice to the holders of our 4.25% Convertible Perpetual Preferred Stock (the "Preferred Stock"), pursuant to which we called for the redemption of all 9.6 million 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 our Series A common stock, par value $0.0001 per share ("Common Stock"), at any time prior to 5:00 p.m., New York City time, on February 19, 2010. As of such date, holders of Preferred Stock had 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 us on February 22, 2010 for 7,437 shares of Common Stock, in

accordance with the terms of the Preferred Stock. In addition to the Common Stock issued in respect of the shares of Preferred Stock converted and redeemed, we paid cash in lieu of fractional shares. In issuing these shares of Common Stock, we relied on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended. We paid cash dividends on our Preferred Stock of $3 million during the six months ended June 30, 2010. As a result of the redemption of our Preferred Stock, no future dividends on Preferred Stock will be paid.

In February 2008, our Board of Directors authorized the repurchase of up to $400 million of our Series A common stock. This authorization was increased to $500 million in October 2008. The authorization gives management discretion in determining the conditions under which shares may be repurchased. This repurchase program does not have an expiration date. In August 2010, we repurchased approximately $21 million of our Series A common stock. As of September 1, 2010, we had the ability to repurchase an additional $81 million of Series A common stock based on the Board of Director's authorization of $500 million.

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

	Six Months Ended June 30,		Total from Inception through
	2010	**2009**	**June 30, 2010**
Shares repurchased	678,592	—	10,441,792
Average purchase price per share	$ 29.47	$—	$ 38.09
Amount spent on repurchased shares (in millions)	$ 20	$—	$ 398

These purchases 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 Debt and Cash Obligations

The following table sets forth our fixed contractual debt and cash obligations as of December 31, 2009.

	Payments due by Period (in millions)				
	Total	Less Than 1 Year	Years 2 & 3	Years 4 & 5	After 5 Years
Fixed contractual debt obligations					
Term loans facility	$2,785	$ 29	$ 57	$ 2,699	$ —
Interest payments on debt and other obligations	921 [1]	193	286	165	277
Capital lease obligations	242	34	28	28	152
Other debt	474 [5]	179	69	45	181
Total	4,422	435	440	2,937	610
Operating leases	203	50	67	40	46
Uncertain tax obligations, including interest and penalties	234 [2]	5	—	—	229
Unconditional purchase obligations	1,626 [3]	228	437	316	645
Other commitments	713 [4]	187	274	141	111
Environmental and asset retirement obligations	180	35	68	21	56
Total	$7,378	$ 940	$ 1,286	$ 3,455	$1,697

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(1) Future interest expense is calculated using the rate in effect on January 2, 2010.

(2) Due to uncertainties in the timing of the effective settlement of tax positions with the respective taxing authorities, we are unable to determine the timing of payments related to our uncertain tax obligations, including interest and penalties. These amounts are therefore reflected in “After 5 Years”.

(3) Represent the take-or-pay provisions included in certain long-term purchase agreements. We do not expect to incur material losses under these arrangements.

(4) Includes other purchase obligations such as maintenance and service agreements, energy and utility agreements, consulting contracts, software agreements and other miscellaneous agreements and contracts, obtained via a survey of the Company.

(5) Other debt of $474 million is primarily made up of fixed rate pollution control and industrial revenue bonds, short-term borrowings from affiliated companies and other bank obligations.

Contractual Guarantees and Commitments

As of June 30, 2010, we have current standby letters of credit of $91 million and bank guarantees of $12 million outstanding which are irrevocable obligations of an issuing bank that ensure payment to third parties in the event that certain subsidiaries fail to perform in accordance with specified contractual obligations. The likelihood is remote that material payments will be required under these agreements.

Other Obligations

Deferred Compensation. In April 2007, certain participants in our 2004 deferred compensation plan elected to participate in a revised program, which includes both cash awards and restricted stock units. Under the revised cash program, participants relinquished their cash awards of up to $30 million that would have

contingently accrued from 2007-2009 under the original plan. Based on current participation in the revised cash program, we expensed $10 million during the year ended December 31, 2009. The revised cash awards vest December 31, 2010.

In December 2008, we granted time-vesting cash awards of $22 million to Celanese's executive officers and certain other key employees. Each award of cash vests 30% on October 14, 2009, 30% on October 14, 2010 and 40% on October 14, 2011. In its sole discretion, the compensation committee of the Board of Directors may at any time convert all or a portion of the cash award to an award of time-vesting restricted stock units. The liability cash awards are being accrued and expensed over the term of the agreements. During the year ended December 31, 2009, less than $1 million was paid to participants who left the Company and $6 million was paid in October 2009 to active employees representing 30% of the remaining outstanding award.

Pension and Other Postretirement Obligations. Our contributions for pension and postretirement benefits are preliminarily estimated to be $52 million and $27 million, respectively, in 2010.

Domination Agreement. The Domination Agreement was approved at the Celanese GmbH, formerly known as Celanese AG, extraordinary shareholders' meeting on July 31, 2004. The Domination Agreement between Celanese GmbH and our subsidiary, Celanese Europe Holding, became effective on October 1, 2004 and was terminated effective December 31, 2009 by Celanese Europe Holding in the ordinary course of business. Our subsidiaries, Celanese International Holdings Luxembourg Sàrl. ("CIH"), formerly Celanese Caylux Holdings Luxembourg S.C.A., and Celanese US have each agreed to provide Celanese Europe Holding with financing to strengthen Celanese Europe Holding's ability to fulfill its obligations under, or in connection with, the Domination Agreement and to ensure that Celanese Europe Holding will perform all of its obligations under, or in connection with, the Domination Agreement when such obligations become due, including, without limitation, the obligation to compensate Celanese GmbH for any statutory annual loss incurred by Celanese GmbH during the term of the Domination Agreement. If CIH and/or Celanese US are obligated to make payments under such guarantees or other security to Celanese Europe Holding, we may not have sufficient funds for payments on our indebtedness when due. We have not had to compensate Celanese GmbH for an annual loss for any period during which the Domination Agreement has been in effect.

On March 26, 2010, BCP Holdings and Celanese GmbH entered into the Domination Agreement II, which became effective on April 9, 2010. Under the Domination Agreement II, BCP Holdings is required, among other things, to compensate Celanese GmbH for any annual loss incurred, determined in accordance with German accounting requirements, by Celanese GmbH at the end of the fiscal year in which the loss was incurred. This obligation to compensate Celanese GmbH for annual losses will apply during the entire term of the Domination Agreement II. If Celanese GmbH incurs losses during any period of the operative term of the Domination Agreement II and if such losses lead to an annual loss of Celanese GmbH at the end of any given fiscal year during the term of the Domination Agreement II, BCP Holdings will be obligated to make a corresponding cash payment to Celanese GmbH to the extent that the respective annual loss is not fully compensated for by the dissolution of profit reserves accrued at the level of Celanese GmbH during the term of the Domination Agreement II. BCP Holdings may be able to reduce or avoid cash payments to Celanese GmbH by off-setting against such loss compensation claims by Celanese GmbH any valuable counterclaims against Celanese GmbH that BCP Holdings may have.

Plumbing Actions

We are involved in a number of legal proceedings and claims incidental to the normal conduct of our business. As of June 30, 2010 there were reserves of $54 million related to plumbing action litigation. Although it is impossible at this time to determine with certainty the ultimate outcome of these matters, we believe, based on the advice of legal counsel, that adequate provisions have been made and that the ultimate

outcome will not have a material adverse effect on our financial position, but could have a material adverse effect on our results of operations or cash flows in any given accounting period.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

Our consolidated financial statements are based on the selection and application of significant accounting policies. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 believe the following accounting polices and estimates are critical to understanding the financial reporting risks present in the current economic environment. These matters, and the judgments and uncertainties affecting them, are also essential to understanding our reported and future operating results. For a more comprehensive discussion of our significant accounting policies, see Note 2 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

Recoverability of Long-Lived Assets

Recoverability of Goodwill and Indefinite-Lived Assets. We test for impairment of goodwill at the reporting unit level. Our reporting units are either our operating business segments or one level below our operating business segments where discrete financial information is available for our reporting units and operating results are regularly reviewed by business segment management. Our business units have been designated as our reporting units based on business segment management's review of and reliance on the business unit financial information and include Advanced Engineered Materials, Acetate Products, Nutrinova, Emulsions, Celanese EVA Performance Polymers (formerly AT Plastics) and Acetyl Intermediates businesses. We assess the recoverability of the carrying value of our goodwill and other indefinite-lived intangible assets annually during the third quarter of our fiscal year using June 30 balances or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable. Recoverability of goodwill and other indefinite-lived intangible assets is measured using a discounted cash flow model incorporating discount rates commensurate with the risks involved for each reporting unit. Use of a discounted cash flow model is common practice in impairment testing in the absence of available transactional market evidence to determine the fair value.

The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. Discount rates are determined by using a weighted average cost of capital ("WACC"). The WACC considers market and industry data as well as Company-specific risk factors for each reporting unit in determining the appropriate discount rate to be used. The discount rate utilized for each reporting unit is indicative of the return an investor would expect to receive for investing in such a business. Operational management, considering industry and Company-specific historical and projected data, develops growth rates and cash flow projections for each reporting unit. Terminal value rate determination follows common methodology of capturing the

present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and low long-term growth rates. If the calculated fair value is less than the current carrying value, impairment of the reporting unit may exist. If the recoverability test indicates potential impairment, we calculate an implied fair value of goodwill for the reporting unit. The implied fair value of goodwill is determined in a manner similar to how goodwill is calculated in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded to write down the carrying value. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit but may indicate certain long-lived and amortizable intangible assets associated with the reporting unit may require additional impairment testing.

