

# CELANESE CORP

## FORM 10-Q (Quarterly Report)

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

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

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**Form 10-Q**

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended March 31, 2009
- 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)*

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

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

**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)

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 April 22, 2009 was 143,507,870.

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**CELANESE CORPORATION**  
**Form 10-Q**  
**For the Quarterly Period Ended March 31, 2009**  
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**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
	<b>(In \$ millions, except for share and per share data)</b>	
Net sales	1,146	1,846
Cost of sales	(946)	(1,428)
Gross profit	200	418
Selling, general and administrative expenses	(114)	(136)
Amortization of intangible assets (primarily customer relationships)	(17)	(19)
Research and development expenses	(20)	(23)
Other (charges) gains, net	(21)	(16)
Foreign exchange gain (loss), net	2	7
Gain (loss) on disposition of businesses and assets, net	(3)	3
Operating profit	27	234
Equity in net earnings (loss) of affiliates	(2)	10
Interest expense	(51)	(67)
Interest income	3	9
Dividend income — cost investments	6	28
Other income (expense), net	1	4
Earnings (loss) from continuing operations before tax	(16)	218
Income tax (provision) benefit	(5)	(73)
Earnings (loss) from continuing operations	(21)	145
Earnings (loss) from operation of discontinued operations, net of tax	1	—
Earnings (loss) from discontinued operations	1	—
Net earnings (loss)	(20)	145
Less: Net earnings (loss) attributable to noncontrolling interests	—	—
Net earnings (loss) attributable to the Company	(20)	145
Cumulative preferred stock dividend	(3)	(3)
Net earnings (loss) available to common shareholders	(23)	142
Earnings (loss) per common share — basic		
Continuing operations	(0.17)	0.93
Discontinued operations	0.01	—
Net earnings (loss) — basic	(0.16)	0.93
Earnings (loss) per common share — diluted		
Continuing operations	(0.17)	0.87
Discontinued operations	0.01	—
Net earnings (loss) — diluted	(0.16)	0.87
Weighted average shares — basic	143,506,981	151,993,753
Weighted average shares — diluted	143,506,981	167,306,016

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

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

	As of March 31, 2009	As of December 31, 2008
	(In \$ millions, except share amounts)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	1,150	676
Trade receivables — third party and affiliates (net of allowance for doubtful accounts — 2009: \$22 and 2008: \$25)	624	631
Non-trade receivables	222	274
Inventories	522	577
Deferred income taxes	24	24
Marketable securities, at fair value	5	6
Other assets	42	96
Total current assets	<u>2,589</u>	<u>2,284</u>
Investments in affiliates	720	789
Property, plant and equipment (net of accumulated depreciation — 2009: \$992; 2008: \$1,053)	2,482	2,472
Deferred income taxes	29	27
Marketable securities, at fair value	80	94
Other assets	344	357
Goodwill	758	779
Intangible assets, net	335	364
Total assets	<u>7,337</u>	<u>7,166</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Short-term borrowings and current installments of long-term debt — third party and affiliates	195	233
Trade payables — third party and affiliates	504	523
Other liabilities	576	574
Deferred income taxes	14	15
Income taxes payable	10	24
Total current liabilities	<u>1,299</u>	<u>1,369</u>
Long-term debt	3,274	3,300
Deferred income taxes	118	122
Uncertain tax positions	218	218
Benefit obligations	1,162	1,167
Other liabilities	1,219	806
Commitments and contingencies		
Shareholders' equity		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized (2009 and 2008: 9,600,000 issued and outstanding)	—	—
Series A common stock, \$0.0001 par value, 400,000,000 shares authorized (2009: 164,109,556 issued and 143,507,870 outstanding; 2008: 164,107,394 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	498	495
Retained earnings	1,018	1,047
Accumulated other comprehensive income (loss), net	(690)	(579)
Total Company shareholders' equity	45	182
Noncontrolling interests	2	2
Total shareholders' equity	<u>47</u>	<u>184</u>
Total liabilities and shareholders' equity	<u>7,337</u>	<u>7,166</u>

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

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

	Three Months Ended	
	March 31, 2009	
	Shares Outstanding	Amount
	(In \$ millions, except share data)	
<b>Preferred stock</b>		
Balance as of the beginning of the period	9,600,000	—
Issuance of preferred stock	—	—
Balance as of the end of the period	<u>9,600,000</u>	<u>—</u>
<b>Series A common stock</b>		
Balance as of the beginning of the period	143,505,708	—
Stock awards	2,162	—
Balance as of the end of the period	<u>143,507,870</u>	<u>—</u>
<b>Treasury stock</b>		
Balance as of the beginning of the period	20,601,686	(781)
Purchases of treasury stock, including related fees	—	—
Balance as of the end of the period	<u>20,601,686</u>	<u>(781)</u>
<b>Additional paid-in capital</b>		
Balance as of the beginning of the period		495
Stock-based compensation, net of tax		3
Balance as of the end of the period		<u>498</u>
<b>Retained earnings</b>		
Balance as of the beginning of the period		1,047
Net earnings (loss)		(20)
Series A common stock dividends		(6)
Preferred stock dividends		(3)
Balance as of the end of the period		<u>1,018</u>
<b>Accumulated other comprehensive income (loss), net</b>		
Balance as of the beginning of the period		(579)
Unrealized gain (loss) on securities		(11)
Foreign currency translation		(96)
Unrealized gain (loss) on interest rate swaps		(3)
Pension and postretirement benefits		(1)
Balance as of the end of the period		<u>(690)</u>
<b>Total Company shareholders' equity</b>		<u>45</u>
<b>Noncontrolling interests</b>		
Balance as of the beginning of the period		2
Net earnings (loss) attributable to noncontrolling interests		—
Balance as of the end of the period		<u>2</u>
<b>Total shareholders' equity</b>		<u>47</u>
<b>Comprehensive income (loss)</b>		
Net earnings (loss)		(20)
Other comprehensive income (loss), net of tax		
Unrealized gain (loss) on securities		(11)
Foreign currency translation		(96)
Unrealized gain (loss) on interest rate swaps		(3)
Pension and postretirement benefits		(1)
Total comprehensive income (loss), net of tax		<u>(131)</u>
Comprehensive income (loss) attributable to noncontrolling interests		—
Comprehensive income (loss) attributable to the Company		<u>(131)</u>

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

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three Months Ended March 31,	
	2009	2008
(In \$ millions)		
<b>Operating activities</b>		
Net earnings (loss)	(20)	145
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Other (charges) gains, net of amounts used	(2)	8
Depreciation, amortization and accretion	74	86
Deferred income taxes, net	(1)	20
(Gain) loss on disposition of businesses and assets, net	3	(4)
Other, net	28	41
Operating cash provided by (used in) discontinued operations	1	(1)
Value-added tax on deferred proceeds from Ticona Kelsterbach plant relocation	75	—
Changes in operating assets and liabilities		
Trade receivables — third party and affiliates, net	(11)	(34)
Inventories	42	(51)
Other assets	55	(6)
Trade payables — third party and affiliates	9	12
Other liabilities	(54)	(50)
Net cash provided by operating activities	199	166
<b>Investing activities</b>		
Capital expenditures on property, plant and equipment	(56)	(81)
Proceeds from sale of businesses and assets, net	(1)	2
Deferred proceeds on Ticona Kelsterbach plant relocation	412	—
Capital expenditures related to Ticona Kelsterbach plant relocation	(58)	(28)
Proceeds from sale of marketable securities	15	63
Purchases of marketable securities	—	(60)
Other, net	(1)	(34)
Net cash provided by (used in) investing activities	311	(138)
<b>Financing activities</b>		
Short-term borrowings (repayments), net	(16)	(50)
Proceeds from long-term debt	—	6
Repayments of long-term debt	(23)	(8)
Purchases of treasury stock, including related fees	—	(60)
Stock option exercises	—	7
Series A common stock dividends	(6)	(6)
Preferred stock dividends	(3)	(3)
Other, net	—	2
Net cash used in financing activities	(48)	(112)
Exchange rate effects on cash and cash equivalents	12	22
Net increase (decrease) in cash and cash equivalents	474	(62)
Cash and cash equivalents at beginning of period	676	825
Cash and cash equivalents at end of period	<u>1,150</u>	<u>763</u>

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



**CELANESE CORPORATION AND SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**1. Description of the Company and Basis of Presentation**

*Description of the Company*

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.

*Basis of Presentation*

The unaudited interim consolidated financial statements for the three months ended March 31, 2009 and 2008 contained in this Quarterly Report were prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for all periods presented. The unaudited interim consolidated financial statements and other financial information included in this Quarterly Report, unless otherwise specified, have been presented to separately show the effects of discontinued operations. In this Quarterly Report on Form 10-Q, the term “Celanese US” refers to the Company’s subsidiary, Celanese US Holdings LLC, a Delaware limited liability company, and not its subsidiaries.

In the opinion of management, the accompanying unaudited consolidated balance sheets and related unaudited interim consolidated statements of operations, cash flows and shareholders’ equity and comprehensive income (loss) include all adjustments, consisting only of normal recurring items necessary for their fair presentation in conformity with US GAAP. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission (“SEC”). These unaudited interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements as of and for the year ended December 31, 2008, as filed on February 13, 2009 with the SEC as part of the Company’s Annual Report on Form 10-K (the “2008 Form 10-K”).

Operating results for the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the entire year.

*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.

*Reclassifications*

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

**2. Recent Accounting Pronouncements**

In April 2009, the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position (“FSP”) No. FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*, (“FSP No. FAS 141(R)-1”). FSP No. FAS 141(R)-1 amends FASB Statement No. 141(R), *Business Combinations*, to address application issues related to the measurement, accounting and disclosure of assets and liabilities arising from contingencies in a business combination. The Company adopted FSP

**CELANESE CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS — (Continued)**

FAS No. 141(R)-1 upon issuance. This FSP had no impact on the Company's financial position, results of operations or cash flows.

