STERLING CHEMICALS INC
Form 10-Q
May 12, 2010

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

Form 10-Q

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

For the quarterly period ended March 31, 2010

OR

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

For the transition period from to

Commission File Number 000-50132

Sterling Chemicals, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**76-0502785**
(State or other jurisdiction of Incorporation or organization)	*(IRS Employer Identification No.)*
333 Clay Street, Suite 3600 Houston, Texas 77002-4109	**(713) 650-3700**
(Address of principal executive offices)	*(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 þ No o.

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

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, non-accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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

As of April 30, 2010, Sterling Chemicals, Inc. had 2,828,460 shares of common stock outstanding.

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IMPORTANT INFORMATION REGARDING THIS FORM 10-Q

Unless otherwise indicated, references to we, us, our and ours in this Form 10-Q refer collectively to Sterling Chemicals, Inc. and its wholly-owned subsidiaries.

Readers should consider the following information as they review this Form 10-Q:

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements give our current expectations or forecasts of future events. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain or be identified by the words expect, intend, plan, predict, anticipate, estimate, believe, should, could, may, might, will, will be, will continue, forecast, budget and similar expressions. Statements in this report that contain forward-looking statements include, but are not limited to, information concerning our possible or assumed future results of operations. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control.

Other sections of this Form 10-Q and our other filings with the Securities and Exchange Commission, or the SEC, including, without limitation, our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, or our Annual Report, include additional factors that could adversely affect our business, results of operations or financial performance. See Risk Factors contained in Item 1A of Part I of our Annual Report. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements. Forward-looking statements included in this Form 10-Q are made only as of the date of this Form 10-Q and are not guarantees of future performance. Although we believe that the expectations reflected in these forward-looking statements are reasonable, such expectations may prove to be incorrect. All written or oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Document Summaries

Descriptions of documents and agreements contained in this Form 10-Q are provided in summary form only, and such summaries are qualified in their entirety by reference to the actual documents and agreements filed as exhibits to our Annual Report, other periodic reports we file with the SEC or this Form 10-Q.

Access to Filings

Access to our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports, filed with or furnished to the SEC pursuant to Section 13(a) of the Exchange Act, as well as reports filed electronically pursuant to Section 16(a) of the Exchange Act, may be obtained through our website (http://www.sterlingchemicals.com), at no cost, as soon as reasonably practicable after we have electronically filed such material with the SEC. The contents of our website (or the third-party websites accessible through the various hyperlinks) are not, and shall not be deemed to be, incorporated into this Form 10-Q.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Sterling Chemicals, Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Sterling Chemicals, Inc. and its subsidiaries (the Company) as of March 31, 2010, and the related condensed consolidated statements of operations and cash flows for the three-month periods ended March 31, 2010 and 2009. These interim financial statements are the responsibility of the Company s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheet of the Company as of December 31, 2009, and the related statements of income, stockholders equity and cash flows for the year then ended (not presented herein); and in our report dated March 24, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of December 31, 2009, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ GRANT THORNTON LLP

Houston, Texas

May 12, 2010

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PART I.
FINANCIAL INFORMATION

Item 1. ***Financial Statements***

STERLING CHEMICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in Thousands, Except Share Data)

	Three months ended March 31,	
	2010	**2009**
Revenues	$ 33,109	$ 31,377
Cost of goods sold	27,910	25,809
Gross profit	5,199	5,568
Selling, general and administrative expenses	2,894	3,883
Impairment of long-lived assets	290	
Interest and debt related expenses	3,607	4,003
Interest income	(49)	(384)
Other income	(76)	(1,145)
Loss from continuing operations before income tax	(1,467)	(789)
Benefit for income taxes		(195)
Loss from continuing operations	$ (1,467)	$ (594)
Income from discontinued operations, net of tax expense of zero and $869, respectively	2,979	1,622
Net income	$ 1,512	$ 1,028
Preferred stock dividends	4,455	4,147
Net loss attributable to common stockholders	$ (2,943)	$ (3,119)
(Loss) income per share of common stock attributable to common stockholders, basic and diluted:		
Loss from continuing operations	$ (2.09)	$ (1.67)
Income from discontinued operations, net of tax	1.05	0.57
Basic and diluted loss per share	$ (1.04)	$ (1.10)
Weighted average shares outstanding:		
Basic and diluted	2,828,460	2,828,460

The accompanying notes are an integral part of the condensed consolidated financial statements.