Management tests indefinite-lived intangible assets utilizing the relief from royalty method to determine the estimated fair value for each indefinite-lived intangible asset. 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. Discount rates, royalty rates, growth rates and sales projections are the assumptions most sensitive and susceptible to change as they require significant management judgment. Discount rates used are similar to the rates estimated by the WACC considering any differences in Company-specific risk factors. Royalty rates are established by management and are periodically substantiated by third-party valuation consultants. Operational management, considering industry and Company-specific historical and projected data, develops growth rates and sales projections associated with each indefinite-lived intangible asset. Terminal value rate determination follows common methodology of capturing the present value of perpetual sales estimates beyond the last projected period assuming a constant WACC and low long-term growth rates.

For all significant goodwill and indefinite-lived intangible assets, the estimated fair value of the asset exceeded the carrying value of the asset by a substantial margin at the date of the most recent impairment test. Our methodology for determining impairment for both goodwill and indefinite-lived intangible assets was consistent with that used in the prior year.

Recoverability of Long-Lived and Amortizable Intangible Assets. We assess the recoverability of long-lived and amortizable intangible assets whenever events or circumstances indicate that the carrying value of the asset may not be recoverable. Examples of a change in events or circumstances include, but are not limited to, a decrease in the market price of the asset, a history of cash flow losses related to the use of the asset or a significant adverse change in the extent or manner in which an asset is being used. To assess the recoverability of long-lived and amortizable intangible assets we compare the carrying amount of the asset or group of assets to the future net undiscounted cash flows expected to be generated by the asset or asset group. Long-lived and amortizable intangible assets are tested for recognition and measurement of an impairment loss at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If such assets are considered impaired, the impairment recognized is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

The development of future net undiscounted cash flow projections require management projections related to sales and profitability trends and the remaining useful life of the asset. Projections of sales and profitability trends are the assumptions most sensitive and susceptible to change as they require significant management judgment. These projections are consistent with projections we use to manage our operations internally. When impairment is indicated, a discounted cash flow valuation model similar to that used to value goodwill at the reporting unit level, incorporating discount rates commensurate with risks associated with each asset, is used to determine the fair value of the asset to measure potential impairment. We believe the assumptions used are reflective of what a market participant would have used in calculating fair value.

Valuation methodologies utilized to evaluate goodwill and indefinite-lived intangible, amortizable intangible and long-lived assets for impairment were consistent with prior periods. We periodically engage third-party valuation consultants to assist us with this process. Specific assumptions discussed above are

updated at the date of each test to consider current industry and Company-specific risk factors from the perspective of a market participant. The current business environment is subject to evolving market conditions and requires significant management judgment to interpret the potential impact to the Company's assumptions. To the extent that changes in the current business environment result in adjusted management projections, impairment losses may occur in future periods.

Income Taxes

We regularly review our deferred tax assets for recoverability and establish a valuation allowance based on historical taxable income, projected future taxable income, applicable tax strategies, and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In forming our judgment regarding the recoverability of deferred tax assets related to deductible temporary differences and tax attribute carryforwards, we give weight to positive and negative evidence based on the extent to which the forms of evidence can be objectively verified. We attach the most weight to historical earnings due to its verifiable nature. Weight is attached to tax planning strategies if the strategies are prudent and feasible and implementable without significant obstacles. Less weight is attached to forecasted future earnings due to its subjective nature, and expected timing of reversal of taxable temporary differences is given little weight unless the reversal of taxable and deductible temporary differences coincide. Valuation allowances have been established primarily on net operating loss carryforwards and other deferred tax assets in the US, Luxembourg, France, Spain, China, the United Kingdom and Canada. We have appropriately reflected increases and decreases in our valuation allowance based on the overall weight of positive versus negative evidence on a jurisdiction by jurisdiction basis. In 2009, based on cumulative profitability, the Company concluded that the US valuation allowance should be reversed except for a portion related to certain federal and state net operating loss carryforwards that are not likely to be realized.

We record accruals for income taxes and associated interest that may become payable in future years as a result of audits by tax authorities. We recognize tax benefits when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the position will be sustained upon examination. Tax positions that meet the more-likely-than-not threshold are measured using a probability weighted approach as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. Whether the more-likely-than-not recognition threshold is met for a tax position is a matter of judgment based on the individual facts and circumstances of that position evaluated in light of all available evidence.

The recoverability of deferred tax assets and the recognition and measurement of uncertain tax positions are subject to various assumptions and management judgment. If actual results differ from the estimates made by management in establishing or maintaining valuation allowances against deferred tax assets, the resulting change in the valuation allowance would generally impact earnings or Other comprehensive income depending on the nature of the respective deferred tax asset. Additionally, the positions taken with regard to tax contingencies may be subject to audit and review by tax authorities which may result in future taxes, interest and penalties.

Benefit Obligations

We have pension and other postretirement benefit plans covering substantially all employees who meet eligibility requirements. With respect to its US qualified defined benefit pension plan, minimum funding requirements are determined by the Pension Protection Act of 2006 based on years of service and/or compensation. Various assumptions are used in the calculation of the actuarial valuation of the employee benefit plans. These assumptions include the weighted average discount rate, compensation levels, expected long-term rates of return on plan assets and trends in health care costs. In addition to the above mentioned assumptions, actuarial consultants use factors such as withdrawal and mortality rates to estimate the projected

benefit obligation. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of pension expense recorded in future periods.

The amounts recognized in the consolidated financial statements related to pension and other postretirement benefits are determined on an actuarial basis. A significant assumption used in determining our pension expense is the expected long-term rate of return on plan assets. As of December 31, 2009, we assumed an expected long-term rate of return on plan assets of 8.5% for the US defined benefit pension plans, which represent approximately 83% and 85% of our pension plan assets and liabilities, respectively. On average, the actual return on the US qualified defined pension plans' assets over the long-term (15 to 20 years) has exceeded 8.5%.

We estimate a 25 basis point decline in the expected long-term rate of return for the US qualified defined benefit pension plan to increase pension expense by an estimated $5 million in 2009. Another estimate that affects our pension and other postretirement benefit expense is the discount rate used in the annual actuarial valuations of pension and other postretirement benefit plan obligations. At the end of each year, we determine the appropriate discount rate, used to determine the present value of future cash flows currently expected to be required to settle the pension and other postretirement benefit obligations. The discount rate is generally based on the yield on high-quality corporate fixed-income securities. As of December 31, 2009, we decreased the discount rate to 5.90% from 6.50% as of December 31, 2008 for the US plans. We estimate that a 50 basis point decline in our discount rate will increase our annual pension expenses by an estimated $12 million, and increase our benefit obligations by approximately $151 million for our US pension plans. In addition, the same basis point decline in our discount rate will also increase our annual expenses and benefit obligations by less than $1 million and $9 million respectively, for our US postretirement medical plans. We estimate that a 50 basis point decline in the discount rate for the non-US pension and postretirement medical plans will increase pension and other postretirement benefit annual expenses by approximately $1 million and less than $1 million, respectively, and will increase our benefit obligations by approximately $32 million and $2 million, respectively.

Other postretirement benefit plans provide medical and life insurance benefits to retirees who meet minimum age and service requirements. The key determinants of the accumulated postretirement benefit obligation ("APBO") are the discount rate and the healthcare cost trend rate. The healthcare cost trend rate has a significant effect on the reported amounts of APBO and related expense. For example, increasing or decreasing the healthcare cost trend rate by one percentage point in each year would result in the APBO as of December 31, 2009 changing by approximately $4 million and $(3) million, respectively. Additionally, increasing or decreasing the healthcare cost trend rate by one percentage point in each year would result in the 2009 postretirement benefit cost changing by less than $1 million.

Pension assumptions are reviewed annually on a plan and country-specific basis by third-party actuaries and senior management. Such assumptions are adjusted as appropriate to reflect changes in market rates and outlook. We determine the long-term expected rate of return on plan assets by considering the current target asset allocation, as well as the historical and expected rates of return on various asset categories in which the plans are invested. A single long-term expected rate of return on plan assets is then calculated for each plan as the weighted average of the target asset allocation and the long-term expected rate of return assumptions for each asset category within each plan.

Differences between actual rates of return of plan assets and the long-term expected rate of return on plan assets are generally not recognized in pension expense in the year that the difference occurs. These differences are deferred and amortized into pension expense over the average remaining future service of employees. We apply the long-term expected rate of return on plan assets to a market-related value of plan assets to stabilize variability in the plan asset values.

