CELANESE CORP

FORM 10-Q
(Quarterly Report)

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Industry	Commodity Chemicals
Sector	Basic Materials
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2008

or

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

(Commission File Number) 001-32410

CELANESE CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware *(State or Other Jurisdiction of Incorporation or Organization)*	**98-0420726** *(I.R.S. Employer Identification No.)*
1601 West LBJ Freeway, Dallas, TX *(Address of Principal Executive Offices)*	**75234-6034** *(Zip Code)*

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

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 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 ☐

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 July 18, 2008 was 150,148,914.

CELANESE CORPORATION

Form 10-Q
For the Quarterly Period Ended June 30, 2008

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CELANESE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	(in $ millions, except for per share data)			
Net sales	1,868	1,556	3,714	3,111
Cost of sales	(1,472)	(1,219)	(2,900)	(2,415)
Gross profit	396	337	814	696
Selling, general and administrative expenses	(138)	(122)	(274)	(238)
Amortization of intangible assets (primarily customer relationships)	(20)	(17)	(39)	(35)
Research and development expenses	(18)	(19)	(41)	(36)
Other (charges) gains, net	(7)	(105)	(23)	(106)
Foreign exchange gain (loss), net	(3)	—	4	—
Gain (loss) on disposition of assets, net	(3)	(3)	—	(4)
Operating profit	207	71	441	277
Equity in net earnings of affiliates	17	23	27	41
Interest expense	(63)	(61)	(130)	(133)
Refinancing expense	—	(256)	—	(256)
Interest income	10	11	19	25
Dividend income — cost investments	75	49	103	64
Other income (expense), net	1	(5)	5	(15)
Earnings (loss) from continuing operations before tax and minority interests	247	(168)	465	3
Income tax (provision) benefit	(45)	44	(118)	(5)
Earnings (loss) from continuing operations before minority interests	202	(124)	347	(2)
Minority interests	1	—	1	—
Earnings (loss) from continuing operations	203	(124)	348	(2)
Earnings (loss) from discontinued operations:				
Earnings (loss) from operation of discontinued operations	(112)	(5)	(112)	38
Gain (loss) on disposal of discontinued operations	—	16	—	47
Income tax (provision) benefit	43	(4)	43	1
Earnings (loss) from discontinued operations	(69)	7	(69)	86
Net earnings (loss)	134	(117)	279	84
Cumulative preferred stock dividends	(2)	(3)	(5)	(5)
Net earnings (loss) available to common shareholders	132	(120)	274	79
Earnings (loss) per common share — basic:				
Continuing operations	1.33	(0.81)	2.26	(0.04)
Discontinued operations	(0.46)	0.05	(0.45)	0.54
Net earnings (loss) available to common shareholders	0.87	(0.76)	1.81	0.50
Earnings (loss) per common share — diluted:				
Continuing operations	1.21	(0.81)	2.08	(0.04)
Discontinued operations	(0.41)	0.05	(0.41)	0.54
Net earnings (loss) available to common shareholders	0.80	(0.76)	1.67	0.50
Weighted average shares — basic:	150,905,770	156,932,929	151,449,762	158,102,411
Weighted average shares — diluted:	167,814,803	156,932,929	167,561,793	158,102,411

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

CELANESE CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of June 30, 2008	As of December 31, 2007
	(in $ millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	983	825
Receivables:		
Trade — third party and affiliates (net of allowance for doubtful accounts — 2008: $18; 2007: $18)	1,061	1,009
Other	381	437
Inventories	754	636
Deferred income taxes	68	70
Marketable securities, at fair value	24	46
Other assets	30	40
Total current assets	3,301	3,063
Investments	803	814
Property, plant and equipment (net of accumulated depreciation — 2008: $992; 2007: $838)	2,542	2,362
Deferred income taxes	50	10
Marketable securities, at fair value	208	209
Other assets	376	309
Goodwill	897	866
Intangible assets, net	437	425
Total assets	8,614	8,058
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current installments of long-term debt — third party and affiliates	252	272
Trade payables — third party and affiliates	829	818
Other liabilities	824	888
Deferred income taxes	30	30
Income taxes payable	38	23
Total current liabilities	1,973	2,031
Long-term debt	3,371	3,284
Deferred income taxes	277	265
Income taxes payable	259	220
Benefit obligations	676	696
Other liabilities	822	495
Minority interests	4	5
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $0.01 par value, 100,000,000 shares authorized (2008 and 2007: 9,600,000 issued and outstanding)	—	—
Series A common stock, $0.0001 par value, 400,000,000 shares authorized (2008: 163,936,300 issued and 150,148,914 outstanding; 2007: 162,941,287 issued and 152,102,801 outstanding)	—	—
Series B common stock, $0.0001 par value, 100,000,000 shares authorized (2008 and 2007: 0 shares issued and outstanding)	—	—
Treasury stock, at cost — (2008: 13,787,386 shares; 2007: 10,838,486 shares)	(529)	(403)
Additional paid-in capital	494	469
Retained earnings	1,061	799
Accumulated other comprehensive income (loss), net	206	197
Total shareholders' equity	1,232	1,062
Total liabilities and shareholders' equity	8,614	8,058

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)

	Six Months Ended June 30, 2008	
	Shares Outstanding	**Amount**
	(in $ millions, except share data)	
Preferred Stock		
Balance as of the beginning of the period	9,600,000	—
Issuance of preferred stock	—	—
Balance as of the end of the period	9,600,000	—
Series A Common Stock		
Balance as of the beginning of the period	152,102,801	—
Stock option exercises	984,549	—
Purchases of treasury stock, including related fees	(2,948,900)	
Issuance of stock awards	10,464	—
Balance as of the end of the period	150,148,914	—
Treasury Stock		
Balance as of the beginning of the period	10,838,486	(403)
Purchases of treasury stock, including related fees	2,948,900	(126)
Balance as of the end of the period	13,787,386	(529)
Additional Paid-in Capital		
Balance as of the beginning of the period		469
Indemnification of demerger liability		2
Stock-based compensation		6
Stock option exercises		17
Balance as of the end of the period		494
Retained Earnings		
Balance as of the beginning of the period		799
Net earnings (loss)		279
Series A common stock dividends		(12)
Preferred stock dividends		(5)
Balance as of the end of the period		1,061
Accumulated Other Comprehensive Income (Loss), Net		
Balance as of the beginning of the period		197
Unrealized loss on securities		(16)
Foreign currency translation		29
Unrealized loss on interest rate swaps		(2)
Pension and postretirement benefits		(2)
Balance as of the end of the period		206
Total Shareholders' Equity		1,232
Comprehensive Income (Loss):		
Net earnings (loss)		279
Other comprehensive income (loss), net of tax:		
Unrealized loss on securities		(16)
Foreign currency translation		29
Unrealized loss on interest rate swaps		(2)
Pension and postretirement benefits		(2)
Total comprehensive income (loss), net of tax		288

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

CELANESE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
	(in $ millions)	
Operating activities:		
Net earnings (loss)	279	84
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Other (charges) gains, net of amounts used	5	11
Depreciation, amortization and accretion	178	158
Deferred income taxes, net	(8)	(26)
(Gain) loss on disposal of assets, net	—	(44)
Loss on extinguishment of debt	—	256
Other, net	29	6
Operating cash provided by (used in) discontinued operations	5	(101)
Value-added tax on deferred proceeds from Ticona Kelsterbach plant relocation	59	—
Changes in operating assets and liabilities:		
Trade receivables — third party and affiliates, net	(14)	55
Inventories	(94)	24
Other assets	(1)	12
Trade payables — third party and affiliates	6	(106)
Other liabilities	(98)	(250)
Net cash provided by operating activities	346	79
Investing activities:		
Capital expenditures on property, plant and equipment	(136)	(116)
Acquisitions and related fees, net of cash acquired	(1)	(269)
Net proceeds from sale of businesses and assets	3	658
Deferred proceeds on Ticona Kelsterbach plant relocation	311	—
Capital expenditures related to Ticona Kelsterbach plant relocation	(62)	(4)
Proceeds from sale of marketable securities	96	34
Purchases of marketable securities	(83)	(32)
Changes in restricted cash	—	46
Settlement of cross currency swap agreement	(93)	—
Other, net	(68)	(22)
Net cash provided by (used in) investing activities	(33)	295
Financing activities:		
Short-term borrowings (repayments), net	(47)	(30)
Proceeds from long-term debt	13	2,857
Repayments of long-term debt	(23)	(3,038)
Refinancing costs	—	(240)
Purchases of treasury stock, including related fees	(126)	(258)
Stock option exercises	17	21
Dividend payments on Series A common stock and preferred stock	(17)	(18)
Net cash used in financing activities	(183)	(706)
Exchange rate effects on cash and cash equivalents	28	11
Net increase (decrease) in cash and cash equivalents	158	(321)
Cash and cash equivalents at beginning of period	825	791
Cash and cash equivalents at end of period	983	470

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

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

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. The term "Purchaser" refers to the Company's subsidiary, Celanese Europe Holding GmbH & Co. KG, a German limited partnership, and not its subsidiaries, except where otherwise indicated. The term "Advisor" refers to Blackstone Management Partners, an affiliate of The Blackstone Group. The term "CAG" refers to Celanese GmbH, formerly known as Celanese AG, its consolidated subsidiaries, its non-consolidated subsidiaries, ventures and other investments. The term "Original Shareholders" refers, collectively, to Blackstone Capital Partners (Cayman) Ltd. 1, Blackstone Capital Partners (Cayman) Ltd. 2, Blackstone Capital Partners (Cayman) Ltd. 3 and BA Capital Investors Sidecar Fund, L.P.

The unaudited interim consolidated financial statements for the three and six months ended June 30, 2008 and 2007 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 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 Celanese Corporation and Subsidiaries consolidated financial statements as of and for the year ended December 31, 2007, as filed on February 29, 2008 with the SEC as part of the Company's Annual Report on Form 10-K (the "2007 Form 10-K").

Operating results for the three and six months ended June 30, 2008 and 2007 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 March 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* ("SFAS No. 161"). SFAS No. 161 requires enhanced disclosures about a company's derivative and hedging activities. These enhanced disclosures will discuss (a) how and why a company uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB Statement No. 133 and its related interpretations and (c) how derivative instruments and related hedged items affect a company's financial position, results of operations and cash flows. SFAS No. 161 is effective for the Company on January 1, 2009. This standard will have no impact on the Company's financial position, results of operations or cash flow.

In April 2008, the FASB issued FASB Staff Position ("FSP") SFAS No. 142-3, *Determination of the Useful Life of Intangible Assets* ("FSP SFAS No. 142-3"). FSP SFAS No. 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* . The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141 (revised 2007), *Business Combinations* , and other US GAAP. FSP SFAS No. 142-3 is effective for the Company on January 1, 2009. The Company is currently evaluating the impact of adopting FSP SFAS No. 142-3 on the Company's financial position, results of operations and cash flows.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* , ("SFAS No. 162"), which becomes effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board ("PCAOB") amendments to US Auditing Standards ("AU") Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles* . SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with US GAAP. This standard is not expected to have an impact on the Company's financial position, results of operations or cash flow.

In June 2008, the FASB Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 08-3, *Accounting by Lessees for Maintenance Deposits under Lease Agreements* ("EITF No. 08-3"). EITF No. 08-3 provides that all nonrefundable maintenance deposits paid by a lessee, under an arrangement accounted for as a lease, should be accounted for as a deposit. When the underlying maintenance is performed, the deposit is expensed or capitalized in accordance with the lessee's maintenance accounting policy. Once it is determined that an amount on deposit is not probable of being used to fund future maintenance expense, it is recognized as additional rent expense at that time. EITF No. 08-3 is effective for the Company on January 1, 2009. The Company is currently evaluating the impact of adopting EITF No. 08-3 on the Company's financial position, results of operations and cash flows.

In June 2008, the EITF reached a consensus on EITF Issue No. 08-4, *Transition Guidance for Conforming Changes to EITF Issue No. 98-5 , Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios* ("EITF No. 08-4"). Subsequent to the issuance of EITF No. 98-5, certain portions of the guidance contained in EITF No. 98-5 were nullified by EITF Issue No. 00-27, *Application of EITF Issue No. 98-5, 'Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios'* ("EITF No. 00-27"). However, the portions of EITF No. 98-5 that were nullified by EITF No. 00-27 were not specifically identified in EITF No. 98-5, nor were the illustrative examples in EITF No. 98-5 updated for the effects of EITF No. 00-27. EITF No. 08-4 specifically addresses the conforming changes to EITF Issue No. 98-5 and provides transition guidance for the conforming changes. EITF No. 08-4 is effective for the Company for the fiscal year ending December 31, 2008. The Company is currently evaluating the impact of adopting EITF No. 08-4 on the Company's financial position, results of operations and cash flows.

3. Acquisitions, Ventures and Divestitures

Acquisitions

On January 31, 2007, the Company completed the acquisition of the cellulose acetate flake, tow and film businesses of Acetate Products Limited, a subsidiary of Corsadi B.V. The purchase price for the transaction was approximately £57 million ($112 million), in addition to direct acquisition costs of approximately £4 million ($7 million). As contemplated prior to closing of the acquisition, the Company closed the acquired tow production plant at Little Heath, United Kingdom in September 2007. In accordance with the Company's sponsor services agreement dated January 26, 2005, as amended, the Company paid the Advisor $1 million in connection with the acquisition. The acquired business is included in the Company's Consumer Specialties segment.

On April 6, 2004, the Company acquired 84% of CAG. During 2005, the Company acquired an additional 14% of CAG. On May 30, 2006, CAG's shareholders approved a transfer to the Purchaser of all shares owned by minority shareholders against payment of cash compensation in the amount of €66.99 per share (the "Squeeze-Out"). As a result of the effective registration of the Squeeze-Out in the commercial register in Germany in December 2006, the Company acquired the remaining 2% of CAG in January 2007. The Company's current ownership percentage in CAG is 100%.

Ventures

In March 2007, the Company entered into a strategic partnership with Accsys Technologies PLC ("Accsys"), and its subsidiary, Titan Wood Ltd., to become the exclusive supplier of acetyl products to Titan Wood's technology licensees for use in wood acetylation. In conjunction with this partnership, in May 2007, the Company acquired 8,115,883 shares of Accsys' common stock representing approximately 5.45% of the total voting shares of Accsys for €22 million ($30 million). The investment is treated as an available-for-sale security and is included as a component of current Marketable securities on the Company's unaudited consolidated balance sheet. In November 2007, the Company and Accsys announced an agreement to amend their business arrangements so that each company will have a nonexclusive "at-will" trading and supply relationship to give both companies greater flexibility. As part of this amendment, the Company has the ability to sell its common stock ownership in Accsys through an orderly placement of the Company's Accsys shares. As of June 30, 2008, the Company has sold a total of 6,740,309 shares of Accsys' common stock for approximately €17 million ($25 million), which resulted in a loss of $2 million.

Divestitures/Discontinued Operations

In connection with the Company's strategy to optimize its portfolio and divest non-core operations, the Company announced on December 13, 2006 its agreement to sell its Acetyl Intermediates segment's oxo products and derivatives businesses, including European Oxo GmbH ("EOXO"), a 50/50 venture between CAG and Degussa AG ("Degussa"), to Advent International, for a purchase price of €480 million ($636 million) subject to final agreement adjustments and the successful exercise of the Company's option to purchase Degussa's 50% interest in EOXO. On February 23, 2007, the option was exercised and the Company acquired Degussa's interest in the venture for a purchase price of €30 million ($39 million), in addition to €22 million ($29 million) paid to extinguish EOXO's debt upon closing of the transaction. The Company completed the sale of its oxo products and derivatives businesses, including the acquired 50% interest in EOXO, on February 28, 2007. The sale included the oxo and derivatives businesses at the Oberhausen, Germany, and Bay City, Texas facilities as well as portions of its Bishop, Texas facility. Also included were EOXO's facilities within the Oberhausen and Marl, Germany plants. The former oxo and derivatives businesses acquired by Advent International were renamed Oxea. Taking into account agreed deductions by the buyer for pension and other employee benefits and various costs for separation activities, the Company received proceeds of approximately €443 million ($585 million) at closing. The transaction resulted in the recognition of a $47 million pre-tax gain, which includes certain working capital and other adjustments, in 2007.

Due to certain lease-back arrangements between the Company and the buyer and related environmental obligations of the Company, approximately $51 million of the transaction proceeds attributable to the fair value of the underlying land at Bay City ($1 million) and Oberhausen (€36 million) is included in deferred proceeds in long-term Other liabilities, and divested land with a book value of $14 million (€10 million at Oberhausen and $1 million at Bay City) remains on the Company's unaudited consolidated balance sheet.

The Company concluded, based on the nature and limited projected magnitude of the continuing business relationship between the Company and Oxea, that the divestiture of the oxo products and derivatives businesses should be accounted for as a discontinued operation. Third party sales of $5 million for the six months ended June 30, 2007 would have been eliminated upon consolidation were the divestiture not accounted for as a discontinued operation.

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

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

Net sales and gross profit (loss) for discontinued operations for the three months ended June 30, 2007 were $6 million and $(2) million, respectively. Net sales and gross profit for discontinued operations for the six months ended June 30, 2007 were $197 million and $47 million, respectively.

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 will maintain its chemical operations at the site until at least 2009. Proceeds received upon certain milestone events will be treated as deferred proceeds and included in long-term Other liabilities until the transaction is complete (expected to be in 2010), as defined in the sales agreement.

In May 2008, shareholders of the Company's Koper, Slovenia legal entity voted to approve the April 2008 decision by the Company to permanently shut down this emulsions production site. The decision to shut down the site resulted in employee severance of less than $1 million which is included in Other (charges) gains, net, during the three months ended June 30, 2008. Currently, the facility is idle and the existing fixed assets, including machinery and equipment, buildings and land are being marketed for sale. The net book value of the assets held for sale is approximately $1 million.