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STERLING CHEMICALS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in Thousands)

	March 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 121,188	$ 123,778
Accounts receivable, net of allowance of $58 and $58, respectively	13,779	14,614
Inventories, net	5,229	5,268
Prepaid expenses and other current assets	1,685	2,539
Assets of discontinued operations		24
Total current assets	141,881	146,223
Property, plant and equipment, net	65,585	68,182
Other assets, net	5,311	5,760
Total assets	$ 212,777	$ 220,165
LIABILITIES AND STOCKHOLDERS DEFICIENCY IN ASSETS		
Current liabilities:		
Accounts payable	$ 8,503	$ 11,703
Accrued liabilities	23,479	24,416
Liabilities of discontinued operations	12,383	12,384
Total current liabilities	44,365	48,503
Long-term debt	123,000	125,000
Long-term liabilities	41,553	41,084
Long-term liabilities of discontinued operations	19,915	23,010
Commitments and contingencies (Note 4)		
Redeemable preferred stock	138,983	134,528
Stockholders deficiency in assets:		
Common stock, $.01 par value (shares authorized 100,000,000; shares issued and outstanding 2,828,460)	28	28
Additional paid-in capital	102,517	106,948
Accumulated deficit	(239,268)	(240,780)
Accumulated other comprehensive loss	(18,316)	(18,156)
Total stockholders deficiency in assets	(155,039)	(151,960)
Total liabilities and stockholders deficiency in assets	$ 212,777	$ 220,165

The accompanying notes are an integral part of the condensed consolidated financial statements.

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STERLING CHEMICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Thousands)

	Three months ended March 31,	
	2010	**2009**
Cash flows from operating activities:		
Net income	$ 1,512	$ 1,028
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Stock compensation expense	24	96
Bad debt expense	21	
Benefit plan curtailment gain	(115)	
Depreciation and amortization	3,041	2,245
Interest amortization	432	277
Unearned income amortization	(4,280)	(3,637)
Impairment of long-lived assets	290	
Gain on disposal of property, plant and equipment	(15)	(83)
Gain on purchase of Senior Secured Notes	(6)	
Other	13	
Change in assets/liabilities:		
Accounts and other receivables	838	5,406
Inventories	(21)	(189)
Prepaid expenses and other current assets	854	687
Other assets	(52)	(119)
Accounts payable	(3,310)	1,240
Accrued liabilities	(938)	1,799
Long-term liabilities	1,609	548
Net cash (used in) provided by operating activities	$ (103)	$ 9,298
Cash flows used in investing activities:		
Capital expenditures for property, plant and equipment	(577)	(2,442)
Net proceeds from the sale of property, plant and equipment	15	83
Net cash used in investing activities	(562)	(2,359)
Cash flows used in financing activities:		
Purchase of Senior Secured Notes	(1,925)	
Net cash used in financing activities	(1,925)	
Net (decrease) increase in cash	(2,590)	6,939

Cash and cash equivalents beginning of year		123,778		156,126
Cash and cash equivalents end of period	$	121,188	$	163,065
Supplemental disclosures of cash flow information:				
Interest paid	$	129	$	70
Interest income received		49		384
Cash paid for income taxes		(598)		

The accompanying notes are an integral part of the condensed consolidated financial statements.

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STERLING CHEMICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Accounting Policies

The accompanying unaudited interim condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, and reflect all adjustments (including normal recurring accruals) which, in our opinion, are considered necessary for the fair presentation of the results for the periods presented. The results of operations and cash flows for the periods presented are not necessarily indicative of the results to be expected for the full year. These statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report.

Property Plant and Equipment Impairment

In accordance with our policies, an impairment charge of $0.3 million was recorded to reduce the carrying value of a turbo generator unit classified as a spare, to its net realizable value of $0.4 million.

2. Discontinued Operations

On September 17, 2007, we entered into a long-term exclusive styrene supply agreement and a related railcar purchase and sale agreement with NOVA Chemicals Inc., or NOVA. Under this supply agreement, NOVA had the exclusive right to purchase 100% of our styrene production (subject to existing contractual commitments), the amount of styrene supplied in any particular period being at NOVA s option. In November 2007, this supply agreement, which was subsequently assigned by NOVA to INEOS NOVA, LLC, or INEOS NOVA, received clearance under the Hart-Scott-Rodino Act. This clearance caused the supply agreement and the railcar agreement to become effective and triggered a $60.0 million payment to us from INEOS NOVA. In accordance with the terms of the supply agreement, INEOS NOVA assumed substantially all of our contractual obligations for future styrene deliveries. After the supply agreement became effective, INEOS NOVA nominated zero pounds of styrene under the supply agreement for the balance of 2007 and, in response, we exercised our right to terminate the supply agreement and permanently shut down our styrene facility. Under the supply agreement, we were responsible for the closure costs of our styrene facility and are also restricted from reentering the styrene business for a period of time. The restricted period of time was initially through 2015, however, effective April 1, 2008, INEOS NOVA unilaterally reduced the restricted period to five years ending November 2012.

