TFS Financial CORP
Form 8-K
September 24, 2015

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 24, 2015

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

United States of America	001-33390	52-2054948
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

7007 Broadway Ave., Cleveland, Ohio	44105
(Address of principle executive offices)	(Zip Code)

Registrant's telephone number, including area code (216) 441-6000
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:

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

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On September 24, 2015, TFS Financial Corporation ("the Company"), the holding company for Third Federal Savings and Loan Association of Cleveland ("Third Federal"), has appointed John P. Ringenbach as a member of its board of directors. He replaces Bernard S. Kobak, who will assume the role of director emeritus. Ringenbach will serve until our next annual meeting of shareholders and until his successor is elected and shall qualify.

Ringenbach has 40 years of banking experience, including 18 years as chief operating officer of Third Federal before retiring in 2012. Prior to joining Third Federal, he was President and Chief Executive Officer of Commerce Exchange Bank, a company specializing in the small business market. He also spent 14 years at Ameritrust. Ringenbach holds a Bachelor of Science degree in industrial engineering from the University of Dayton and a master's degree in industrial engineering from the University of Wisconsin.

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.

TFS FINANCIAL CORPORATION
(Registrant)

Date: September 24, 2015

By: /s/ Paul J. Huml
Paul J. Huml
Chief Operating Officer

m"> 4 %

Other (charges) gains, net

19 (6) 25 21 (19) 40

Operating profit (loss)

63 21 42 151 4 147

Operating margin

23.2 % 9.5 % 18.1 % 0.7 %

Earnings (loss) from continuing operations before tax

93 49 44 264 62 202

Depreciation and amortization

19 17 2 57 53 4

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, long-fiber reinforced thermoplastics (LFT), polybutylene terephthalate (PBT), polyethylene terephthalate (PET), ultra-high molecular weight polyethylene (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

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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 $51 million and $266 million for the three and nine months ended September 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. The increase in net sales for the three months ended September 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 which was partially offset by unfavorable foreign currency impacts.

Operating profit increased $42 million and $147 million for the three and nine months ended September 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 higher production volumes, including a planned inventory build for the relocation of our facility in Kelsterbach, Germany, more than offset higher raw material and energy costs. The acquisition of the two FACT product lines LCP and PCT also contributed to the increase in operating profit. Other charges positively impacted operating profit for the three and nine months ended September 30, 2010 driven by a $26 million decrease in legal reserves associated with plumbing cases. Depreciation and amortization includes $2 million of accelerated amortization for the nine months ended September 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 nine months ended September 30, 2010. As a result, our proportional share of net earnings of these affiliates increased $55 million for the nine months ended September 30, 2010 compared to the same period in 2009.

Consumer Specialties

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2010	**2009**	**Change in $**	**2010**	**2009**	**Change in $**
	(unaudited)					
	(In $ millions, except percentages)					
Net sales	288	271	17	817	817	-
Net sales variance						
Volume	8 %			1 %		
Price	(1) %			(1) %		
Currency	(1) %			- %		
Other	- %			- %		
Other (charges) gains, net	1	(3)	4	(73)	(6)	(67)
Operating profit (loss)	71	52	19	105	184	(79)
Operating margin	24.7 %	19.2 %		12.9 %	22.5 %	
Earnings (loss) from continuing operations before tax	72	52	20	179	240	(61)
Depreciation and amortization	9	13	(4)	29	37	(8)

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.

Net sales for Consumer Specialties was flat for the nine months ended September 30, 2010 as compared to the same period in 2009. Net sales increased slightly for the three months ended September 30, 2010 as compared to the same period in 2009. During the first half of 2010, we experienced a decline in net sales related to an electrical disruption and subsequent production outage at our Acetate Products manufacturing facility in Narrows, Virginia. The facility resumed normal operations during the second quarter of 2010 and we began to recover the impacted volume during the current quarter as we experienced increased volumes in our Acetate Products business.