Accounting for Commitments and Contingencies

We are subject to a number of legal proceedings, lawsuits, claims, and investigations, incidental to the normal conduct of our business, relating to and including product liability, patent and intellectual property, commercial, contract, antitrust, past waste disposal practices, release of chemicals into the environment and employment matters, which are handled and defended in the ordinary course of business. We routinely assess the likelihood of any adverse judgments or outcomes to these matters as well as ranges of probable and reasonably estimable losses. Reasonable estimates involve judgments made by us after considering a broad range of information including: notifications, demands, settlements which have been received from a regulatory authority or private party, estimates performed by independent consultants and outside counsel, available facts, identification of other potentially responsible parties and their ability to contribute, as well as prior experience. With respect to environmental liabilities, it is our policy to accrue through fifteen years, unless we have government orders or other agreements that extend beyond fifteen years. A determination of the amount of loss contingency required, if any, is assessed in accordance with FASB Accounting Standards Codification ("FASB ASC") Topic 450, Contingencies, and recorded if probable and estimable after careful analysis of each individual matter. The required reserves may change in the future due to new developments in each matter and as additional information becomes available.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 2 to our unaudited consolidated financial statements for the six-month period ended June 30, 2010, which are included in this offering memorandum, as well as Note 3 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

Quantitative and Qualitative Disclosures about Market Risk

Market Risks

Our financial market risk consists principally of exposure to currency exchange rates, interest rates and commodity prices. Exchange rate and interest rate risks are managed with a variety of techniques, including use of derivatives. We have in place policies of hedging against changes in currency exchange rates, interest rates and commodity prices as described below. Contracts to hedge exposures are primarily accounted for under FASB ASC Topic 815, Derivatives and Hedging ("FASB ASC Topic 815").

Interest Rate Risk Management

We use interest rate swap agreements to manage the interest rate risk of our total debt portfolio and related overall cost of borrowing. To reduce the interest rate risk inherent in our variable rate debt, we utilize interest rate swap agreements to convert a portion of our variable rate debt to a fixed rate obligation. These interest rate swap agreements are designated as cash flow hedges.

In March 2007, in anticipation of the April 2007 debt refinancing, we entered into various US dollar and Euro interest rate swap agreements, which became effective on April 2, 2007, with notional amounts of $1.6 billion and €150 million, respectively. The notional amountof the $1.6 billion US dollar interest rate swaps decreased by $400 million effective January 2, 2008 and decreased by another $200 million effective January 2, 2009. To offset the declines, we entered into US dollar interest rate swaps with a combined notional amount of $400 million which became effective on January 2, 2008 and an additional US dollar interest rate swap with a notional amount of $200 million which became effective April 2, 2009. In August 2010, we

entered into a new two-year US dollar denominated forward-starting interest rate swap with a notional amount of $1.1 billion for the years 2012 and 2013.

As of June 30, 2010, we had $2,212 million, €409 million and CNY 1.7 billion of variable rate debt, of which $1.5 billion and €150 million is hedged withinterest rate swaps, which leaves $732 million, €259 million and CNY 1.7 billion of variable rate debt subject to interest rate exposure. Accordingly, a 1% increase in interest rates would increase annual interest expense by approximately $13 million. For further discussion of our interest rate risk management and the related impact on our financial position and results of operations, see Note 15 to our unaudited consolidated financial statements for the six-month period ended June 30, 2010, which are included in this offering memorandum, as well as Note 22 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

Foreign Exchange Risk Management

The primary business objective of this hedging program is to maintain an approximately balanced position in foreign currencies so that exchange gains and losses resulting from exchange rate changes, net of related tax effects, are minimized. It is our policy to minimize currency exposures and to conduct operations either within functional currencies or using the protection of hedge strategies. Accordingly, we enter into foreign currency forwards and swaps to minimize our exposure to foreign currency fluctuations. From time to time we may also hedge our currency exposure related to forecasted transactions. Forward contracts are not designated as hedges under FASB ASC Topic 815.

The following table indicates, as of December 31, 2009, the total US dollar equivalents of net foreign exchange exposure related to (short) long foreign exchange forward contracts outstanding by currency. All of the contracts included in the table below will have approximately offsetting effects from actual underlying payables, receivables, intercompany loans or other assets or liabilities subject to foreign exchange remeasurement.

Currency	2010 Maturity (in millions)
Euro	$ (372)
British pound sterling	(90)
Chinese renminbi	(200)
Mexican peso	(5)
Singapore dollar	27
Canadian dollar	(48)
Japanese yen	8
Brazilian real	(11)
Swedish krona	15
Other	(1)
Total	$ (677)

Additionally, a portion of our assets, liabilities, revenues and expenses are denominated in currencies other than the US dollar, principally the Euro. Fluctuations in the value of these currencies against the US dollar, particularly the value of the Euro, can have a direct and material impact on the business and financial results. For example, a decline in the value of the Euro versus the US dollar results in a decline in the US dollar value of our sales and earnings denominated in Euros due to translation effects. Likewise, an increase in the value of the Euro versus the US dollar would result in an opposite effect.

To protect the foreign currency exposure of a net investment in a foreign operation, we entered into cross currency swaps with certain financial institutions in 2004. The cross currency swaps and the Euro-denominated portion of the senior term loan were designated as a hedge of a net investment of a foreign operation. We de-designated the net investment hedge due to the debt refinancing in April 2007 and redesignated the cross currency swaps and new senior Euro term loan in July 2007.

Under the terms of the cross currency swap arrangements, we paid approximately €13 million in interestand received approximately $16 million in interest on June 15 and December 15 of each year. The fair value of the net obligation under the cross currency swaps was included in current Other liabilities in the consolidated balance sheets as of December 31, 2007. Upon maturity of the cross currency swap arrangements in June 2008, we owed €276 million ($426 million) and were owed $333 million. In settlement of the obligation, we paid $93 million (net of interest of $3 million) in June 2008.

During the year ended December 31, 2008, we de-designated €385 million of the €400 million euro-denominated portion of the term loan, previously designated as a hedge of a net investment of a foreign operation. The remaining €15 million Euro-denominated portionof the term loan was de-designated as a hedge of a net investment of a foreign operation in June 2009. Prior to these de-designations, we had been using external derivative contracts to offset foreign currency exposures on certain intercompany loans. As a result of the de-designations, the foreign currency exposure created by the Euro-denominated term loan is expected to offset the foreign currency exposure on certain intercompany loans, decreasing the need for external derivative contracts and reducing our exposure to external counterparties. For further discussion of our foreign exchange risk management and the related impact on our financial position and results of operations, see Note 15 to our unaudited consolidated financial statements for the six-month period ended June 30, 2010, which are included in this offering memorandum, as well as Note 22 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

Commodity Risk Management

We have exposure to the prices of commodities in our procurement of certain raw materials. We manage our exposure primarily through the use of long-term supply agreements and derivative instruments. We regularly assess our practice of purchasing a portion of our commodity requirements forward and utilization of other raw material hedging instruments, in addition to forward purchase contracts, in accordance with changes in market conditions. Forward purchases and swap contracts for raw materials are principally settled through actual delivery of the physical commodity. For qualifying contracts, we have elected to apply the normal purchases and normal sales exception of FASB ASC Topic 815, as it was probable at the inception and throughout the term of the contract that they would not settle net and would result in physical delivery. As such, realized gains and losses on these contracts are included in the cost of the commodity upon the settlement of the contract.

In addition, we occasionally enter into financial derivatives to hedge a component of a raw material or energy source. Typically, these types of transactions do not qualify for hedge accounting. These instruments are marked to market at each reporting period and gains (losses) are included in Cost of sales in the consolidated statements of operations. We recognized no gain or loss from these types of contracts during the years ended December 31, 2009 and 2008 and less than $1 million during the year ended December 31, 2007.

Exhibit 99.4

Summary Historical Consolidated Financial Data

The following summary historical consolidated financial data for the six months ended June 30, 2010 and 2009, the twelve months ended June 30, 2010, and as of June 30, 2010 are derived from, and qualified by reference to, our unaudited condensed consolidated financial statements included in this offering memorandum. The following summary historical consolidated financial data for the years ended December 31, 2009, 2008 and 2007 and as of December 31, 2009 and 2008 are derived from, and qualified by reference to, our audited consolidated financial statements included in this offering memorandum.

Our unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements except as stated in the related notes thereto and, in the opinion of management, include all normal recurring adjustments considered necessary for a fair presentation of our financial condition and result of operations for such periods. Operating results for the six months and twelve months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the year ended December 31, 2010. The summary data should be read in conjunction with the consolidated financial statements for the years ended December 31, 2009, 2008 and 2007, the related notes and the independent registered public accounting firm's report, which refers to the adoption of certain new accounting standards, included in this offering memorandum.