In April 2009, the FASB issued FSP No. FAS 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 No. FAS 157-4"). FSP No. FAS 157-4 provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, *Fair Value Measurements* ("SFAS No. 157"), 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. This FSP is effective for the Company beginning April 1, 2009. This FSP will have no material impact on the Company's financial position, results of operations or cash flows.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, ("FSP No. FAS 107-1 and APB 28-1"). FSP No. FAS 107-1 and APB 28-1 amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements and also amends Accounting Principles Board Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. This FSP is effective for the Company beginning April 1, 2009. This FSP will have no impact on the Company's financial position, results of operations or cash flows.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, ("FSP No. FAS 115-2 and FAS 124-2"). FSP No. FAS 115-2 and FAS 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. This FSP is effective for the Company beginning April 1, 2009. This FSP will have no material impact on the Company's financial position, results of operations or cash flows.

In December 2008, the FASB issued FSP No. FAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets*, ("FSP No. FAS 132(R)-1"). FSP No. FAS 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. This FSP is effective for the Company beginning January 1, 2009. This FSP had no impact on the Company's financial position, results of operations or cash flows.

### **3. Asset Sales**

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 its chemical 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 unaudited 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. In September 2008, the Company determined that two of the milestone events, which are outside of the Company's control, were unlikely to be achieved.

**CELANESE CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS — (Continued)**

**4. Inventories**

	As of March 31, 2009	As of December 31, 2008
	(In \$ millions)	
Finished goods	385	434
Work-in-process	22	24
Raw materials and supplies	115	119
Inventories	<u>522</u>	<u>577</u>

**5. Goodwill and Intangible Assets, Net***Goodwill*

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
	(In \$ millions)				
As of December 31, 2008	258	252	34	235	779
Exchange rate effects	(6)	(5)	(1)	(9)	(21)
As of March 31, 2009	<u>252</u>	<u>247</u>	<u>33</u>	<u>226</u>	<u>758</u>

*Intangible Assets, Net*

	Trademarks and Trade names	Licenses	Customer-Related Intangible Assets	Developed Technology	Other	Total
	(In \$ millions)					
<b>Gross Asset Value</b>						
As of December 31, 2008	82	29	537	12	12	672
Exchange rate changes	(3)	—	(19)	—	—	(22)
As of March 31, 2009	<u>79</u>	<u>29</u>	<u>518</u>	<u>12</u>	<u>12</u>	<u>650</u>
<b>Accumulated Amortization</b>						
As of December 31, 2008	—	(3)	(285)	(10)	(10)	(308)
Amortization	—	(1)	(16)	—	—	(17)
Exchange rate effects	—	—	10	—	—	10
As of March 31, 2009	<u>—</u>	<u>(4)</u>	<u>(291)</u>	<u>(10)</u>	<u>(10)</u>	<u>(315)</u>
Intangible assets, net as of March 31, 2009	<u>79</u>	<u>25</u>	<u>227</u>	<u>2</u>	<u>2</u>	<u>335</u>

Aggregate amortization expense for intangible assets with finite lives during the three months ended March 31, 2009 and 2008 was \$17 million and \$19 million, respectively.

Estimated amortization expense for the succeeding five fiscal years is \$64 million in 2010, \$59 million in 2011, \$45 million in 2012, \$29 million in 2013 and \$19 million in 2014.

For the three months ended March 31, 2009, the Company did not renew or extend any intangible assets.

**CELANESE CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS — (Continued)**

**6. Debt**

	As of March 31, 2009	As of December 31, 2008
	(In \$ millions)	
<b>Short-term borrowings and current installments of long-term debt — third party and affiliates</b>		
Current installments of long-term debt	68	81
Short-term borrowings, principally comprised of amounts due to affiliates	<u>127</u>	<u>152</u>
Short-term borrowings and current installments of long-term debt — third party and affiliates	<u>195</u>	<u>233</u>
<b>Long-term debt</b>		
Senior Credit Facilities: Term Loan facility due 2014	2,763	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 and unsecured borrowings due at various dates through 2054	217	211
Other bank obligations, interest rates ranging from 3.0% to 6.5%, due at various dates through 2014	<u>181</u>	<u>181</u>
Subtotal	<u>3,342</u>	<u>3,381</u>
Less: Current installments of long-term debt	<u>68</u>	<u>81</u>
Long-term debt	<u>3,274</u>	<u>3,300</u>

**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 \$650 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 March 31, 2009 and April 2, 2009, the applicable margin was 1.5% and 1.75%, respectively. 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 March 31, 2009, there were \$85 million of letters of credit issued under the credit-linked revolving facility and \$143 million remained available for borrowing. As of March 31, 2009, there were no outstanding borrowings or letters of credit issued under the revolving credit facility.

The Company's senior credit agreement requires us to maintain a first lien senior secured leverage ratio not greater than 3.90 to 1.00 for the trailing four quarters 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 adjustment identified in the credit

**CELANESE CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS — (Continued)**

agreement. Based on the estimated first lien senior secured leverage ratio for the trailing four quarters at March 31, 2009, the Company's borrowing capacity under the revolving credit facility is \$650 million.

The senior credit agreement is guaranteed by Celanese Holdings LLC, a subsidiary of Celanese Corporation, and certain domestic subsidiaries of Celanese US, 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 March 31, 2009.

## 7. Other Liabilities

The components of current Other liabilities are as follows:

	As of March 31, 2009	As of December 31, 2008
	(In \$ millions)	
Salaries and benefits	86	107
Environmental	16	19
Restructuring	32	32
Insurance	34	34
Asset retirement obligations	7	9
Derivatives	58	67
Current portion of benefit obligations	57	57
Interest	34	54
Sales and use tax/ foreign withholding tax payable	88	16
Other	164	179
Current Other liabilities	<u>576</u>	<u>574</u>

The components of noncurrent Other liabilities are as follows:

	As of March 31, 2009	As of December 31, 2008
	(In \$ millions)	
Environmental	82	79
Insurance	88	85
Deferred revenue	52	56
Deferred proceeds (Note 4, Note 17)	782	370
Asset retirement obligations	36	40
Derivatives	75	76
Other	104	100
Noncurrent Other liabilities	<u>1,219</u>	<u>806</u>

**CELANESE CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS — (Continued)**

**8. Benefit Obligations**

The components of net periodic benefit costs recognized are as follows:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>Three Months Ended March 31,</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In \$ millions)			
<b>Components of net periodic benefit costs</b>				
Service cost	7	7	—	—
Interest cost	47	42	4	4
Expected return on plan assets	(50)	(47)	—	—
Recognized actuarial (gain) loss	—	—	(1)	(1)
Net periodic benefit costs	<u>4</u>	<u>2</u>	<u>3</u>	<u>3</u>

The Company expects to contribute \$40 million to its defined benefit pension plans in 2009. As of March 31, 2009, \$8 million of contributions have been made. The Company's estimates of its US defined benefit pension plan contributions reflect the provisions of the Pension Protection Act of 2006.

The Company expects to make benefit contributions of \$35 million under the provisions of its other postretirement benefit plans in 2009. As of March 31, 2009, \$6 million of benefit contributions have been made.

The Company participates in multiemployer defined benefit plans in Europe covering certain employees. The Company's contributions to the multiemployer defined benefit plans are based on specified percentages of employee contributions and totaled \$1 million and \$2 million for the three months ended March 31, 2009 and 2008, respectively.

**9. 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 divestiture of certain businesses by the Company or one of its predecessor companies. The Company's environmental reserves for remediation matters were \$98 million as of March 31, 2009 and December 31, 2008.

*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 (as defined below). In addition, as part of the demerger agreement between the Company and Hoechst AG ("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. 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.

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*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 determine accurately 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 joins 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, the Company routinely reviews the liabilities and revises the estimate, as appropriate, based on the most current information available. The Company had provisions totaling \$11 million as of March 31, 2009 and December 31, 2008 for US Superfund sites.

Additional information relating to environmental remediation activity is contained in the footnotes to the Company’s consolidated financial statements included in the 2008 Form 10-K.

**10. Shareholders’ Equity**

*Treasury Stock*

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. As of March 31, 2009, the Company had repurchased 9,763,200 shares of its Series A common stock pursuant to this authorization. During the three months ended March 31, 2009, the Company did not repurchase any shares of its Series A common stock. During the three months ended March 31, 2008, the Company repurchased 1,581,700 shares of its Series A common stock at an average purchase price of \$37.91 per share.

Purchases of treasury stock reduce 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 and includes treasury stock as a component of Shareholders’ equity.

*Other Comprehensive Income (Loss), Net*

Adjustments to net earnings (loss) to calculate other comprehensive income (loss) totaled \$(111) million and \$(33) million for the three months ended March 31, 2009 and 2008, respectively. Income taxes had no impact on Other comprehensive income (loss) during either period.



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**11. Commitments and Contingencies**

The Company is involved in a number of legal proceedings, lawsuits and claims incidental to the normal conduct of business, relating to such matters as product liability, antitrust, 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 it has determined its best estimate, based on the advice of legal counsel, that adequate reserves have been made and that the ultimate outcomes 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, Inc. (“CNA Holdings”), a US subsidiary of the Company, which included the US business now conducted by the Ticona business 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 which 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 settlements, the three companies had agreed to fund these replacements and reimbursements up to an aggregate amount of \$950 million. In 2002, based on projections that the cap would be exceeded, Shell and the Company added \$75 million for a total of \$1.025 billion. The cap was further increased by \$78 million to \$1.103 billion primarily as a result of funds transferred from the US Brass Trust. Additional funds transferred from the US Brass Trust may further increase the cap in the future. Excess funds remaining at the end of 2009 are payable to Shell and the Company.