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Operating profit decreased for the nine month period ended September 30, 2010 as compared to the same period in 2009. An increase in other charges for the nine months ended September 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 closure of our acetate flake and tow production operations in Spondon, Derby, United Kingdom during the three months ended March 31, 2010. Operating profit increased $19 million for the three month period ended September 30, 2010 as compared to the same period in 2009. Higher volumes and benefits from our fixed cost reduction efforts more than offset higher energy and raw material costs.

During the nine month period ended September 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 September 30,			Nine Months Ended September 30,		
	2010	**2009**	**Change in $**	**2010**	**2009**	**Change in $**
	(unaudited) (In $ millions, except percentages)					
Net sales	276	236	40	787	745	42
Net sales variance						
Volume	12 %			14 %		
Price	11 %			5 %		
Currency	(6) %			(2) %		
Other	- %			(11) %		
Other (charges) gains, net	25	(2)	27	25	(5)	30
Operating profit (loss)	50	44	6	78	73	5
Operating margin	18.1 %	18.6 %		9.9 %	9.8 %	
Earnings (loss) from continuing operations before tax	50	44	6	78	73	5
Depreciation and amortization	11	14	(3)	31	41	(10)

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 vinyl acetate ethylene emulsions, 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 business offers a complete line of low-density polyethylene and specialty EVA resins and compounds. EVA Performance Polymers products are used in many applications including flexible packaging films, lamination film products, hot melt adhesives, medical devices and tubing, automotive, carpeting and solar cell encapsulation films.

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 we retained. The transaction resulted in a gain on disposition of $34 million and includes long-term supply agreements between Sekisui and the Company.

Net sales increased for the three and nine months ended September 30, 2010 compared to the same periods in 2009. Increased net sales were a result of higher growth and innovation volumes from our Emulsions business and higher volumes from our EVA Performance Polymers business partially offset by impacts resulting from the sale of our PVOH business in July 2009. EVA Performance Polymers business volumes were lower for the third quarter of 2009 due to technical issues at our Edmonton, Alberta, Canada plant. Such technical production issues were 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 price increases and favorable product mix were partially offset by lower prices in our Emulsions business due to unfavorable foreign exchange rates.

Due to certain events in October 2008 and subsequent periodic cessations of production of our specialty polymers products produced at our EVA Performance Polymers facility in Edmonton, Alberta, Canada, we declared two events of force majeure. During 2009, we replaced long-lived assets damaged in October 2008. As a result of these events and

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subsequent periodic cessation of production, we recorded $25 million of other charges related to insurance recoveries during the three months ended September 30, 2010. This amount was partially offset by a $7 million charge from our captive insurance companies included in the Other Activities segment. The net insurance recoveries of $18 million consisted of $8 million related to property damage and $10 million related to business interruption.

Operating profit increased $6 million and $5 million for the three and nine months ended September 30, 2010, respectively, as compared to the same periods in 2009 primarily due to the resumption of normal operations at our EVA Performance Polymers facility and the insurance proceeds received in the third quarter of 2010 partially offset by the 2009 gain on disposition of assets related 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.

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

Acetyl Intermediates

	Three Months Ended September 30,			**Nine Months Ended September 30,**		
	2010	**2009 (As Adjusted)**	**Change in $**	**2010**	**2009 (As Adjusted)**	**Change in $**
	(unaudited) (In $ millions, except percentages)					
Net sales	777	666	111	2,283	1,860	423
Net sales variance						
Volume	12 %			13 %		
Price	9 %			12 %		
Currency	(4) %			(2) %		
Other	- %			- %		
Other (charges) gains, net	(1)	(85)	84	(9)	(86)	77
Operating profit (loss)	81	(30)	111	149	20	129
Operating margin	10.4 %	(4.5) %		6.5 %	1.1 %	
Earnings (loss) from continuing operations before tax	85	(27)	112	156	26	130
Depreciation and amortization	23	34	(11)	92	93	(1)

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 $111 million and $423 million during the three and nine months ended September 30, 2010, respectively, compared to the same periods in 2009 due to improvement in the global economy resulting in increased overall demand. Increases in volume for both the three and nine months ended September 30, 2010 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 nine months ended September 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. A decrease in other charges, due primarily to the absence of plant closure costs related to the 2009 closure of our Pardies, France facility, also had a favorable impact on operating profit. These increases to operating profit were only slightly offset by higher variable costs. Higher variable costs were a direct result of price increases in all major raw materials.