Cost Method Investments

In February 2007, the Company wrote-off its remaining €1 million ($1 million) cost investment in European Pipeline Development Company B.V. ("EPDC") and expensed €7 million ($9 million) associated with contingent liabilities that became payable due to the Company's decision to exit the pipeline development project. In June 2008, the outstanding contingent liabilities were resolved and the Company recognized €2 million ($2 million), included in Other income (expense), net, to remove the remaining accrual. The investment in EPDC related to the construction of a pipeline system, solely dedicated to the transportation of propylene, which was to connect Rotterdam via Antwerp, Netherlands, with the Company's Oberhausen and Marl production facilities in Germany. However, on February 15, 2007, EPDC shareholders voted to cease the pipeline project as originally envisaged and go into liquidation. The Company was a 12.5% shareholder of EPDC.

4. Inventories

	As of June 30, 2008	As of December 31, 2007
	(in $ millions)	
Finished goods	602	500
Work-in-process	29	29
Raw materials and supplies	123	107
Total inventories	754	636

5. Goodwill and Intangible Assets, Net

Goodwill

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Total
			(in $ millions)		
As of December 31, 2007	277	264	47	278	866
Adjustments to pre-acquisition tax uncertainties	(3)	4	(5)	(3)	(7)
Exchange rate changes	12	7	2	17	38
As of June 30, 2008	286	275	44	292	897

Intangible Assets, Net

	Licenses	Trademarks and Tradenames	Customer Relationships	Developed Technology	Other	Total
			(in $ millions)			
Gross Asset Value						
As of December 31, 2007	—	85	562	12	12	671
Additions [(1)]	28	—	—	—	—	28
Exchange rate changes	—	3	33	1	—	37
As of June 30, 2008	28	88	595	13	12	736
Accumulated Amortization						
As of December 31, 2007	—	—	(228)	(9)	(9)	(246)
Amortization	(1)	—	(36)	—	(2)	(39)
Exchange rate changes	—	—	(13)	(1)	—	(14)
As of June 30, 2008	(1)	—	(277)	(10)	(11)	(299)
Net book value as of June 30, 2008	27	88	318	3	1	437

(1) Acquisition of a sole and exclusive license to patents and patent applications related to acetic acid.

Aggregate amortization expense for intangible assets with finite lives during the three months ended June 30, 2008 and 2007 was $20 million and $18 million, respectively. Aggregate amortization expense for intangible assets with finite lives during the six months ended June 30, 2008 and 2007 was $39 million and $36 million, respectively.

Estimated amortization expense for the succeeding five fiscal years is approximately $63 million in 2009, $55 million in 2010, $51 million in 2011, $39 million in 2012 and $24 million in 2013.

6. Debt

	As of June 30, 2008	As of December 31, 2007
	(in $ millions)	
Short-term borrowings and current installments of long-term debt — third party and affiliates		
Current installments of long-term debt	57	44
Short-term borrowings, principally comprised of amounts due to affiliates	195	228
Total short-term borrowings and current installments of long-term debt — third party and affiliates	252	272
Long-term debt		
Senior Credit Facilities: Term Loan facility due 2014	2,881	2,855
Term notes 7.125%, due 2009	14	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 2023	165	110
Other bank obligations, interest rates ranging from 5.9% to 7.1%, due at various dates through 2014	187	168
Subtotal	3,428	3,328
Less: Current installments of long-term debt	57	44
Total long-term debt	3,371	3,284

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 June 30, 2008, the applicable margin was 1.5% and continues to be subject to potential adjustments as defined in the senior credit agreement. The term loans under the senior credit agreement are subject to amortization at 1% of the initial principal amount per annum, payable quarterly. The remaining principal amount of the term loans is due on April 2, 2014.

As of June 30, 2008, there were no outstanding borrowings or letters of credit issued under the revolving credit facility; accordingly, $650 million remained available for borrowing. As of June 30, 2008, there were $130 million of letters of credit issued under the credit-linked revolving facility and $98 million remained available for borrowing.

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 June 30, 2008.

Debt Refinancing

In March 2007, the Company announced a comprehensive recapitalization plan to refinance its debt and repurchase shares. On April 2, 2007, the Company, through certain of its subsidiaries, entered into a new senior credit agreement. Proceeds from the new senior credit agreement, together with available cash, were used to retire the Company’s $2,454 million amended and restated (January 2005) senior credit facilities, which consisted of $1,626 million in term loans due 2011, a $600 million revolving credit facility terminating in 2009 and an approximate $228 million credit-linked revolving facility terminating in 2009, and to retire all of the Company’s 9.625% senior subordinated notes due 2014 and 10.375% senior subordinated notes due 2014 (the “Senior Subordinated Notes”) and 10% senior discount notes due 2014 and 10.5% senior discount notes due 2014 (the “Senior Discount Notes”) as discussed below.

On March 6, 2007, the Company commenced cash tender offers (the “Tender Offers”) with respect to any and all of the Senior Discount Notes, and any and all of the Senior Subordinated Notes. The Tender Offers expired on April 2, 2007. Substantially all of the Senior Discount Notes and Senior Subordinated Notes were tendered in conjunction with the Tender Offers. The remaining outstanding Senior Discount Notes and Senior Subordinated Notes not tendered in conjunction with the Tender Offers were redeemed by the Company in May 2007 through optional redemption allowed in the indentures.

As a result of the refinancing, the Company incurred premiums paid on early redemption of debt, accelerated amortization and other refinancing expense. The components of refinancing expense are as follows:

	Six Months Ended June 30, 2007
	(in $ millions)
Premiums paid on early redemption of debt	207
Accelerated amortization of premiums and deferred financing costs on early redemption and prepayment of debt	33
Debt issuance costs and other	16
Total refinancing expense	256

7. Other Liabilities

The components of current Other liabilities are as follows:

	As of June 30, 2008	As of December 31, 2007
	(in $ millions)	
Salaries and benefits	125	168
Environmental	18	19
Restructuring	36	40
Insurance	35	41
Sorbates litigation	184	170
Asset retirement obligations	5	16
Derivatives	56	129
Other	365	305
Total current Other liabilities	824	888

Cross Currency Swaps

To protect the foreign currency exposure of a net investment in a foreign operation, the Company entered into cross currency swaps with certain financial institutions in 2004. Under the terms of the cross currency swap arrangements, the Company paid approximately €13 million in interest and received approximately $16 million in interest on June 15 and December 15 of each year. The fair value of the net obligation under the cross currency swaps was included in current Other liabilities as of December 31, 2007. Upon maturity of the cross currency swap arrangements in June 2008, the Company owed €276 million ($426 million) and was owed $333 million. In settlement of the obligation, the Company paid $93 million (net of interest of $3 million) in June 2008.

The components of long-term Other liabilities are as follows:

	As of June 30, 2008	As of December 31, 2007
	(in $ millions)	
Environmental	91	96
Insurance	85	78
Deferred revenue	67	71
Deferred proceeds (see Notes 3 and 16)	412	93
Asset retirement obligations	43	31
Derivatives	15	37
Other	109	89
Total long-term Other liabilities	822	495

8. Benefit Obligations

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

	Pension Benefits		Postretirement Benefits		Pension Benefits		Postretirement Benefit	
	Three Months Ended June 30,				Six Months Ended June 30,			
	2008	2007	2008	2007	2008	2007	2008	2007
	(in $ millions)							
Components of net periodic benefit costs								
Service cost	9	10	1	1	16	19	1	1
Interest cost	57	48	5	4	99	92	9	9
Expected return on plan assets	(64)	(56)	—	—	(111)	(106)	—	—
Recognized actuarial (gain) loss	—	—	(1)	(1)	—	—	(2)	(1)
Net periodic benefit costs	2	2	5	4	4	5	8	9

The Company expects to contribute $40 million to its defined benefit pension plans in 2008. As of June 30, 2008, $17 million of contributions have been made. The Company's estimates of its US defined benefit pension plan contributions reflect the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006.

The Company expects to make benefit payments of $34 million under the provisions of its other postretirement benefit plans in 2008. As of June 30, 2008, $14 million of benefit payments 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 aggregate $3 million and $2 million for the six months ended June 30, 2008 and 2007, respectively.

As a result of the sale of the oxo products and derivatives businesses in February 2007 (see Note 3), there was a reduction of approximately 1,076 employees triggering a settlement and remeasurement of the affected pension plans due to certain changes in actuarial valuation assumptions. The settlement and remeasurement resulted in a net increase in the projected benefit obligation of $44 million with an offset to Accumulated other comprehensive income (loss), net (net of tax of $1 million) and a settlement gain of $11 million (included in Gain on disposal of discontinued operations) for the pension plan during the six months ended June 30, 2007.

9. Shareholders' Equity

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. The authorization gives management discretion in determining the conditions under which shares may be repurchased. During the six months ended June 30, 2008, the Company repurchased 2,948,900 shares of its Series A common stock at an average purchase price of $42.71 per share for a total of approximately $126 million pursuant to this authorization.

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.

Adjustments to net earnings (loss) for comprehensive income (loss), net of tax totaled $9 million and $17 million for the six months ended June 30, 2008 and 2007, respectively. These amounts were net of tax benefit of $0 million and $1 million for the six months ended June 30, 2008 and 2007, respectively. Adjustments to net earnings (loss) for comprehensive income (loss), net of tax, totaled $42 million and $57 million for the three months ended June 30, 2008 and 2007, respectively. These amounts were net of tax benefit of $0 for both the three months ended June 30, 2008 and 2007.

10. 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 believes, 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 the financial position; 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 a given accounting 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 which is included in the Advanced Engineered Materials segment, along with Shell Oil Company (“Shell”), E.I. DuPont de Nemours and Company (“DuPont”) and others, has been a defendant in a series of lawsuits, including a number of class actions, alleging that plastics manufactured by these companies that were utilized in the production of plumbing systems for residential property were defective or caused such plumbing systems to fail. Based on, among other things, the findings of outside experts and the successful use of Ticona’s acetal copolymer in similar applications, CNA Holdings does not believe Ticona’s acetal copolymer was defective or caused the plumbing systems to fail. In many cases CNA Holdings’ potential future exposure may be limited by invocation of the statute of limitations since CNA Holdings ceased selling the resin for use in the plumbing systems in site-built homes during 1986 and in manufactured homes during 1990.

In November 1995, CNA Holdings, DuPont and Shell entered into national class action settlements 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 settlement, the three companies had agreed to fund these replacements and reimbursements up to an aggregate amount of $950 million. As of June 30, 2008, the aggregate funding is $1,103 million, due to additional contributions and funding commitments made primarily by other parties.

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

- *Cox, et al. v. Hoechst Celanese Corporation, et al.* , No. 94-0047 (Chancery Ct., Obion County, Tennessee).
- *Couture, et al. v. Shell Oil Company, et al.* , No. 200-06-000001-985 (Quebec Superior Court, Canada).
- *Dilday, et al. v. Hoechst Celanese Corporation, et al.* , No. 15187 (Chancery Ct., Weakley County, Tennessee).
- *Furlan v. Shell Oil Company, et al.* , No. C967239 (British Columbia Supreme Court, Vancouver Registry, Canada).
- *Gariepy, et al. v. Shell Oil Company, et al.* , No. 30781/99 (Ontario Court General Division, Canada).
- *Shelter General Insurance Co., et al. v. Shell Oil Company, et al.* , No. 16809 (Chancery Ct., Weakley County, Tennessee).

- *St. Croix Ltd., et al. v. Shell Oil Company, et al.* , No. 1997/467 (Territorial Ct., St. Croix Division, The Virgin Islands).
- *Tranter v. Shell Oil Company, et al.* , No. 46565/97 (Ontario Court General Division, Canada).

In addition, between 1994 and 2003 CNA Holdings was named as a defendant in approximately 20 non-class actions filed in ten states, the US Virgin Islands and Canada that 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 June 30, 2008 and December 31, 2007, the Company had remaining accruals of $65 million, of which $3 million is included in current Other liabilities.

Plumbing Insurance Indemnifications

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

In certain of the agreements, CAG 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.

The Company has reserves associated with these product liability claims which the Company believes are adequate.

Sorbates Antitrust Actions

In May 2002, the European Commission informed Hoechst AG (“Hoechst”) of its intent to officially investigate the sorbates industry. In early January 2003, the European Commission served Hoechst, Nutrinova, Inc., a US subsidiary of Nutrinova Nutrition Specialties & Food Ingredients GmbH and previously a wholly owned subsidiary of Hoechst (“Nutrinova”), and a number of competitors of Nutrinova with a statement of objections alleging unlawful, anticompetitive behavior affecting the European sorbates market. In October 2003, the European Commission ruled that Hoechst, Chisso Corporation, Daicel Chemical Industries Ltd. (“Daicel”), The Nippon Synthetic Chemical Industry Co. Ltd. and Ueno Fine Chemicals Industry Ltd. operated a cartel in the European sorbates market between 1979 and 1996. The European Commission imposed a total fine of €138 million on such companies, of which €99 million was assessed against Hoechst and its legal successors. The case against Nutrinova was closed. The fine against Hoechst, and its legal successors, is based on the European Commission’s finding that Hoechst does not qualify under the leniency policy, is a repeat violator and, together with Daicel, was a co-conspirator. In June 2008, the Court of First Instance of the European Communities (Fifth Chamber) reduced the fine against Hoechst to €74.25 million. The fine is subject to a two-month-and-ten-day appeal period that expires in September 2008. The Company is unable to predict the likelihood of an appeal by the European Commission and any resulting actions. Accordingly, the Company has not reduced its reserve until the appeal is final.

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

Based on the advice of external counsel and a review of the existing facts and circumstances relating to the sorbates antitrust matters, including the status of government investigations, as well as civil claims filed and settled, the Company has remaining accruals as of June 30, 2008 of $184 million, included in current Other liabilities. As of December 31, 2007, the accrual was $170 million. The change in the accrual amounts is primarily due to fluctuations in the currency exchange rate between the US dollar and the Euro.

Pursuant to the Demerger Agreement with Hoechst, CAG was assigned the obligation related to the sorbates antitrust matter. However, Hoechst, and its legal successors, agreed to indemnify CAG for 80% of any costs CAG may incur relative to this matter. Accordingly, CAG has recognized a receivable from Hoechst and a corresponding contribution of capital, net of tax, from this indemnification. As of June 30, 2008 and December 31, 2007, the Company has receivables, recorded within current Other assets, relating to the sorbates indemnification from Hoechst totaling $145 million and $137 million, respectively.

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 and as 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 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. On January 16, 2006, the court awarded Celanese International Corporation $800,000 (plus interest) for the period of 1990. In addition, on June 29, 2007, the court awarded Celanese International Corporation $60 million (plus interest) for the period of 2000 through 2005. CPDC has appealed all three awards. The Company will not record income associated with these favorable judgments until cash is received. CPDC has recently filed three patent cancellation actions seeking decisions to revoke the patents that are at issue in the litigation. The Company is contesting these patent cancellation actions.

Domination Agreement

The domination and profit and loss transfer agreement (the "Domination Agreement") between CAG and the Purchaser was approved at the CAG extraordinary shareholders' meeting on July 31, 2004. The Domination Agreement became effective on October 1, 2004 and cannot be terminated by the Purchaser in the ordinary course of business until September 30, 2009. Two of the Company's subsidiaries, Celanese International Holdings Luxembourg S.à r.l. ("CIH"), 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 CAG for any statutory annual loss incurred by CAG 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 CAG for an annual loss for any period during which the Domination Agreement has been in effect.

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 CAG had initiated special award proceedings seeking the court's review of the amounts of the fair cash compensation and of the guaranteed annual payment offered under the Domination Agreement. As a result of these proceedings, the amount of the fair cash consideration and the guaranteed annual payment offered under the Domination Agreement could be increased by the court so that all minority shareholders, including those who have already tendered their shares into the mandatory offer and have received the fair cash compensation could claim the respective higher amounts. The court dismissed all of these proceedings in March 2005 on the grounds of inadmissibility. Thirty-three plaintiffs appealed the dismissal, and in January 2006, twenty-three of these appeals were granted by the court. They were remanded back to the court of first instance, where the valuation will be further reviewed. On December 12, 2006, the court of first instance appointed an expert to help determine the value of CAG. 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 CAG 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 CAG 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.

The shareholders' resolution approving the Squeeze-Out passed at the shareholders' meeting on May 30, 2006 was challenged in June 2006 by seventeen actions seeking to set aside such resolution. In addition, a null and void action was served upon CAG in November 2006. The Squeeze-Out required registration in the commercial register and such registration was not possible while the lawsuits were pending. Therefore, CAG initiated fast track release proceedings asking the court to find that the lawsuits did not prevent registration of the Squeeze-Out. The court of first instance granted the motion regarding the actions to set aside the shareholders' resolution in a ruling dated October 10, 2006 that was appealed by plaintiff shareholders. In a ruling dated November 30, 2006, the court of first instance also granted the motion with respect to the null and void action.

On December 22, 2006, the Purchaser and CAG signed a settlement agreement with the plaintiff shareholders challenging the shareholders' resolution approving the Squeeze-Out ("Settlement Agreement I"). Pursuant to Settlement Agreement I, the plaintiffs agreed to withdraw their actions and to drop their complaints in exchange for the Purchaser agreeing to pay the guaranteed annual payment for the fiscal year ended on September 30, 2006 to those minority shareholders who had not yet requested early payment of such dividend and to pay a pro rata share of the guaranteed annual payment for the first five months of the fiscal year ending on September 30, 2007 to all minority shareholders. The Purchaser further agreed to make a donation in the amount of €0.5 million to a charity, to introduce, upon request by plaintiffs, into the award proceedings regarding the cash compensation and the guaranteed annual payment under the Domination Agreement the prospectus governing the January 20, 2005, listing on the NYSE of the shares of the Company and to accord the squeezed-out minority shareholders preferential treatment if, within three years after effectiveness of the Squeeze-Out, the shares of CAG were to be listed on a stock exchange again. As a result of the effective registration of the Squeeze-Out in the commercial register in Germany in December 2006, the Company acquired the remaining 2% of CAG in January 2007.