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).



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- *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 both March 31, 2009 and December 31, 2008, the Company had remaining accruals of \$64 million, of which \$2 million is included in current Other liabilities in the unaudited 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 three months ended March 31, 2009, the Company received \$1 million from an insolvent carrier.

***Plumbing Insurance Indemnifications***

Celanese GmbH entered into agreements with insurance companies related to product liability settlements associated with Celcon<sup>®</sup> 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 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 on such 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

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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, 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, 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 by the trial court. Plaintiff's counsel has 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 is currently pending.

***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 which, 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 which 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 is appealing. 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. On June 29, 2007, the District Court awarded Celanese International Corporation \$60 million (plus interest) for the period of 2000 through 2005. CPDC is appealing this award.

***Domination Agreement***

On October 1, 2004, a Domination Agreement between Celanese GmbH and the Purchaser became operative. When the Domination Agreement became operative, 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. 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. For the year ended December 31, 2006, a charge of €3 million (\$4 million) was recorded to Other income (expense), net for the anticipated guaranteed annual payment.

On June 1, 2006, the guaranteed annual payment for the fiscal year ended September 30, 2005, which amounted to €3 million, was paid. In addition, pursuant to a settlement agreement entered into with plaintiff

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shareholders in March 2006, the Purchaser paid €1 million on June 30, 2006, the guaranteed annual payment for the fiscal year ended September 30, 2006, to those shareholders who signed a letter waiving any further rights with respect to such guaranteed annual payment that ordinarily would become due and payable after the 2007 annual general meeting. Between June 30, 2006, and January 17, 2007, the Purchaser paid a total amount of less than €1 million to minority shareholders who required early payment of the guaranteed annual payment for the fiscal year ended September 30, 2006, by submitting such waiver letter after June 30, 2006.

On January 17, 2007, the Purchaser made, pursuant to a settlement agreement entered into with plaintiff shareholders in December 2006, the following guaranteed annual payments: (i) a total amount of €1 million was paid to all minority shareholders who had not yet requested early payment of the guaranteed annual payment for the fiscal year ended on September 30, 2006, and (ii) a total amount of €1 million representing the pro rata share of the guaranteed annual payment for the first five months of the fiscal year ending September 30, 2007 was paid to all minority shareholders.

The Domination Agreement cannot be terminated by the Purchaser in the ordinary course of business until September 30, 2009. The Company's subsidiaries, Celanese International Holdings Luxembourg S.à r.l. ("CIH"), formerly Celanese Caylux Holdings Luxembourg S.C.A., and Celanese US, have each agreed to provide the Purchaser with financing to strengthen the Purchaser's ability to fulfill its obligations under, or in connection with, the Domination Agreement and to ensure that the Purchaser 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 the Purchaser, the Company may not have sufficient funds for payments on its indebtedness when due. The Company has not had to compensate Celanese GmbH for an annual loss for any period during which the Domination Agreement has been in effect.

The amounts of the fair cash compensation and of the guaranteed annual payment offered under the Domination Agreement are under court review in special award proceedings. As a result of these proceedings, either amount could be increased by the court so that all former Celanese GmbH 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. Certain former Celanese GmbH shareholders may initiate such proceedings also with respect to the Squeeze-Out compensation. In this case, 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.

***Shareholder Litigation***

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

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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.

As a result of the special proceedings discussed above, amounts paid as fair cash compensation to certain minority shareholders of Celanese GmbH could be increased by the court such that minority shareholders could be awarded amounts in excess of the fair cash compensation they have previously received.

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.

***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 AG sold to KoSa, Inc. in 1998. Accordingly, the impact of this settlement is reflected within discontinued operations in the consolidated statements of operations. 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.

In 1998, HCC sold its polyester staple business as part of the sale of its Film & Fibers Division to KoSa B.V., f/k/a Arteva B.V. and a subsidiary of Koch Industries, Inc. (“KoSa”). In March 2001 the US Department of Justice (“DOJ”) commenced an investigation of possible price fixing regarding the sales of polyester staple fibers in the US subsequent to the period the Celanese Entities were engaged in the polyester staple fiber business. The Celanese Entities were never named in the DOJ action. As a result of the DOJ action, during August of 2002, Arteva Specialties, S.a.r.l., a subsidiary of KoSa, (“Arteva Specialties”) pled guilty to criminal violation of the Sherman Act related to anti-competitive conduct occurring after the 1998 sale of the polyester staple fiber business and paid a fine of \$29 million. In a complaint pending against the Celanese Entities and Hoechst in the United States District Court for the Southern District of New York, Koch Industries, Inc., KoSa, Arteva Specialties and Arteva Services S.a.r.l. seek damages in excess of \$371 million which includes indemnification for all damages related to the defendants’ alleged participation in, and failure to disclose, the alleged conspiracy during due diligence.

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***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 March 31, 2009 and December 31, 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 three months ended March 31, 2009 or 2008 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.

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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 \$2.3 billion as of March 31, 2009. Other agreements do not provide for any monetary or time limitations.

Based on historical claims experience and its knowledge of the sites and businesses involved, the Company believes that it is adequately reserved for these matters. As of March 31, 2009 and December 31, 2008, the Company has reserves in the aggregate of \$31 million and \$33 million, respectively, for these matters.

• ***Other Obligations***

The Company is secondarily liable under a lease agreement that the Company assigned to a third party. The lease expires on April 30, 2012. The lease liability for the period from April 1, 2009 to April 30, 2012 is estimated to be approximately \$25 million.

The Company has agreed to indemnify various insurance carriers for amounts not in excess of the settlements received from claims made against these carriers subsequent to the settlement. The aggregate amount of guarantees under these settlements which is limited in term is approximately \$10 million.

***Asbestos Claims***

As of March 31, 2009, Celanese Ltd. and/or CNA Holdings, Inc., both US subsidiaries of the Company, are defendants in approximately 549 asbestos cases. During the three months ended March 31, 2009, 16 new cases were filed against the Company and 26 cases were resolved. 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 significant exposure related to these matters.

**12. Financial Instruments**

***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. The notional value of the Company's US dollar interest rate swap agreements at March 31, 2009 and December 31, 2008 were \$1.6 billion and \$1.8 billion, respectively. The notional value of the Company's Euro interest rate swap agreement was €150 million at both March 31, 2009 and December 31, 2008.

To protect the foreign currency exposure of a net investment in a foreign operation, the Company has designated €15 million of the €400 million euro denominated portion of the term loan as a net investment hedge.

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 forward currency forwards and swaps are not designated as hedges under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133"). Gains and losses on foreign currency forwards and swaps entered into to offset foreign exchange impacts on intercompany balances are classified as Other income (expense), net, in the unaudited interim consolidated statements of operations. Gains and losses on foreign currency forwards and swaps entered into to offset foreign exchange impacts on all other assets and liabilities are classified as Foreign exchange gain (loss), net, in the unaudited interim consolidated statements of operations. The notional value of the Company's foreign



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currency forwards and swaps at March 31, 2009 and December 31, 2008 were \$420 million and \$1 billion, respectively.

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

	<b>Gain (Loss)</b> <b>Recognized in Other</b> <b>Comprehensive</b> <b>Income</b>	<b>Gain (Loss)</b> <b>Recognized in</b> <b>Income</b>
	<b>(In \$ millions)</b>	
<b>For the three months ended March 31, 2009</b>		
Derivatives designated as cash flow hedging instruments		
Interest rate swaps	(15)	(12) <sup>(1)</sup>
Derivatives designated as net investment hedging instruments		
Euro-denominated term loan	(1)	—
Derivatives not designated as hedging instruments		
Foreign currency forwards and swaps	—	(9)
Total	<u>(16)</u>	<u>(21)</u>

<sup>(1)</sup> Amount represents reclassification from Accumulated other comprehensive income and is classified as interest expense in the unaudited interim consolidated statement of operations.

***Fair Value Measurements***

On January 1, 2009, the Company adopted the provisions of SFAS No. 157 for nonrecurring 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 adoption did not have a material impact on the Company's financial position, results of operations or cash flows.

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

	Fair Value Measurement as of March 31, 2009 Using		As of March 31, 2009
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) (In \$ millions)	
<b>Assets</b>			
Marketable securities, at fair value	36	49	85
Derivatives			
Derivatives not designated as hedging instruments			
Foreign currency forwards and swaps (included in current Other assets)	—	5	5
Total assets	<u>36</u>	<u>54</u>	<u>90</u>
<b>Liabilities</b>			
Derivatives			
Derivatives designated as cash flow hedging instruments			
Interest rate swaps (included in current Other liabilities)	—	(55)	(55)
Interest rate swaps (included in noncurrent Other liabilities)	—	(75)	(75)
Derivatives not designated as hedging instruments			
Foreign currency forward and swaps (included in current Other liabilities)	—	(3)	(3)
Total liabilities	<u>—</u>	<u>(133)</u>	<u>(133)</u>



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	Fair Value Measurement as of December 31, 2008 Using		As of December 31, 2008
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) (In \$ millions)	
<b>Assets</b>			
Marketable securities, at fair value	42	58	100
Derivatives			
Derivatives not designated as hedging instruments			
Foreign currency forwards and swaps (included in current Other assets)	—	54	54
Total assets	<u>42</u>	<u>112</u>	<u>154</u>
<b>Liabilities</b>			
Derivatives			
Derivatives designated as cash flow hedging instruments			
Interest rate swaps (included in current Other liabilities)	—	(42)	(42)
Interest rate swaps (included in noncurrent Other liabilities)	—	(76)	(76)
Derivatives not designated as hedging instruments			
Foreign currency forward and swaps (included in current Other liabilities)	—	(25)	(25)
Total liabilities	<u>—</u>	<u>(143)</u>	<u>(143)</u>

### 13. Other (Charges) Gains, Net

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

	Three Months Ended March 31,	
	<u>2009</u>	<u>2008</u>
	(In \$ millions)	
Employee termination benefits	(24)	(7)
Plant/office closures	—	(7)
Insurance recoveries associated with plumbing cases	1	—
Insurance recoveries associated with Clear Lake, Texas	6	—
Asset impairments	(1)	—
Ticona Kelsterbach plant relocation (Note 17)	(3)	(2)
Other (charges) gains, net	<u>(21)</u>	<u>(16)</u>

During the first quarter of 2009, the Company began efforts to align production capacity and staffing levels with the Company's current view of an economic environment of prolonged lower demand. Other charges includes

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employee termination benefits of \$21 million related to this endeavor. As a result of the shutdown of the 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 three months ended March 31, 2009. The VAM production unit in Cangrejera, Mexico is included in the Company's Acetyl Intermediates segment.