As a result of our styrene facility being permanently shut down, we have no significant continued involvement in the styrene business and have, therefore, reported the operating results of this business as discontinued operations in our condensed consolidated financial statements. The carrying amounts of assets and liabilities related to discontinued operations as of March 31, 2010 and December 31, 2009 were as follows:

	March 31, 2010	December 31, 2009
	(Dollars in Thousands)	
Assets of discontinued operations:		
Accounts receivable, net of allowance of $44 and $23 respectively	$	$ 24
Liabilities of discontinued operations:[1]		
Accrued liabilities	$ 12,383	$ 12,384
Deferred credits and other liabilities	19,915	23,010
Total	$ 32,298	$ 35,394

(1) As of March 31, 2010, represents

deferred income from the NOVA supply agreement that is being amortized over the contractual non-compete period of five years using the straight-line method. Accrued liabilities represents the current portion of $12.4 million, and deferred credits and other liabilities represents the long-term portion of the deferred income of $19.9 million.

Revenues and income before income taxes from discontinued operations for the three-month periods ended March 31, 2010 and 2009 are presented below:

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STERLING CHEMICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

	Three months ended March 31,	
	2010	2009
	(Dollars in Thousands)	
Revenues	$ 3,096	$ 3,096
Income before income taxes	2,979	2,491

3. Long-Term Debt

On March 29, 2007, we completed a private offering of $150.0 million aggregate principal amount of unregistered $10^{1}/4$% Senior Secured Notes due 2015, or our Secured Notes pursuant to a Purchase Agreement among us, Sterling Chemicals Energy, Inc., or Sterling Energy, one of our former wholly-owned subsidiaries, and Jefferies & Company, Inc. and CIBC World Markets Corp., as initial purchasers. In connection with that offering, we entered into an indenture dated March 29, 2007 among us, Sterling Energy, as guarantor, and U. S. Bank National Association, as trustee and collateral agent. On May 6, 2008, Sterling Energy was merged with and into us. Upon consummation of the merger, Sterling Energy no longer had independent existence and, consequently, our Secured Notes are no longer guaranteed by Sterling Energy.

Our indenture contains affirmative and negative covenants and customary events of default, including payment defaults, breaches of covenants and certain events of bankruptcy, insolvency and reorganization. If an event of default occurs and is continuing, other than an event of default triggered upon certain bankruptcy events, the trustee under our indenture or the holders of at least 25% in principal amount of our outstanding Secured Notes may declare our Secured Notes to be due and payable immediately. Upon an event of default, the trustee may also take actions to foreclose on the collateral securing our outstanding Secured Notes. Our indenture does not require us to maintain any financial ratios or satisfy any financial maintenance tests. We are currently in compliance with all of the covenants contained in our indenture.

Interest is due on our outstanding Secured Notes on April 1 and October 1 of each year. Our outstanding Secured Notes, which mature on April 1, 2015, are senior secured obligations and rank equally in right of payment with all of our existing and future senior indebtedness. Subject to specified permitted liens, our outstanding Secured Notes are secured (i) on a first priority basis by all of our fixed assets and certain related assets, including, without limitation, all of our property, plant and equipment and (ii) on a second priority basis by our other assets, including, without limitation, accounts receivable, inventory, capital stock of our domestic restricted subsidiaries, intellectual property, deposit accounts and investment property.

In the fourth quarter of 2009, we purchased $25.0 million in aggregate principal amount of our Secured Notes in the open market for $23.8 million in cash, resulting in a $1.2 million gain. This gain was partially offset by the amortization of a pro rata portion of the related debt issue costs of $0.9 million. In February 2010, we purchased an additional $2.0 million in aggregate principal amount of our Secured Notes in the open market for $1.9 million in cash, resulting in a $0.1 million gain. This gain was partially offset by the amortization of a pro rata portion of the related debt issue costs of less than $0.1 million.