Polyester Staple Antitrust Litigation

CNA Holdings, the successor in interest to Hoechst Celanese Corporation ("HCC"), Celanese Americas Corporation and CAG (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 Unites 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 on the Company's 2008 unaudited interim 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.

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 these DOJ actions. As a result of the DOJ action, during August of 2002, Arteva Specialties, S.a.r.l., a subsidiary of KoSa, ("Arteva Specialties") plead 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, among other things, indemnification under the asset purchase agreement pursuant to which KoSa and Arteva Specialties agreed to purchase defendants' polyester business for all damages related to the defendants' participation in, and failure to disclose, the alleged conspiracy, or alternatively, rescission of the agreement. KoSa alleges damages for recoupment of the cash paid in criminal fines, attorney fees and civil settlements payments. The Company is actively defending this matter.

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.

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 as follows:

- The Company agreed to indemnify Hoechst, and its legal successors, 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 $28 million and $27 million as of June 30, 2008 and December 31, 2007, 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, to the extent that Hoechst is required to discharge liabilities, including tax liabilities, associated with businesses that were included in the demerger where such liabilities 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. The Company has not made any payments to Hoechst, and its legal successors, during the six months ended June 30, 2008 and 2007, respectively, in connection with this indemnification.

• ***Divestiture Obligations***

The Company and its predecessor companies agreed to indemnify third-party purchasers of former businesses and assets for various pre-closing conditions, as well as for breaches of representations, warranties and covenants. Such liabilities also include environmental liability, product liability, antitrust and other liabilities. These indemnifications and guarantees represent standard contractual terms associated with typical divestiture agreements and, other than environmental liabilities, the Company does not believe that they expose the Company to any significant risk.

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 $2.5 billion as of June 30, 2008. 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 June 30, 2008 and December 31, 2007, the Company has reserves in the aggregate of $24 million and $27 million, respectively, for these matters.

• ***Other Obligations***

The Company is secondarily liable under a lease agreement which the Company assigned to a third party. The lease expires on April 30, 2012. The lease liability for the period from July 1, 2008 to April 30, 2012 is estimated to be approximately $30 million.

As indemnification obligations often depend on the occurrence of unpredictable future events, the future costs associated with them cannot be determined at this time.

Asbestos Claims

As of June 30, 2008, Celanese Ltd. and/or CNA Holdings, Inc., both US subsidiaries of the Company, are defendants in approximately 611 asbestos cases. During the three months ended June 30, 2008, 19 new cases were filed against the Company, 41 cases were resolved and two cases were revised after further analysis by outside counsel. Because many of these cases involve numerous plaintiffs, the Company is subject to claims significantly in excess of the number of actual cases. The Company has reserves for defense costs related to claims arising from these matters. The Company believes that there is no significant exposure related to these matters.

11. Fair Value Measurements

On January 1, 2008, the Company adopted the provisions of SFAS No. 157, *Fair Value Measurements* (“SFAS No. 157”) for financial assets and liabilities. SFAS No. 157 became effective for financial assets and liabilities on January 1, 2008. On January 1, 2009, the Company will apply the provisions of SFAS No. 157 for non-recurring fair value measurements of non-financial assets and liabilities, such as goodwill, indefinite-lived intangible assets, property, plant and equipment and asset retirement obligations. SFAS No. 157 defines fair value, thereby eliminating inconsistencies in guidance found in various prior accounting pronouncements, and increases disclosures surrounding fair value calculations.

SFAS No. 157 establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

Level 1 —unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company

Level 2 —inputs that are observable in the marketplace other than those inputs classified as Level 1

Level 3 —inputs that are unobservable in the marketplace and significant to the valuation

SFAS No. 157 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

The Company’s financial assets and liabilities are measured at fair value on a recurring basis and include securities available for sale and derivative financial instruments. Securities available for sale include US government and corporate bonds, mortgage-backed securities and equity securities. Derivative financial instruments include interest rate swaps and foreign currency forwards and swaps.

Marketable Securities. Where possible, the Company utilizes quoted market prices to measure debt and equity securities; such items are classified as Level 1 in the hierarchy and include equity securities and US government bonds. When quoted market prices for identical assets are unavailable, varying valuation techniques are used. Common inputs in valuing these assets include, among others, benchmark yields, issuer spreads, forward mortgage-backed securities trade prices and recently reported trades. Such assets are classified as Level 2 in the hierarchy and typically include mortgage-backed securities, corporate bonds and other US government securities.

Derivatives. Derivative financial instruments are valued in the market using discounted cash flow techniques. These techniques incorporate Level 1 and Level 2 inputs such as interest rates and foreign currency exchange rates. These market inputs are utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the derivative valuation for interest rate swaps and foreign currency forwards and swaps are observable in the active markets and are classified as Level 2 in the hierarchy.

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

	Fair Value Measurement as of June 30, 2008 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	As of June 30, 2008
		(in $ millions)	
Assets			
Marketable securities	101	131	232
Derivatives (included in current Other assets)	—	14	14
Total assets	101	145	246
Liabilities			
Current derivatives (included in current Other liabilities)	—	56	56
Long-term derivatives (included in long-term Other liabilities)	—	15	15
Total liabilities	—	71	71

12. Other (Charges) Gains, Net

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
		(in $ millions)		
Employee termination benefits	(4)	(25)	(11)	(25)
Plant/office closures	—	—	(7)	—
Ticona Kelsterbach plant relocation (see Note 16)	(3)	(3)	(5)	(3)
Deferred compensation triggered by Exit Event	—	(74)	—	(74)
Asset impairments	—	(3)	—	(3)
Other	—	—	—	(1)
Total Other (charges) gains, net	(7)	(105)	(23)	(106)

Employee termination benefits relate primarily to the Company's continued strategy to simplify and optimize its business portfolio.

In May 2007, the Original Shareholders sold their remaining equity interest in the Company ("Exit Event" as defined in the deferred compensation plan document) triggering a clause in the 2004 deferred compensation program that resulted in the vesting of certain awards. As a result, the Company expensed $74 million representing deferred compensation plan payments for the respective participants' 2005 and 2006 contingent benefits.

Additions to the restructuring reserves are employee termination benefits recorded as Other (charges) gains, net. The changes in the restructuring reserves are as follows:

	Six Months Ended June 30, 2008
	(in $ millions)
Restructuring reserves as of December 31, 2007	45
Additions	11
Cash payments	(20)
Exchange rate changes	1
Restructuring reserves as of June 30, 2008	37

Included in the restructuring reserves are $1 million and $5 million as of June 30, 2008 and December 31, 2007, respectively, of reserves recorded in long-term Other liabilities.

13. Income Taxes

The Company's effective income tax rate for the three months ended June 30, 2008 was 18% compared to 26% for the three months ended June 30, 2007. The Company's effective income tax rate for the six months ended June 30, 2008 was 25% compared to 167% for the six months ended June 30, 2007. The effective income tax rate decreased for the six months ended June 30, 2008 primarily due to the limitation of tax benefit in the US on fees incurred in connection with the 2007 debt refinancing and the US income tax effect resulting from the maturity of cross currency swap arrangements in June 2008 (see Note 7). These decreases are partially offset by the U.S. income tax effect on increased foreign earnings and dividends. The overall effective income tax rate is less than the US statutory federal and state rates due to income being taxed at lower rates in various foreign jurisdictions.

FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* , ("FIN No. 48") liabilities for unrecognized tax benefits and related interest and penalties are recorded as long-term Income taxes payable. For the six months ended June 30, 2008, the total unrecognized tax benefits recorded under FIN No. 48 increased by approximately $39 million primarily due to additional interest and increases in unrecognized tax benefits in foreign jurisdictions as well as currency translation adjustments. Of the $39 million increase, approximately $7 million relates to current year increases, $21 million relates to prior year increases and $11 million relates to currency translation.

14. Business Segments

	Advanced Engineered Materials	Consumer Specialties	Industrial Specialties	Acetyl Intermediates	Other Activities	Eliminations	Consolidated
				(in $ millions)			
For the three months ended June 30, 2008							
Net sales	300	292	386	1,067[1]	1	(178)	1,868
Earnings (loss) from continuing operations before tax and minority interests	48	94	20	181	(96)	—	247
Depreciation and amortization	19	13	14	34	2	—	82
Capital expenditures [3]	14	10	18	17	1	—	60
For the three months ended June 30, 2007							
Net sales	257	281	355	829[1]	—	(166)	1,556
Earnings (loss) from continuing operations before tax and minority interests	48	82	(1)	110	(407)	—	(168)
Depreciation and amortization	17	13	16	26	1	—	73
Capital expenditures	9	6	23	28	1	—	67
For the six months ended June 30, 2008							
Net sales	594	574	751	2,163[2]	1	(369)	3,714
Earnings (loss) from continuing operations before tax and minority interests	87	144	37	387	(190)	—	465
Depreciation and amortization	39	27	28	66	5	—	165
Capital expenditures [3]	27	20	29	41	4	—	121
Total assets as of June 30, 2008	1,903	1,194	1,048	2,802	1,667	—	8,614
For the six months ended June 30, 2007							
Net sales	519	550	701	1,668[2]	1	(328)	3,111
Earnings (loss) from continuing operations before tax and minority interests	98	129	11	246	(481)	—	3
Depreciation and amortization	34	24	30	50	3	—	141
Capital expenditures	15	15	26	57	3	—	116
Total assets as of December 31, 2007	1,751	1,157	995	2,530	1,625	—	8,058

(1) Includes $178 million and $166 million of inter-segment sales eliminated in consolidation for the three months ended June 30, 2008 and 2007, respectively.

(2) Includes $369 million and $328 million of inter-segment sales eliminated in consolidation for the six months ended June 30, 2008 and 2007, respectively.

(3) Includes increase of $5 million and decrease of $15 million in accrued capital expenditures for the three and six months ended June 30, 2008, respectively.

15. Earnings Per Share

	Three Months Ended June 30,			
	2008		2007	
	Basic	Diluted	Basic	Diluted
	(in $ millions, except for share and per share data)			
Earnings (loss) from continuing operations	203	203	(124)	(124)
Earnings (loss) from discontinued operations	(69)	(69)	7	7
Net earnings (loss)	134	134	(117)	(117)
Less: cumulative preferred stock dividends	(2)	—	(3)	—
Earnings (loss) available to common shareholders	132	134	(120)	(117)
Weighted-average shares — basic	150,905,770	150,905,770	156,932,929	156,932,929
Dilutive stock options	—	4,089,106	—	—
Dilutive restricted stock	—	768,053	—	—
Assumed conversion of preferred stock	—	12,051,874	—	—
Weighted-average shares — diluted	150,905,770	167,814,803	156,932,929	156,932,929
Per share:				
Earnings (loss) from continuing operations	1.33	1.21	(0.81)	(0.81)
Earnings (loss) from discontinued operations	(0.46)	(0.41)	0.05	0.05
Net earnings (loss)	0.87	0.80	(0.76)	(0.76)

	Six Months Ended June 30,			
	2008		2007	
	Basic	Diluted	Basic	Diluted
	(in $ millions, except for share and per share data)			
Earnings (loss) from continuing operations	348	348	(2)	(2)
Earnings (loss) from discontinued operations	(69)	(69)	86	86
Net earnings (loss)	279	279	84	84
Less: cumulative preferred stock dividends	(5)	—	(5)	—
Earnings (loss) available to common shareholders	274	279	79	84
Weighted-average shares — basic	151,449,762	151,449,762	158,102,411	158,102,411
Dilutive stock options	—	3,434,591	—	—
Dilutive restricted stock	—	625,566	—	—
Assumed conversion of preferred stock	—	12,051,874	—	—
Weighted-average shares — diluted	151,449,762	167,561,793	158,102,411	158,102,411
Per share:				
Earnings (loss) from continuing operations	2.26	2.08	(0.04)	(0.04)
Earnings (loss) from discontinued operations	(0.45)	(0.41)	0.54	0.54
Net earnings	1.81	1.67	0.50	0.50

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 June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Stock options	109,973	5,166,015	119,556	4,141,373
Restricted stock units	—	451,028	—	225,514
Convertible preferred stock	—	12,043,299	—	12,043,299
Total	109,973	17,660,342	119,556	16,410,186

16. 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 Frankfurt airport 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. Over a five-year period, Fraport will pay Ticona a total of €670 million to offset the costs associated with the transition of the business from its current location and the closure of the Kelsterbach plant. In June 2008, the Company received €200 million ($311 million) from Fraport under this agreement. Amounts received from Fraport are accounted for as deferred proceeds and are included in long-term Other liabilities. In addition, the Company received €38 million ($59 million) in value-added tax from Fraport which will be remitted to the tax authorities in August 2008.

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

	Six Months Ended June 30,		Total From Inception Through June 30, 2008
	2008	2007	
	(in $ millions)		
Proceeds received from Fraport	311	—	338
Costs expensed	5	3	11
Costs capitalized	62	4	102

17. 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 $109 million and $115 million as of June 30, 2008 and December 31, 2007, respectively.

Remediation — Due to its industrial history and through retained contractual and legal obligations, the Company has the obligation to remediate specific areas on its own sites as well as on divested, orphan or US Superfund sites. In addition, as part of the demerger agreement between the Company and Hoechst, a specified portion of the responsibility for environmental liabilities from a number of Hoechst divestitures was transferred to the Company. The Company provides for such obligations when the event of loss is probable and reasonably estimable. 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.

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 $12 million and $13 million, respectively, for June 30, 2008 and December 31, 2007 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 2007 Form 10-K.

18. Subsequent Events

On July 3, 2008, the Company declared a cash dividend on its 4.25% convertible perpetual preferred stock amounting to approximately $3 million and a cash dividend of $0.04 per share on its Series A common stock amounting to approximately $6 million. Both cash dividends are for the period May 1, 2008 to July 31, 2008 and will be paid on August 1, 2008 to holders of record as of July 15, 2008.

On July 17, 2008, the Company sold its 55.46% interest in Derivados Macroquimicos S.A. de C.V. ("DEMACSA") for proceeds of approximately $3 million. DEMACSA produces Cellulose Ethers at an industrial complex in Zacapu, Michoacan, Mexico. In June 2008, the Company recorded an impairment charge of $1 million. As a result, the proceeds from the sale approximated the carrying value of DEMACSA on the date of the sale. The Company concluded the sale of DEMACSA is not a discontinued operation due to certain forms of continuing involvement between the Company and DEMACSA subsequent to the sale.

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, formally 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.

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. Factors that might cause such differences include, but are not limited to, those discussed in the subsection entitled "Factors That May Affect Future Results and Financial Condition" below. The following discussion should be read in conjunction with our 2007 Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 29, 2008 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.

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.

We have experienced several recent highlights.

- Successfully started up our newly constructed 20,000 ton GUR ® ultra-high molecular weight polyethylene ("UHMW-PE") facility, 100,000 ton acetic anhydride facility and 300,000 ton vinyl acetate monomer ("VAM") facility, all located at our integrated chemical complex in Nanjing, China.
- Signed an agreement to establish a 20,000 square-meter integrated technology and marketing facility in Shanghai. The facility, expected to be completed in early 2010, will combine the headquarters for our Asia businesses, customer application development and research and development center.
- Our Nutrinova business and BRAIN AG, a leading European white biotech company, identified all-natural compounds for high intensity sweeteners and sweetness enhancers.
- Introduced EcoVAE, a new vinyl acetate/ethylene emulsion technology designed to facilitate the manufacture of high quality, eco-friendly paints for North America.
- Resolved certain legacy litigation matters by entering into a settlement agreement for $107 million related to sales by the polyester staple fibers business, which Hoechst AG sold to KoSa, Inc. in 1998.
- Announced intent to divest ownership interest in legacy Infraserv investments located in Knapsack, Gendorf and Wiesbaden, Germany, where we no longer have manufacturing operations.

Results of Operations

Financial Highlights

	Three Months Ended June 30,				Six Months Ended June 30,			
	2008	% of Net Sales	2007	% of Net Sales	2008	% of Net Sales	2007	% of Net Sales
	(unaudited) (in $ millions, except for percentages)							
Statement of Operations Data:								
Net sales	1,868	100.0	1,556	100.0	3,714	100.0	3,111	100.0
Gross profit	396	21.2	337	21.7	814	21.9	696	22.4
Selling, general and administrative expenses	(138)	(7.4)	(122)	(7.8)	(274)	(7.4)	(238)	(7.7)
Other (charges) gains, net	(7)	(0.4)	(105)	(6.7)	(23)	(0.6)	(106)	(3.4)
Operating profit	207	11.1	71	4.6	441	11.9	277	8.9
Equity in net earnings of affiliates	17	0.9	23	1.5	27	0.7	41	1.3
Interest expense	(63)	(3.4)	(61)	(3.9)	(130)	(3.5)	(133)	(4.3)
Refinancing expense	—	—	(256)	(16.5)	—	—	(256)	(8.2)
Dividend income — cost investments	75	4.0	49	3.1	103	2.8	64	2.1
Earnings (loss) from continuing operations before tax and minority interests	247	13.2	(168)	(10.8)	465	12.5	3	0.1
Earnings (loss) from continuing operations	203	10.9	(124)	(8.0)	348	9.4	(2)	(0.1)
Earnings (loss) from discontinued operations	(69)	(3.7)	7	0.4	(69)	(1.9)	86	2.8
Net earnings (loss)	134	7.2	(117)	(7.5)	279	7.5	84	2.7
Other Data:								
Depreciation and amortization	82	4.4	73	4.7	165	4.4	141	4.5

	As of June 30, 2008	As of December 31, 2007
	(unaudited) (in $ millions)	
Balance Sheet Data:		
Short-term borrowings and current installments of long-term debt — third party and affiliates	252	272
Add: Long-term debt	3,371	3,284
Total debt	3,623	3,556

Summary of Consolidated Results for the Three and Six Months Ended June 30, 2008 compared to the Three and Six Months Ended June 30, 2007

Net Sales

Net sales for the three and six months ended June 30, 2008 increased 20% to $1,868 million and 19% to $3,714 million, respectively, compared to the same periods in 2007. Higher prices and favorable foreign currency impacts (primarily related to the Euro across all segments) increased net sales 11% and 6%, respectively, during the three months ended June 30, 2008 compared to the three months ended June 30, 2007, and 11% and 7%, respectively, during the six months ended June 30, 2008 compared to the six months ended June 30, 2007. Higher prices were primarily driven by a tight global supply of acetyl, polyvinyl alcohol ("PVOH") and AT Plastics products coupled with our ability to pass on higher raw materials prices to our customers for both acetyl and emulsions products. Volumes increased due to strong demand in Asia for Advanced Engineered Materials' products and from the startup of our acetic acid unit in Nanjing, China in mid-2007. These increases were partially offset by decreased volumes resulting from the transfer of flake production to our China ventures, weakened demand in the US construction markets and the slowing of the European economy.