Other charges for the three months ended March 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 and \$1 million of insurance recoveries associated with plumbing cases.

Employee termination benefits during the three months ended March 31, 2008 relates primarily to the Company's strategy to simplify and optimize its business portfolio. Plant/office closures during 2008 includes accelerated depreciation expense related to the shutdown of the Company's Pampa, Texas facility.

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

	<u>Advanced Engineered Materials</u>	<u>Consumer Specialties</u>	<u>Industrial Specialties</u>	<u>Acetyl Intermediates</u>	<u>Other</u>	<u>Total</u>
	(In \$ millions)					
<b>Employee Termination Benefits</b>						
Employee termination benefits reserve as of						
December 31, 2008	2	1	6	20	—	29
Restructuring additions	7	—	1	6	9	23
Cash payments	(2)	—	(3)	(17)	—	(22)
Employee termination benefits reserve as of March 31, 2009	<u>7</u>	<u>1</u>	<u>4</u>	<u>9</u>	<u>9</u>	<u>30</u>
<b>Plant/Office Closures</b>						
Plant/Office closures reserve as of December 31, 2008	1	1	—	1	—	3
Other	—	(1)	—	—	—	(1)
Plant/Office closures reserve as of March 31, 2009	<u>1</u>	<u>—</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>2</u>
Total Restructuring reserves as of March 31, 2009	<u><u>8</u></u>	<u><u>1</u></u>	<u><u>4</u></u>	<u><u>10</u></u>	<u><u>9</u></u>	<u><u>32</u></u>

#### 14. Income Taxes

The Company's effective income tax rate for the three months ended March 31, 2009 was (31)% compared to 33% for the three months ended March 31, 2008. The change in the effective rate is primarily due to an increase in valuation allowance on certain expected foreign net operating losses for the current year, lower earnings in jurisdictions participating in tax holidays, and increases in FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109*, ("FIN 48") liabilities for unrecognized tax benefits and related interest.

FIN 48 liabilities for unrecognized tax benefits and related interest and penalties are recorded in Uncertain tax positions in the unaudited consolidated balance sheets. For the three months ended March 31, 2009, the total unrecognized tax benefits, interest and penalties recorded under FIN 48 increased by \$7 million for interest and increases in unrecognized tax benefits in foreign jurisdictions, and decreased \$7 million due to exchange rate effects.

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**15. Business Segments**

	<u>Advanced Engineered Materials</u>	<u>Consumer Specialties</u>	<u>Industrial Specialties</u>	<u>Acetyl Intermediates</u> (In \$ millions)	<u>Other Activities</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>As of and for the three months ended March 31, 2009</b>							
Net sales	165	266	242	572 <sup>(1)</sup>	—	(99)	1,146
Other (charges) gains, net	(9)	—	(2)	(1)	(9)	—	(21)
Equity in net earnings (loss) of affiliates	(8)	1	—	2	3	—	(2)
Earnings (loss) from continuing operations before tax	(27)	69	10	16	(84)	—	(16)
Depreciation and amortization	17	12	13	27	2	—	71
Capital expenditures <sup>(2)</sup>	4	8	10	8	—	—	30
Goodwill and intangible assets	383	298	69	343	—	—	1,093
<b>Total Assets</b>	<b>1,815</b>	<b>1,064</b>	<b>884</b>	<b>1,917</b>	<b>1,657</b>	<b>—</b>	<b>7,337</b>
<b>For the three months ended March 31, 2008</b>							
Net sales	294	282	365	1,096 <sup>(1)</sup>	—	(191)	1,846
Other (charges) gains, net	(3)	(1)	(3)	(7)	(2)	—	(16)
Equity in net earnings (loss) of affiliates	9	—	—	—	1	—	10
Earnings (loss) from continuing operations before tax	39	50	17	206	(94)	—	218
Depreciation and amortization	20	14	14	32	3	—	83
Capital expenditures <sup>(2)</sup>	13	10	11	24	3	—	61
Goodwill and intangible assets as of December 31, 2008	398	309	73	363	—	—	1,143
<b>Total Assets as of December 31, 2008</b>	<b>1,867</b>	<b>995</b>	<b>903</b>	<b>2,197</b>	<b>1,204</b>	<b>—</b>	<b>7,166</b>

<sup>(1)</sup> Includes \$99 million and \$191 million of intersegment sales eliminated in consolidation for the three months ended March 31, 2009 and 2008, respectively.

<sup>(2)</sup> Includes decrease of accrued capital expenditures of \$26 million and \$20 million for the three months ended March 31, 2009 and 2008, respectively.

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**16. Earnings Per Share**

	Three Months Ended March 31,			
	2009		2008	
	Basic	Diluted	Basic	Diluted
	(In \$ millions, except for share and per share data)			
Earnings (loss) from continuing operations	(21)	(21)	145	145
Earnings (loss) from discontinued operations	1	1	—	—
Net earnings (loss)	(20)	(20)	145	145
Less: cumulative preferred stock dividends	(3)	(3)	(3)	—
Net earnings (loss) available to common shareholders	(23)	(23)	142	145
Weighted average shares — basic	143,506,981	143,506,981	151,993,753	151,993,753
Dilutive stock options		—		2,780,077
Dilutive restricted stock units		—		483,080
Assumed conversion of preferred stock		—		12,049,106
Weighted average shares — diluted		143,506,981		167,306,016
Per share				
Earnings (loss) from continuing operations	(0.17)	(0.17)	0.93	0.87
Earnings (loss) from discontinued operations	0.01	0.01	—	—
Net earnings (loss)	(0.16)	(0.16)	0.93	0.87

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

	Three Months Ended March 31,	
	2009	2008
Stock options	6,941,949	684,167
Restricted stock units	628,005	—
Convertible preferred stock	12,076,985	—
Total	19,646,939	684,167

**17. Ticona Kelsterbach Plant Relocation**

In 2007, the Company finalized a settlement agreement with the Frankfurt, Germany, Airport (“Fraport”) to relocate the Kelsterbach, Germany Ticona business, 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. Amounts received from Fraport are accounted for as deferred proceeds and are included in noncurrent Other liabilities in the

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unaudited consolidated balance sheets. In addition, the Company received €59 million (\$75 million) in value-added tax from Fraport which will be remitted to the tax authorities in April 2009.

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

	Three Months Ended		Total From Inception Through March 31, 2009
	March 31,		
	2009	2008	
	(In \$ millions)		
Proceeds received from Fraport	412	—	749
Costs expensed	3	2	20
Costs capitalized <sup>(1)</sup>	65	21	308

<sup>(1)</sup> Includes increase in accrued capital expenditures of \$7 million and decrease in accrued capital expenditures of \$7 million for the three months ended March 31, 2009 and 2008, respectively.

### 18. Subsequent Events

On April 3, 2009, the Company declared a cash dividend of \$0.265625 per share on its 4.25% convertible perpetual preferred stock amounting to \$2 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 February 1, 2009 to April 30, 2009 and will be paid on May 1, 2009 to holders of record as of April 15, 2009.

On April 27, 2009, the Company signed a definitive agreement to divest the primary assets of its polyvinyl alcohol ("PVOH") business for a cash purchase price of approximately \$173 million. The agreement is subject to the receipt of certain regulatory approvals and other customary closing conditions. The transaction is expected to close during 2009. This transaction is not expected to be material to the financial position of the Company, but may be material to the results of operations for any given period. The PVOH business is included in the Industrial Specialties Segment.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*In this Quarterly Report on Form 10-Q, the term “Celanese” refers to Celanese Corporation, a Delaware corporation, and not its subsidiaries. The terms the “Company,” “we,” “our” and “us,” refer to Celanese and its subsidiaries on a consolidated basis. The term “Celanese US” refers to our 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 our subsidiary, Celanese Europe Holding GmbH & Co. KG, formerly known as BCP Crystal Acquisition GmbH & Co. KG, a German limited partnership, and not its subsidiaries, except where otherwise indicated.*

**Forward-Looking Statements May Prove Inaccurate**

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) and other parts of this Quarterly Report on Form 10-Q contain certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by, and information currently available to, us. When used in this document, words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan” and “project” and similar expressions, as they relate to us are intended to identify forward-looking statements. These statements reflect our current views with respect to future events, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate.