	Six Months Ended June 30,		Twelve Months Ended June 30,	Year Ended December 31,		
	2010	2009 [(1)]	2010 [(1)]	2009 [(1)]	2008 [(1)]	2007 [(1)]
	(unaudited)		(unaudited)	(audited)		
			(in millions)			
Consolidated Statement of Operations Data:						
Net sales	$ 2,905	$ 2,390	$ 5,597	$ 5,082	$ 6,823	$ 6,444
Cost of sales	(2,384)	(1,942)	(4,521)	(4,079)	(5,567)	(4,999)
Gross profit	521	448	1,076	1,003	1,256	1,445
Selling, general and administrative expenses	(246)	(228)	(487)	(469)	(540)	(516)
Amortization of intangible assets	(30)	(38)	(69)	(77)	(76)	(72)
Research and development expenses	(37)	(38)	(74)	(75)	(80)	(73)
Other (charges) gains, net	(83)	(27)	(192)	(136)	(108)	(58)
Foreign exchange gain (loss), net	2	3	1	2	(4)	2
Gain (loss) on disposition of businesses and assets, net	15	(4)	61	42	(8)	20
Operating profit (loss)	142	116	316	290	440	748
Equity in net earnings (loss) of affiliates	94	41	152	99	172	150
Interest expense	(98)	(105)	(200)	(207)	(261)	(262)
Refinancing expense	—	—	—	—	—	(256)
Interest income	2	5	5	8	31	44
Dividend income—cost investments	72	56	73	57	48	38
Other income (expense), net	5	3	6	4	3	(25)
Earnings (loss) from continuing operations before tax	217	116	352	251	433	437
Income tax (provision) benefit	(41)	(22)	224	243	(63)	(110)
Earnings (loss) from continuing operations	176	94	576	494	370	327
Earnings (loss) from operation of discontinued operations	(5)	—	1	6	(120)	40
Gain (loss) on disposition of discontinued operations	2	—	2	—	6	52
Income tax (provision) benefit from discontinued operations	1	—	(1)	(2)	24	(2)
Earnings (loss) from discontinued operations	(2)	—	2	4	(90)	90
Net earnings (loss)	$ 174	$ 94	$ 578	$ 498	$ 280	$ 417

	Six Months Ended June 30,		Twelve Months Ended June 30,	Year Ended December 31,		
	2010	2009 (1)	2010 (1)	2009 (1)	2008 (1)	2007 (1)
	(unaudited)		(unaudited)	(audited)		
			(in millions)			
Other Financial Data:						
Depreciation and amortization	$ 153	$ 150	$ 311	$ 308	$ 350	$ 291
Operating EBITDA [2]	574	389	1,042	857	1,163	1,284
Capital expenditures	63	72	158	167	267	306

	As of June 30, 2010	As of December 31,	
		2009 (1)	2008 (1)
	(unaudited)	(audited)	
	(in millions)		
Balance Sheet Data:			
Cash and cash equivalents	$ 1,081	$ 1,254	$ 676
Trade receivables	862	721	631
Non-trade receivables	244	262	281
Inventories	522	522	577
Property, plant, and equipment, net	2,676	2,797	2,470
Total assets	8,105	8,412	7,158
Total debt	3,427	3,501	3,533

	Twelve Months Ended June 30, 2010
	(Dollars in millions)
Credit Statistics (unaudited):	
Net debt [3]	$ 2,346
Ratio of net debt to Operating EBITDA [2]	2.3x
Interest expense	$ 200
Ratio of Operating EBITDA [2] to interest expense	5.2x

(1) We indirectly own a 25% interest in Ibn Sina 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 the Ibn Sina joint venture agreement in 1981. In April 2010, we announced that Ibn Sina will construct a 50,000 ton POM production facility in Saudi Arabia and that the term of the joint venture agreement was extended until 2032. Upon successful startup of the POM facility, our indirect economic interest in Ibn Sina will increase from 25% to 32.5%. SABIC's economic interest will remain unchanged. In connection with this transaction, we reassessed the factors surrounding the accounting method for this investment and changed the accounting from the cost method of accounting for investments to the equity method of accounting for investments beginning April 1, 2010. Financial information relating to this investment for prior periods has been retrospectively adjusted to apply the equity method of accounting.

(2) Operating EBITDA is calculated by adding to net (earnings) loss, earnings (loss) from discontinued operations, interest expense and income, taxes, depreciation and amortization and certain other items, such as employee termination benefits and costs from plant closures and relocations. We present Operating EBITDA because we consider it an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

Operating EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for net earnings, earnings from continuing operations, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Operating

EBITDA excludes some, but not all, items that affect net earnings and earnings from continuing operations, and Operating EBITDA as presented may not be comparable to similarly titled measures of other companies.

In particular:

- Operating EBITDA does not reflect, among other things:
  1. cash expenditures or future requirements for capital expenditures or contractual commitments;
  2. changes in, or cash requirements for, working capital needs;
  3. the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt; and
  4. any cash income taxes that we may be required to pay;
- assets are depreciated or amortized over estimated useful lives and have to be replaced in the future, and Operating EBITDA does not reflect any cash requirements for such replacements;
- Operating EBITDA does not adjust for all non-cash earnings or expense items that are reflected in our consolidated statements of cash flows; and
- Operating EBITDA does not reflect limitations on, or costs related to, transferring earnings from our subsidiaries to the Issuer and the Parent Guarantor.

Because of these limitations, Operating EBITDA should not be considered as a measure of discretionary cash available to us to invest in our operation and in the growth of our business or as a measure of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our results as calculated and presented in accordance with GAAP and using Operating EBITDA only supplementally.

The following table presents a reconciliation of Operating EBITDA to net earnings (loss), the most directly comparable GAAP measure:

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009	Twelve Months Ended June 30, 2010	Year Ended December 31, 2009
	(in millions)			
Net earnings (loss)	$174	$ 94	$ 578	$ 498
(Earnings) loss from discontinued operations	2	—	(2)	(4)
Interest (income)	(2)	(5)	(5)	(8)
Interest expense	98	105	200	207
Income tax provision (benefit)	41	22	(224)	(243)
Depreciation and amortization expense	153	150	311	308
Other charges (gains), net				
Employee termination benefits [a]	9	29	85	105
Plant/office closures [b]	6	—	23	17
Ticona Kelsterbach plant relocation [c]	10	6	20	16
Clear Lake insurance recoveries [d]	—	(6)	—	(6)
Plumbing actions [e]	(14)	(3)	(21)	(10)
Asset impairments [f]	72	1	85	14
Total other charges (gains), net	83	27	192	136
Other adjustments				
Business optimization [g]	7	3	11	7
Ticona Kelsterbach plant relocation [h]	(2)	2	(4)	—
Plant closures [i]	9	4	13	8
Gain on sale of building [j]	(14)	—	(14)	—
Gain on sale of PVOH business [k]	—	—	(34)	(34)
Write-off of other productive assets [l]	17	—	17	—
Other [m]	8	(13)	3	(18)
Total other adjustments	25	(4)	(8)	(37)
Operating EBITDA	$574	$389	$ 1,042	$ 857

[a] Consists of termination benefits as a result of restructuring efforts. See Note 13 to our unaudited consolidated financial statements for the six months ended June 30, 2010, which are included in this offering memorandum, and Note 18 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

[b] Consists primarily of contract termination costs. See Note 13 to our unaudited consolidated financial statements for the six months ended June 30, 2010, which are included in this offering memorandum, and Note 18 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

[c] Consists of costs, other than inventory-related costs, incurred in connection with the relocation of our Ticona plant from Kelsterbach, Germany to the Rhine Main area.

[d] Consists of insurance recoveries in satisfaction of claims related to the unplanned outage of our Clear Lake, Texas acetic acid facility.

[e] Consists of recoveries and changes in legal reserves for legal claims associated with plumbing systems produced by CNA Holdings LLC, a US subsidiary of Celanese. See Notes 13 and 17 to our unaudited

consolidated financial statements for the six months ended June 30, 2010, which are included in this offering memorandum, and Notes 18 and 24 to our audited consolidated financial statements for the year ended December 31, 2009, which are included in this offering memorandum.

(f) Consists of long-lived asset impairment losses primarily related to the shut-down of the Spondon, Derby, United Kingdom acetate flake and tow operations and the Pardies, France acetic acid facility.

(g) Consists of non-severance restructuring costs.

(h) Consists of inventory-related costs incurred in connection with the relocation of our Ticona plant from Kelsterbach, Germany to the Rhine Main area.

(i) Consists of shut-down costs related to our Pampa, Texas and Pardies, France acetic acid facilities.

(j) Consists of a gain on the sale of an office building in Mexico.

(k) Consists of a gain on the sale of our PVOH business in July 2009 to Sekisui Chemical Co., Ltd.

(l) Consists of the write-off of other productive assets related to our Singapore and Nanjing, China facilities.

(m) Consists primarily of a one-time adjustment to Equity in net earnings (loss) of affiliates of $19 million.

(3) We define net debt as total debt less cash and cash equivalents. We use net debt to evaluate our capital structure. The most directly comparable financial measure presented in accordance with GAAP in our financial statements for net debt is total debt.

Exhibit 99.5

CTE PETROCHEMICALS COMPANY

Financial Statements

December 31, 2009, 2008 and 2007

CTE PETROCHEMICALS COMPANY
FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Partners of
CTE Petrochemicals Company

We have audited the accompanying balance sheets of CTE Petrochemicals Company (the "Company") as of December 31, 2009 and 2008, and the related statements of operations, partners' capital, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of CTE Petrochemicals Company as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Houston, Texas
September 13, 2010

CTE PETROCHEMICALS COMPANY
STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2009	2008	2007
		(In $ thousands)	
Equity in net earnings of Ibn Sina	$134,466	$201,477	$173,042
Income tax benefit	4,750	0	0
Withholding tax expense	(4,126)	(11,941)	(8,215)
Net earnings	$135,090	$189,536	$164,827

See the accompanying notes to the financial statements.

CTE PETROCHEMICALS COMPANY
BALANCE SHEETS

	As of December 31,	
	2009	2008
	(In $ thousands)	
ASSETS		
Investment in Ibn Sina	$158,771	$109,488
Total assets	$158,771	$109,488
LIABILTIES AND PARTNERS' CAPITAL		
Current liabilities		
Income taxes payable	$ 14,499	$ 0
Total current liabilities	14,499	—
Tax liability	—	19,250
Total liabilities	14,499	19,250
Partners' capital	$144,272	$ 90,238
Total liabilities and partners' capital	$158,771	$109,488

See the accompanying notes to the financial statements.