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Earnings from continuing operations before tax increased during the three and nine months ended September 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 nine months ended September 30, 2010.

The operating loss for Other Activities increased $22 million and $20 million for the three and nine months ended September 30, 2010, respectively, compared to the same periods in 2009. The increase was primarily due to a $35 million increase in selling, general and administrative costs, a $7 million charge from our captive insurance companies related to the insurance recoveries received by our EVA Performance Polymers business related to the events of force majeure, which was only partially offset by a $14 million gain on the sale of an office building. Higher selling, general and administrative expenses were primarily due to higher legal costs and strategic growth and business optimization initiatives.

The loss from continuing operations before tax increased $39 million and $32 million for the three and nine months ended September 30, 2010, respectively, compared to the same periods in 2009. The increase is primarily related to $16 million of fees associated with our debt refinancing that occurred during the three months ended September 30, 2010.

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, we have $144 million available for borrowing under our credit-linked revolving facility and $600 million available under our revolving credit facility to assist, if required, in meeting our working capital needs and other contractual obligations.

While our contractual obligations, commitments and debt service requirements over the next several years are significant, we continue to believe we will have available resources to meet our liquidity requirements, including debt service, 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 planned closure of our acetate flake and tow manufacturing operations at the Spondon, Derby, United Kingdom site, we expect to record total 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. Cash outflows are expected to occur through 2011. For the nine months ended September 30, 2010, we recorded exit costs of $14 million related to personnel-related costs and $2 million related to accelerated depreciation. See Note 3 and Note 13 in the accompanying unaudited interim consolidated financial statements.

In addition to exit-related costs associated with the closure of the Spondon, Derby, United Kingdom acetate flake and tow manufacturing operations, we expect to make capital expenditures of approximately $75 million in certain

capacity and efficiency improvements, principally at either or both of our Ocotlan, Mexico and Narrows, Virginia facilities, to optimize our global production network. The Spondon, Derby, United Kingdom, Ocotlan, Mexico and Narrows, Virginia acetate facilities are included in our Consumer Specialties segment.

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

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Cash Flows

As of September 30, 2010, we had total debt of $3,271 million and cash and cash equivalents of $884 million resulting in net debt of $2,387 million compared to total debt of $3,501 million, cash and cash equivalents of $1,254 million, and net debt of $2,247 million, as of December 31, 2009. Decreased cash of $370 million was primarily due to net cash payments on long-term debt of $248 million, purchases of treasury stock of $41 million, acquisitions of $46 million and capital expenditures (including capital expenditures related to the Kelsterbach relocation) of $341 million.

Net Cash Provided by Operating Activities

Cash flow provided by operations decreased $45 million during the nine months ended September 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 and cash paid for taxes of $104 million.

Net Cash Provided by (Used in) Investing Activities

Net cash from investing activities decreased from a cash inflow of $191 million for the nine months ended September 30, 2009 to a cash outflow of $381 million for the same period in 2010. The decrease is primarily related to the receipt of proceeds of $412 million related to the Ticona Kelsterbach plant relocation and the receipt of $168 million for the sale of our PVOH business that were both received in 2009. There were no such proceeds in 2010.

Our cash outflow for capital expenditures was $122 million and $130 million for the nine months ended September 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 nine months ended September 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 $221 million for 2010, excluding amounts related to the relocation of our Ticona plant in Kelsterbach. We expect cash outflows for capital expenditures for our Ticona plant in Kelsterbach to be 234 million during 2010 of which we paid 166 million through September 30, 2010. We expect to receive the final installment of 110 million in proceeds from Fraport in 2011. As the relocation project progressed, we decided to expand the scope of the new production facilities and now expect to spend in excess of total proceeds to be received from Fraport.