Gross Profit

Gross profit as a percentage of net sales remained relatively flat for the three and six months ended June 30, 2008 compared to the same periods in 2007. Higher energy and raw material costs more than offset the increase in net sales, causing a modest decrease in gross profit as a percentage of net sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $16 million and $36 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. Additional spending on business optimization and finance improvement initiatives increased selling, general and administrative expenses by $8 million and $18 million for the three and six months ended June 30, 2008, respectively, as compared to the same periods in 2007. The remaining increase in selling, general and administrative expenses is driven primarily by foreign currency impacts.

Other (Charges) Gains, Net

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	(unaudited) (in $ millions)			
Employee termination benefits	(4)	(25)	(11)	(25)
Plant/office closures	—	—	(7)	—
Ticona Kelsterbach plant relocation	(3)	(3)	(5)	(3)
Deferred compensation triggered by Exit Event	—	(74)	—	(74)
Asset Impairments	—	(3)	—	(3)
Other	—	—	—	(1)
Total Other (charges) gains, net	(7)	(105)	(23)	(106)

Employee termination benefits relate primarily to our continued strategy to simplify and optimize our business portfolio.

In May 2007, as a result of the triggering of an Exit Event, as defined in Note 12 of the accompanying unaudited interim consolidated financial statements, we expensed $74 million representing deferred compensation plan payments for the respective participants' 2005 and 2006 contingent benefits.

Operating Profit

Operating profit increased $136 million and $164 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. The increases are principally driven by increases in gross profit and decreases in other (charges) gains, net during the three and six months ended June 30, 2008 compared to the same periods in 2007. The increases are partially offset by increases in selling, general and administrative expenses described above.

Interest Expense

Interest expense for the three months ended June 30, 2008 increased $2 million compared to the same period in 2007 due to an increase in interest expense related to China financing activities, partially offset by lower interest rates for our senior credit facilities. Interest expense for the six months ended June 30, 2008 decreased $3 million compared to the six months ended June 30, 2007 due to lower interest rates on our senior credit facilities compared to our senior discount notes and senior subordinated notes, which were fully repaid by May 2007, partially offset by an increase in interest expense related to China financing activities.

In April 2007, we refinanced our outstanding debt by entering into a new senior credit agreement. As a result of the refinancing, we expensed $207 million of premiums paid on early redemption of debt. In addition, we expensed $33 million of unamortized deferred financing costs and premiums related to the former $2,454 million senior credit facility, Senior Discount Notes and Senior Subordinated Notes and $16 million of debt issuance and other refinancing expenses. These amounts were recorded as a component of refinancing expense in the unaudited interim consolidated statement of operations for the three and six months ended June 30, 2007.

Equity in Net Earnings of Affiliates

Equity in net earnings of affiliates decreased $6 million and $14 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. The decreases primarily relate to reduced earnings from our Advanced Engineered Materials' affiliates due to higher raw material and energy costs and a decline in volumes.

Income Taxes

Our effective income tax rate for the three months ended June 30, 2008 was 18% compared to 26% for the three months ended June 30, 2007. Our effective income tax rate for the six months ended June 30, 2008 was 25% compared to 167% for the six months ended June 30, 2007. The effective income tax rate decreased for the six months ended June 30, 2008 primarily due to the limitation of tax benefit in the US on fees incurred in connection with the 2007 debt refinancing and the US income tax effect resulting from the maturity of cross currency swap arrangements in June 2008 (see Note 7 to the accompanying unaudited interim consolidated financial statements). These decreases are partially offset by the US income tax effect on increased foreign earnings and dividends. The overall effective income tax rate is less than the US statutory federal and state rates due to income being taxed at lower rates in various foreign jurisdictions.

Earnings (Loss) from Discontinued Operations

Earnings from discontinued operations for the three and six months ended June 30, 2008 primarily relate to a legal settlement agreement we entered into in June 2008. Under the settlement agreement, we agreed to pay $107 million to resolve certain legacy items. Because the legal proceeding related to sales by the polyester staple fibers business which Hoechst AG sold to KoSa, Inc. in 1998, the impact of the settlement is reflected within discontinued operations in the current period. See the "Polyester Staple Antitrust Litigation" in Note 10 of the accompanying unaudited interim consolidated financial statements.

Earnings from discontinued operations for the three and six months ended June 30, 2007 primarily relate to Acetyl Intermediates' sale of its oxo products and derivatives businesses in February 2007, and the shut down of our Edmonton, Alberta, Canada methanol facility during the second quarter of 2007. As a result, revenues and expenses related to these businesses are reflected as a component of discontinued operations.

Expansion in China

The acetic acid facility located in our Nanjing, China complex has been running at full production rates since 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 ® long fiber-reinforced thermoplastic unit in Nanjing. Our newly constructed 20,000 ton GUR ® ultra-high molecular weight polyethylene ("UHMW-PE") facility, 100,000 ton acetic anhydride facility and 300,000 ton VAM facility started up in the third quarter of 2008. Operations for the compounding plant at the complex are expected to begin by 2009.

The complex brings world-class scale to one site for the production of acetic acid, VAM, acetic anhydride, emulsions, Celstran ® long fiber-reinforced thermoplastic, UHMW-PE ("GUR"), an ultra-high molecular weight polyethylene 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

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Change in $	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Change in $
	(unaudited) (in $ millions)					
Net Sales						
Advanced Engineered Materials	300	257	43	594	519	75
Consumer Specialties	292	281	11	574	550	24
Industrial Specialties	386	355	31	751	701	50
Acetyl Intermediates	1,067	829	238	2,163	1,668	495
Other Activities	1	—	1	1	1	—
Inter-segment Eliminations	(178)	(166)	(12)	(369)	(328)	(41)
Total Net Sales	1,868	1,556	312	3,714	3,111	603
Other (Charges) Gains, Net						
Advanced Engineered Materials	(3)	(5)	2	(6)	(5)	(1)
Consumer Specialties	—	(7)	7	(1)	(8)	7
Industrial Specialties	(1)	(19)	18	(4)	(19)	15
Acetyl Intermediates	(2)	(11)	9	(9)	(11)	2
Other Activities	(1)	(63)	62	(3)	(63)	60
Total Other (Charges) Gains, Net	(7)	(105)	98	(23)	(106)	83
Operating Profit (Loss)						
Advanced Engineered Materials	37	32	5	67	68	(1)
Consumer Specialties	46	48	(2)	96	96	—
Industrial Specialties	20	(1)	21	37	11	26
Acetyl Intermediates	148	91	57	325	223	102
Other Activities	(44)	(99)	55	(84)	(121)	37
Total Operating Profit (Loss)	207	71	136	441	277	164
Earnings (Loss) from Continuing Operations Before Tax and Minority Interests						
Advanced Engineered Materials	48	48	—	87	98	(11)
Consumer Specialties	94	82	12	144	129	15
Industrial Specialties	20	(1)	21	37	11	26
Acetyl Intermediates	181	110	71	387	246	141
Other Activities	(96)	(407)	311	(190)	(481)	291
Total Earnings (Loss) from Continuing Operations Before Tax and Minority Interests	247	(168)	415	465	3	462
Depreciation & Amortization						
Advanced Engineered Materials	19	17	2	39	34	5
Consumer Specialties	13	13	—	27	24	3
Industrial Specialties	14	16	(2)	28	30	(2)
Acetyl Intermediates	34	26	8	66	50	16
Other Activities	2	1	1	5	3	2
Total Depreciation & Amortization	82	73	9	165	141	24

Factors Affecting Segment Net Sales

The charts below set forth the percentage increase (decrease) in net sales from the 2007 period to the 2008 period attributable to each of the factors indicated for the following business segments.

	Volume	Price	Currency	Other	Total
			(unaudited) (in percentages)		
Factors Affecting Second Quarter 2008 Segment Net Sales Compared to Second Quarter 2007					
Advanced Engineered Materials	8	—	9	—	17
Consumer Specialties	(4)	5	3	—	4
Industrial Specialties	(9)	13	8	(3) [(a)]	9
Acetyl Intermediates	10	13	6	—	29
Total Company [(c)]	**4**	**11**	**6**	**(1)**	**20**
Factors Affecting the Six Months Ended June 30, 2008 Segment Net Sales Compared to Six Months Ended June 30, 2007					
Advanced Engineered Materials	7	(1)	8	—	14
Consumer Specialties	(7)	4	3	4[(b)]	4
Industrial Specialties	(10)	12	7	(2) [(a)]	7
Acetyl Intermediates	9	15	6	—	30
Total Company [(c)]	**2**	**11**	**7**	**(1)**	**19**

(a) Includes the loss of sales related to the AT Plastics' Films business.

(b) Includes net sales from the Acetate Products Limited ("APL") acquisition.

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

Summary by Business Segment for the Three and Six Months Ended June 30, 2008 compared to the Three and Six Months Ended June 30, 2007

Advanced Engineered Materials

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Change in $	2008	2007	Change in $
	(unaudited) (in $ millions, except for percentages)					
Net sales	300	257	43	594	519	75
Net sales variance:						
Volume	8%			7%		
Price	—			(1)%		
Currency	9%			8%		
Other	—			—		
Other (charges) gains, net	(3)	(5)	2	(6)	(5)	(1)
Operating profit	37	32	5	67	68	(1)
Operating margin	12.3%	12.5%		11.3%	13.1%	
Earnings (loss) from continuing operations before tax and minority interests	48	48	—	87	98	(11)
Depreciation and amortization	19	17	2	39	34	5

Our Advanced Engineered Materials segment develops, produces and supplies a broad portfolio of high-performance technical polymers for application in automotive and electronics products and in other consumer and industrial applications, often replacing metal or glass. The primary products of Advanced Engineered Materials are polyacetal products (“POM”), polybutylene terephthalate (“PBT”) and GUR. POM and PBT are used in a broad range of products including automotive components, electronics and appliances. GUR is used in battery separators, conveyor belts, filtration equipment, coatings and medical devices.

Advanced Engineered Materials’ net sales increased $43 million and $75 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. Volume increases improved net sales by 8% and 7% for the three and six months ended June 30, 2008, respectively, as compared to 2007, primarily as a result of growth in Asia. Successful implementation of new automotive and GUR projects and high strength fiber accounts in China also continue to contribute to volume growth. Favorable foreign currency impacts increased net sales by 9% and 8% for the three and six months ended June 30, 2008, respectively, as compared to 2007. Overall, prices remained relatively flat as price increases in the GUR and PBT product lines were offset by price decreases in the POM product line, primarily due to product mix. Volume increases in the first six months of 2008 are expected to moderate for the remainder of the year as the US automotive industry continues to face challenges.

Operating profit increased $5 million during the three months ended June 30, 2008 compared to the three months ended June 30, 2007. Slight increases in gross profit, coupled with decreases in research and development costs and other charges (gains), net were partially offset by increases in selling, general and administrative expenses. Operating profit for the six months ended June 30, 2008 was relatively flat compared to the six months ended June 30, 2007 as higher gross profit was offset by increased selling, general and administrative expenses. Other (charges) gains, net decreased in 2008 primarily due to the absence of $2 million of deferred compensation plan expenses incurred in 2007. The remaining portion of other (charges) gains, net consists of charges related to the relocation of our Ticona plant in Kelsterbach. See “Ticona Kelsterbach Plant Relocation” below.

Earnings (loss) from continuing operations before tax and minority interests remained flat for the three months ended June 30, 2008 compared to the three months ended June 30, 2007 and decreased $11 million for the six months ended June 30, 2008 compared to the same period in 2007. During the three months ended June 30, 2008, the increase in operating profit (loss) was offset primarily by decreased earnings from equity affiliates. During the six months ended June 30, 2008, the decrease in operating profit (loss) was the result of decreased earnings from equity affiliates of $10 million. Earnings from equity affiliates declined in both periods primarily due to significantly higher raw material and energy costs.

Increases to depreciation and amortization for the six months ended June 30, 2008 compared to the six months ended June 30, 2007 are primarily due to the impact of foreign currency.

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 Frankfurt airport 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. Over a five-year period, Fraport will pay Ticona a total of €670 million to offset the costs associated with the transition of the business from its current location and the closure of the Kelsterbach plant. In June 2008, we received €200 million ($311 million) from Fraport under this agreement. Amounts received from Fraport are accounted for as deferred proceeds and are included in long-term other liabilities in the unaudited consolidated balance sheets as of June 30, 2008 and December 31, 2007. In addition, we received €38 million ($59 million) in value-added tax from Fraport which will be remitted to the tax authorities in August 2008.

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

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Total From Inception Through June 30, 2008
	(unaudited) (in $ millions)		
Proceeds received from Fraport	311	—	338
Costs expensed	5	3	11
Costs capitalized	62	4	102

Consumer Specialties

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Change in $	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Change in $
	(unaudited) (in $ millions, except for percentages)					
Net sales	292	281	11	574	550	24
Net sales variance:						
Volume	(4)%			(7)%		
Price	5%			4%		
Currency	3%			3%		
Other	—			4%		
Other (charges) gains, net	—	(7)	7	(1)	(8)	7
Operating profit	46	48	(2)	96	96	—
Operating margin	15.8%	17.1%		16.7%	17.5%	
Earnings (loss) from continuing operations before tax and minority interests	94	82	12	144	129	15
Depreciation and amortization	13	13	—	27	24	3

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. The successful completion of the acquisition of APL on January 31, 2007 further increases our global position and enhances our ability to service our customers. Our Nutrinova business produces and sells Sunett ®, a high intensity sweetener, and food protection ingredients, such as sorbates, for the food, beverage and pharmaceuticals industries.

Consumer Specialties' net sales increased 4% for both the three and six months ended June 30, 2008 compared to the same periods in 2007. Higher tow pricing on continued strong demand and favorable currency impacts drove the increase in net sales. During the six months ended June 30, 2008, a portion of the increase in net sales was due to an additional month of sales from the APL acquisition. The increase in both periods was partially offset by lower acetate flake volumes as a result of the shift in flake production to our China ventures and modest declines in Sunett ® prices and volumes.

Operating profit decreased $2 million and remained relatively flat for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. Operating margins decreased in both periods due to increased raw material costs in both the Acetate Products and Nutrinova businesses and higher freight and energy costs in the Acetate Products business. The decreases were partially offset by decreased other (charges) gains, net of $7 million in each period. Other (charges) gains, net for the three and six months ended June 30, 2007 included $3 million of deferred compensation plan expenses and $4 million of other restructuring charges.

Earnings (loss) from continuing operations before tax and minority interests increased $12 million and $15 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007.

The increases were driven principally by higher annual dividends received from our China ventures during the three months ended June 30, 2008 compared to the same period in 2007.

Industrial Specialties

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Change in $	2008	2007	Change in $
	(unaudited) (in $ millions, except for percentages)					
Net sales	386	355	31	751	701	50
Net sales variance:						
Volume	(9)%			(10)%		
Price	13%			12%		
Currency	8%			7%		
Other	(3)%			(2)%		
Other (charges) gains, net	(1)	(19)	18	(4)	(19)	15
Operating profit	20	(1)	21	37	11	26
Operating margin	5.2%	(0.3)%		4.9%	1.6%	
Earnings (loss) from continuing operations before tax and minority interests	20	(1)	21	37	11	26
Depreciation and amortization	14	16	(2)	28	30	(2)

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 VOC (volatile organic compounds), an environmentally-friendly technology. As a global leader, our PVOH business produces and sells 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, building and construction, glass fiber, textiles and paper. AT Plastics offers a complete line of low-density polyethylene and specialty ethylene vinyl acetate copolymers. AT Plastics' products are used in many applications including flexible packaging films, lamination film products, hot melt adhesives, medical tubing and automotive carpeting.

Industrial Specialties' net sales increased $31 million and $50 million during the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. The increases were primarily driven by higher pricing across all businesses and favorable foreign currency impacts. Higher overall pricing was primarily due to market tightness for PVOH and increasing raw material costs which allowed for upward movement in pricing across all regions. The increase was partially offset by decreased volumes and the absence of net sales in the first six months of 2008 from the AT Plastics' Films business, which was divested in the third quarter of 2007. Volumes decreased in the Emulsions and PVOH businesses due to the weakened demand in US construction markets. Additionally, slowing in certain European end-markets drove the Emulsions volume declines.

Operating profit increased $21 million and $26 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. Operating margins increased during the three and six months ended June 30, 2008 compared to the same periods in 2007, due primarily to decreases in other (charges) gains, net. During 2007, we initiated a plan to simplify and optimize our Emulsions and PVOH businesses to become a leader in technology and innovation. Other charges (gains), net includes a charge of $4 million for employee termination benefits incurred under this plan during the six months ended June 30, 2008. Other charges (gains), net includes a charge of $16 million and $3 million for employee severance and impairment of long-lived assets, respectively, under this plan for the three and six months ended June 30, 2007. The increases in operating profit are due to lower expenses under this plan during the three and six months ended June 30, 2008 compared to the same periods in 2007.

Earnings (loss) from continuing operations before tax and minority interests increased $21 million and $26 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007, principally driven by higher operating profit.