CTE PETROCHEMICALS COMPANY
STATEMENTS OF PARTNERS' CAPITAL

	2009			2008			2007		
	Texas Eastern Arabian Ltd.	Elwood Insurance Ltd. (In $ thousands)	Total	Texas Eastern Arabian Ltd.	Elwood Insurance Ltd. (In $ thousands)	Total	Texas Eastern Arabian Ltd.	Elwood Insurance Ltd. (In $ thousands)	Total
Partners' Capital									
Balance as of the beginning of the period	$ 46,143	$ 46,143	$ 92,286	$ 70,686	$ 70,685	$ 141,371	$ 70,423	$ 70,423	$ 140,846
Net earnings	67,545	67,545	135,090	94,768	94,768	189,536	82,413	82,414	164,827
Dividends	(40,940)	(40,941)	(81,881)	(119,310)	(119,311)	(238,621)	(82,151)	(82,151)	(164,302)
Balance as of the end of the year	72,748	72,747	145,495	46,144	46,142	92,286	70,685	70,686	141,371
Accumulated Other Comprehensive Income(Loss), Net									
Balance as of the beginning of the period	(1,024)	(1,024)	(2,048)	(899)	(899)	(1,798)	(496)	(497)	(993)
Pension and postretirement benefits	412	413	825	(125)	(125)	(250)	(402)	(403)	(805)
Balance as of the end of the period	(612)	(611)	(1,223)	(1,024)	(1,024)	(2,048)	(898)	(900)	(1,798)
Total Partners' Capital	$ 72,136	$ 72,136	$144,272	$ 45,120	$ 45,118	$ 90,238	$ 69,787	$ 69,786	$ 139,573

See the accompanying notes to the financial statements.

CTE PETROCHEMICALS COMPANY
STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2009	2008	2007
		(In $ thousands)	
Operating activities			
Net earnings	$ 135,090	$ 189,536	$ 164,827
Equity in net earnings of Ibn Sina	(134,466)	(201,477)	(173,042)
Income tax benefit	(4,750)	—	—
Dividends received	86,007	250,562	172,517
Net cash provided by operating activities	81,881	238,621	164,302
Financing activities			
Dividends paid	(81,881)	(238,621)	(164,302)
Net cash provided by (used in) financing activities	(81,881)	(238,621)	(164,302)
Net change in cash and cash equivalents	—	—	—
Cash and cash equivalents at beginning of period	—	—	—
Cash and cash equivalents at end of period	$ 0	$ 0	$ 0

See the accompanying notes to the financial statements.

CTE PETROCHEMICALS COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Description of the Company and Basis of Presentation

CTE Petrochemicals Company (“CTE” or the “Company”) is a common general partnership (the “Partnership”) which was formed on January 27, 1981 pursuant to the laws of the Cayman Islands, British West Indies. The original partners, Celanese Arabian Inc. (“Celanese Arabian”) and Texas Eastern Arabian Ltd., a wholly owned subsidiary of Duke Energy Corporation (“Duke”), each acquired an equal ownership interest in CTE. Through a series of transactions, Elwood Insurance Limited (“Elwood”), a wholly owned subsidiary of Celanese Corporation (“Celanese”), acquired Celanese Arabian’s original interest in CTE, and Celanese and Duke continue to have an equal ownership interest, including profit and loss distribution.

CTE’s only asset is its 50% investment in National Methanol Company (“Ibn Sina”). Ibn Sina, a Saudi limited liability company registered under the laws of Saudi Arabia, is owned equally by CTE and Saudi Basic Industries Corporation (“SABIC”), a privately-held Saudi Arabian joint stock company. Ibn Sina was formed in 1981 and is in the business of operating a petrochemical complex which produces methanol and methyl tertiary butyl ether (“MTBE”).

Basis of Presentation

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for all periods presented.

2. Summary of Accounting Policies

- **Estimates and assumptions**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. These estimates, based on best available information at the time, could differ from actual results.

- **Investment in Ibn Sina**

The Company accounts for its investment in Ibn Sina using the equity method of accounting as it has the ability to exercise significant influence over operating and financial policies of Ibn Sina, but does not exercise control.

The Company assesses the recoverability of the carrying value of its investment whenever events or changes in circumstances indicate a loss in value that is other than a temporary decline. A loss in value of an equity-method investment which is other than a temporary decline will be recognized as the difference between the carrying amount of the investment and its fair value.

- **Dividends**

The Company records dividends when received. Historically, Ibn Sina has distributed a substantial portion of the after tax earnings to its shareholders. CTE remits the dividends to its shareholders, Celanese and Duke, simultaneously when received from Ibn Sina.

- **Accumulated Other Comprehensive Income**

Accumulated other comprehensive income is the Company’s share of Ibn Sina’s gains or losses for pension and postretirement benefits that are not recognized immediately as a component of net periodic pension cost.

3. Investment in Ibn Sina

The following are summarized US GAAP financial statement results of Ibn Sina (in thousands):

	2009	2008	2007
Total Assets	$468,447	$ 356,089	$511,825
Debt	0	0	0
Total Liabilities	140,229	112,040	169,398
Net Sales	752,572	1,073,511	885,814
Operating Profit	324,991	469,869	410,077
Net Income	289,100	421,233	365,821

The laws of Saudi Arabia require different allocations of income taxes to capital balances based upon the respective partner's country of domicile. Accordingly, CTE's percentage of Ibn Sina's net income in equity is not proportioned to its ownership percentages.

4. Taxes

The financial statements reflect no provision or liability for income taxes because the Company's financial results are included in the income tax returns of the Partners for the years ended December 31, 2009, 2008 and 2007. The Company incurs withholding tax at a rate of 5% on dividends received from its investment in Ibn Sina. Withholding taxes are reported as withholding tax expense on the Company's income statement when dividends are received. Amounts shown as withholding tax expense were paid in the respective periods presented.

The Company adopted the provisions of FASB ASC 740, *Income Taxes* (originally issued as FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*), which clarifies the accounting and disclosure for uncertainty in income tax positions, as defined, on January 1, 2007. Based on the Company's review, a reserve of $19.3 million related to Saudi Arabia corporate income tax on the Company's share of Ibn Sina earnings for tax years 1997 to 2003 was required. The tax reserve was recorded through income tax expense on the Company's financials prior to the adoption of FASB ASC 740 and no cumulative effect adjustment was required at adoption. Upon receiving a final tax assessment from the Saudi Arabian tax authority in 2009, the Company reversed $4.7 million of the tax reserve and reclassed the remaining $14.5 million to current Income taxes payable. The tax was paid in the first quarter of 2010.

5. Subsequent Events

Effective April 1, 2010, Celanese, Duke and SABIC agreed to expand the scope of Ibn Sina to include the creation of a polyacetal ("POM") production facility, and extend the term of the joint venture to 2032. The capital required to build the POM plant will be funded equally by SABIC and CTE. Celanese and Duke will provide 65% and 35%, respectively, of the POM funding requirements of CTE. Once the POM plant becomes commercially operational, which is estimated to take approximately three years to complete, CTE's respective earnings will be split 65% and 35% to Celanese and Duke, respectively. However, the partners' equal ownership percentage in CTE will remain unchanged. Celanese and Duke will continue to share equal powers and influence over the significant activities of the Company. SABIC will continue to have 50% ownership in Ibn Sina, including its respective share of profits and losses.

The production of methanol, methyl tertiary butyl ether ("MTBE") and POM requires natural gas. Ibn Sina has a natural gas supply contract through 2022. If the natural gas contract is renewed in 2022, CTE's earnings split will remain 65% and 35% to Celanese and Duke, respectively, until the termination of the joint venture in 2032. If the net income of Ibn Sina is below $10 million in any given year, the earnings split will change to 99% and 1% to Celanese and Duke, respectively, for that year. At the end of the joint venture term, SABIC and Celanese have a call and put option, respectively, to buy out Celanese and Duke at fair market value, unless Ibn Sina is liquidated or the joint venture is extended.

Subsequent events were updated through September 13, 2010, the date at which the financials were available to be issued.

NATIONAL METHANOL COMPANY (IBN SINA)
(LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

NATIONAL METHANOL COMPANY (IBN SINA)
(LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

To the management
National Methanol Company (Ibn Sina)
Al-Jubail, Saudi Arabia

We have audited the accompanying balance sheets of National Methanol Company (Ibn Sina), a Saudi limited liability company (the "Company") as of December 31, 2009 and 2008, and the related statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended and for the year ended December 31, 2007 in conformity with accounting principles generally accepted in Saudi Arabia.

Accounting principles generally accepted in Saudi Arabia vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 21 to the financial statements.

/s/ Deloitte & Touche
Bakr Abulkhair & Co.