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 Used in Financing Activities

Net cash used in financing activities increased from a cash outflow of $52 million for the nine months ended September 30, 2009 to a cash outflow of $332 million for the same period in 2010. The $280 million increase primarily relates to the net pay down on long-term debt of $248 million and $41 million used to repurchase the Company s common stock.

Debt

Senior Notes

On September 24, 2010, we completed an offering of $600 million aggregate principal amount of 6 5/8% Senior Notes due 2018 (the Notes). The Notes are guaranteed on a senior unsecured basis by Celanese and each of the domestic subsidiaries of Celanese US that guarantee its obligations under its senior secured credit facilities (the Subsidiary Guarantors).

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The Notes were issued under an indenture dated as of September 24, 2010 (the Indenture) among Celanese US, Celanese, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee. The Notes bear interest at a rate of 6 5/8% per annum and were priced at 100% of par. Celanese US will pay interest on the Notes on April 15 and October 15 of each year commencing on April 15, 2011. The Notes will mature on October 15, 2018. The Notes are redeemable, in whole or in part, at any time on or after October 15, 2014 at the redemption prices specified in the Indenture. Prior to October 15, 2014, Celanese US may redeem some or all of the Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, plus a make-whole premium as specified in the Indenture. The Notes are senior unsecured obligations of Celanese US and rank equally in right of payment with all other unsubordinated indebtedness of Celanese US.

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

Senior Credit Agreement

On September 29, 2010, we entered into an amendment agreement with the lenders under our existing senior secured credit facilities in order to amend and restate the corresponding credit agreement, dated as of April 2, 2007 (as previously amended, the Existing Credit Agreement , and as amended and restated by the amendment agreement, the Amended Credit Agreement). Our Amended Credit Agreement consists of the Term C loan facility having principal amounts of $1,140 million of US dollar-denominated and 204 million of Euro-denominated term loans due 2016, the Term B loan facility having principal amounts of $417 million US dollar-denominated and 69 million of Euro-denominated term loans due 2014, a $600 million revolving credit facility terminating in 2015 and a $228 million credit-linked revolving facility terminating in 2014. Prior to entering into the Amendment Agreement, we used the proceeds from the offering of the Notes along with $200 million of cash on hand to pay down the Term B loan facility borrowings under the Existing Credit Agreement.

As of September 30, 2010, the balances available for borrowing under the revolving credit facility and the credit-linked revolving facility are as follows:

	(In $ millions) **(unaudited)**
Revolving credit facility	
Borrowings outstanding	-
Letters of credit issued	-
Available for borrowing	600
Credit-linked revolving facility	
Letters of credit issued	84
Available for borrowing	144

As a condition to borrowing funds or requesting that letters of credit be issued under the revolving credit facility, our first lien senior secured leverage ratio (as calculated) as of the last day of the most recent fiscal quarter for which financial statements have been delivered under the revolving facility) cannot exceed the threshold as specified above. Further, our first lien senior secured leverage ratio must be maintained at or below that threshold while any amounts are outstanding under the revolving credit facility.

Our amended maximum first lien senior secured leverage ratios, estimated first lien senior secured leverage ratios and the borrowing capacity under the revolving credit facility as of September 30, 2010 are as follows:

	First Lien Senior Secured Leverage Ratios			
	Maximum	**Estimate**	**Estimate, If Fully Drawn**	**Borrowing Capacity**
		(unaudited)		
				(In $ millions)
September 30, 2010	4.25 to 1.00	1.9 to 1.00	2.4 to 1.00	600
December 31, 2010 and thereafter	3.90 to 1.00			

The Amended Credit Agreement contains covenants that are substantially similar to those found in the Existing Credit Agreement, including, but not limited to, restrictions on our ability to incur indebtedness; grant liens on

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assets; merge, consolidate, or sell assets; pay dividends or make other restricted payments; make investments; prepay or modify certain indebtedness; engage in transactions with affiliates; enter into sale-leaseback transactions or hedge transactions; or engage in other businesses; as well as a covenant requiring maintenance of a maximum first lien senior secured leverage ratio.

We are in compliance with all of the covenants related to our debt agreements as of September 30, 2010.