On December 19, 2002, we entered into a Revolving Credit Agreement, or our revolving credit facility, with The CIT Group/Business Credit, Inc, or CIT, as administrative agent and a lender, and certain other lenders. Under our revolving credit facility, we and Sterling Energy were co-borrowers and were jointly and severally liable for any indebtedness thereunder. After the merger of Sterling Energy with and into us, Sterling Energy ceased to be a co-borrower under our revolving credit facility. On December 10, 2009, we elected to terminate our revolving credit facility effective January 24, 2010 due to our substantial cash reserves and low working capital needs. There were no penalties or termination fees payable by us in connection with the early termination of our revolving credit facility. The remaining associated debt issue costs of $0.2 million were written off as of the effective termination date.

STERLING CHEMICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

On January 31, 2010, we entered into a $5.0 million Revolving Line of Credit for letters of credit, or our LC Facility, with JPMorgan Chase Bank, N.A., or Chase, for the issuance of commercial and standby letters of credit. Our LC Facility has an initial term of one year. Under our LC Facility, we pay Chase a fee of 1% per annum of the face amount of each outstanding letter of credit and an issuance fee of $500 for each letter of credit. Our LC Facility is secured by $5.0 million in cash under an Assignment of Deposit Account Agreement between us and Chase. As of March 31, 2010, there were $3.3 million in standby letters of credit issued under our LC facility.

Debt Maturities

Our Secured Notes, which had an aggregate principal balance of $123.0 million outstanding as of March 31, 2010, are due on April 1, 2015.

4. Commitments and Contingencies

Product Contracts:

We have long-term agreements which provide for the dedication of 100% of our production of acetic acid and plasticizers, each to one customer. See Note 7 for more information regarding our acetic acid and plasticizers segments.

Legal Proceedings:

On July 5, 2005, Patrick B. McCarthy, an employee of Kinder-Morgan, Inc., or Kinder-Morgan, was seriously injured at Kinder-Morgan s facilities near Cincinnati, Ohio, while attempting to offload a railcar containing one of our plasticizers products. On October 28, 2005, Mr. McCarthy and his family filed a suit in the Court of Common Pleas, Hamilton County, Ohio (Case No. A0509 144) against us and six other defendants. During the case, five of the other defendants were dismissed. The plaintiffs sought in excess of $42 million in alleged compensatory and punitive damages from the defendants in the aggregate. On May 7, 2009, the jury found that we had not been negligent in connection with the incident and rendered a take nothing verdict in favor of the defendants. On June 24, 2009, the plaintiffs filed a motion for judgment notwithstanding the verdict or, in the alternative, a new trial. On September 4, 2009, the Court denied plaintiffs motion for judgment notwithstanding the verdict but granted plaintiffs motion for a new trial. We and the other remaining defendant timely filed notices of appeal of that order, as well as other orders issued during the trial. We believe that all, or substantially all, of any liability imposed upon us as a result of this suit and our related out-of-pocket costs and expenses will be covered by our insurance policies, subject to a one million deductible, which was met in January 2008. We do not believe that this incident will have a material adverse effect on our business, financial condition, results of operations or cash flows, although we cannot guarantee that a material adverse effect will not occur.

On February 21, 2007, we, several of our benefit plans and the plan administrators for those plans were sued in a class action suit, Case No. H-07-0625 filed in the United States District Court, Southern District of Texas, Houston Division. The plaintiffs represent a class of retired employees of Sterling Fibers, Inc., one of our former subsidiaries that we sold in connection with our emergence from bankruptcy in 2002. The plaintiffs allege that we were not permitted to increase their premiums for retiree medical insurance based on a provision contained in an asset purchase agreement between us, Sterling Fibers, Inc. and Cytec Industries Inc. and certain of its affiliates governing our purchase of our former acrylic fibers business in 1997. During our bankruptcy case, we specifically rejected this asset purchase agreement and the bankruptcy court approved that rejection. The plaintiffs are claiming that we violated the terms of the benefit plans and breached fiduciary duties governed by the Employee Retirement Income Security Act and are seeking damages, declaratory relief, punitive damages and attorneys fees. A trial for this matter was held during the second week of November 2009, but the court has not yet issued a ruling. We are vigorously defending this action and are unable to state at this time if a loss is probable or remote and are unable to determine the possible range of loss related to this matter, if any.

We are subject to various other claims and legal actions that arise in the ordinary course of our business. We do not believe that any of these claims and actions, separately or in the aggregate, will have a material adverse effect on our business, financial condition, results of operations or cash flows, although we cannot guarantee that a material adverse effect will not occur.