Acetyl Intermediates

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Change in $	2008	2007	Change in $
	(unaudited) (in $ millions, except for percentages)					
Net sales	1,067	829	238	2,163	1,668	495
Net sales variance:						
Volume	10%			9%		
Price	13%			15%		
Currency	6%			6%		
Other	—			—		
Other (charges) gains, net	(2)	(11)	9	(9)	(11)	2
Operating profit	148	91	57	325	223	102
Operating margin	13.9%	11.0%		15.0%	13.4%	
Earnings (loss) from continuing operations before tax and minority interests	181	110	71	387	246	141
Depreciation and amortization	34	26	8	66	50	16

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 increased $238 million and $495 million during the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. Volumes increased due to the start-up of our acetic acid unit at our Nanjing, China facility in mid-2007 coupled with the absence of the temporary unplanned outage of the acetic acid unit at our Clear Lake, Texas facility during 2007. Pricing increases were driven by the tight global supply of acetyl products, higher methanol and ethylene costs and favorable currency impacts during the three and six months ended June 30, 2008 compared to the same periods in 2007.

Operating profit increased $57 million and $102 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. Operating margins increased slightly as increases in raw material, freight and energy costs were more than offset by increases in net sales. During the three and six months ended June 30, 2008, increases in gross profit and decreases in other charges (gains), net more than offset increases in selling, general and administrative expenses and research and development costs. Other (charges) gains, net incurred during the six months ended June 30, 2008 were primarily related to the planned shutdown of our Pampa, Texas facility. Other (charges) gains, net incurred during the six months ended June 30, 2007 principally consist of $10 million of deferred compensation plan expenses. Increases in selling, general and administrative expenses are consistent with the increase in net sales. Research and development costs increased primarily due to a ramp up of research and development projects in China, including research and development activities associated with the sole and exclusive license to patents and patent applications related to acetic acid. Depreciation and amortization expense for the three and six months ended June 30, 2008 compared to the same periods in 2007 increased primarily as a result of the startup of our acetic acid plant in Nanjing, China in 2007 and as a result of accelerated depreciation associated with the planned shutdown of our Pampa, Texas facility.

Earnings (loss) from continuing operations before tax and minority interests increased $71 million and $141 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007 due to higher operating profit and dividend income from our cost investment. Dividend income from our cost investment, Ibn Sina, increased $14 million and $26 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007 as a result of higher earnings from expanding margins for methanol and methyl tertiary-butyl ether.

Other Activities

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

Net sales increased $1 million for the three months ended June 30, 2008 compared to the three months ended June 30, 2007. The increase was driven by the increase in third-party revenues from our captive insurance companies. Net sales remained flat for the six months ended June 30, 2008 compared to the six months ended June 30, 2007. We do not expect third-party revenues from our captive insurance companies to increase significantly in the near future.

The operating loss for Other Activities decreased $55 million and $37 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007. The decrease in operating loss was due to decreases in other (charges) gains, net offset by higher selling, general and administrative expenses. Other (charges) gains, net decreased principally due to the absence of $59 million in deferred compensation plan costs that were expensed during the three months ended June 30, 2007. Selling, general and administrative expenses increased due to additional spending on business optimization and finance improvement initiatives of $8 million and $18 million for the three and six month periods ended June 30, 2008, respectively, as compared to the same periods in 2007.

The loss from continuing operations before tax and minority interests decreased $311 million and $291 million for the three and six months ended June 30, 2008, respectively, compared to the same periods in 2007, primarily due to refinancing costs incurred in 2007 and the decrease in operating loss discussed above. During the three months ended June 30, 2007, we incurred $256 million of refinancing expenses associated with the April 2, 2007 debt refinancing.

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 availability under our senior credit agreement to assist, if required, in meeting our working capital needs and other contractual obligations. We believe we will have available resources to meet our liquidity requirements, including debt service, for the remainder of 2008 and for the subsequent twelve months. 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.

Cash Flows

Cash and cash equivalents as of June 30, 2008 were $983 million, which was an increase of $158 million from December 31, 2007.

Net Cash Provided by Operating Activities

Cash flow from operations increased $267 million during the six months ended June 30, 2008 as compared to the six months ended June 30, 2007. An increase in operating profit of $164 million and lower cash taxes paid of $100 million during the six months ended June 30, 2008 as compared to the same period in 2007 contributed to the increase. Also contributing to the increase was the absence in 2008 of cash spent on our long-term incentive plan, $59 million for value-added tax received from Fraport which will be remitted to the tax authorities in August 2008 and adjustments to cash for discontinued operations. Adjustments to cash for discontinued operations of $101 million during the six months ended June 30, 2007 primarily related to working capital changes of the oxo products and derivatives businesses we sold and the shutdown of our Edmonton, Alberta, Canada methanol facility during 2007.

Negative changes to trade working capital and costs incurred in a legal settlement of $107 million (see the "Polyester Staple Antitrust Litigation" in Note 10 of the accompanying unaudited interim consolidated financial statements) partially offset the increases.

Net Cash Provided by (Used in) Investing Activities

Net cash from investing activities decreased from a cash inflow of $295 million for the six months ended June 30, 2007 to a cash outflow of $33 million for the same period in 2008. Cash outflows during the six months ended June 30, 2008 included capital expenditures of $136 million, cash spent on the Ticona Kelsterbach plant relocation of $62 million and $93 million spent in settlement of our cross currency swaps (see "Cross Currency Swaps" below). Cash received from Fraport in connection with the Ticona Kelsterbach plant relocation partially offset cash outflows during 2008. Cash inflows during the six months ended June 30, 2007 primarily consisted of cash received from the sale of our oxo products and derivatives businesses, partially offset by cash outflows spent on the APL acquisition and capital expenditures.

Our cash outflow for capital expenditures were $136 million and $116 million for the six months ended June 30, 2008 and 2007, 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 also included cash spent on the expansion of our integrated chemical complex in Nanjing, China. Capital expenditures are expected to be approximately $300 million for 2008.

Net Cash Used in Financing Activities

Net cash used in financing activities decreased from a cash outflow of $706 million for the six months ended June 30, 2007 to a cash outflow of $183 million for the same period in 2008. The decrease primarily related to cash outflows attributable to the debt refinancing in 2007 as discussed in Note 6 to the accompanying unaudited interim consolidated financial statements. As a result of the refinancing, we incurred a net cash outflow of $211 million related to repayments of our debt during the six months ended June 30, 2007. In addition, our cash outlay for various refinancing expenses was approximately $240 million during the six months ended June 30, 2007. Further contributing to the decrease was $132 million less cash spent on repurchases of our Series A common stock during the six months ended June 30, 2008 as compared to the six months ended June 30, 2007.

Liquidity

Our contractual obligations, commitments and debt service requirements over the next several years are significant. As stated above, 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 availability under our senior credit agreement to assist, if required, in meeting our working capital needs and other contractual obligations.

Celanese has no material assets other than the stock of its subsidiaries and no independent external operations of its own. As such, we generally will depend on the cash flow of our subsidiaries to meet our obligations.

Debt and Capital

Holders of our preferred stock are entitled to receive, when, as and if declared by our Board of Directors, out of funds legally available, cash dividends at the rate of 4.25% per annum (or $1.06 per share) of liquidation preference, payable quarterly in arrears commencing on May 1, 2005. Dividends on the preferred stock are cumulative from the date of initial issuance. As of June 30, 2008, the dividend is expected to result in an annual payment of approximately $10 million. The preferred stock is convertible, at the option of the holder, at any time into approximately 1.26 shares of our Series A common stock, subject to adjustments, per $25.00 liquidation preference of the preferred stock. During the three months ended June 30, 2008 and 2007, we paid $2 million and $3 million, respectively, of cash dividends on our preferred stock. On July 3, 2008, we declared a $3 million cash dividend on our preferred stock, which will be paid on August 1, 2008.

In July 2005, our Board of Directors adopted a policy of declaring, subject to legally available funds, a quarterly cash dividend on each share of our Series A common stock at an annual rate initially equal to approximately 1% of the $16.00 initial public offering price per share of our Series A common stock (or $0.16 per share) unless our Board of Directors in its sole discretion determines otherwise. During the three months ended June 30, 2008 and 2007, we paid $6 million of cash dividends in each period on our Series A common stock and on July 3, 2008, we declared a $6 million cash dividend which will be paid on August 1, 2008. Based upon the number of outstanding shares as of June 30, 2008, the annual cash dividend payment is approximately $24 million.

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 June 30, 2008, the applicable margin was 1.5% and continues to be subject to potential adjustments as defined in the senior credit agreement. 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 will be due on April 2, 2014.

As of June 30, 2008, we had total debt of $3,623 million compared to $3,556 million as of December 31, 2007. We were in compliance with all of the covenants related to our debt agreements as of June 30, 2008.

As of June 30, 2008, there were no outstanding borrowings or letters of credit issued under the revolving credit facility; accordingly, $650 million remained available for borrowing. As of June 30, 2008, there were $130 million of letters of credit issued under the credit-linked revolving facility and $98 million remained available for borrowing.

In March 2008, Crystal US Holdings 3 LLC, a subsidiary of Celanese Corporation, was upgraded by Moody's Investors Service with a positive outlook and a corporate credit rating of Ba2 from Ba3.

Contractual Debt and Cash Obligations. There have been no material revisions to our contractual obligations as filed in our Annual Report on Form 10-K as of and for the year ended December 31, 2007 as filed with the SEC on February 29, 2008.

Purchases of Treasury Stock

On February 8, 2008, our Board of Directors authorized the repurchase of up to $400 million of our Series A common stock. The authorization gives management discretion in determining the conditions under which shares may be repurchased. During the six months ended June 30, 2008, we repurchased 2,948,900 shares of our Series A common stock at an average purchase price of $42.71 per share for a total of approximately $126 million pursuant to this authorization.

Treasury stock purchases reduce the number of shares outstanding and the repurchased shares may be used by us for compensation programs utilizing our stock and other corporate purposes. We account for treasury stock using the cost method and include treasury stock as a component of Shareholders' equity.

Cross Currency Swaps

To protect the foreign currency exposure of a net investment in a foreign operation, we entered into cross currency swaps with certain financial institutions in 2004. Under the terms of the cross currency swap arrangements, we paid approximately €13 million in interest and received approximately $16 million in interest on June 15 and December 15 of each year. Upon maturity of the cross currency swap arrangements in June 2008, we owed €276 million ($426 million) and were owed $333 million. In settlement of the obligation, we paid $93 million (net of interest of $3 million) in June 2008.

Domination Agreement

The domination and profit and loss transfer agreement (the "Domination Agreement") was approved at the Celanese AG ("CAG") extraordinary shareholders' meeting on July 31, 2004. The Domination Agreement between CAG 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 CAG for any statutory annual loss incurred by CAG 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 CAG 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 3, Summary of Accounting Policies, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K as of and for the year ended December 31, 2007. We discuss our critical accounting policies and estimates in MD&A in our Annual Report on Form 10-K as of and for the year ended December 31, 2007.

There have been no material revisions to the critical accounting policies as filed in our Annual Report on Form 10-K as of and for the year ended December 31, 2007 as filed with the SEC on February 29, 2008.

On January 1, 2008, we adopted the provisions of Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* ("SFAS No. 157") for financial assets and liabilities. SFAS No. 157 defines fair value, thereby eliminating inconsistencies in guidance found in various prior accounting pronouncements, and increases disclosures surrounding fair value calculations. The adoption of SFAS No. 157 for financial assets and liabilities did not have a material impact on our statement of operations, financial position or cash flows for the six months ended June 30, 2008.

SFAS No. 157 establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

Level 1 — unadjusted quoted prices for identical assets or liabilities in active markets accessible by us

Level 2 — inputs that are observable in the marketplace other than those inputs classified as Level 1

Level 3 — inputs that are unobservable in the marketplace and significant to the valuation

SFAS No. 157 requires us to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

Our financial assets and liabilities are measured at fair value on a recurring basis and include securities available for sale and derivative financial instruments. Securities available for sale include US government and corporate bonds, mortgage-backed securities and equity securities. Derivative financial instruments include interest rate swaps and foreign currency forwards and swaps.

Marketable Securities. Where possible, we utilize quoted market prices to measure debt and equity securities; such items are classified as Level 1 in the hierarchy and include equity securities and US government bonds. When quoted market prices for identical assets are unavailable, varying valuation techniques are used. Common inputs in valuing these assets include, among others, benchmark yields, issuer spreads, forward mortgage-backed securities trade prices and recently reported trades. Such assets are classified as Level 2 in the hierarchy and typically include mortgage-backed securities, corporate bonds and other US government securities.

Derivatives. Derivative financial instruments are valued in the market using discounted cash flow techniques. These techniques incorporate Level 1 and Level 2 inputs such as interest rates and foreign currency exchange rates. These market inputs are utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the derivative valuation for interest rate swaps and foreign currency forwards and swaps are observable in the active markets and are classified as Level 2 in the hierarchy.

Recent Accounting Pronouncements

See Notes 2 and 11 of the accompanying unaudited interim consolidated financial statements included in this Form 10-Q for a discussion of recent accounting pronouncements.

Factors That May Affect Future Results and Financial Condition

Because of the following factors, as well as other factors affecting our operating results and financial condition, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. In addition, many factors could cause our actual results, performance or achievements to be materially different from any future 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 fuel oil, methanol, natural gas, coal, electricity and petrochemicals such as ethylene and butane;
- 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 document.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Additional information concerning these and other factors can be found in our Annual Report on Form 10-K filed with the SEC on February 29, 2008, including in Item 1A — "Risk Factors," and as may be updated in Part II, Item 1A — "Risk Factors," of this interim report on Form 10-Q. 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.

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 Annual Report on Form 10-K as of and for the year ended December 31, 2007 as filed with the SEC on February 29, 2008. However, market risk associated with the foreign currency exposure of a net investment in a foreign operation has changed due to the settlement of the cross currency swap arrangements. To protect the foreign currency exposure of a net investment in a foreign operation, we entered into cross currency swaps with certain financial institutions in 2004. Under the terms of the cross currency swap arrangements, we paid approximately €13 million in interest and received approximately $16 million in interest on June 15 and December 15 of each year. The fair value of the net obligation under the cross currency swaps was included in current other liabilities at December 31, 2007. Upon maturity of the cross currency swap arrangements in June 2008, we owed €276 million ($426 million) and were owed $333 million. In settlement of the obligation, we paid $93 million (net of interest of $3 million) in June 2008.

This net investment along with a portion of other assets, liabilities, revenues and expenses are denominated in currencies other than the US dollar, principally the Euro. Fluctuations in the value of these currencies against the US dollar, particularly the value of the Euro, can have a direct and material impact on our business and financial results.

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

We are currently transitioning finance and accounting functions from multiple locations in various countries to a Financial Shared Service Center in Budapest, Hungary. This transformation has involved significant changes in personnel and certain changes to internal processes and control procedures; however, the basic internal controls over financial reporting have not materially changed. As of the end of the period covered by this report, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 10 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 Annual Report on Form 10-K as of and for the year ended December 31, 2007 as filed with the SEC on February 29, 2008 other than those disclosed in Note 10 to the unaudited interim consolidated financial statements under the headings "Polyester Staple Antitrust Litigation" and "Sorbates Antitrust Actions" and in the Form 8-K filed by the Company on June 13, 2008.

Item 1A. ***Risk Factors***

There have been no material revisions to the "Risk factors" as filed in our Annual Report on Form 10-K as of and for the year ended December 31, 2007 ("2007 Form 10-K") with the SEC on February 29, 2008 other than the revised risk factor below, which replaces the risk factor appearing in our 2007 Form 10-K entitled "Changes in environmental, health, and safety regulatory requirements could lead to a decrease in demand for our products."

Changes in environmental, health and safety regulations in the jurisdictions where we manufacture and sell our products could lead to a decrease in demand for our products.

New or revised governmental regulations and independent studies relating to the effect of our products on health, safety and the environment may affect demand for our products and the cost of producing our products.

Canada recently included vinyl acetate monomer ("VAM") as one of approximately 200 chemicals being assessed as part of the Canadian Government's Chemicals Management Plan under the Canadian Environmental Protection Act ("CEPA"). On May 16, 2008, Health Canada published a draft screening risk assessment and draft risk management scope document for VAM that concluded, using a 'precautionary approach', that VAM be listed as a "toxic substance" under CEPA. If this classification is finalized, Health Canada will proceed to develop a risk management plan that could impose conditions and restrictions on the use of VAM in Canada, including the prohibition of VAM in some end uses and the limitation of residual VAM in others. The Company and other manufacturers and users of VAM have provided Health Canada with information on toxicological properties of VAM and the residual levels of VAM in products manufactured or distributed in Canada. Notwithstanding, it is unclear at this point which VAM classification Health Canada will adopt. If Canada adopts its current proposal, this may encourage other jurisdictions to adopt similar standards which could have an adverse impact on our business and results of operations.

The Registration, Evaluation, Authorization and Restriction of Chemicals ("REACh"), which established a system to register and evaluate chemicals manufactured in, or imported to, the European Union, became effective on June 1, 2007. VAM is one of the chemicals that the European Chemicals Agency ("ECHA") will regulate under REACh. ECHA will likely rely on the work of the EU-Working group on classification and labeling of dangerous substances. After extensive study, the EU-Working Group agreed that VAM should be classified in the EU as showing limited evidence of a carcinogenic effect. In addition, a risk assessment was performed on VAM by the European Chemicals Bureau of the European Commission. Risk reduction strategies for human health and the environment were finalized without the imposition of any restrictions or burdens atypical to an industrial chemical. We can provide no assurance that the EU classifications on VAM will not be revised in the future, or that other chemicals we produce will not be classified in a manner that would adversely affect demand for such products. Such negative classifications could have an adverse affect on our business and results of operations.

We are a producer of formaldehyde and plastics derived from formaldehyde. Several studies have investigated possible links between formaldehyde exposure and various end points including leukemia. The International Agency for Research on Cancer ("IARC"), a private research agency, has reclassified formaldehyde from Group 2A (probable human carcinogen) to Group 1 (known human carcinogen) based on studies linking formaldehyde exposure to nasopharyngeal cancer, a rare cancer in humans. We expect the results of IARC's review will be examined and considered by government agencies with responsibility for setting worker and environmental exposure standards and labeling requirements. If such agencies give strong consideration to IARC's findings in setting such standards and requirements, it could have an adverse effect on our business.