/s/ Nasser M. Al-Sagga
License No. 322
September 13, 2010

NATIONAL METHANOL COMPANY (IBN SINA)
(LIMITED LIABILITY COMPANY)

BALANCE SHEETS
AS OF DECEMBER 31, 2009 AND 2008

	Note	**2009 SR 000**	2008 SR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	**284,318**	55,208
Trade receivables from related parties	15	**471,770**	326,152
Inventories	4	**180,718**	122,957
Other receivables and prepayments	5	**52,146**	34,040
Total current assets		**988,952**	538,357
Non-current assets			
Property, plant and equipment	6	**697,663**	742,486
Intangible assets	7	**39,264**	23,441
Other non-current assets	8	**27,334**	26,413
Total non-current assets		**764,261**	792,340
TOTAL ASSETS		**1,753,213**	1,330,697
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	9	**29,825**	30,972
Accrued and other current liabilities	10	**388,729**	270,474
Total current liabilities		**418,554**	301,446
Non-current liabilities			
End-of-service indemnities	11	**83,371**	100,459
Other liabilities	12	**15,422**	18,912
Total non-current liabilities		**98,793**	119,371
Shareholders' equity			
Share capital	1	**558,000**	558,000
Statutory reserve	18	**279,000**	279,000
Retained earnings		**398,866**	72,880
Total shareholders' equity		**1,235,866**	909,880
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,753,213**	1,330,697

The accompanying notes form an integral part of these financial statements

NATIONAL METHANOL COMPANY (IBN SINA)
(LIMITED LIABILITY COMPANY)

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

	Note	**2009** **SR 000**	2008 SR 000	2007 SR 000
Sales	15	**2,822,144**	4,025,668	3,321,802
Cost of sales	15	**1,585,055**	2,243,193	1,769,829
Gross profit		**1,237,089**	1,782,475	1,551,973
Distribution expenses		**525**	797	2,623
General and administrative expenses	14,15	**14,817**	19,501	18,954
Operating income		**1,221,747**	1,762,177	1,530,396
Financial income		**812**	18,166	18,013
Other income (expenses), net		**4,155**	(2,272)	(1,515)
NET INCOME		**1,226,714**	1,778,071	1,546,894

The accompanying notes form an integral part of these financial statements

NATIONAL METHANOL COMPANY (IBN SINA)
(LIMITED LIABILITY COMPANY)

STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

	Note	Saudi Basic Industries Corporation SR 000	CTE Petrochemicals Company SR 000	Total SR 000
Share capital				
December 31, 2009, 2008 and 2007	1	**279,000**	**279,000**	**558,000**
Statutory reserve				
December 31, 2009, 2008 and 2007	18	**139,500**	**139,500**	**279,000**
Retained earnings				
January 1, 2007		195,108	197,375	392,483
Net income for the year		773,447	773,447	1,546,894
Zakat and income tax for year	13	(23,703)	(151,799)	(175,502)
Amounts withheld from shareholders towards zakat and income tax		—	87,213	87,213
Dividend related to year 2006, net		(195,108)	(197,375)	(392,483)
Dividend related to current year		(505,970)	(505,970)	(1,011,940)
December 31, 2007		243,774	202,891	446,665
Net income for the year		889,036	889,035	1,778,071
Zakat and income tax for year	13	(21,064)	(182,688)	(203,752)
Amounts withheld from shareholders towards zakat and income tax		—	117,561	117,561
Dividend related to year 2007, net		(243,774)	(202,891)	(446,665)
Dividend related to current year		(809,500)	(809,500)	(1,619,000)
December 31, 2008		58,472	14,408	72,880
Net income for the year		**613,357**	**613,357**	**1,226,714**
Zakat and income tax for year	13	**(16,495)**	**(121,047)**	**(137,542)**
Amounts withheld from shareholders towards zakat and income tax		**—**	**106,105**	**106,105**
Dividend related to year 2008, net		**(58,616)**	**(15,640)**	**(74,256)**
Dividend related to current year		**(397,518)**	**(397,517)**	**(795,035)**
December 31, 2009		**199,200**	**199,666**	**398,866**
Total shareholders' equity				
December 31, 2009		**617,700**	**618,166**	**1,235,866**
December 31, 2008		476,972	432,908	909,880
December 31, 2007		662,274	621,391	1,283,665

The accompanying notes form an integral part of these financial statements

NATIONAL METHANOL COMPANY (IBN SINA)
(LIMITED LIABILITY COMPANY)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

	2009 SR 000	2008 SR 000	2007 SR 000
OPERATING ACTIVITIES			
Net income	**1,226,714**	1,778,071	1,546,894
Adjustments for:			
Depreciation	**94,850**	84,830	84,595
Amortization of intangible assets	**57,280**	47,108	38,440
End-of-service indemnities	**7,040**	12,975	15,129
Loss on disposal of property, plant and equipment	**460**	220	9,709
Changes in operating assets and liabilities:			
Trade receivable from related parties	**(145,618)**	339,768	(393,620)
Inventories	**(57,761)**	8,680	(8,805)
Other receivables and prepayments	**(18,106)**	4,893	(10,483)
Accounts payable	**(1,147)**	(4,401	(1,914)
Accrued and other current liabilities	**171,636**	(210,752)	114,979
Other liabilities	**(3,490)**	(493)	(8,093)
Cash from operations	**1,331,858**	2,060,899	1,386,831
End-of-service indemnities paid	**(24,128)**	(6,331)	(7,738)
Zakat and income tax paid	**(190,923)**	(205,850)	(115,515)
Net cash from operating activities	**1,116,807**	1,848,718	1,263,578
INVESTING ACTIVITIES			
Additions to property, plant and equipment	**(50,973)**	(62,746)	(64,427)
Proceeds from disposal of property, plant and equipment	**486**	—	1,473
Additions to intangible assets	**(73,103)**	(17,012)	(72,067)
Other non-current assets	**(921)**	6,928	2,023
Net cash used in investing activities	**(124,511)**	(72,830)	(132,998)
FINANCING ACTIVITIES			
Dividends paid net of zakat and income tax	**(763,186)**	(1,948,104)	(1,317,210)
Net cash used in financing activities	**(763,186)**	(1,948,104)	(1,317,210)
Net change in cash and cash equivalents	**229,110**	(172,216)	(186,630)
Cash and cash equivalents, January 1	**55,208**	227,424	414,054
CASH AND CASH EQUIVALENTS, DECEMBER 31	**284,318**	55,208	227,424

The accompanying notes form an integral part of these financial statements

NATIONAL METHANOL COMPANY (IBN SINA)
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

1. ORGANIZATION AND ACTIVITIES

National Methanol Company ("Ibn Sina") (the "Company") is a Saudi limited liability company registered under Commercial Registration No. 2055000779 dated 19 Rajab 1401H (May 23, 1981).

The Company is owned equally by Saudi Basic Industries Corporation ("SABIC") a Saudi Arabian joint stock company and CTE Petrochemicals Company ("CTE"), a partnership registered in Cayman Islands, British West Indies. CTE is equally owned by Elwoods Insurance Company, a Bermuda Corporation, and Texas Eastern Arabian Ltd, a Bermuda Corporation.

The authorized share capital of the Company is SR 742 million divided into 7,420 units of SR 100,000 each. The paid up capital at December 31, 2009 and 2008 was SR 558 million comprised of 5,580 units of SR 100,000 each.

The Company's principal business activity is to operate a petrochemical complex at Al-Jubail Industrial City which produces Methanol and Methy1 Tertiary Butyl Ether ("MTBE"). The Company's Methanol and MTBE plants commenced commercial operations on November 1, 1984 and July 1, 1994, respectively. SABIC distributes and markets the Company's products.

The Company's registered office is in Al-Jubail Industrial City in the Kingdom of Saudi Arabia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in compliance with the accounting standards issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Product sales are made to SABIC (the "Marketer"). Upon delivery of products to the Marketer, sales are recorded at provisional selling prices net of marketing expenses paid directly by the Marketer. These selling prices are later adjusted based upon actual selling prices received by the Marketer from third parties. Adjustments are recorded as they become known to the Company.

Distribution and general and administrative expenses

Distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products / services. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Accounts receivable

Accounts receivable are stated at the original invoice amount less an allowance for any uncollectible amounts. Adjustments are recorded as they become known to the Company. An estimate for doubtful debts is made when the collection of the accounts receivable amount is considered doubtful. Bad debts are written off as incurred.

Inventories

Finished goods and chemicals are stated at the lower of cost or net realizable value. Cost of finished goods, chemicals, spare parts and supplies is determined on a weighted average cost basis. Inventories of finished goods include cost of materials, labor and an appropriate portion of direct overheads.

Inventory items that are considered as essential to ensure continuous plant operations are treated as capital spare parts and are classified as plant and equipment and are depreciated using the depreciation rate relevant to the corresponding plant and equipment.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation except for construction in progress which is stated at cost. Expenditure on maintenance and repairs is expensed, while expenditure for betterments is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated years of depreciation of the principal classes of assets are as follows:

	Years
Buildings	33
Plant and equipment	20
Catalyst	1-6
Furniture, fixtures and vehicles	4-10

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Intangible assets

Intangible assets anticipated to provide identifiable future benefits are classified as non-current assets, and are amortized using the straight-line method over their estimated useful lives. Such intangibles assets and their expected amortization periods are as follows:

Employee home ownership (“HOP”) costs

Costs incurred in connection with the construction of employee housing are capitalized with the related assets and are amortized using the straight line method over a period of five years.

Planned turnaround costs

Planned turnaround costs are deferred and amortized over the period until the date of the next planned turnaround. Should an unexpected turnaround occur prior to the previously envisaged date of planned turnaround, then the previously unamortized deferred costs are immediately expensed and the new turnaround costs are amortized over the period likely to benefit from such costs.

Costs of implementation of SAP Enterprise Resource Planning System ("SAP ERP")

As per the requirements of SABIC's unified accounting policies, all costs relating to Fanar-SAP ERP implementation are deferred and amortized using the straight line method over a period of five years.