The following discussion should be read in conjunction with the Celanese Corporation and Subsidiaries consolidated financial statements as of and for the year ended December 31, 2008, as filed on February 13, 2009 with the Securities and Exchange Commission (“SEC”) as part of the Company’s Annual Report on Form 10-K (the “2008 Form 10-K”) and the unaudited interim consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

See the Risk Factors section under Part II, Item 1A of this Quarterly Report on Form 10-Q for a description of risk factors that could significantly affect our financial results. In addition, the following factors could cause our actual results to differ materially from those results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, among other things:

- changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate;
- the length and depth of product and industry business cycles particularly in the automotive, electrical, electronics and construction industries;
- changes in the price and availability of raw materials, particularly changes in the demand for, supply of, and market prices of ethylene, methanol, natural gas, wood pulp, fuel oil and electricity;
- the ability to pass increases in raw material prices on to customers or otherwise improve margins through price increases;
- the ability to maintain plant utilization rates and to implement planned capacity additions and expansions;
- the ability to reduce production costs and improve productivity by implementing technological improvements to existing plants;
- increased price competition and the introduction of competing products by other companies;
- changes in the degree of intellectual property and other legal protection afforded to our products;
- compliance costs and potential disruption or interruption of production due to accidents or other unforeseen events or delays in construction of facilities;
- potential liability for remedial actions under existing or future environmental regulations;

- potential liability resulting from pending or future litigation, or from changes in the laws, regulations or policies of governments or other governmental activities in the countries in which we operate;
- changes in currency exchange rates and interest rates; and
- various other factors, both referenced and not referenced in this Quarterly Report on Form 10-Q.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this Quarterly Report as anticipated, believed, estimated, expected, intended, planned or projected. We neither intend nor assume any obligation to update these forward-looking statements, which speak only as of their dates.

### *Overview*

We are a leading global integrated producer of chemicals and advanced materials. 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.

#### 2009 Significant Events:

- We entered into an agreement to divest the primary assets of our polyvinyl alcohol ("PVOH") business for a cash purchase price of approximately \$173 million. The transaction is expected to close during 2009.
- We 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. 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 shut down our vinyl acetate monomer ("VAM") production unit in Cangrejera, Mexico, and ceased VAM production at the site during the first quarter of 2009.
- We initiated a project of closure of our acetic acid and VAM units in Pardies, France. This project follows the assessment phase initiated in January 2009 regarding the potential closure of the site and the acetic acid and VAM operations.
- Standard and Poor's affirmed our ratings and revised our outlook from positive to stable in February 2009.

**Results of Operations***Financial Highlights*

	<b>Three Months Ended March 31,</b>			
	<b>2009</b>	<b>% of Net Sales</b>	<b>2008</b>	<b>% of Net Sales</b>
<b>(unaudited)</b>				
<b>(In \$ millions, except for percentages)</b>				
<b>Statement of Operations Data</b>				
Net sales	1,146	100.0	1,846	100.0
Gross profit	200	17.4	418	22.6
Selling, general and administrative expenses	(114)	(9.9)	(136)	(7.4)
Other (charges) gains, net	(21)	(1.8)	(16)	(0.9)
Operating profit	27	2.4	234	12.7
Equity in net earnings (loss) of affiliates	(2)	(0.2)	10	0.5
Interest expense	(51)	(4.4)	(67)	(3.6)
Dividend income — cost investments	6	0.5	28	1.5
Earnings (loss) from continuing operations before tax	(16)	(1.4)	218	11.8
Earnings (loss) from continuing operations	(21)	(1.8)	145	7.9
Earnings (loss) from discontinued operations	1	0.1	—	—
Net earnings (loss)	(20)	(1.7)	145	7.9
<b>Other Data</b>				
Depreciation and amortization	71	6.2	83	4.5

	<b>As of March 31, 2009</b>	<b>As of December 31, 2008</b>
<b>(unaudited)</b>		
<b>(In \$ millions)</b>		
<b>Balance Sheet Data</b>		
Short-term borrowings and current installments of long-term debt — third party and affiliates	195	233
Add: Long-term debt	3,274	3,300
Total debt	<u>3,469</u>	<u>3,533</u>

**Summary of Consolidated Results for the Three Months Ended March 31, 2009 compared to the Three Months Ended March 31, 2008**

The economic slowdown that severely impacted the global economy late in 2008 continued to impact net sales and profitability during the first quarter of 2009. Net sales decreased 38% during the three months ended March 31, 2009 compared to the same period in 2008 primarily due to lower volumes and unfavorable foreign currency impacts across all segments and lower prices for acetyl products. Decreased demand for automotive and industrial products, together with continued destocking efforts by our customers, drove the decline in volumes. Volume declines occurred primarily in Europe and the Americas. Selling prices during the period were negatively impacted by lower industry utilization of acetyl products, particularly in Europe and the Americas, coupled with lower methanol and ethylene prices. Selling price increases for acetate tow, ultra-high molecular weight polyethylene (“GUR<sup>®</sup>”), polyacetal products (“POM”) and Vectra<sup>®</sup> liquid crystal polymer (“LCP”) partially offset the overall decline in net sales.

Gross profit declined due to lower net sales, partially offset by decreased raw material and energy costs, and depreciation and amortization across all businesses. Depreciation and amortization declines result partially from the shutdown of our Pampa, Texas facility and the long-lived asset impairment losses recognized during the fourth quarter of 2008.



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Selling, general and administrative expenses decreased \$22 million for the three months ended March 31, 2009 compared to the same period in 2008. Selling, general and administrative expenses declined due to our fixed spending reduction efforts, restructuring efficiencies, decreased costs resulting from the shutdown of our Pampa, Texas facility and favorable currency impacts on overall spending.

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

	Three Months Ended March 31,	
	2009	2008
	(unaudited)	
	(In \$ millions)	
Employee termination benefits	(24)	(7)
Plant/office closures	—	(7)
Insurance recoveries associated with plumbing cases	1	—
Insurance recoveries associated with Clear Lake, Texas	6	—
Asset impairments	(1)	—
Ticona Kelsterbach plant relocation	(3)	(2)
Other (charges) gains, net	(21)	(16)

During the first quarter of 2009, we began efforts to align production capacity and staffing levels with our current view of an economic environment of prolonged lower demand. Other charges includes employee termination benefits of \$21 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 three months ended March 31, 2009. Other charges for the three months ended March 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 and \$1 million of insurance recoveries associated with plumbing cases.

During the three months ended March 31, 2008, employee termination benefits relates primarily to our continued strategy to simplify and optimize our business portfolio. Plant/office closures includes accelerated depreciation expense primarily related to the planned shutdown of our Pampa, Texas facility.

Operating profit decreased \$207 million for the three months ended March 31, 2009 compared to the same period in 2008. The decline is primarily attributable to the decline in gross profit and foreign exchange gains recognized during the first quarter of 2009 compared to 2008. These declines were offset by decreased selling, general and administrative expenses.

Earnings (loss) from continuing operations before tax decreased \$234 million during the first quarter of 2009 compared to the same period in 2008 primarily due to lower operating profit, decreased equity in net earnings of affiliates and reduced dividend income from cost investments. Equity in net earnings of affiliates decreased \$12 million compared to the same period in 2008 primarily due to a \$17 million decrease in our equity in net earnings of our Advanced Engineered Materials affiliates offset primarily by increased earnings from our Infraserv affiliates. Dividend income from our Acetyl Intermediate segment's cost investment, Ibn Sina, declined \$25 million for the three months ended March 31, 2009 compared to the same period in 2008 as a result of lower earnings from declining margins for methanol and methyl tertiary-butyl ether ("MTBE"). A \$16 million reduction in interest expense primarily attributable to lower interest rates partially offset the decline in Earnings (loss) from continuing operations before tax.

Our effective income tax rate for the three months ended March 31, 2009 was (31)% compared to 33% for the three months ended March 31, 2008. The change in the effective rate is primarily due to an increase in valuation allowance on certain expected foreign net operating losses for the current year, lower earnings in jurisdictions participating in tax holidays, and increases in FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109*, ("FIN 48") liabilities for unrecognized tax benefits and related interest.

***Expansion in China***

The acetic acid facility located in our Nanjing, China complex achieved normal operations in June 2007 and we commenced production of vinyl acetate emulsions at the complex during the fourth quarter of 2007. During the first quarter of 2008, we commissioned the startup of our Celstran<sup>®</sup> long fiber reinforced thermoplastic (“LFRT”) unit in Nanjing. Our newly constructed 20,000 ton GUR<sup>®</sup> facility, 100,000 ton acetic anhydride facility and 300,000 ton VAM facility started up during the third quarter of 2008.

In 2008, we announced our plans to build both a compounding unit and an LCP production facility at our Nanjing complex. Construction and startup of these facilities will depend on market conditions.

The complex brings world-class scale to one site for the production of acetic acid, VAM, acetic anhydride, emulsions, LFRT, GUR<sup>®</sup>, LCP and compounding. We believe the Nanjing complex will further enhance our capabilities to better meet the growing needs of our customers in a number of industries across Asia.

## Selected Data by Business Segment

	<u>Three Months Ended March 31,</u>		
	<u>2009</u>	<u>2008</u> (unaudited) (In \$ millions)	<u>Change</u> <u>in \$</u>
<b>Net sales</b>			
Advanced Engineered Materials	165	294	(129)
Consumer Specialties	266	282	(16)
Industrial Specialties	242	365	(123)
Acetyl Intermediates	572	1,096	(524)
Other Activities	—	—	—
Inter-segment eliminations	(99)	(191)	92
Total net sales	<u>1,146</u>	<u>1,846</u>	<u>(700)</u>
<b>Other (charges) gains, net</b>			
Advanced Engineered Materials	(9)	(3)	(6)
Consumer Specialties	—	(1)	1
Industrial Specialties	(2)	(3)	1
Acetyl Intermediates	(1)	(7)	6
Other Activities	(9)	(2)	(7)
Total other (charges) gains, net	<u>(21)</u>	<u>(16)</u>	<u>(5)</u>
<b>Operating profit (loss)</b>			
Advanced Engineered Materials	(19)	30	(49)
Consumer Specialties	66	50	16
Industrial Specialties	10	17	(7)
Acetyl Intermediates	12	177	(165)
Other Activities	(42)	(40)	(2)
Total operating profit (loss)	<u>27</u>	<u>234</u>	<u>(207)</u>
<b>Earnings (loss) from continuing operations before tax</b>			
Advanced Engineered Materials	(27)	39	(66)
Consumer Specialties	69	50	19
Industrial Specialties	10	17	(7)
Acetyl Intermediates	16	206	(190)
Other Activities	(84)	(94)	10
Total earnings (loss) from continuing operations before tax	<u>(16)</u>	<u>218</u>	<u>(234)</u>
<b>Depreciation and amortization</b>			
Advanced Engineered Materials	17	20	(3)
Consumer Specialties	12	14	(2)
Industrial Specialties	13	14	(1)
Acetyl Intermediates	27	32	(5)
Other Activities	2	3	(1)
Total depreciation and amortization	<u>71</u>	<u>83</u>	<u>(12)</u>

**Factors Affecting Segment Net Sales**

The charts below set forth the percentage increase (decrease) in net sales from the period ended March 31, 2008 to the period ended March 31, 2009 attributable to each of the factors indicated for the following business segments.