Other pending initiatives will potentially require toxicological testing and risk assessments of a wide variety of chemicals, including chemicals used or produced by us. These initiatives include the Voluntary Children's Chemical Evaluation Program and High Production Volume Chemical Initiative in the United States, as well as various European Commission programs, such as REACh and the European Environment and Health Strategy ("SCALE").

The above-mentioned assessments in the United States, Canada and Europe may result in heightened concerns about the chemicals involved and additional requirements being placed on the production, handling, labeling or use of the subject chemicals. Such concerns and additional requirements could increase the cost incurred by our customers to use our chemical products and otherwise limit the use of these products, which could lead to a decrease in demand for these products. Such a decrease in demand would likely have an adverse impact on our business and results of operations.

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 June 30, 2008:

Period	Total Number of Shares Purchased [(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares Remaining that may be Purchased Under the Program
April 28-30, 2008	53,300	$ 44.90	53,300	$ 337,600,000
May 1-27, 2008	581,800	$ 47.27	581,800	$ 310,100,000
June 17-25, 2008	732,100	$ 49.28	732,100	$ 274,100,000
Total	1,367,200		1,367,200	

(1) Purchased pursuant to the $400 million share repurchase program publicly announced on February 11, 2008. This repurchase program does not have an expiration date.

Item 3. *Defaults Upon Senior Securities*

None.

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

We held our annual meeting of shareholders on April 24, 2008. During this meeting, our shareholders were asked to consider and vote upon two proposals: 1) to elect three Class I Directors to our Board of Directors to serve for a term which expires at the annual meeting of shareholders in 2011 or until their successors are duly elected and qualified, and 2) to ratify the appointment of our independent registered public accounting firm. James E. Barlett, David F. Hoffmeister and Paul H. O'Neill continue to serve as Class II Directors whose terms expire at the annual meeting of shareholders in 2009 and Mark C. Rohr, Farah M. Walters and David N. Weidman continue to serve as Class III Directors whose terms expire at the annual meeting of shareholders in 2010, or until their successors are duly elected and qualified.

On the record date of March 3, 2008, there were 154,766,024 shares of Series A common stock issued and outstanding and entitled to be voted at the annual meeting, if represented. For each proposal, the results of the shareholder voting were as follows:

	Votes For	Votes Withheld	Abstain
1. Election of the director nominees to serve in Class I, for a term which expires at the Annual Meeting of Shareholders in 2011, or until their successors are duly elected and qualified, as follows:			
Martin G. McGuinn	135,046,210	163,187	380,328
Daniel S. Sanders	134,791,933	415,705	382,087
John K. Wulff	134,184,466	1,015,801	389,458

	Votes For	Votes Against	Abstain
2. Ratification of appointment of KPMG LLP as our independent registered public accounting firm	134,648,880	869,172	71,673

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on January 28, 2005).
3.2	Second Amended and Restated By-laws, effective as of February 8, 2008 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on February 14, 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 with the SEC on January 28, 2005).
10.1	Change in Control Agreement, dated May 1, 2008, between the Company and Christopher W. Jensen (filed herewith).
10.2	Offer Letter Agreement, dated May 21, 2008 between the Company and Michael L. Summers (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

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

Date: July 23, 2008

By: /s/ STEVEN M. STERIN

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

Date: July 23, 2008

CHANGE IN CONTROL AGREEMENT

This CHANGE IN CONTROL AGREEMENT (the ***"Agreement"***) is entered into on May 1, 2008 (the ***"Effective Date"***) by and between Celanese Corporation (the ***"Company"***) and Christopher W. Jensen (the ***"Executive"***).

The Company considers it essential to foster the continued employment of key management personnel. The Board of Directors of the Company (the ***"Board"***) believes that it is in the best interests of the Company and its stockholders to assure the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control. The Board believes it is imperative to diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control. The Company also requests, and the Executive desires to give the Company, certain assurances with regard to the protection of Confidential Information and Intellectual Property of the Company and its Affiliates. Therefore, the Company and the Executive have entered into this Agreement.

In consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the parties agree as follows:

1. *Definitions:*

a. *"Affiliate"* shall mean, when used with respect to any person or entity, any other person or entity which controls, is controlled by or is under common control with the specified person or entity. As used in the immediately preceding sentence, the term "control" (with correlative meanings for "controlled by" and "under common control with") shall mean, with respect to any entity, the ownership, directly or indirectly, of fifty percent (50%) or more of the outstanding equity interests in such entity.

b. *"Beneficial Owner"* shall have the meaning given such term in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the ***"Exchange Act"***).

c. *"Cause"* shall mean (i) Executive's willful failure to perform Executive's duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness) for a period of 30 days following written notice by the Company to Executive of such failure, (ii) conviction of, or a plea of nolo contendere to, (x) a felony under the laws of the United States or any state thereof or any similar criminal act in a jurisdiction outside the United States or (y) a crime involving moral turpitude, (iii) Executive's willful malfeasance or willful misconduct which is demonstrably injurious to the Company or its Affiliates, (iv) any act of fraud by Executive, (v) any material violation of the Company's code of conduct, (vi) any material violation of the Company's policies concerning harassment or discrimination, (vii) Executive's conduct that causes material harm to the business reputation of the Company or its Affiliates, or (viii) Executive's breach of the provisions of Sections 7 (Confidentiality; Intellectual Property) or 8 (Non-Competition; Non-Solicitation) of this Agreement.

d. A ***"Change In Control"*** will be deemed to have occurred for purposes hereof, upon any one of the following events: (a) any person (within the meaning of Sections 13(d) and 14(d) of the Exchange Act), other than the Company (including its subsidiaries, directors, and executive officers) has become the Beneficial Owner of thirty percent (30%) or more of the combined voting power of the Company's then outstanding common stock or equivalent in voting power of any class or classes of the Company's outstanding securities ordinarily entitled to vote in elections of directors ***("Voting Securities")*** (other than as a result of an issuance of securities by the Company approved by Incumbent Directors, or open market purchases approved by Incumbent Directors at the time the purchases are made); (b) individuals who constitute the Board as of the Effective Date (the ***"Incumbent Directors"***) have ceased for any reason to constitute at least a majority thereof, provided that any person becoming a director after the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by a majority of the directors comprising the

Incumbent Board, either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to the election or removal of directors ***("Election Contest")*** or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board ***("Proxy Contest"),*** including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; (c) the stockholders of the Company approve a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction, or the sale or other disposition of all or substantially all of the Company's assets (a ***"Transaction"***), unless immediately following such Transaction, (i) all or substantially all of the Persons who were the Beneficial Owners of the Voting Securities outstanding immediately prior to such Transaction are the Beneficial Owners of more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the entity resulting from such Transaction (including, without limitation, an entity which as a result of such Transaction owns the Company or all or substantially all of the Company's assets or stock either directly or through one or more subsidiaries, the ***"Surviving Entity"***) in substantially the same proportions as their ownership, immediately prior to such Transaction, of the Voting Securities, (ii) no Person is the Beneficial Owner of 30% or more of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Surviving Entity, and (iii) at least a majority of the members of the board of directors of the Surviving Entity are Incumbent Directors; or (d) approval by the Company's stockholders of a complete liquidation and dissolution of the Company.

However, if in any circumstance in which the foregoing definition would be operative and with respect to which the income tax under Section 409A of the Code would apply or be imposed, but where such tax would not apply or be imposed if the meaning of the term "Change in Control" met the requirements of Section 409A(a)(2)(A)(v) of the Code, then the term "Change in Control" herein shall mean, but only for the transaction so affected, a "change in control event" within the meaning of Treas. Reg. § 1.409A — 3(i)(5).

e. " *Change In Control Protection Period"* shall mean that period commencing on the date that the Company or a third party publicly announces an event that, if consummated, would constitute a Change In Control and ending (i) on the date that the circumstances giving rise to the announcement of the event are abandoned or withdrawn, or (ii) if such transaction is consummated, two years after the Change In Control.

f. " *COBRA"* shall mean those provisions of the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended, related to continuation of group health and dental plan coverage as set forth in Code section 4980B.

g. *"Code"* shall mean the Internal Revenue Code of 1986, as amended from time to time.

h. *"Competitive Business"* shall mean businesses that compete with products and services offered by the Company in those countries where the Company or any of its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides its products or services during the two (2) years preceding the Termination Date (including, without limitation, businesses which the Company or its Affiliates have specific plans to conduct in the future that were disclosed or made available to Executive), provided that, if Executive's duties were limited to particular product lines or businesses during such period, the Competitive Business shall be limited to those product lines or businesses in those countries for which the Executive had such responsibility.

i. *"Confidential Information"* shall mean any non-public, proprietary or confidential information, including without limitation trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, benefits, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals concerning the past, current or future business, activities and operations of the Company, its Affiliates and/or any third party that has disclosed or provided any of same to the Company or its Affiliates on a confidential basis. "Confidential Information" also includes any information designated as a trade secret or proprietary information by operation of law or otherwise, but shall not be limited by such designation. “Confidential Information” shall not include any information that is (i) generally known to the industry or the public other than as a result of Executive’s breach of this covenant; (ii) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (iii) required by law to be disclosed; provided that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

j. “ *Controlled Group”* shall mean all corporations or business entities that are, along with the Company, members of a controlled group of corporations or businesses, as defined in Code Sections 414(b) and 414(c), except that the language “at least 50 percent” is used instead of “at least 80 percent” in applying the rules of Code Sections 414(b) and 414(c).

k. “ *Fiscal Year”* shall mean the fiscal year of the Company.

l. “ *Good Reason”* shall mean any of the following conditions which occurs without the consent of the Executive: (i) a material diminution in the Executive’s base salary or annual bonus opportunity; (ii) a material diminution in the Executive’s authority, duties, or responsibilities (including status, offices, titles and reporting requirements); (iii) a material change in the geographic location at which the Executive must perform his duties; (iv) failure of the Company to pay compensation or benefits when due, or (v) any other action or inaction that constitutes a material breach by the Company of this Agreement. The conditions described above will not constitute “Good Reason” unless the Executive provides written notice to the Company of the existence of the condition described above within 90 days after the initial existence of such condition. In addition, the conditions described above will not constitute “Good Reason” unless the Company fails to remedy the condition within a period of thirty (30) days after receipt of the notice described in the preceding sentence. If the Company fails to remedy the condition within the period referred to in the preceding sentence, Executive may terminate his employment with the Company for “Good Reason” within in the next thirty (30) days following the expiration of the cure period.

m. “ *Notice of Termination”* shall mean a notice which shall indicate the general reasons for the termination employment and the circumstances claimed to provide a basis for termination of employment or other Separation of Service under the provision so indicated.

n. “ *Person”* shall mean any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever.

o. “ *Restricted Period”* shall be (i) one year from the Termination Date in the event of a Separation from Service that occurs during the Service Term (as defined hereinafter) other than in the case of an involuntary Separation from Service without Cause, (ii) in the case of an involuntary Separation from Service without Cause during the Service Term, an amount of time in whole months equal to the number of months’ salary the Company agrees to provide to Executive in severance, whether paid over time or in a lump sum; and (iii) eighteen months from the Termination Date in the event of a Separation from Service following a Change In Control where Executive receives the Change In Control Payment (as defined hereinafter).

p. “ *Separation from Service”* shall mean an event after which the Executive shall no longer provide services to the members of the Controlled Group, whether voluntarily or involuntarily as determined by the Committee (as hereafter defined) in accordance with Treas. Reg. § 1.409A-1(h)(1). A Separation from Service shall occur when Executive has experienced a termination of employment from the members of the Controlled Group. Executive shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Executive and the Company reasonably anticipate that either (i) no further services will be performed for the members of the Controlled Group after a certain date, or (ii) that the level of bona fide services the Executive will perform for the members of the Controlled Group after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Executive (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the members of the Controlled Group if the Executive has been providing services to the members of the

Controlled Group less than 36 months). If Executive is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Executive and the members of the Controlled Group shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Executive retains a right to reemployment with the members of the Controlled Group under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Executive does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Agreement as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Executive will return to perform services for any members of the Controlled Group.

Notwithstanding the foregoing provisions, if Executive provides services for the Company as both an employee and as a non-employee director, to the extent permitted by Treas. Reg. § 1.409A-1(h)(5) the services provided by such Executive as a non-employee director shall not be taken into account in determining whether the Executive has experienced a Separation from Service.

q. " *Target Bonus"* shall mean the target bonus for Executive under any annual bonus plan in effect from time to time as determined by the Compensation Committee (the ***"Committee"***) or the Board.

r. " *Termination Date"* shall mean the date upon which a Separation from Service with respect to an Executive occurs.

2. *Term of Change In Control Agreement* .

a. This Agreement shall be for an initial term (the ***"Initial Term"***) of two years and shall continue to renew for consecutive two year terms thereafter (a ***"Renewal Term"***), unless either party shall give written notice to the other (a ***"Notice of Non-Renewal"***) that such agreement shall not renew at least ninety days prior to the expiration of the Initial Term or Renewal Term then in effect. Notwithstanding the foregoing, the Company may not give a Notice of Non-Renewal during the Change In Control Protection Period.

b. This Agreement, except those provisions which shall survive under Section 11(k), shall terminate upon the termination of Executive's employment for any reason other than the termination of Executive's employment during the Change In Control Protection Period (x) by the Company without Cause or (y) by the Executive with Good Reason. No payment under this Agreement will be due to Executive upon termination of Executive's employment for any reason other than as specified in (x) or (y) above.

3. *Executive's Incumbent Position* .

a. Unless notified otherwise by the Chief Executive Officer of the Company or the Board, Executive shall serve as Vice President of Finance and Treasurer ***("Executive's Incumbent Position")*** . In such position, Executive shall have such duties and authority as shall be determined from time to time by the Chief Executive Officer and the Board. If requested, Executive shall also serve as a member of the Board without additional compensation. The period during which the Executive shall be employed by the Company shall be called the ***"Service Term."***

b. Except as provided in Section 5, (i) either Company or Executive may terminate the employment relationship at any time, with or without Cause or Good Reason, (ii) this Agreement shall not be construed as giving the Executive any right to be retained in the employ of the Company or its Affiliates, (iii) the Company may at any time terminate the Executive free from any liability of any claim under this Agreement, except as expressly provided herein; and (iv) the Company may demote Executive at any time in its absolute and sole discretion without liability to the Executive.

c. During the Service Term, Executive will devote Executive's full business time and best efforts to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the rendition of such services either directly or indirectly, without the prior written consent of the Board; provided that nothing herein shall preclude Executive, (i) subject to the prior approval of the Board, from accepting appointment to or continuing to serve on any board of directors or trustees of any business corporation or any charitable organization or (ii) from participating in charitable activities or managing personal investments; provided in each case, and in the aggregate, that such activities do not conflict or interfere with the performance of Executive's duties hereunder or conflict with Sections 7 or 8. Executive shall promote the goodwill of the Company with its employees, customers, stockholders, vendors, and the general public. During the Service Term, reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder and to support the goodwill and business relationships of the Company shall be reimbursed by the Company in accordance with Company policies.

4. *Obligations of the Company upon Change In Control with Respect to Long-Term Incentive Awards and Deferred Compensation.*

The effect of a change in control on any long-term incentive awards (cash or equity) or deferred compensation previously granted to the Executive under the 2008 Deferred Compensation Plan, 2004 Stock Incentive Plan or the 2004 Deferred Compensation Plan, as amended, (the ***"Long-Term Incentive Awards"***) shall be governed by the terms and conditions of the applicable individual award agreements or deferral agreements and the Celanese Corporation 2008 Deferred Compensation Plan, the 2004 Stock Incentive Plan or the 2004 Deferred Compensation Plan, as amended (collectively, the ***"Long-Term Incentive Award Agreements"***), and shall not be governed by this Agreement.

5. *Termination of Employment Connected with a Change In Control.*

a. Upon Executive's Separation from Service during the Change In Control Protection Period, Executive shall receive the Change In Control Payment if and only if the following conditions occur:

(i) The Change In Control is consummated;

(ii) Executive is employed in the Executive Incumbent Position or some substantially equivalent or higher position for the Company as of the commencement of the Change In Control Protection Period;

(iii) Executive's employment is terminated either by the Company without Cause or by the Executive with Good Reason such that a Separation from Service occurs;

(iv) Within fifty (53) days after both conditions in Sections 5(a)(i) and 5(a)(iii), or at the expiration of twenty-one (21) days following the presentation of the release, Executive executes a release of all claims, known or unknown, against the Company, its Affiliates, and their respective agents in a form satisfactory to the Company similar to that attached hereto as Exhibit A and does not timely revoke such release before the expiration of seven days following his or her execution of the release; and

(v) Within fifty (53) days after both conditions in Sections 5(a)(i) and 5(a)(iii), Executive reaffirms in writing in a manner satisfactory to the Company his or her obligations under Sections 7 and 8 of this Agreement.

b. The " *Change In Control Payment* " shall be equal to one and one half (1.5) times the sum of (i) Executive's then current annualized base salary; and (ii) the higher of (x) Executive's Target Bonus in effect on the last day of the Fiscal Year that ended immediately prior to the year in which the Termination Date occurs, or (y) the average of the cash bonuses paid by the Company to Executive for the three Fiscal Years preceding the Termination Date.

c. The Change In Control Payment shall be paid in a single lump sum to Executive six (6) months and one day after the Executive's Termination Date, together with interest at the rate provided in Section 1274(b)(2)(B) of the Code.

d. Provided that (i) all of the conditions in Section 5(a) are met, (ii) Executive makes a timely COBRA election, and (iii) Executive has complied in all material respects with regard to the obligations of Sections 7 and 8 of this Agreement, if the Executive timely remits to the Company the applicable "COBRA" premiums for such coverage, the Company will continue to provide group health and dental coverage under the Company's medical plan for Executive and his or her dependents during the Restricted Period; and will reimburse Executive for all premiums paid by Executive for such continued coverage. Such reimbursements will be made within thirty (30) days after Executive's payment of such premiums (or submission of a request for reimbursement and satisfactory proof of such payment) but in no event later than on or before the last day of the Executive's tax year following the tax year in which the expense was incurred. The amount of COBRA premiums and health and dental expenses eligible for reimbursement during Executive's tax year may not affect the COBRA premiums and health and dental expenses eligible for reimbursement in any other tax year.

e. Certain Further Payments Due Executive

(i) In the event that any amount or benefit paid or distributed to Executive pursuant to this Agreement and/or any amounts or benefits otherwise paid or distributed to Executive by the Company that are treated as parachute payments under Section 280G of the Code (such payments, collectively, the **"Covered Payments"**), are or become subject to the tax imposed under Section 4999 of the Code or any similar tax that may hereafter be imposed (the **"Excise Tax"**), the Company will pay to Executive an additional amount (the **"Tax Reimbursement Payment"**), such that the net amount retained by Executive with respect to such Covered Payments, after deduction of any Excise Tax (as well as any penalties and interest thereon) on the Covered Payments and any Federal, state and local income tax, payroll tax, and Excise Tax on the Tax Reimbursement Payment provided for by this subsection (e), but before deduction for any Federal, state or local income or employment tax withholding on such Covered Payments, will be equal to the amount of the Covered Payments, together with an amount equal to the product of any deductions disallowed to Executive for federal, state, or local income tax purposes because of the inclusion of the Tax Reimbursement Payment in Executive's adjusted gross income multiplied by the highest applicable marginal rate of federal, state, or local income taxation, respectively, for the calendar year in which the Tax Reimbursement Payment is to be made. The time for payment of the Tax Reimbursement Payment is set forth in subsection (e)(v) below. The Tax Reimbursement Payment is intended to place the Executive in the same position he would have been in if the Excise Tax did not apply.