Production advances

Amounts received from affiliates in respect of capital advances to finance tangible assets of the Company are included under non current liabilities and are amortized over the estimated useful lives of the related assets using the straight line method.

End-of-service indemnities

End-of-service indemnities, required by the Saudi Arabian labor law, are provided in the financial statements based on the employees' length of service.

Employees' home ownership program

The Company has a home ownership program that offers eligible Saudi employees home ownership opportunities.

Unsold housing units constructed for eventual sale to eligible employees are included under property, plant and equipment and depreciated over 33 years.

When the houses are allocated to the employees, the cost of houses constructed and sold to the employees under the program is transferred from property, plant and equipment to other non-current assets. Down payments and installments of purchase price received from employees are set off against the other non-current assets.

The cost of the houses and the related purchase price is removed from other non-current assets when the title to the houses is transferred to the employees, at which time, no significant gain or loss is expected to result to the Company.

Employees' savings plan

The Company maintains an employee saving plan. The contributions from the participants are deposited in a separate bank account and provision is established for the Company's contribution.

Dividends

Dividends are recognised as a liability at the time of their approval by the Board of Directors. Interim dividends are recorded as and when approved by the Board of Directors.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statements of income.

Zakat and income tax

The Company is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accruals basis and charged to retained earnings. The zakat charge is computed at 2.5% on the zakat base. Income tax is computed at 20% of adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

As per the requirements of the standard issued by the Saudi Organization for Certified Public Accountants, zakat and income tax provisions for mixed companies are presented as a separate item in the statements of shareholders' equity. Any amount withheld or recovered from shareholders towards zakat and income tax is added back to the shareholders' equity.

By-product sales

Sales of by — products are credited to cost of sales.

Technology and innovation

Technology and innovation costs are expensed when incurred.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less. Cash and cash equivalents as of December 31, 2009 and 2008 comprise entirely of bank balances.

Bank balances at December 31, 2009 include employees saving plan deposits held in a separate bank account of SR 3.5 million (2008: SR 5.2 million) which are not available to the Company.

4. INVENTORIES

	2009 SR 000	2008 SR 000
Finished goods	**97,602**	54,504
Chemicals	**5,119**	3,250
Spare parts and supplies	**72,215**	61,027
Goods in transit	**5,782**	4,176
	180,718	122,957

Inventories at December 31, 2009 are shown net of allowance for obsolescence of SR 12.3 million (2008 — SR 12.3 million). The spare parts inventory primarily relates to plant and machinery and, accordingly, this inventory is expected to be utilized over a period exceeding one year.

5. OTHER RECEIVABLES AND PREPAYMENTS

	2009 SR 000	2008 SR 000
Advances to related parties (note 15)	**37,680**	18,213
Prepayments	**8,197**	8,352
Others	**6,269**	7,475
	52,146	34,040

6. PROPERTY, PLANT AND EQUIPMENT

2009

	Buildings SR 000	Plant and equipment SR 000	Catalyst SR 000	Furniture, fixtures and vehicles SR 000	Construction in progress SR 000	Total SR 000
Cost						
January 1, 2009	304,149	2,094,182	88,600	75,743	93,503	2,656,177
Additions	**5,189**	**23,440**	**1,478**	**617**	**20,249**	**50,973**
Disposals	**—**	**—**	**—**	**(346)**	**(946)**	**(1,292)**
Transfers	**2,230**	**16,311**	**31,216**	**3,816**	**(53,573)**	**—**
December 31, 2009	**311,568**	**2,133,933**	**121,294**	**79,830**	**59,233**	**2,705,858**
Depreciation						
January 1, 2009	196,310	1,600,819	47,041	69,521	—	1,913,691
Charge for year	**9,530**	**72,451**	**10,831**	**2,038**	**—**	**94,850**
Disposals	**—**	**—**	**—**	**(346)**	**—**	**(346)**
December 31, 2009	**205,840**	**1,673,270**	**57,872**	**71,213**	**—**	**2,008,195**
Net book value						
December 31, 2009	**105,728**	**460,663**	**63,422**	**8,617**	**59,233**	**697,663**

2008

	Buildings SR 000	Plant and equipment SR 000	Catalyst SR 000	Furniture, fixtures and vehicles SR 000	Construction in progress SR 000	Total SR 000
Cost						
January 1, 2008	300,282	2,049,649	81,239	74,422	88,085	2,593,677
Additions	1,383	15,150	—	8	46,205	62,746
Disposals	—	(28)	—	(13)	(205)	(246)
Transfers	2,484	29,411	7,361	1,326	(40,582)	—
December 31, 2008	304,149	2,094,182	88,600	75,743	93,503	2,656,177
Depreciation						
January 1, 2008	186,455	1,530,182	44,176	68,074	—	1,828,887
Charge for year	9,855	70,656	2,865	1,454	—	84,830
Disposals	—	(19)	—	(7)	—	(26)
December 31, 2008	196,310	1,600,819	47,041	69,521	—	1,913,691
Net book value						
December 31, 2008	107,839	493,363	41,559	6,222	93,503	742,486

The Company has leased land for plant and equipment and buildings from the Royal Commission for Jubail and Yanbu at nominal rent. The lease is for a period of 30 years commencing from 1 Jumada 1402H (February 24, 1982) and is renewable for a similar period under mutually agreed terms and conditions.

At December 31, 2009 and 2008, construction in progress mainly represents costs incurred and advances paid in respect of catalyst and housing units under construction.

7. INTANGIBLE ASSETS

2009

	Employee home ownership costs SR 000	Turnaround Costs SR 000	Software development costs SR 000	Total SR 000
Cost				
January 1, 2009	4,359	95,552	16,118	116,029
Additions	—	**71,636**	**1,467**	**73,103**
December 31, 2009	**4,359**	**167,188**	**17,585**	**189,132**
Amortization				
January 1, 2009	385	78,935	13,268	92,588
Charge for the year	**872**	**52,091**	**4,317**	**57,280**
December 31, 2009	**1,257**	**131,026**	**17,585**	**149,868**
Net book value				
December 31, 2009	**3,102**	**36,162**	—	**39,264**

2008

	Employee home ownership costs SR 000	Turnaround costs SR 000	Software development costs SR 000	Total SR 000
Cost				
January 1, 2008	925	82,974	15,118	99,017
Additions	3,434	12,578	1,000	17,012
December 31, 2008	4,359	95,552	16,118	116,029
Amortization				
January 1, 2008	200	35,425	9,855	45,480
Charge for the year	185	43,510	3,413	47,108
December 31, 2008	385	78,935	13,268	92,588
Net book value				
December 31, 2008	3,974	16,617	2,850	23,441

8. OTHER NON-CURRENT ASSETS

	2009 SR 000	2008 SR 000
Employee home ownership receivables	**25,641**	24,731
Others	**1,693**	1,682
	27,334	26,413

9. ACCOUNTS PAYABLE

	2009 SR 000	2008 SR 000
Trade accounts payable	**10,106**	8,117
Due to related parties	**19,719**	22,855
	29,825	30,972

10. ACCRUED AND OTHER CURRENT LIABILITIES

	2009 SR 000	2008 SR 000
Other operating costs	**342,666**	171,565
Technology and innovation costs (note 14)	**1,787**	1,186
Zakat and income tax (note 13)	**31,439**	84,820
Withholding tax	**6,659**	10,862
Others	**6,178**	2,041
	388,729	270,474

11. END-OF-SERVICE INDEMNITIES

	2009 SR 000	2008 SR 000
January 1	**100,459**	93,815
Additional provision in year	**7,040**	12,975
Utilization of provision	**(24,128)**	(6,331)
December 31	**83,371**	100,459

12. OTHER LIABILITIES

	2009 SR 000	2008 SR 000
Employees' savings plan (note 17)	**7,547**	10,272
Employees' early retirement	**311**	449
Other deferred credits	**7,564**	8,191
	15,422	18,912

Other deferred credits represent capital advances received from two affiliated companies for their share of the capital cost of a commonly used Truck Loading Facility which is owned and managed by the Company. These advances are being amortized to income over a period of twenty years, which approximates the period over which the related assets are depreciated by the Company.

13. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2009 SR 000	2008 SR 000	2007 SR 000
Non-current assets	**764,261**	792,340	851,668
Spare parts and supplies	**72,215**	61,027	44,140
Non-current liabilities	**98,793**	119,371	113,220
Opening shareholders' equity	**909,880**	1,283,665	1,229,483
Dividends paid	**763,186**	1,948,104	1,317,210
Net income	**1,226,714**	1,778,071	1,546,894

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in zakat and income tax provision is as follows:

	2009 SR 000	2008 SR 000	2007 SR 000
Zakat			
January 1	**23,284**	22,470	14,599
Provision for year	**16,495**	21,064	23,703
Payments during year	**(23,284)**	(20,250)	(15,832)
December 31	**16,495**	23,284	22,470

	2009 SR 000	2008 SR 000	2007 SR 000
Income tax			
January 1	**61,536**	64,448	12,332
Provision for year	**121,047**	182,688	151,799
Payments during year	**(167,639)**	(185,600)	(99,683)
December 31	**14,944**	61,536	64,448

The charge for the year for zakat and income tax is as follows:

	2009 SR 000	2008 SR 000	2007 SR 000
Zakat for current year	**16,495**	21,064	23,703
Income tax for current year	**121,047**	182,688	151,799
Charged to retained earnings	**137,542**	203,752	175,502

Outstanding assessments

Zakat and income tax assessments have been agreed with the Department of Zakat and Income tax (DZIT) up to 1996. The DZIT has issued assessments for the years 1997 through 2004 with an additional tax, zakat and delay fine liability of SR 85.8 million. The Company has filed appeals against the above assessments and has also submitted bank guarantees amounting to SR 82.9 million to the DZIT.