	<u>Volume</u>	<u>Price</u>	<u>Currency</u> (unaudited) (In percentages)	<u>Other</u>	<u>Total</u>
<b>Factors Affecting First Quarter 2009 Segment Net Sales Compared to First Quarter 2008</b>					
Advanced Engineered Materials	(43)	4	(5)	—	(44)
Consumer Specialties	(11)	8	(3)	—	(6)
Industrial Specialties	(26)	(3)	(5)	—	(34)
Acetyl Intermediates	(19)	(27)	(2)	—	(48)
<b>Total Company <sup>(a)</sup></b>	<b>(25)</b>	<b>(14)</b>	<b>(4)</b>	<b>5</b>	<b>(38)</b>

(a) Includes the effects of the captive insurance companies and the impact of fluctuations in intersegment eliminations.

**Summary by Business Segment for the Three Months Ended March 31, 2009 compared to the Three Months Ended March 31, 2008**

*Advanced Engineered Materials*

	<u>Three Months Ended March 31,</u>		
	<u>2009</u>	<u>2008</u> (unaudited)	<u>Change</u> <u>in \$</u>
	<i>(In \$ millions, except for percentages)</i>		
Net sales	165	294	(129)
Net sales variance			
<i>Volume</i>	(43)%		
<i>Price</i>	4%		
<i>Currency</i>	(5)%		
<i>Other</i>	—		
Other (charges) gains, net	(9)	(3)	(6)
Operating profit (loss)	(19)	30	(49)
Operating margin	(11.5)%	10.2%	
Earnings (loss) from continuing operations before tax	(27)	39	(66)
Depreciation and amortization	17	20	(3)

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, polyphenylene sulfide (“PPS”), LFRT, polybutylene terephthalate (“PBT”), polyethylene terephthalate (“PET”), GUR<sup>®</sup> and LCP. POM, PPS, LFRT, PBT and PET are used in a broad range of products including automotive components, electronics, appliances and industrial applications. GUR<sup>®</sup> 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 decreased 44% for the three months ended March 31, 2009 compared to the same period in 2008. Significant weakness in the global economy 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. Unfavorable foreign currency impacts furthered the decline. Higher pricing resulting from implemented price increases and favorable impacts from sales mix offset the decrease to net sales.

Lower raw material and energy costs resulting from reduced volumes and decreased overall spending only partially offset the decline in net sales. Decreased overall spending was the result of our fixed spending reduction efforts. Lower operating profit during the three month period was also attributable to increased other charges of \$6 million. Other charges during the three months ended March 31, 2009 primarily relates to employee termination benefits. Non-capital spending incurred on the relocation of our Ticona plant in Kelsterbach was relatively flat compared to 2008. See “Ticona Kelsterbach Plant Relocation” below.

Our equity affiliates have experienced similar volume reductions due to decreased demand during 2009. As a result, our proportional share of net earnings of these affiliates during the three months ended March 31, 2009 declined \$17 million compared to the same period in 2008.

***Ticona Kelsterbach Plant Relocation***

In 2007, we finalized a settlement agreement with the Frankfurt, Germany, Airport (“Fraport”) to relocate our Kelsterbach, Germany, Ticona business resolving several years of legal disputes related to the planned Fraport expansion. As a result of the settlement, we 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, we 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, we received a discounted amount of €322 million (\$412 million) under this agreement. Amounts received from Fraport are accounted for as deferred proceeds and are included in noncurrent Other liabilities in the accompanying unaudited consolidated balance sheets. In addition, we received €59 million (\$75 million) in value-added tax from Fraport which will be remitted to the tax authorities in April 2009.

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

	Three Months Ended		Total From Inception Through March 31, 2009
	March 31, 2009	2008 (unaudited) (In \$ millions)	
Proceeds received from Fraport	412	—	749
Costs expensed	3	2	20
Costs capitalized <sup>(1)</sup>	65	21	308

<sup>(1)</sup> Includes increase in accrued capital expenditures of \$7 million and decrease in accrued capital expenditures of \$7 million for the three months ended March 31, 2009 and 2008, respectively.

*Consumer Specialties*

	<u>Three Months Ended March 31,</u>		
	<u>2009</u>	<u>2008</u> (unaudited)	<u>Change</u> <u>in \$</u>
	(In \$ millions, except for percentages)		
Net sales	266	282	(16)
Net sales variance			
<i>Volume</i>	(11)%		
<i>Price</i>	8%		
<i>Currency</i>	(3)%		
<i>Other</i>	—		
Other (charges) gains, net	—	(1)	1
Operating profit (loss)	66	50	16
Operating margin	24.8%	17.7%	
Earnings (loss) from continuing operations before tax	69	50	19
Depreciation and amortization	12	14	(2)

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 fiber in the form of a tow band. Our Nutrinova business produces and sells Sunett<sup>®</sup>, a high intensity sweetener, and food protection ingredients, such as sorbates, for the food, beverage and pharmaceuticals industries.

Decreased volumes in our Acetate business and unfavorable foreign currency impacts contributed to decreased net sales during the three month period ended March 31, 2009 as compared to 2008. Decreased acetate volumes were primarily due to the timing of contract settlements at the end of the quarter. Decreased flake and tow volumes were substantially offset by increased tow pricing during the period.

Operating profit for the three months ended March 31, 2009 increased \$16 million compared to the same period in 2008 largely due to favorable foreign currency impacts on overall expenditures. Decreased plant spending and improved energy costs also contributed to the increase.

During the three month period ended March 31, 2009, earnings from continuing operations before tax increased due to increased operating profit as well as higher dividends from our China ventures of \$3 million.

*Industrial Specialties*

	<u>Three Months Ended March 31,</u>		
	<u>2009</u>	<u>2008</u> (unaudited)	<u>Change</u> <u>in \$</u>
	(In \$ millions, except for percentages)		
Net sales	242	365	(123)
Net sales variance			
<i>Volume</i>	(26)%		
<i>Price</i>	(3)%		
<i>Currency</i>	(5)%		
<i>Other</i>	—		
Other (charges) gains, net	(2)	(3)	1
Operating profit (loss)	10	17	(7)
Operating margin	4.1%	4.7%	
Earnings (loss) from continuing operations before tax	10	17	(7)
Depreciation and amortization	13	14	(1)

Our Industrial Specialties segment includes our Emulsions, PVOH and AT Plastics 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 (“VOC”), an environmentally-friendly technology. As a global leader, our PVOH business produces a broad portfolio of performance PVOH chemicals engineered to meet specific customer requirements. Our emulsions and PVOH products are used in a wide array of applications including paints and coatings, adhesives, construction, glass fiber, textiles and paper. AT Plastics offers a complete line of low-density polyethylene and specialty ethylene vinyl acetate resins and compounds. AT Plastics’ products are used in many applications including flexible packaging films, lamination film products, hot melt adhesives, medical tubing, automotive carpeting and solar cell encapsulation films.

Decreased volumes across all businesses drove the decline in net sales during the three months ended March 31, 2009 compared to the same period in 2008. The Emulsions and PVOH businesses experienced volume reductions due to decreased demand stemming from the global economic downturn. Declines in emulsions volumes were concentrated in North America and Europe, offset by a volume increase in Asia due to higher production at our Nanjing emulsions plant. PVOH volumes declined across all regions and were also attributable to continued customer destocking efforts. AT Plastics volumes declined due to the force majeure event at our Edmonton plant. Declines in price and unfavorable currency impacts also negatively impacted net sales during the period.

Operating profit declined \$7 million compared to the same period in 2008. Decreased raw material and energy costs and reduced overall spending partially offset the decline in net sales. Reduced spending is attributable to our fixed spending reduction efforts, restructuring efficiencies and favorable foreign currency impacts.

*Acetyl Intermediates*

	Three Months Ended March 31,		
	2009	2008 (unaudited)	Change in \$
(In \$ millions, except for percentages)			
Net sales	572	1,096	(524)
Net sales variance			
<i>Volume</i>	(19)%		
<i>Price</i>	(27)%		
<i>Currency</i>	(2)%		
<i>Other</i>	—		
Other (charges) gains, net	(1)	(7)	6
Operating profit (loss)	12	177	(165)
Operating margin	2.1%	16.1%	
Earnings (loss) from continuing operations before tax	16	206	(190)
Depreciation and amortization	27	32	(5)

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, medicines and more. Other chemicals produced in this segment are organic solvents and intermediates for pharmaceutical, agricultural and chemical products.

Acetyl Intermediates' net sales declined by 48% during the three months ended March 31, 2009 compared to the same period in 2008 due to lower prices across all regions, lower volumes and unfavorable currency impacts. Lower volume was driven by continued destocking and a reduction in underlying demand compared to the same period in 2008, particularly in Europe and in the Americas. Lower industry utilization of acetyl products in Europe and the Americas coupled with lower methanol and ethylene prices, drove a reduction in selling prices in these regions during the period. Selling prices declined during the period as our formula-based pricing arrangements in the US were negatively impacted by lower ethylene and methanol costs.