Share Capital

We have a policy of declaring, subject to legally available funds, a quarterly cash dividend on each share of Series A common stock, par value $0.0001 per share (Common Stock). In April 2010, we announced that our Board of Directors approved a 25% increase in the Celanese quarterly Common Stock cash dividend. The Board of 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 was applicable to dividends payable beginning in August 2010. On October 4, 2010, we declared a cash dividend of $0.05 per share on our Common Stock amounting to $8 million. The cash dividends are for the period from August 2, 2010 to October 31, 2010 and will be paid on November 1, 2010 to holders of record as of October 15, 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 our 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 nine months ended September 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 Common Stock. This authorization was increased by the Board of Directors to $500 million in October 2008. The authorizations give management discretion in determining the conditions under which shares may be repurchased. This repurchase program does not have an expiration date.

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

	Nine Months Ended September 30,		Total From Inception Through September 30, 2010
	2010	2009 (unaudited)	
Shares repurchased	1,473,492	-	11,236,692
Average purchase price per share	$ 27.82	-	$ 37.26
Amount spent on repurchased shares (in millions)	$ 41	-	$ 419

These repurchases 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 the accompanying unaudited interim consolidated financial statements.

Contractual Obligations

Except as otherwise described in this report, there have been no material revisions to our contractual obligations as described in our 2009 Form 10-K.

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Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

Our unaudited interim consolidated financial statements are based on the selection and application of significant accounting policies. The preparation of unaudited interim consolidated financial statements in conformity with 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 describe our significant accounting policies in Note 2, Summary of Accounting Policies, of the Notes to Consolidated Financial Statements included in our 2009 Form 10-K. We discuss our critical accounting policies and estimates in MD&A in our 2009 Form 10-K.

There have been no material revisions to the critical accounting policies as filed in our 2009 Form 10-K.

We assess the recoverability of the carrying value of its reporting unit goodwill and indefinite-lived intangible assets annually during the third quarter of its 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. In connection with our annual goodwill and indefinite-lived intangible asset impairment tests, we did not record an impairment loss to goodwill or indefinite-lived intangible assets during the nine months ended September 30, 2010.

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 impairment test. Our methodology for determining impairment for both goodwill and indefinite-lived intangible assets was consistent with that used in the prior year.

Recent Accounting Pronouncements

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

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Market risk for our Company has not changed materially from the foreign exchange, interest rate and commodity risks disclosed in Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our 2009 Form 10-K.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

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

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PART II OTHER INFORMATION

Item 1. *Legal Proceedings*

We are involved in legal and regulatory proceedings, lawsuits and claims incidental to the normal conduct of our business, relating to such matters as product liability, contract, antitrust, intellectual property, workers compensation, chemical exposure, 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 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 adverse impact on the results of operations or cash flows of the Company in any given reporting period. See also Note 17 to the unaudited interim consolidated financial statements for a discussion of material legal proceedings.

There have been no significant developments in the Legal Proceedings described in our 2009 Form 10-K other than those disclosed in Note 17 in the accompanying unaudited interim consolidated financial statements.

Item 1A. *Risk Factors*

Our business and operations are subject to various risks and uncertainties, which are described in our various reports, including those set forth in Item 1A of our 2009 Form 10-K. Set forth below is a discussion of the material changes in our risk factors since the 2009 Form 10-K. The information presented below updates, and should be read in conjunction with, the risk factors and other information disclosed in our 2009 Form 10-K.

Risks Related to Our Indebtedness

On September 24, 2010, Celanese US Holdings LLC, a Delaware Limited Liability Company, and not its subsidiaries (Celanese US) completed an offering of $600 million in aggregate principal amount of 6 5/8% Senior Notes due 2018 (the Notes) in a private placement conducted pursuant to Rule 144A under the Securities Act of 1933, as amended. The Notes were issued under an indenture dated September 24, 2010 (the Indenture) among Celanese US, Celanese, each of the domestic subsidiaries of Celanese US that guarantee its obligations under is senior secured credit facilities and Wells Fargo Bank, National Association, as trustee.