During 2009, the DZIT issued the revised assessments for the years 1997 to 2003 based on the decision of Higher Appeal Committee and demanded an additional tax, zakat, delay fine and deemed profit tax liability of SR 56.3 million. The Company has accepted the revised assessments for the years 1997 to 2003 and paid the additional liability in January 2010.

The DZIT did not issue assessments for the year 2005 onwards as these years are in process by the DZIT.

Additional liabilities that may become payable in connection with income taxes, delay fines and costs related to the appeals will be borne by the foreign partner.

14. GENERAL AND ADMINISTRATIVE EXPENSES

	2009 SR 000	2008 SR 000	2007 SR 000
Employee benefits	**6,496**	7,156	7,262
Technology and innovation (note 15)	**6,941**	11,212	10,108
Depreciation	**10**	64	140
Other	**1,370**	1,069	1,444
	14,817	19,501	18,954

15. RELATED PARTY TRANSACTIONS

The trade receivables from related parties at December 31, 2009 and 2008 mainly represent receivables from the Marketer (SABIC).

Effective September 1999, all procurement services, including warehousing , transporting and arranging for delivery of materials related to the Company's spare parts, supplies and materials are provided by SABIC under the terms of the procurement services agreement entered between the Company and SABIC. Starting October 2004, procurement services are provided by SABIC through the Shared Services Organization (SSO). Advances to SABIC for such services, which are included under other receivables and prepayments, amounted to SR 37.7 million at December 31, 2009 (2008: SR 18.2 million). SABIC charged the Company SR 4.2 million in 2009 (2008: SR 3.6 million) (2007: SR 2.8 million) as procurement services fees.

In addition to procurement services, SSO started to provide accounting, human resources, information technology, engineering, and other general services to the Company effective October 2004. The total amount charged in respect of these services was SR 7.7 million (2008: SR 7.5 million) (2007: SR 5.4 million).

SABIC Terminal Services Limited (Sabtank) provides shipping and material handling services to the Company. The total service fee charged by the related party in this respect amounted to SR 7.8 million (2008: SR 8.1 million) (2007: SR 6.0 million).

The shareholders also provide the Company with certain required technical, research and development, administrative and other services in accordance with executed agreements. The Company has a Technology and Innovation Service agreement with SABIC, under which SABIC provides research and development services to the Company. The Company is required to pay an annual fee under the agreement, which is calculated at one percent of Methanol sales plus the lesser of US $1 million or one percent of MTBE sales. A summary of the amounts charged by the shareholders is as follows:

	2009 **SR 000**	2008 SR 000	2007 SR 000
SABIC — for technology and innovation services	**6,941**	11,212	10,108

16. OPERATING LEASE ARRANGEMENTS

	2009 **SR 000**	2008 SR 000	2007 SR 000
Charges under operating leases recognized as an expense during the year	**7,029**	5,116	4,297

Operating lease charges represent rentals payable for vehicles, properties and land (note 6). Rentals are fixed at the start of each lease term for a period of 4 years for vehicles and 1 to 2 years for properties.

17. EMPLOYEE SAVING PLAN

The Company administers a saving plan covering substantially all of the Company's employees. Participating employees may elect to contribute 1 to 15 percent of their basic salary. The Company matches cumulative employee contributions at a rate which increases by 10 percent each year until completion of ten years of participation, at which time Company's cumulative contributions equal the employee's cumulative contributions. The Company's contributions to the saving plan are accrued monthly and are not funded.

Employees are always fully vested in their contributions. The employees are fully vested in the Company's accruals generally after one year of participation in the plan. Employees may withdraw their contribution at any time under certain conditions, and have the option to repay such withdrawals. All fully

vested amounts are payable to the employees upon retirement or termination of participation in the plan. Upon completion of ten years participation in the plan, Saudi employees may elect to continue their participation or to collect all fully vested amounts and to rejoin the plan as if for the first time.

18. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by appropriation of 10% of net income until the reserve equaled 50% of the share capital. This reserve is not available for dividend distribution.

19. RISK MANAGEMENT

Financial instruments carried on the balance sheet principally include cash and cash equivalents, accounts receivable from related parties and other receivables, accounts payable and accrued and other current liabilities.

Credit Risk is the risk that one party will fail to discharge its obligation and will cause the other party to incur a financial loss. Receivables are generally from related parties. Cash is substantially placed with banks with sound credit ratings. Trade accounts receivable are carried net of provision for doubtful debts.

Interest Rate Risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company has no significant interest bearing long term assets or liabilities.

Liquidity Risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

Currency Risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and manages its effect on the financial statements accordingly.

Fair Value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm’s length transaction. As the Company’s financial instruments are compiled under the historical cost convention, differences can arise between their book values and fair value estimates. Management believes that the fair value of the Company’s financial assets and liabilities are not materially different from their carrying values.

20. CAPITAL COMMITMENTS

At December 31, the Company had the following capital commitments:

	2009 **SR 000**	2008 SR 000	2007 SR 000
Commitments for the acquisition of property and equipment	**84,000**	105,000	116,000

21. SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN ACCOUNTING STANDARDS ISSUED BY THE SAUDI ORGANIZATION FOR CERTIFIED PUBLIC ACCOUNTANTS (SAUDI GAAP) AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES (US GAAP)

The Company is a Saudi limited liability company registered in the Kingdom of Saudi Arabia and prepares its financial statements in accordance with Saudi GAAP. Saudi GAAP varies in certain respects from US GAAP. The material differences between accounting principles, practices and methods under Saudi GAAP and US GAAP and their effect on net income and shareholders' equity for the years ended December 31, 2009, 2008 and 2007 are presented below, with an explanation of the adjustments. There are no material effects on the balance sheets or the statements of cash flows under Saudi GAAP for the purposes of reconciliation to US GAAP. In addition, comprehensive income under Saudi GAAP is the same as net income.

(a) Reconciliation of net income

(in SR '000)	Year Ended December 31,		
	2009	**2008**	**2007**
Net income under Saudi GAAP	1,226,714	1,778,071	1,546,894
Adjustments:			
- Zakat and income tax (i)	(137,542)	(203,752)	(175,502)
- Deferred tax (ii)	(2,019)	3,521	(7,526)
- Actuarial valuation adjustments for end of service indemnities (iii)	(6,492)	668	4,200
- Other (iv)	3,463	1,115	3,763
Net income under US GAAP	1,084,124	1,579,623	1,371,829

(b) Reconciliation of shareholders' equity

(in SR '000)	Year Ended December 31,		
	2009	**2008**	**2007**
Shareholders' equity under Saudi GAAP	**1,235,866**	909,880	1,283,665
- Deferred tax (ii)	**(147)**	1,872	(1,649)
- Actuarial valuation adjustments for end of service indemnities (iii)	**(21,215)**	(14,723)	(15,391)
- Other (iv)	**(10,801)**	(14,264)	(26,879)
Shareholders' equity under US GAAP	**1,203,703**	882,765	1,239,746

(c) Summary of reconciling items to US GAAP

(i) Zakat and income tax

Under Saudi GAAP, companies with both Saudi and foreign shareholders (commonly referred to as mixed companies) are required to present income tax and zakat as a separate line item in the statement of changes in shareholders' equity. However, under US GAAP, income tax and zakat are viewed as expenses attributable to the Company's operations. Accordingly, income tax and zakat are recognized in the statement of income.

(ii) Deferred tax

The Company has not recognized deferred income taxes under Saudi GAAP. Under US GAAP, deferred tax assets and deferred tax liabilities are recognized for future tax consequences of events, which have been recognized in an entity's financial statements or tax returns. The Company recognized deferred tax assets and liabilities for the portion of temporary differences subject to income tax, that is, the portion of the taxable income attributable to foreign shareholders. Deferred tax assets and liabilities attributable to zakat, which is also considered as a tax based on income, are not material and, as such, have not been recorded.

(iii) Employee benefits — end of service indemnities ("EOSI")

Under Saudi GAAP, the Company's EOSI obligations is calculated as the current value of the aggregate vested benefits to which each employee is entitled, assuming each employee had left the Company at the balance sheet date. However, under US GAAP, EOSI is deemed to be a defined benefit plan, and requires recognition of a liability, known as projected benefit obligation, for the actuarial present value as of the balance sheet date of all benefits attributed by the benefit formula to employee services before that date. Since EOSI is unfunded, under US GAAP, a liability is recognized equal to the projected benefit obligation. Net periodic pension costs comprise of service costs, interest costs, and gains and losses. In addition, gains or losses that are not recognized immediately as a component of net periodic pension cost are recognized as increases or decreases in other comprehensive income as they arise, and subsequently amortized to income using the corridor approach.

(iv) Other

Other adjustments include the impact on net income and shareholders' equity primarily for intangible assets capitalized under Saudi GAAP which should be expensed under US GAAP and interest-free loans to employees recorded at historical cost under Saudi GAAP that are recorded at amortized cost under US GAAP.