Operating profit declined \$165 million for the three months ended March 31, 2009 compared to the same period in 2008, primarily as a result of lower volume and prices, offset partially by lower ethylene, methanol and energy prices, reduced spending due to the shutdown of our Pampa, Texas facility and other reductions in spending. Depreciation and amortization expense declined primarily as a result of the long-lived asset impairment losses recognized in the fourth quarter of 2008 related to the potential closure of our acetic acid and VAM production facility in Pardies, France, the closure of our VAM production unit in Cangrejera, Mexico in February 2009, coupled with lower depreciation resulting from the shutdown of our Pampa, Texas facility. Other charges of \$7 million during the three months ended March 31, 2008 were primarily related to the planned shutdown of our Pampa, Texas facility. Other charges during the three months ended March 31, 2009 consists of \$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, offset by charges related to the shutdown of our Cangrejera, Mexico facility and the alignment of staffing levels with our view of the current economic environment.

Earnings from continuing operations before tax declined \$190 million for the three months ended March 31, 2009 compared to the same period in 2008, due to lower operating profit and dividend income from our cost investment. Dividend income from our cost investment, Ibn Sina, declined \$25 million for the three months ended March 31, 2009 compared to the same period in 2008 as a result of lower earnings from declining margins for methanol and MTBE.



***Other Activities***

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

The operating loss for Other Activities increased \$2 million for the three months ended March 31, 2009 compared to the same period in 2008. The increase in the operating loss is due to increased other charges. Other charges during the three months ended March 31, 2009 primarily includes charges related to employee termination benefits.

The loss from continuing operations before tax decreased \$10 million for the three months ended March 31, 2009 compared to the same period in 2008. The decrease is primarily due to reduced interest expense resulting from lower interest rates on our senior credit facilities during the period as well as lower operating loss during the period.

**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 \$143 million available for borrowing under our credit-linked revolving facility and \$650 million available under our revolving credit facility to assist, if required, in meeting our working capital needs and other contractual obligations. We must maintain a first lien senior secured leverage ratio not greater than 3.90 to 1.00 in order to borrow under the revolving credit facility — see “Debt and Capital” below. Our availability in future periods will be based on the first lien senior secured leverage ratio applicable to the future periods. In excess of 20 lenders participate in our revolving credit facility, each with a commitment of no more than 10% of the \$650 million commitment.

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 2009. 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 or that we will be able to maintain our ability to borrow under our revolving credit facilities.

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 preferred stock, Series A common stock and the senior credit agreement.

***Cash Flows***

Cash and cash equivalents as of March 31, 2009 were \$1,150 million, which was an increase of \$474 million from December 31, 2008.

***Net Cash Provided by Operating Activities***

Cash flow from operations increased \$33 million during the three months ended March 31, 2009 as compared to the same period in 2008. The decrease in operating profit of \$207 million was more than offset by improvements in trade working capital and receipt of €59 million (\$75 million) for value-added tax received from Fraport which will be remitted to the German tax authorities in April 2009.

***Net Cash Provided by (Used in) Investing Activities***

Net cash from investing activities increased from a cash outflow of \$138 million for the three months ended March 31, 2008 to a cash inflow of \$311 million for the same period in 2009. The increase is primarily due to receipt of proceeds of \$412 million related to the Ticona Kelsterbach plant relocation. Fewer capital expenditures and less cash spent on the purchase of marketable securities also contributed to the increase. Cash spent on the Ticona Kelsterbach plant relocation of \$58 million was \$30 million higher than the same period in 2008.

Our cash outflow for capital expenditures was \$56 million and \$81 million for the three months ended March 31, 2009 and 2008, 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. Capital expenditures are expected to be approximately \$175 million for 2009, excluding amounts related to the relocation of our Ticona plant in Kelsterbach. Cash outflows for capital expenditures for our Ticona plant in Kelsterbach are expected to range from \$350 to \$370 million during 2009.

### *Net Cash Used in Financing Activities*

Net cash used in financing activities decreased from a cash outflow of \$112 million for the three months ended March 31, 2008 to a cash outflow of \$48 million for the same period in 2009. The \$64 million decrease primarily relates to the decrease in cash spent to repurchase shares during the three months ended March 31, 2009 as compared to 2008.

### *Debt and Capital*

On April 3, 2009, we declared a cash dividend of \$0.265625 per share on its 4.25% convertible perpetual preferred stock amounting to \$2 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 February 1, 2009 to April 30, 2009 and will be paid on May 1, 2009 to holders of record as of April 15, 2009.

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. As of March 31, 2009, we have purchased 9,763,200 shares of our Series A common stock at an average purchase price of \$38.68 per share for a total of \$378 million pursuant to this authorization.

As of March 31, 2009, we had total debt of \$3,469 million compared to \$3,533 million as of December 31, 2008. We were in compliance with all of the covenants related to our debt agreements as of March 31, 2009.

Our senior credit agreement consists of \$2,280 million of US dollar-denominated and €400 million of Euro-denominated term loans due 2014, a \$650 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 April 2, 2009, the applicable margin was 1.75%.

As of March 31, 2009, there were \$85 million of letters of credit issued under the credit-linked revolving facility and \$143 million remained available for borrowing. As of March 31, 2009, there were no outstanding borrowings or letters of credit issued under the revolving credit facility.

Our senior credit agreement requires us to maintain a first lien senior secured leverage ratio not greater than 3.90 to 1.00 for the trailing four quarters 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 adjustment identified in the credit agreement. Based on the estimated first lien senior secured leverage ratio for the trailing four quarters at March 31, 2009, our borrowing capacity under the revolving credit facility is \$650 million. Due to the effect of destocking and inventory impacts during the three months ended December 31, 2008 and the three months ended March 31, 2009, we anticipate our trailing four quarter calculation of the first lien senior secured leverage ratio, and therefore our availability under the revolving credit facility (unless amended), to be significantly reduced during the last half of 2009.

### *Contractual Obligations.*

There have been no material revisions to our contractual obligations as filed in our 2008 Form 10-K.

### ***Domination Agreement***

The domination and profit and loss transfer 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 the Purchaser became effective on October 1, 2004 and cannot be terminated by the Purchaser in the ordinary course of business until September 30, 2009. Our subsidiaries, Celanese International Holdings Luxembourg S.a.r.l. (“CIH”), formerly Celanese Caylux Holdings Luxembourg S.C.A., and Celanese US, have each agreed to provide the Purchaser with financing to strengthen the Purchaser’s ability to fulfill its obligations under, or in connection with, the Domination Agreement and to ensure that the Purchaser 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 the Purchaser, 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.

### **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 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 2008 Form 10-K. We discuss our critical accounting policies and estimates in MD&A in our 2008 Form 10-K.

There have been no material revisions to the critical accounting policies as filed in our 2008 Form 10-K.

### **Recent Accounting Pronouncements**

See Notes 2 and 12 of 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 in our 2008 Form 10-K.

### **Item 4. *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**

None.

## PART II — OTHER INFORMATION

**Item 1. Legal Proceedings**

We are involved in a number of legal proceedings, lawsuits and claims incidental to the normal conduct of our business, relating to such matters as product liability, antitrust, 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 believe, based on the advice of legal counsel, that adequate provisions have been made and that the ultimate outcomes 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. See also Note 11 to the unaudited interim consolidated financial statements for a discussion of legal proceedings.

There have been no significant developments in the “Legal Proceedings” described in our 2008 Form 10-K other than those disclosed in Note 11 to the unaudited interim consolidated financial statements.

**Item 1A. Risk Factors**

There have been no material revisions to the “Risk factors” as filed in our 2008 Form 10-K.

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

The table below sets forth information regarding repurchases of our Series A common stock during the three months ended March 31, 2009:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(2)</sup></u>	<u>Approximate Dollar Value of Shares that may yet be Purchased Under the Program</u>
January 1 – 31, 2009	—	—	—	\$ 122,300,000
February 1 – 28, 2009	838 <sup>(1)</sup>	\$ 12.02	—	\$ 122,300,000
March 1 – 31, 2009	—	—	—	\$ 122,300,000

<sup>(1)</sup> Relates to shares employees have elected to have withheld to cover their minimum withholding requirements for personal income taxes related to the vesting of restricted stock units.

<sup>(2)</sup> No shares were purchased during the three months ended March 31, 2009 under our previously announced stock purchase plan.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Submission of Matters to a Vote of Security Holders**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
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 on October 29, 2008).
3.3	Certificate of Designations of 4.25% Convertible Perpetual Preferred Stock (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on January 28, 2005).
10.1	Agreement and General Release, dated March 9, 2009, between the Company and John J. Gallagher III (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 10, 2009).
10.2	Form of Second Amendment to Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 26, 2009).
10.3	Offer Letter, dated February 25, 2009, between the Company and Gjon N. Nivica Jr. (filed herewith).
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).

*PLEASE NOTE:* It is inappropriate for readers to assume the accuracy of, or rely upon any covenants, representations or warranties that may be contained in agreements or other documents filed as Exhibits to, or incorporated by reference in, this Quarterly Report. Any such covenants, representations or warranties may have been qualified or superseded by disclosures contained in separate schedules or exhibits not filed with or incorporated by reference in this Quarterly Report, may reflect the parties' negotiated risk allocation in the particular transaction, may be qualified by materiality standards that differ from those applicable for securities law purposes, and may not be true as of the date of this Quarterly Report or any other date and may be subject to waivers by any or all of the parties. Where exhibits and schedules to agreements filed or incorporated by reference as Exhibits hereto are not included in these exhibits, such exhibits and schedules to agreements are not included or incorporated by reference herein.