(ii) For purposes of determining whether any of the Covered Payments will be subject to the Excise Tax and the amount of such Excise Tax,

(A) such Covered Payments will be treated as "parachute payments" within the meaning of Section 280G of the Code, and all "parachute payments" in excess of the "base amount" (as defined under Section 280G(b)(3) of the Code) will be treated as subject to the Excise Tax, unless, and except to the extent that, in the good faith judgment of a public accounting firm appointed by the Company or tax counsel selected by such accounting firm (the **"Accountants"**), the Company has a reasonable basis to conclude that such Covered Payments (in whole or in part) either do not constitute "parachute payments" or represent reasonable compensation for personal services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the "base amount," or such "parachute payments" are otherwise not subject to such Excise Tax; and

(B) the value of any non-cash benefits or any deferred payment or benefit will be determined by the Accountants in accordance with the principles of Section 280G of the Code.

(iii) For purposes of determining the amount of the Tax Reimbursement Payment, Executive will be deemed to pay:

(A) Federal income taxes at the highest applicable marginal rate of Federal income taxation for the calendar year in which the Tax Reimbursement Payment is to be made; and

(B) any applicable state and local income taxes at the highest applicable marginal rate of taxation for the calendar year in which the Tax Reimbursement Payment is to be made, net of the maximum reduction in Federal income taxes which could be obtained from the deduction of such state or local taxes if paid in such year.

(iv) In the event that the Excise Tax amount, if any, initially determined to be payable to the United States Treasury Department pursuant to this subsection (e) is later determined by the Accountants or pursuant to any proceeding or negotiations with the Internal Revenue Service to exceed the amount taken into account hereunder at the time the Tax Reimbursement Payment was initially determined (including, but not limited to, by reason of any payment the existence or amount of which could not be determined at the time of the Tax Reimbursement Payment), the Company will make an additional Tax Reimbursement Payment, in respect of such excess (including making a full Tax Reimbursement Payment in the event of an initial determination that no Excise Tax amount was due) (as well as any interest or penalty payable with respect to such payment) at the time specified in subsection (e)(v) below.

In the event that the Excise Tax is subsequently determined by the Accountants or pursuant to any proceeding or negotiations with the Internal Revenue Service to be less than the amount taken into account under this subsection (e) in calculating the Tax Reimbursement Payment made, Executive will repay to the Company, at the time specified in subsection (e)(v) below, the portion of such prior Tax Reimbursement Payment that would not have been paid if the amount of the Excise Tax had been accurately calculated in determining such Tax Reimbursement Payment, plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. Notwithstanding the foregoing, in the event any portion of the Tax Reimbursement Payment to be refunded to the Company has been paid to any Federal, state or local tax authority, repayment thereof will not be required until actual refund or credit of such portion has been made to Executive, and interest payable to the Company will not exceed interest received or credited to Executive by such tax authority for the period it held such portion. Executive and the Company will mutually agree upon the course of action to be pursued (and the method of allocating the expenses thereof) if Executive's good faith claim for refund or credit is denied (in whole or in part); provided that Executive will remain responsible to repay the Company for any such unrefunded Tax Reimbursement Payments to the extent Executive ultimately prevails in such claim.

(v) The Tax Reimbursement Payment (or portion thereof) provided for in this subsection (e) will be paid to Executive within 5 days after Executive remits the Excise Tax to the Internal Revenue Service but no later than the end of the Executive's tax year following the tax year in which the Executive remits the Excise Tax to the Internal Revenue Service. Further, in the event that the initial Tax Reimbursement Payment was too little and additional Tax Reimbursement Payments are subsequently determined to be payable to Executive pursuant to subsection (e)(iv) above, such Tax Reimbursement Payment or additional Tax Reimbursement Payment amount will be made by the Company to Executive within 5 days after the date that Executive remits such portion to the Internal Revenue Service, but no later than the end of the Executive's tax year following the tax year in which the Executive remits such portion to the Internal Revenue Service. In the event that the amount of the estimated Tax Reimbursement Payment exceeds the amount subsequently determined to have been due, subject to the provisions of subsection (e)(iv), such excess will be payable by Executive to the Company on the fifth (5th) business day after written demand by the Company for payment (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code). Company will reimburse the Executive for any interest, penalties or surcharge that may be imposed on the Executive in connection with any Excise Tax (including a reimbursement of any additional taxes imposed as a result of the reimbursement of any such interest, penalties or surcharge) within 5 days after payment by the Executive, but in no event later than on or before the last day of the Executive's tax year following the tax year in which the interest, penalties, surcharge or other taxes are imposed, such reimbursement obligation shall remain in effect during the applicable statute of limitations relating to any such interest, penalties or surcharge (but in no event shall remain in effect for longer than 10 years), and the amount of expenses eligible for reimbursement hereunder during Executive's tax year will not affect the expenses eligible for reimbursement in any other tax year.

(vi) The Tax Reimbursement Payment due under this subsection (e) shall not exceed two million dollars ($2,000,000).

(vii) If the amount of the Covered Payments is equal to or less than 110% of the product of 2.99 and Executive's applicable "base amount" (as such term is defined for purposes of Section 4999 of the Code), the Covered Payments under this Agreement or otherwise shall be reduced by the minimum amount necessary so that none of the Covered Payments are subject to the excise tax under Section 4999 of the Code; provided, however, that this subsection (e)(vii) shall not apply if, even after all Covered Payments due hereunder are reduced to zero, the value of the Covered Payments would still be subject to the excise tax under Section 4999 of the Code, in which case no reduction of any Covered Payments shall be made.

f. Notwithstanding any provision of this Agreement to the contrary, if Executive is a "Specified Employee" within the meaning of Treasury Regulation § 1.409A-1(i) and if any payment under this Agreement provides for a "deferral of compensation" within the meaning of Treasury Regulation § 1.409A-1(b) and if such payment would otherwise occur before the date that is six (6) months after the Executive's Termination Date, then such payment shall be delayed and shall occur on the date that is six (6) months and one (1) day after the Termination Date (or, if earlier, the date of the Executive's death), together with interest at the rate provided in Section 1274(b)(2)(B) of the Code.

6. *Exclusivity of Benefits.* Executive acknowledges that this Agreement supercedes and replaces all prior agreements or understandings Executive may have with the Company with respect to compensation or benefits that may become payable in connection with or as a result of a change in control of the Company, whether or not such change in control constitutes a Change In Control, including any provisions contained in any employment agreement, offer letter or change in control agreement, except with respect to any Long-Term Incentive Awards which shall be governed by the terms of the Long-Term Incentive Award Agreements. This Agreement also describes all payments and benefits that the Company shall be obligated to provide to Executive upon Executive's Separation from Service during a Change In Control Protection Period and shall constitute Executive's agreement to waive any rights to payment under the Celanese Americas Separation Pay Plan, any similar or successor plan adopted by the Company, and any other term of employment contained in any employment agreement, offer letter, change in control agreement or otherwise (other than benefits to which he/she may be entitled, if any: (i) under any Celanese plan qualified under Section 401(a) of the Internal Revenue Code, including the Celanese Americas Retirement Pension Plan and Celanese Americas Retirement Savings Plan; and (ii) under the 2008 Celanese Deferred Compensation Plan) to the extent that the circumstances giving right to such right to payment would constitute a Separation of Service during a Change In Control Protection Period.

7. *Confidentiality; Intellectual Property.*

a. *Confidentiality.*

(i) Based upon the assurances given by the Executive in this Agreement, the Company will provide Executive with access to its Confidential Information. Executive hereby reaffirms that all Confidential Information received by Executive prior to the termination of this Agreement is the exclusive property of the Company and Executive releases any individual claim to the Confidential Information.

(ii) Executive will not at any time (whether during or after Executive's employment with the Company) (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, make available, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any Confidential Information without the prior written authorization of the Board.

(iii) Upon termination of Executive's employment with the Company for any reason, Executive shall (x) cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company or its Affiliates; (y) immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company or its Affiliates, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information; and (z) notify and fully cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware.

(iv) If Executive has previously entered into any confidentiality or non-disclosure agreements with any former employer, Executive hereby represents and warrants that such confidentiality and/or non-disclosure agreement or agreements have been fully disclosed and provided to the Company prior to commencing employment with the Company.

b. *Intellectual Property.*

(i) If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials) ***("Works"***), either alone or with third parties, prior to Executive's employment by the Company, that are relevant to or implicated by such employment ***("Prior Works"***), Executive hereby grants the Company a perpetual, non-exclusive, royalty-free, worldwide, assignable, sublicensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company's current and future business. A list of all such Works as of the date hereof is attached hereto as ***Exhibit B*** .

(ii) If Executive creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment and/or with the use of any of the Company resources ***("Company Works"***), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(iii) Executive agrees to keep and maintain adequate and current written records (in the form of notes, sketches, drawings, and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(iv) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(v) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive hereby indemnifies, holds harmless and agrees to defend the Company and its officers, directors, partners, employees, agents and representatives from any breach of the foregoing covenant. Executive shall comply with all relevant policies and guidelines of the Company, including regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version.

c. In the event Executive leaves the employ of the Company, Executive hereby grants consent to notification by the Company to any subsequent employer about Executive's rights and obligations under this Agreement.

8. *Non-Competition; Non-Solicitation.*

a. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its Affiliates and accordingly agrees as follows:

(i) During the Service Term and for the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly solicit or assist in soliciting in competition with the Company or its Affiliates, the business of any customer, prospective customer, client or prospective client:

(A) with whom Executive had personal contact or dealings on behalf of the Company or its Affiliates during the one year period preceding the termination of Executive's employment;

(B) with whom employees directly or indirectly reporting to Executive have had personal contact or dealings on behalf of the Company or its Affiliates during the one-year immediately preceding the termination of Executive's employment; or

(C) for whom Executive had direct or indirect responsibility during the one year period immediately preceding the termination of Executive's employment.

(ii) During the Restricted Period, Executive will not directly or indirectly:

(A) engage in any Competitive Business;

(B) enter the employ of, or render any services to, any Person (or any division or controlled or controlling affiliate of any Person) who or which engages in a Competitive Business;

(C) acquire a financial interest in, or otherwise become actively involved with, any Competitive Business, directly or indirectly, as an individual, partner, stockholder, officer, director, principal, agent, trustee or consultant; or

(D) interfere with, or attempt to interfere with, business relationships (whether formed before, on or after the date of this Agreement) between the Company or any of its Affiliates and customers, clients, suppliers partners, members or investors of the Company or its Affiliates.

(iii) Notwithstanding anything to the contrary in this Agreement, Executive may directly or indirectly own, solely as an investment, securities of any Person engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or on the over-the-counter market if Executive (i) is not a controlling Person of, or a member of a group which controls, such Person and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(iv) During the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(A) solicit, interview, encourage, or take any other action that would tend to influence in any manner any employee of the Company or its Affiliates to leave the employment of the Company or its Affiliates (other than as a result of a general advertisement of employment made by Executive's subsequent employer or business, not directed at any such employee); or

(B) hire any such employee who was employed by the Company or its Affiliates as of the Termination Date or who left the employment of the Company or its Affiliates coincident with, or within one year prior to or after, the Termination Date.

(v) During the Restricted Period, Executive will not, directly or indirectly, solicit or encourage any consultant then under contract with the Company or its Affiliates to cease to work with the Company or its Affiliates.

b. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 8 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

c. Prior to the commencement thereof, Executive will provide written notice to the Company of any employment or other activity that would potentially violate the provisions of Sections 7 or 8 and, if Executive wishes to do so, Executive may ask the Board to modify or waive the protections of this Section 8, but nothing in this Agreement shall limit in any manner the Board's absolute discretion not to do so.

9. *Enforcement of Promises Concerning the Protection of the Company's Confidential Information and Goodwill.* Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 7 or Section 8 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach in or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In addition, and without limiting the Company's ability to obtain such equitable relief, Executive shall not be entitled

to any Change In Control Payment if Executive materially violates the provisions of Sections 7 or 8 and, to the extent that such payments have already been made, Executive shall repay all Change In Control Payments immediately upon demand by the Company.

10. *Section 409A Acknowledgement and Release* . Executive understands that payments under this Agreement are potentially subject to Section 409A of the Code and that if this Agreement does not satisfy an exception to Code Section 409A or does not comply with the requirements of Section 409A and the applicable guidance thereunder, then Executive may incur adverse tax consequences under Section 409A. Executive acknowledges and agrees that (a) Executive is solely responsible for all obligations arising as a result of the tax consequences associated with payments under this Agreement including, without limitation, any taxes, interest or penalties associated with Section 409A, (b) Executive is not relying upon any written or oral statement or representation by the Company or any Affiliate thereof, or any of their respective employees, directors, officers, attorneys or agents (collectively, the ***"Company Parties"***) regarding the tax effects associated with the execution of this Agreement and the payment under this Agreement, and (c) in deciding to enter into this Agreement, Executive is relying on his or her own judgment and the judgment of the professionals of his or her choice with whom Executive has consulted. Executive hereby releases, acquits and forever discharges the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with the execution of this Agreement and any payment hereunder.

11. *Miscellaneous* .

a. *Governing Law; Jurisdiction; Venue.* This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflicts of laws principles thereof. Any action concerning or relating to this Agreement shall be filed only in the federal and state courts sitting in Dallas County, Texas.

b. *Entire Agreement; Amendments.* This Agreement contains the entire understanding of the parties with respect to any Change In Control or the subject matter of this Agreement, provided however, that the effects of a change in control pursuant to the Long-Term Incentive Award Agreements shall be governed by the terms of such agreements and shall not be affected by this Agreement.

c. *No Waiver.* The failure of a party to insist upon strict adherence to any term of this Agreement, or any term of any agreement with any other employee, on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

d. *Severability.* In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

e. *Assignment.* This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void ab initio and of no force and effect. This Agreement may be assigned, in whole or in part, by the Company to a Person which is an Affiliate or a successor in interest to all or a substantial part of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such Affiliate or successor Person.

f. *Successors; Binding Agreement.* This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

g. *Notice.* For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

1601 West LBJ Freeway
Dallas, TX 75234-6034
Attention: General Counsel

If to Executive:

Executive's home address as set forth in the personnel records of the Company

h. *Cooperation.* Executive shall provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder.

i. *Withholding Taxes.* The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

j. *Counterparts.* This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

k. *Survival.* The provisions of Sections 1 and 7 through 9 of this Agreement shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

EXECUTIVE:	**Celanese Corporation:**
By: /s/ Christopher W. Jensen Christopher W. Jensen	By: /s/ Kevin J. Rogan
Date: 05/09/2008	Date: 05/09/2008

EXHIBIT A

FORM OF GENERAL RELEASE AGREEMENT

AGREEMENT AND GENERAL RELEASE

Celanese Corporation and its Affiliates (the "Company"), 1601 West LBJ Freeway, Dallas, Texas 75234 and Christopher W. Jensen, his or her heirs, executors, administrators, successors, and assigns ("Executive"), enter into this Agreement and General Release (the "Release") and agree as follows:

1. *Last Day of Employment (Separation Date)* . The last day of employment with the Company is [Insert Date] (the "Separation Date").

2. *Consideration* . In consideration for signing this Release and compliance with the promises made herein, Company and Executive agree:

a. *Change In Control Payment* . The Company will pay the Change In Control Payment, as defined in the Change In Control Agreement between the Company and Executive dated on or about April 1, 2008 (the "CIC Agreement") [1] and provide the reimbursements set forth in the CIC Agreement. Executive agrees that such payments are the exclusive payments due to Executive arising out of the separation of Executive's employment.

b. *Unused Vacation* . The Company will pay to Executive wages for prorated unused vacation as of the Separation Date.

c. Benefits . The Executive shall be entitled to elect to continue group health and dental coverage under COBRA and shall be reimbursed for such premiums as provided in the CIC Agreement. Executive's rights in any other employee benefit plans of the Company will be as provided in the relevant plan documents.

3. *No Consideration Absent Execution of this Agreement* . Executive understands and agrees that he/she would not receive the consideration specified in Paragraph "2" above, unless the Executive signs this Agreement and General Release on the signature page without having revoked this Release pursuant to paragraph 14 below and the fulfillment of the promises contained herein.