On September 29, 2010, Celanese US, Celanese, and certain of the domestic subsidiaries of Celanese US, entered into an amendment agreement with the lenders under Celanese US s existing senior secured credit facilities in order to amend and restate the corresponding credit agreement, dated as of April 2, 2007 (the Amended Credit Agreement). The term Celanese refers to Celanese Corporation and not its subsidiaries.

We may be able to incur additional indebtedness in the future, which could increase the risks described above.

Although covenants under the Amended Credit Agreement and the Indenture governing the Notes will limit our ability to incur certain additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be significant. To the extent that we incur additional indebtedness, the risks associated with our leverage described above, including our possible inability to service our debt, including the Notes, would increase.

Restrictive covenants in our debt agreements may limit our ability to engage in certain transactions and may diminish our ability to make payments on our indebtedness.

The Amended Credit Agreement and the Indenture governing the Notes each contain various covenants that limit our ability to engage in specified types of transactions. The Indenture governing the Notes will limit Celanese US s and certain of its subsidiaries ability to, among other things, incur additional debt; pay dividends or make other restricted payments; consummate specified asset sales; enter into transactions with affiliates; incur liens, impose restrictions on the ability of a subsidiary to pay dividends or make payments to Celanese US and its restricted

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subsidiaries; merge or consolidate with any other person; and sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of Celanese US s assets or the assets of its restricted subsidiaries.

In addition, the Amended Credit Agreement requires us to maintain a maximum first lien senior secured leverage ratio if there are outstanding borrowings under the revolving credit facility. Our ability to meet this financial ratio can be affected by events beyond our control, and we may not be able to meet this test at all.

Such restrictions in our debt instruments could result in us having to obtain the consent of holders of the Notes and of our lenders in order to take certain actions. Disruptions in credit markets may prevent us from obtaining or make it more difficult or more costly for us to obtain such consents. Our ability to expand our business or to address declines in our business may be limited if we are unable to obtain such consents.

A breach of any of these covenants could result in a default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, a default under the Amended Credit Agreement could permit lenders to accelerate the maturity of our indebtedness under the Amended Credit Agreement and to terminate any commitments to lend. If we were unable to repay such indebtedness, the lenders under the Amended Credit Agreement could proceed against the collateral granted to them to secure that indebtedness. Our subsidiaries have pledged a significant portion of our assets as collateral to secure our indebtedness under the Amended Credit Agreement. If the lenders under the Amended Credit Agreement accelerate the repayment of such indebtedness, we may not have sufficient assets to repay such amounts or our other indebtedness, including the Notes. In such event, we could be forced into bankruptcy or liquidation.

Celanese and Celanese US are holding companies and depend on subsidiaries to satisfy their obligations under the Notes and the guarantee of Celanese US s obligations under the Notes by Celanese.

As holding companies, Celanese and Celanese US conduct substantially all of their operations through their subsidiaries, which own substantially all of our consolidated assets. Consequently, the principal source of cash to pay Celanese and Celanese US s obligations, including obligations under the Notes and the guarantee of the Celanese US s obligations under the Notes by Celanese, is the cash that our subsidiaries generate from their operations. We cannot assure that our subsidiaries will be able to, or be permitted to, make distributions to enable Celanese US and/or Celanese to make payments in respect of their obligations. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, applicable state laws, regulatory limitations and terms of our debt instruments may limit Celanese US s and Celanese s ability to obtain cash from our subsidiaries. While the Indenture governing the Notes limits the ability of our subsidiaries to restrict their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions, which may have the effect of significantly restricting the applicability of those limits. In the event Celanese US and/or Celanese do not receive distributions from our subsidiaries, Celanese US and/or Celanese may be unable to make required payments on the Notes, the guarantee of Celanese US s obligations under the Notes by Celanese, or our other indebtedness.

Risks Related to Our Business

We may experience unexpected difficulties and incur unexpected costs in the relocation of our Kelsterbach Ticona plant, which may increase our costs, delay the transition or disrupt our ability to supply our customers.