**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

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

Date: April 28, 2009

By: /s/ STEVEN M. STERIN

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Name: Steven M. Sterin  
Title: Senior Vice President and  
Chief Financial Officer

Date: April 28, 2009

**PERSONAL & CONFIDENTIAL**

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February 25, 2009

**Personal & Confidential**

Mr. Gjon N. Nivica, Jr.  
[Address]

Dear Gjon:

On behalf of Celanese, I am pleased to confirm our offer for the position of Senior Vice President, General Counsel and Corporate Secretary. Your position will be based at our Corporate Headquarters in Dallas and you will be reporting directly to David Weidman, Chairman and Chief Executive Officer. We anticipate your start date will be on or before March 30, 2009.

Following is an outline of the compensation package we have developed for you.

**Base Salary**

Your base salary will be \$430,000 per year and will be payable on a bi-weekly basis in accordance with the Company's normal payroll practice.

**Annual Bonus**

Your annual bonus opportunity at target will be 70% of your annual salary (the "Target"), with a "Stretch" opportunity of up to 140% of your annual salary. You will be eligible for a performance bonus opportunity each year according to the terms of the annual bonus plan, which comprises a number of financial and non-financial measures that, combined with your personal performance, determine your actual bonus payout. Current individual performance modifiers also allow for an additional adjustment between 0% and 200% of your calculated bonus payout to reflect your individual performance relative to your annual objectives. You must be employed by Celanese at the time such payments are made in order to remain eligible to receive any bonus payout.

For 2009, you will receive a bonus based on a full year of participation in the plan with a minimum payout at Target before any adjustments for Company or Individual performance (a 1.0 modifier).

**Sign-on Bonus**

You will receive a one-time payment in the amount of \$300,000, less applicable deductions, as a Sign-on Bonus which will be payable to you with the first payroll cycle after your start date. Should you voluntarily end your employment with Celanese for any reason within two (2) years of your start date, Celanese reserves the right to seek a prorated repayment for this Sign-on Bonus.

**Sign-on Equity Awards**

You will receive a sign-on award of 50,000 Time-vesting Restricted Stock Units (Sign-on RSU Award). Your Sign-on RSU Award will vest annually over three (3) years (33.3% per year) beginning on the first anniversary of the grant date.

You will also receive a sign-on award of 100,000 Non-Qualified Stock Options (Sign-on Stock Option Award). Your Sign-on Stock Option Award will vest annually over three (3) years (33.3% per year) beginning on the first anniversary of grant date, and will have a seven (7) year term.

**Long-Term Incentive Awards**

Celanese delivers Long-Term Incentive (LTI) compensation through annual grants of Performance-vesting Restricted Stock Units (Performance RSU Award) and time-vesting LTI awards, which will be delivered in the

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form of a cash award for 2009 (Cash LTI Award). Annual LTI awards are planned to occur in the fourth quarter of each calendar year and are based on a combination of contribution, individual performance, and market levels of long-term incentive compensation.

Upon joining Celanese, we will grant to you a “target” award of 10,000 Performance RSUs and a Cash LTI Award in the amount of \$450,000. The Performance RSU Award will vest on October 14, 2011, where the actual number of Performance RSUs that vest may be more or less than your target award based on the Company’s achievement of specific metrics/goals measured over a defined performance period. The Cash LTI Award will vest and be payable annually over three (3) years on October 14, 2009, 2010 and 2011 (30%, 30% and 40%) respectively.

The complete terms of your Sign-on RSU, Sign-on Stock Option, Performance RSU and Cash LTI Awards will be determined on the grant date, which will be the date your awards are presented and approved by the Compensation Committee of the Celanese Board of Directors (currently planned for April 22, 2009). Your Sign-on RSU, Sign-on Stock Option and Performance RSU Awards will each be granted pursuant to the Celanese 2004 Stock Incentive Plan and you will be required to sign appropriate award agreements and the Celanese LTI Claw-back agreement in order to receive these awards. In order to remain eligible to receive these awards, you must be actively employed by Celanese at the time awards are granted.

### **Stock Ownership Guidelines**

In order to align our executives’ interests with those of our shareholders, Celanese expects senior leaders to maintain equity ownership in the Company commensurate with their position. We established a stock ownership guideline equal to three (3) times your annual base salary for your salary level (SL02) and you will have five (5) years to meet the guideline. Our stock ownership Guidelines include the value of any unvested RSU awards granted to you as well as any Celanese stock that you beneficially own in the various Company and individual accounts. Details of this program will be provided upon acceptance of this employment offer.

### **Employee Benefits**

During your employment, you will be eligible to participate in the Company’s employee benefit plans in effect from time to time, on the same basis as those benefits are generally made available to other employees of the Company. We offer comprehensive medical and dental coverage, company paid group term life insurance and accidental death and dismemberment (AD&D) insurance (each equal to 1 times your annual base salary), a cash balance pension plan to which the company currently allocates 5% of eligible pay and a 401(k) plan that currently matches 100% of the first 5% of eligible employee contributions.

### **Executive Benefits**

You are also eligible to participate in the Celanese Annual Executive Cash Perquisite Allowance program where you will receive an allowance in the amount of \$15,000 (less applicable deductions) for your salary level (SL 02), which is payable each year in January. For 2009, you will receive a prorated allowance based on your months of service completed during the year, which will be payable to you with the first payroll cycle after your start date.

Additionally, you will be eligible to participate in the Celanese Annual Executive Physical Program including the annual physical with the Baylor Personal Edge program. You will also be eligible to receive the BioPhysical 250 blood screen every 5 years.

### **Relocation Assistance**

Celanese will assist in your relocation to the Dallas area under the provisions of our executive relocation policy for new employees. Generally, this policy provides for the shipment of household goods, home sale and purchase assistance, a lump-sum payment to assist with various miscellaneous expenses associated with your relocation, and temporary living in Dallas for up to six months. The home sale and purchase assistance can be utilized for up to one (1) year after your start date. You will also be eligible to receive a reimbursement for any capital loss on your may incur on the sale of your home in an amount up to \$70,000, where such amount will not be tax assisted.

Should you voluntarily end your employment with Celanese for any reason during the one (1) year period after you relocate your home to the Dallas area, and with respect to the loss on sale during the one (1) year period after your

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home is sold under the Home Sale Program, Celanese reserves the right to seek full repayment for the value of any relocation assistance provided to you.

### **Vacation**

You will be eligible for four (4) weeks annual vacation. Vacation availability for the remainder of this year will be prorated based on your actual start date, in accordance with the Company's vacation policy.

### **Severance Benefits**

You will be eligible to receive severance benefits that provide for a payout equal to 1.0 times your annual base salary plus target bonus (in effect at the time of separation) in the event of an involuntary termination without cause or a voluntary separation for good reason (as such terms are defined in each agreement); or a payout equal to 2.0 times your annual base salary plus target bonus (in effect at the time of separation) in the event of an involuntary termination without cause or a voluntary separation for good reason during the two-year period following a Change-In-Control (CIC) event (as such term is defined in the CIC agreement).

With respect to your Celanese Sign-on Equity and LTI awards, in the event of an involuntary termination without cause, you will become immediately vested in the Sign-on RSU Award, and with respect to the Sign-on Stock Option, Performance RSU and Cash LTI Awards you will become vested on a prorated basis through your date of termination. The prorated Performance RSU Award will be earned as of the date of termination, but will be settled on the planned vesting date subject to the Company's achievement of the performance metrics/goals as outlined in the grant agreement. The prorated Sign-on Stock Option Award will become vested on the date of termination and any vested stock options will be exercisable for a period of one year following the date of termination.

The severance benefits will also include continued participation in the Celanese medical and dental plans for a period of one year following the applicable separation event. Copies of these agreements will be provided to you under separate cover.

### **Confidentiality, Non-compete and Non-solicitation**

As a condition of your employment, you will be required to execute agreements (the "Confidentiality, Non-Compete and Non-Solicitation Agreements") with the Company regarding protection and non-disclosure of confidential information, non-competition and non-solicitation. Copies of these agreements will be provided to you under separate cover.

This offer letter constitutes the full terms and conditions of your employment with the Company. It supersedes any other oral or written commitments that may have been made to you.

This offer of employment is contingent upon the satisfactory completion of a background check and pre-employment examination including tests for substance abuse. If not satisfactorily completed, the offer will be rescinded. Arrangements for the drug screen will be coordinated through Concentra Medical Services (instructions enclosed) and should be completed no later than two (2) weeks before your start date.

As required by law, we will need to verify and document your identity and eligibility for employment in the United States. Please review the enclosed material and bring the appropriate documentation needed to complete the I-9 Form on your start date. Please do not complete the I-9 Form in advance since this must be completed on your first day of employment with the company.

Gjon, we are most enthusiastic about your joining the Celanese team. If these provisions are agreeable to you, please sign the enclosed copy of this letter and return it to me by fax at (972) 443-4439 on or before March 2, 2009.

Sincerely,

/s/ Michael L. Summers

Michael L. Summers  
Senior Vice President, Human Resources

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**CERTIFICATION  
PURSUANT TO 17 CFR 240.13a-14  
PROMULGATED UNDER  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David N. Weidman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Celanese Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID N. WEIDMAN

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

Date: April 28, 2009

**CERTIFICATION  
PURSUANT TO 17 CFR 240.13a-14  
PROMULGATED UNDER  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven M. Sterin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Celanese Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEVEN M. STERIN

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Steven M. Sterin  
*Senior Vice President and  
Chief Financial Officer*

Date: April 28, 2009

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Celanese Corporation (the "Company") on Form 10-Q for the period ending March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David N. Weidman, Chairman of the Board of Directors and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID N. WEIDMAN

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

Date: April 28, 2009

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Celanese Corporation (the "Company") on Form 10-Q for the period ending March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven M. Sterin, Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEVEN M. STERIN

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Steven M. Sterin  
*Senior Vice President and  
Chief Financial Officer*

Date: April 28, 2009