4. *General Release of Claims* . Executive knowingly and voluntarily releases and forever discharges the Company and its Affiliates, together with its predecessors, successors and assigns and the current and former employees, officers, directors and agents thereof (collectively, the "Released Parties"), of and from any and all claims, known and unknown, asserted and unasserted, Executive has or may have as of the date of execution of this Release to the full extent permitted by law, in all countries and jurisdictions in which the Released Parties conduct their respective business, including but not limited to the United States of America.

5. Executive acknowledges and agrees that he/she has been paid all amounts owed to Executive as compensation, whether in the form of salary, bonus, equity compensation, benefits or otherwise. The release in Section 4 of this Release includes, but is not limited to, any alleged violation of the following, as may be amended or in effect:

(a) any action arising under or relating to any federal or state statute or local ordinance, such as:

- Title VII of the Civil Rights Act of 1964;
- The Civil Rights Act of 1991;
- Sections 1981 through 1988 of Title 42 of the United States Code;
- The Employee Retirement Income Security Act of 1974;
- The Immigration Reform and Control Act;
- The Family and Medical Leave Act;
- The Americans with Disabilities Act of 1990;
- The Age Discrimination in Employment Act of 1967;
- The Workers Adjustment and Retraining Notification Act;

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[1] All capitalized terms shall have the same meaning as set forth in the CIC Agreement, unless otherwise stated.

- The Occupational Safety and Health Act;
- The Sarbanes-Oxley Act of 2002;
- The Texas Commission on Human Rights Act;
- The Texas Minimum Wage Law;
- Equal Pay Law for Texas; and
- The Vocational Rehabilitation Act.

(b) any other national, federal, state, province, or local civil or human rights law, or any other local, state, province, national or federal law, regulation or ordinance; or any law, regulation or ordinance of a foreign country, including but not limited to the Federal Republic of Germany and the United Kingdom;

(c) any action under public policy, contract, tort, common law or equity, including, but not limited to, claims based on alleged breach of an obligation or duty arising in contract or tort, such as breach of contract, fraud, quantum meruit, invasion of privacy, wrongful discharge, defamation, infliction of emotional distress, assault, battery, malicious prosecution, false imprisonment, harassment, negligence, gross negligence, and strict liability;

(d) any claim for lost, unpaid, or unequal wages, salary, or benefits, including, without limitation, any claim under the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Equal Pay Act, the Texas Minimum Wage Law, the Texas Equal Pay Law, or any other local, state, or federal statute concerning classifications, wages, salary, or benefits, including calculations and deductions relating to same, as well as the employment, labor and benefits laws and regulations in all countries in addition to the United States of America, including but not limited to the United Kingdom and the Federal Republic of Germany; and

(e) any other claim regardless of the forum in which it might be brought, if any, which Executive has, might have, or might claim to have against any of the Released Parties, for any and all injuries, harm, damages, wages, benefits, salary, reimbursements, penalties, costs, losses, expenses, attorneys' fees, and/or liability or other detriment, if any, whatsoever and whenever incurred, suffered, or claimed by the Executive.

6. Affirmations. Executive affirms that he/she has not filed, caused to be filed, or presently is a party to any claim, complaint, or action against the Released Parties in any forum or form, provided that this Release shall not affect the rights or responsibilities of the Equal Employment Opportunity Commission, or any other federal, state, or local authority with similar responsibilities (collectively, the "Commission") to enforce any employment discrimination law, and that this Release shall not shall affect the right of Executive to file a charge of discrimination with the Commission or participate in any investigation. However, Executive waives any right to participate in any payment or benefit arising from any such charge, claim, or investigation.

Executive further affirms that he/she has reported all hours worked as of the date of this Release and has been paid and/or has received all leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits to which he/she may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits are due to him/her, except as provided specifically in this Release. Executive furthermore affirms that he/she has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested under the Family and Medical Leave Act.

Executive reaffirms that he or she will comply fully with Sections 7 through 9 of the CIC Agreement and that, if he or she violates such provisions, all consideration paid hereunder will be immediately due and payable back to the Company.

7. *Governing Law and Interpretation*. This Release shall be governed and conformed in accordance with the laws of the State of Texas, without regard to its conflict of laws provision. In the event the Executive or Company breaches any provision of this Release, Executive and Company affirm that either may institute an action to specifically enforce any term or terms of this Release. Should any provision of this Release be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, excluding the general release language, such provision shall immediately become null and void, leaving the remainder of this Release in full force and effect.

8. *Non-admission of Wrongdoing* . The parties agree that neither this Release nor the furnishing of the consideration for this Release shall be deemed or construed at anytime for any purpose as an admission by Company of any liability or unlawful conduct of any kind.

9. *Neutral Reference* . If contacted by another organization, the Company will only provide dates of employment and position.

10. *Non - Disparagement* . Executive agrees not to disparage, or make disparaging remarks or send any disparaging communications concerning, the Company, its reputation, its business, and/or its directors, officers and managers. Likewise the Company's senior management agrees not to disparage, or make any disparaging remark or send any disparaging communication concerning Executive, his reputation and/or his business.

11. *Future Cooperation after Separation Date* . After separation, Executive agrees to make reasonable efforts to assist Company including but not limited to: assisting with transition duties, assisting with issues that arise after separation of employment and assisting with the defense or prosecution of any lawsuit or claim. This includes but is not limited to providing deposition testimony, attending hearings and testifying on behalf of the Company. The Company will reimburse Executive for reasonable time and expenses in connection with any future cooperation after the separation date. Time and expenses can include loss of pay or using vacation time at a future employer. The Company shall reimburse the Executive within 30 days of remittance by Executive to the Company of such time and expenses incurred, but in no event later than the end of the Executive's tax year following the tax year in which the Executive incurs such time and expenses and such reimbursement obligation shall remain in effect for five years and the amount of expenses eligible for reimbursement hereunder during Executive's tax year will not affect the expenses eligible for reimbursement in any other tax year.

12. *Injunctive Relief* . Executive agrees and acknowledges that the Company will be irreparably harmed by any breach, or threatened breach by him/her of this Agreement and that monetary damages would be grossly inadequate. Accordingly, he/she agrees that in the event of a breach, or threatened breach by him/her of this Agreement the Company shall be entitled to apply for immediate injunctive or other preliminary or equitable relief, as appropriate, in addition to all other remedies at law or equity.

13. *Review Period* . Executive is hereby advised he/she has until [Insert Date], twenty-one (21) calendar days, to review this Release and to consult with an attorney prior to execution of this Release. Executive agrees that any modifications, material or otherwise, made to this Release do not restart or affect in any manner the original twenty-one (21) calendar day consideration period.

14. *Revocation Period and Effective Date* . In the event that Executive elects to sign and return to the Company a copy of this Agreement, he/she has a period of seven (7) days (the "Revocation Period") following the date of such execution to revoke this Release, after which time this agreement will become effective (the "Effective Date") if not previously revoked. In order for the revocation to be effective, written notice must be received by the Company no later than close of business on the seventh day after the Executive signs this Release at which time the Revocation Period shall expire.

15. *Amendment* . This Release may not be modified, altered or changed except upon express written consent of both parties wherein specific reference is made to this Release.

16. *Entire Agreement* . This Release sets forth the entire agreement between the parties hereto, and fully supersedes any prior obligation of the Company to the Executive. Executive acknowledges that he/she has not relied on any representations, promises, or agreements of any kind made to him/her in connection with his/her decision to accept this Release, except for those set forth in this Release.

17. HAVING ELECTED TO EXECUTE THIS AGREEMENT AND GENERAL RELEASE, TO FULFILL THE PROMISES AND TO RECEIVE THE SUMS AND BENEFITS IN SECTION 2 ABOVE, EXECUTIVE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS RELEASE INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS HE/SHE HAS OR MIGHT HAVE AGAINST COMPANY.

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily executed this Release as of the date set forth below.

EXECUTIVE:	**Celanese Corporation:**
By: ____________________ Christopher W. Jensen	By: ____________________
Date: ____________________	Date: ____________________

EXHIBIT B

[List of Works]

Exhibit 10.2

Celanese

May 21, 2008

Michael L. Summers
[Address]

Dear Mike,

I am pleased to confirm our offer for the position of Senior Vice President, Human Resources of Celanese with a starting date to be agreed within 10 days of receipt of this letter. Your position will be based at our Dallas, Texas headquarters and you will report directly to Dave Weidman, CEO.

Duties
While employed with the Company, you shall perform the duties, exercise the authority and undertake the responsibilities as are customarily performed, exercised or undertaken by persons situated in a similar executive capacity. You shall perform your duties on a full-time basis. You may, however, (1) serve on corporate, civil or charitable boards or committees; (2) manage personal investments; and (3) engage in any charitable, political or not-for-profit activity, so long as such activities do not significantly interfere with the performance of your responsibilities to the Company. Your service on the board or a committee of a publicly traded company is subject to the prior approval of the Company's Board of Directors.

Base Salary
Your base salary will be $360,000 per year, or $13,846.15 on a biweekly basis, payable in accordance with the Company's normal payroll practice. In addition, you will receive a one-time "signing bonus" of $100,000 payable as of the commencement of your employment.

Annual Bonus
As a Salary Level 2 executive, your annual bonus opportunity at Target will be not less than 70% of your annual salary (the "Target") with a "Stretch" opportunity of not less than 140% of your annual salary. Our annual bonus plan comprises a number of financial and non-financial measures that, combined with your personal performance, determine your actual payment as determined annually by the Company. When combined with Company performance measures, your total bonus opportunity can range from 0-280% of your annual salary.

For the year 2008 you will receive a bonus based on a full year of participation with a minimum payout based on Company performance at Target and personal performance at Target.

Restricted Stock Units
You will receive an award of 30,000 restricted stock units ("RSUs") under our 2004 stock incentive plan. These shares are subject to approval of the Compensation Committee of the Board of Directors. These RSUs will be granted at the Q3 meeting of the Compensation Committee.

These RSUs will vest according to the following schedule:

- 35% of units will vest on each of the first and second anniversaries of your employment; and,
- 15% of units will vest on each of the first and second anniversaries of your employment based on your progress or attainment of the following objectives:
  - Implement the new HR global information system
  - Build your HR team
  - Develop and execute a plan to bring Celanese HR to world class performance

In the event the Company terminates your employment without Cause or you terminate your employment with Good Reason, your unvested RSUs under the aforementioned grant that are subject to time vesting only will become fully vested; your unvested RSUs subject to both time and performance vesting will become vested on a prorated basis through your date of termination based on performance against the objectives. The acceleration provision set forth above will be included in the individual award agreement(s) for the 30,000 RSU's issued at the Q3 meeting of the Compensation Committee.

"Cause" shall mean (i) your willful failure to perform your duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness) for a period of thirty (30) days following written notice by the Company to you of such failure; (ii) conviction of, or a plea of nolo contendere to, (x) a felony under the laws of the United States or any state thereof or any similar criminal act in a jurisdiction outside the United States or (y) a crime involving moral turpitude; (iii) your willful malfeasance or willful misconduct which is demonstrably injurious to the Company; (iv) any act of fraud by you; (v) any material violation of the Company's code of conduct; (vi) any material violation of the Company's policies concerning harassment or discrimination; (vii) your conduct that causes material harm to the business reputation of the Company; or (viii) your breach of the Confidentiality and Non-Compete Covenants.

"Good Reason" shall mean any of the following conditions which occurs without your consent: (i) a material diminution in your base salary or annual bonus opportunity; (ii) a material diminution in your authority, duties or responsibilities (including status, offices, title and reporting requirements); (iii) a material change in the geographic location at which you must perform your duties; (iv) the failure of the Company to pay compensation or benefits when due;, or (v) any other action or inaction that constitutes a material breach by the Company of this letter agreement. The conditions described above will not constitute "Good Reason" unless you provide written notice to the Company of the existence of the condition described above within ninety (90) days after the initial existence of such condition. In addition, the conditions described above will not constitute "Good Reason" unless the Company fails to remedy the condition within a period of thirty (30) days after receipt of the notice described in the preceding sentence. If the Company fails to remedy the condition within the period referred to in the preceding sentence, you may terminate your employment with the Company for "Good reason" within the next thirty (30) days following the expiration of the cure period.

<u>Stock Ownership Policy</u>
Under policies adopted by the Compensation Committee of the Board of Directors, executive officers are expected to own an amount of stock in the Company based on their respective salary level. Executives at your salary level are expected to own shares equal to 300% of base salary within 5 years from your date of hire. Unvested RSUs granted to you do count toward this stock ownership requirement.

Future LTIP Grant
The long term incentive plan for senior leaders is currently under review. We expect to complete this review and make grants to senior leaders in October 2008. For this initial LTIP grant, you would receive an award having a grant value of not less than $500,000.

Employee Benefits
You and your family will be entitled to participate in the Company's domestic employee benefit plans as in effect from time to time on the same basis as those benefits are generally made available to other employees of the Company. Celanese offers medical and dental coverage, group life insurance (1 times annual base pay), a non-contributory cash balance pension plan and a 401(k) plan that matches the first 5% of employee contributions.

Perquisite Allowance
You will receive an annual perquisite allowance of $15,000 to use as you see fit in covering such personal expenses as club dues, tax and financial counseling, etc. This payment is normally made in January of each year and is subject to withholding as ordinary income. Your will receive a prorated payment for 2008 upon joining the Company.

Relocation
The Company will assist your relocation to the Dallas area under the provisions of our policy for transferred employees. Generally, this policy provides for shipment of household goods, home sale and purchase assistance and a lump sum payment to assist you with various miscellaneous expenses associated with your relocation. Details of this policy will be discussed at your convenience. This relocation assistance will be available to you for up to two (2) years following the commencement of your employment.

In addition, the Company will reimburse you for reasonable costs incurred for temporary housing in the Dallas area and commuting from your home to Company headquarters for a period of up to 18 months.

Indemnification and Insurance
You shall be entitled to indemnification by the Company in accordance with the provisions of the Company's bylaws and the implementing Board resolutions in effect on the date of this letter agreement or, if more favorable to you, the provisions of such bylaws in effect at the time indemnification is requested.

The Company shall include you as an additional insured under its directors and officers' liability insurance which shall be maintained (or a replacement policy not materially less favorable to you) by the Company during your employment with the Company.

Duration of Employment
Your employment with the Company is at will, meaning that you or the Company may terminate your employment at any time for any reason with or without cause; provided that you shall be required to give the Company at least thirty (30) days advanced written notice of resignation by you.

In the event the Company terminates your employment without "Cause" (other than due to your death or disability) or you terminate your employment for "Good Reason," you will receive severance in an amount equal to twelve (12) months of your base salary plus twelve (12) months of your annual bonus calculated on a monthly basis at target. In addition to the above, in the event of termination by the Company without "Cause" or by you for "Good Reason, you and your family, as the case may be, will continue to be covered, upon the same terms and conditions described above, by the same or equivalent medical, dental and life insurance coverage as in effect for you and/or your family, as the case may be, immediately prior to the termination of your employment, until the earlier of (i) the expiration of twelve (12) months after the date of your termination or (ii) the date you have commenced new employment and have thereby become eligible for comparable benefits subject to your rights under COBRA.

In no event shall you be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to you under any provisions of this letter agreement and such amounts shall not be reduced whether or not you obtain other employment.

Change of Control

You will be offered a Change of Control agreement that provides, generally, continuing payment of base pay and the higher of target or final 3-year average bonus if your employment is terminated following a change of control of the Company or you terminate your employment with the Company for Good Reason following a change of control of the Company. These payments would continue for a period of 24 months. This agreement also requires your agreement to non-solicitation and non-compete terms in the event of termination following a change of control.

Vacation

You will be entitled to four (4) weeks annual vacation. Vacation entitlement for the remainder of 2008 will be prorated based on your actual start date in accordance with the Company's vacation policy.

Confidentiality and Non-Compete

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

Nothing in this letter agreement shall prevent you from participating in any benefit, bonus, incentive, stock option, equity incentive plan or other plan or program provided by the Company and for which you may quality and be entitled to payment, nor shall anything in this letter agreement reduce such rights as you may have with the Company under any other agreements. Amounts which are vested benefits or to which you are otherwise entitled to receive under any plan or program of the Company shall be payable in accordance with such plan or program and any related agreements, except as explicitly modified by this letter agreement.

Our offer is contingent on your completion of a pre-employment drug screen and a background check.

This letter agreement shall be binding upon and shall inure to the benefit of the Company, its successors, and assigns. The term "Company" as used herein shall include such successors and assigns. Your rights under this letter agreement may not be assigned by you during your lifetime. However, all your rights under this letter agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, estates, executors, administrators, heirs and beneficiaries.

The provisions of this letter agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this letter agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

Except as otherwise expressly provided herein, this letter constitutes the full terms and conditions of your employment with the Company. It supersedes any other oral or written promises that may have been made to you.

Mike, we are most enthusiastic about your joining the leadership team. If these provisions are agreeable to you please sign the enclosed copy of this letter and return it by fax to 972-443-4880 by May 22, 2008.

Sincerely,

/s/ William Stiller

William Stiller
HR Senior Advisor
on behalf of
David Weidman, CEO

Acknowledgement of Offer:
(please check one)

☑ I accept the above described offer of employment with Celanese and understand that my employment status will be considered at-will and may be terminated at any time for any reason. I agree to keep the terms and conditions of this agreement confidential.

☐ I decline your offer of employment. I agree to keep the terms and conditions of this agreement confidential.

Signature /s/ Michael Summers Date 05/22/08
Michael Summers

Exhibit 31.1

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

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

Date: July 23, 2008

Exhibit 31.2

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

Steven M. Sterin
Senior Vice President and
Chief Financial Officer

Date: July 23, 2008

Exhibit 32.1

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 June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David N. Weidman, 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

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

Date: July 23, 2008

Exhibit 32.2

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 June 30, 2008 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

Steven M. Sterin
Senior Vice President and
Chief Financial Officer

Date: July 23, 2008