We have agreed with the Frankfurt, Germany Airport (Fraport) to relocate our Kelsterbach, Germany business to another location, resolving several years of legal disputes related to the planned Frankfurt airport expansion. In July 2007, we announced that we would relocate the Kelsterbach, Germany business to the Hoechst Industrial Park in the Rhine Main area. Fraport agreed to pay Ticona a total of 670 million over a 5-year period to offset costs associated with the closure of the Kelsterbach plant and the transition of the business from its current location. Because the

relocation of our Kelsterbach, Germany business represents a major logistical undertaking, the construction of our new facilities may be delayed, actual costs may exceed our estimates and we may be subject to penalties if we have not timely vacated the Kelsterbach location. If the relocation causes other unexpected difficulties, our costs may increase or supplies to our customers may be disrupted.

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

The table below sets forth information regarding repurchases of our Common Stock during the three months ended September 30, 2010:

Period	Total Number of Shares Purchased	Average Price Paid per Share (unaudited)	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares Remaining that may be Purchased Under the Program
July 1-31, 2010	334 [1]	$ 26.94	-	$ 102,300,000
August 1-31, 2010	794,900	$ 26.40	794,900	$ 81,300,000
September 1-30, 2010	-	$ -	-	$ 81,300,000

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

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***[Removed and Reserved]***

Item 5. ***Other Information***

None.

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Item 6. ***Exhibits***

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on January 28, 2005).
3.2	Third Amended and Restated By-laws, effective as of October 23, 2008 (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on October 29, 2008).
4.1	Indenture, dated September 24, 2010, by and among Celanese US Holdings LLC, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on September 29, 2010).
10.1	Registration Rights Agreement, dated September 24, 2010, among Celanese US Holdings LLC, the guarantors party thereto, and the initial purchasers listed therein (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on September 29, 2010).
10.2	Amendment Agreement, dated September 29, 2010 among Celanese Corporation, Celanese US Holdings LLC, certain subsidiaries of Celanese US Holdings LLC, the lenders party thereto, Deutsche Bank AG, New York Branch, as administrative agent and as collateral agent, and Deutsche Bank Securities LLC and Banc of Americas Securities LLC as joint lead arrangers and joint book runners (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on September 29, 2010).
10.3	Amended and Restated Credit Agreement, dated September 29, 2010 among Celanese Corporation, Celanese US Holdings LLC, the subsidiaries of Celanese US Holdings LLC from time to time party thereto as borrowers and guarantors, Deutsche Bank AG, New York Branch, as administrative agent and collateral agent, Deutsche Bank Securities LLC and Banc of Americas Securities LLC as joint lead arrangers and joint book runners, HSBC Securities (USA) Inc., JPMorgan Chase Bank, N.A., and The Royal Bank of Scotland PLC, as Co-Documentation Agents, the other lenders party thereto, and certain other agents for such lenders (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on September 29, 2010).
10.4	Executive Severance Benefits Plan, dated July 21, 2010 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 27, 2010).
10.5	Form of Performance-Vesting Restricted Stock Unit Award Agreement) between Celanese Corporation and award recipient (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on September 13, 2010).
10.6	Form of Time-Vesting Restricted Stock Unit Award Agreement between Celanese Corporation and award recipient (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on September 13, 2010).
10.7	Form of Nonqualified Stock Option Award Agreement between Celanese Corporation and award recipient (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on September 13, 2010).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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Undertaking Regarding Furnishing Additional Documents

The Company agrees to furnish to the Securities and Exchange Commission, upon its request, the instruments not filed herewith with respect to the Company s senior unsecured notes due 2018 that were issued in a private placement conducted pursuant to Rule 144A under the Securities Act of 1933, as amended, on September 24, 2010, and which are discussed in Note 9 to the accompanying unaudited interim consolidated financial statements included in this Quarterly Report on Form 10-Q.

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SIGNATURES

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

CELANESE CORPORATION

By: /s/ David N. Weidman

David N. Weidman
Chairman of the Board of Directors and
Chief Executive Officer

Date: October 26, 2010

By: /s/ Steven M. Sterin

Steven M. Sterin
Senior Vice President and
Chief Financial Officer

Date: October 26, 2010

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