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STERLING CHEMICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

As of December 31, 2009, we had a receivable of $0.1 million due from our insurance carriers for reimbursement of legal costs that exceeded our insurance deductibles and were, therefore, reimbursable through our insurance carriers. For the three months ended March 31, 2010, we incurred $0.1 million of legal costs that are reimbursable under our insurance policies and received $0.1 million of payments from our insurance carriers, resulting in a receivable balance of $0.1 million as of March 31, 2010.

5. Income Taxes

During the first quarters of 2010 and 2009, we recorded a net tax benefit of zero and $0.2 million, respectively, for income taxes from continuing operations. For the first quarter of 2009, the tax benefit from continuing operations was generated by utilizing income in discontinued operations to recognize a portion of the benefit from losses generated in continuing operations. Our continuing operations effective tax rate for the three-month period ended March 31, 2010 was zero. For the three-month period ended March 31, 2009 our effective tax rate was 24.8%.

6. Employee Benefits

Net periodic pension costs consisted of the following components:

	Three months ended March 31,	
	2010	2009
	(Dollars in Thousands)	
Interest cost	$ 1,745	$ 1,828
Expected return on plan assets	(1,160)	(1,513)
Amortization	191	864
Net pension cost	$ 776	$ 1,179

Other postretirement benefits consisted of the following components:

	Three months ended March 31,	
	2010	2009
	(Dollars in Thousands)	
Service cost	$ 10	$ 11
Interest cost	95	121
Amortization of unrecognized costs	(544)	(541)
Curtailment gain	(115)	
Net plan benefit	$ (554)	$ (409)

During the first quarter of 2010, we announced and completed a reduction in our work force. In accordance with Accounting Standards Codification, or ASC, Topic 715 Compensation Retirement Benefits, we recorded a curtailment gain of $0.1 million under our retiree medical plans.

7. Operating Segment and Sales Information

As of March 31, 2010, after considering the effects of discontinued operations, we have reported our operations through two segments: acetic acid and plasticizers. The accounting policies are the same as those disclosed in our Annual Report. We use gross profit for reporting the results of our operating segments and this measure includes all operating items related to the businesses. There are no sales between segments. The revenues and gross profit (losses) for each of our reportable operating segments are as follows:

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STERLING CHEMICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

	Three months ended March 31,	
	2010	2009
	(Dollars in Thousands)	
Revenues:		
Acetic acid	$ 26,427	$ 23,838
Plasticizers	6,427	7,284
Other	255	255
Total	$ 33,109	$ 31,377
Segment gross profit (loss):		
Acetic acid	$ 3,683	$ 4,574
Plasticizers	1,545	1,323
Other	(29)	(329)
Total	5,199	5,568
Selling, general and administrative expenses	2,894	3,883
Impairment of long-lived assets	290	
Interest and debt related expenses	3,607	4,003
Interest income	(49)	(384)
Other income	(76)	(1,145)
Loss from continuing operations before income tax	$ (1,467)	$ (789)
Depreciation and amortization expenses:		
Acetic acid	$ 1,962	$ 1,643
Plasticizers	795	312
Other[1]	284	290
Total	$ 3,041	$ 2,245
Capital expenditures:		
Acetic acid	$ 134	$ 1,455
Other plant infrastructure	443	987
Total	$ 577	$ 2,442

(1) Includes depreciation and amortization

expenses for discontinued operations of less than $0.1 million for each of the three-month periods ended March 31, 2010 and 2009, respectively.

	As of March 31, 2010	As of December 31, 2009
	(Dollars in Thousands)	
Total assets:		
Acetic acid	$ 36,500	$ 35,362
Plasticizers	4,741	5,412
Other[1]	171,536	179,391
Total	$ 212,777	$ 220,165

[1] Components of Other are presented in the table below:

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STERLING CHEMICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

	As of March 31, 2010	As of December 31, 2009
	(Dollars in Thousands)	
Other:		
Corporate:		
Cash	$ 121,188	$ 123,778
Other	13,078	17,677
Plant infrastructure:		
Property, plant and equipment, net	37,270	37,912
Assets of discontinued operations		24
Total	$ 171,536	$ 179,391

8. Fair Value Measurements

Fair Value of Financial Instruments

In accordance with the provisions of the Fair Value Measurements and Disclosures Topic of the ASC, the fair value of our financial instruments has been estimated in accordance with Generally Accepted Accounting Principles, or GAAP. The fair value of our fixed rate long-term debt is estimated based on quoted market prices or prices quoted from third-party financial institutions. The carrying and fair values of our long-term debt are as follows:

	As of March 31, 2010		As of December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured Notes	$ 123,000	$ 121,770	$ 125,000	$ 119,400

The fair values of our cash equivalents, trade receivables and trade