

Celanese CORP
Form 10-Q
October 26, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

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

For the quarterly period ended September 30, 2010

Or

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

(Commission File Number) 001-32410

CELANESE CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware
*(State or Other Jurisdiction of
Incorporation or Organization)*

98-0420726
*(I.R.S. Employer
Identification No.)*

**1601 West LBJ Freeway,
Dallas, TX**
(Address of Principal Executive Offices)

75234-6034
(Zip Code)

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

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

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

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

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

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

The number of outstanding shares of the registrant's Series A common stock, \$0.0001 par value, as of October 21, 2010 was 155,663,714.

CELANESE CORPORATION

**Form 10-Q
For the Quarterly Period Ended September 30, 2010**

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
		As Adjusted		As Adjusted
		(Note 3)		(Note 3)
	(In \$ millions, except share and per share data)			
Net sales	1,506	1,304	4,411	3,694
Cost of sales	(1,160)	(1,038)	(3,544)	(2,980)
Gross profit	346	266	867	714
Selling, general and administrative expenses	(123)	(110)	(369)	(338)
Amortization of intangible assets	(15)	(20)	(45)	(58)
Research and development expenses	(19)	(18)	(56)	(56)
Other (charges) gains, net	36	(96)	(47)	(123)
Foreign exchange gain (loss), net	(1)	(2)	1	1
Gain (loss) on disposition of businesses and assets, net	(3)	45	12	41
Operating profit (loss)	221	65	363	181
Equity in net earnings (loss) of affiliates	37	36	131	77
Interest expense	(48)	(51)	(146)	(156)
Interest income	-	2	2	7
Refinancing expense	(16)	-	(16)	-
Dividend income cost investments	1	1	73	57
Other income (expense), net	(4)	(5)	1	(2)
Earnings (loss) from continuing operations before tax	191	48	408	164
Income tax (provision) benefit	(44)	350	(85)	328
Earnings (loss) from continuing operations	147	398	323	492
Earnings (loss) from operation of discontinued operations	(3)	-	(8)	-
Gain (loss) on disposition of discontinued operations	-	-	2	-
Income tax (provision) benefit from discontinued operations	1	-	2	-
	(2)	-	(4)	-

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Earnings (loss) from discontinued operations				
Net earnings (loss)	145	398	319	492
Net (earnings) loss attributable to noncontrolling interests	-	-	-	-
Net earnings (loss) attributable to Celanese Corporation	145	398	319	492
Cumulative preferred stock dividends	-	(3)	(3)	(8)
Net earnings (loss) available to common shareholders	145	395	316	484
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	147	398	323	492
Earnings (loss) from discontinued operations	(2)	-	(4)	-
Net earnings (loss)	145	398	319	492
Earnings (loss) per common share basic				
Continuing operations	0.94	2.75	2.08	3.37
Discontinued operations	(0.01)	-	(0.03)	-
Net earnings (loss) basic	0.93	2.75	2.05	3.37
Earnings (loss) per common share diluted				
Continuing operations	0.93	2.53	2.04	3.14
Discontinued operations	(0.01)	-	(0.03)	-
Net earnings (loss) diluted	0.92	2.53	2.01	3.14
Weighted average shares basic	155,859,508	143,591,231	154,173,120	143,542,405
Weighted average shares diluted	157,883,548	157,562,916	158,408,403	156,678,265

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

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of September 30, 2010	As of December 31, 2009 As Adjusted (Note 3)
	(In \$ millions, except share data)	
ASSETS		
Current assets		
Cash and cash equivalents	884	1,254
Trade receivables third party and affiliates (net of allowance for doubtful accounts 2010: \$14; 2009: \$18)	897	721
Non-trade receivables	264	262
Inventories	578	522
Deferred income taxes	42	42
Marketable securities, at fair value	2	3
Assets held for sale	9	2
Other assets	91	50
Total current assets	2,767	2,856
Investments in affiliates	817	792
Property, plant and equipment (net of accumulated depreciation 2010: \$1,159; 2009: \$1,130)	2,884	2,797
Deferred income taxes	499	484
Marketable securities, at fair value	79	80
Other assets	292	311
Goodwill	785	798
Intangible assets, net	271	294
Total assets	8,394	8,412
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term borrowings and current installments of long-term debt third party and affiliates	261	242
Trade payables third party and affiliates	640	649
Other liabilities	589	611
Deferred income taxes	33	33
Income taxes payable	114	72
Total current liabilities	1,637	1,607

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Long-term debt	3,010	3,259
Deferred income taxes	132	137
Uncertain tax positions	266	229
Benefit obligations	1,257	1,288
Other liabilities	1,175	1,306
Commitments and contingencies		
Shareholders' equity		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized (2010: 0 issued and outstanding; 2009: 9,600,000 issued and outstanding)	-	-
Series A common stock, \$0.0001 par value, 400,000,000 shares authorized (2010: 177,616,053 issued and 155,543,775 outstanding; 2009: 164,995,755 issued and 144,394,069 outstanding)	-	-
Series B common stock, \$0.0001 par value, 100,000,000 shares authorized (2010 and 2009: 0 issued and outstanding)	-	-
Treasury stock, at cost (2010: 22,075,178; 2009: 20,601,686)	(822)	(781)
Additional paid-in capital	544	522
Retained earnings	1,801	1,505
Accumulated other comprehensive income (loss), net	(606)	(660)
Total Celanese Corporation shareholders' equity	917	586
Noncontrolling interests	-	-
Total shareholders' equity	917	586
Total liabilities and shareholders' equity	8,394	8,412

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

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SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)**

	Nine Months Ended September 30, 2010	
	Shares	Amount As Adjusted (Note 3)
	(In \$ millions, except share data)	
Preferred stock		
Balance as of the beginning of the period	9,600,000	-
Redemption of preferred stock	(9,600,000)	-
Balance as of the end of the period	-	-
Series A common stock		
Balance as of the beginning of the period	144,394,069	-
Stock option exercises	479,268	-
Conversion of preferred stock	12,084,942	-
Redemption of preferred stock	7,437	-
Purchases of treasury stock	(1,473,492)	-
Stock awards	51,551	-
Balance as of the end of the period	155,543,775	-
Treasury stock		
Balance as of the beginning of the period	20,601,686	(781)
Purchases of treasury stock, including related fees	1,473,492	(41)
Balance as of the end of the period	22,075,178	(822)
Additional paid-in capital		
Balance as of the beginning of the period		522
Stock-based compensation, net of tax		14
Stock option exercises, net of tax		8
Balance as of the end of the period		