TABLE OF CONTENTS

Management Report

You should read the following discussion and analysis of the financial condition and the results of operations of Celanese AG and its subsidiaries (collectively "Celanese" or the "Company") together with the Consolidated Financial Statements and the notes to those financial statements, which were prepared in accordance with U.S. GAAP.

The application of push down accounting due to the Celanese Europe Holding Gmbh & Co. KG, formerly known as BCP Crystal Acquisition Gmbh & Co. KG ("the Purchaser") *acquiring more than 95% ownership of Celanese resulted in a new basis of accounting. Therefore, the following discussion and analysis of financial condition and results of operations covers periods prior ("Predecessor") and subsequent ("Successor") to the August 24,2005, purchase of Celanese ordinary("CAG Shares")(See Acquisition of Celanese below). Accordingly, the discussion and analysis of historical periods do not reflect the significant impact that the push down accounting adjustments has had and will have on the Successor. In addition, investors are cautioned that the forward-looking statements contained in this section involve both risk and uncertainty. Several important factors could cause actual results to differ materially from those anticipated by these statements. Many of these statements are macroeconomic in nature and are, therefore, beyond the control of management. See "Forward-Looking Information" located at the end of this section.*

In July 2004, the majority of Celanese's shareholders approved a change of the Celanese fiscal accounting year to commence October 1st and end September 30th. As a result, Celanese's 2004 fiscal year ended on September 30, 2004. To facilitate a meaningful comparison the results of operations and cash flows for the nine months ended September 30, 2004 are compared to the results of operations and cash flows for the nine months ended September 30, 2003. The results of operations and cash flows for the nine months ended September 30, 2003 have not been audited and should not be taken as an indication of the results of operations to be reported for any subsequent period or for the full fiscal year.

Reconciliation of Non-U.S. GAAP Measures: Management compensates for the limitations of using non-U.S. GAAP financial measures by using them to supplement U.S. GAAP results to provide a more complete understanding of the factors and trends affecting the business other than U.S. GAAP results alone. In this regard, we disclose net debt and trade working capital, which are non-U.S. GAAP financial measures. Net debt is defined as total debt less cash and cash equivalents, and trade working capital is defined as trade accounts receivable from third parties,affiliates and related entities net of allowance for doubtful accounts, plus inventories, less trade accounts payable to third parties, affiliates and related entities. Management uses net debt to evaluate capital structure and trade working capital to evaluate investment in receivables and inventory, net of payables. Net debt and trade working capital are not a substitute for any U.S. GAAP financial measure. In addition, calculations of net debt and trade working capital contained in this report may not be consistent with that of other companies. The most directly comparable financial measures presented in accordance with U.S. GAAP in our financial statements for net debt and trade working capital are total debt and the working capital components, respectively. For a reconciliation of net debt and total debt and a reconciliation of trade working capital to the working capital components, see "Financial Hightlights" below.

Basis of Presentation

The financial position, results of operations, statement of cash flows and related disclosures for the periods prior to August 24, 2005, the effective date of the acquisition of CAG shares, which resulted in the Purchaser owning more than 95% of Celanese AG and the requirement to apply push down accounting are presented as the results of the Predecessor. The financial position, results of operations, statement of cash flows and related disclosures subsequent to August 24, 2005, are presented as the results of the Successor. The results of the Successor may not be comparable to the results of the Predecessor due to the difference in the basis of presentation of push down accounting as compared to historical cost. To facilitate a meaningful comparison of the Company's performance, the following discussion of results of operations is presented on a comparative basis for both 2005 and 2004. Accordingly, the results of operations for the twelve months ended September 30, 2005 represent the mathematic addition of the historical amounts of the Predecessor for the period October 1, 2004 to August 24, 2005 and the Successor for the period August 25 to September

30, 2005. Management believes that a combined discussion of Predecessor and Successor periods is reasonable and appropriate because the successor period is short and there were no material adjustments to the presented items other than cost of sales and depreciation and amortization resulting from the push down of purchase accounting. The results of the Successor and Predecessor periods, individually, have been audited. The combined results for the twelve months ended September 30, 2005 and 2004 have not been audited and should not be taken as an indication of the results of operations to be reported for any subsequent period or for the full fiscal year.

Push Down Accounting: The Purchaser accounted for its acquisitions of the CAG Shares using the purchase value method of accounting resulting in a new basis of accounting. The purchase price was allocated based on the fair value of the underlying assets acquired and liabilities assumed. The assets acquired and liabilities assumed are reflected at the Purchaser's accounting basis for the approximate 96% portion acquired and at Celanese's historical basis for the remaining minority interest of approximately 4%. The difference in the total purchase price and the fair value of the net assets acquired was allocated to goodwill, and this indefinite lived asset is subject to an annual impairment review. In the twelve months ended September 30, 2005, the Company decreased goodwill €247 million as a result of the push down accounting adjustments related to the acquisition of CAG's shares. In addition, Celanese's results of operations were impacted by the push down accounting adjustments as follows: the effect on depreciation expense decreased by less than €1 million due to the step up of property, plant and equipment and offset by the effect of the change in useful lives, amortization expense increased by €2 million due to the step up of intangible assets and cost of sales increased by €5 million due to the step up and subsequent sale of inventory. (See Notes 2, 12 and 13 to the Consolidated Financial Statements).

In October 2004, CAC was transferred out of Celanese AG as part of the organizational restructuring (see below). As a result of the restructuring, CAC assets, liabilities and results of operations have been treated as discontinued operations for all periods presented. (see *Discontinued Operations* below).

In January 2003, and subsequently revised in December 2003, the FASB issued FIN No. 46, *Consolidation of Variable Interest Entities* and FIN No. 46 Revised (collectively, "FIN No. 46"), respectively. FIN No. 46 clarifies the application of Accounting Research Bulletin No. 51, "*Consolidation of Financial Statements*" requiring the consolidation of certain variable interest entities ("VIE") which are defined as entities having equity that is not sufficient to permit such entities to finance their activities without additional subordinate financial support or whose equity holders lack certain characteristics of a controlling financial interest. If the Company is deemed to be the primary beneficiary, it is required to consolidate the VIE. FIN No. 46 requires VIEs that meet the definition of a special purpose entity to be consolidated by the primary beneficiary as of December 31, 2003. For VIEs that do not meet the definition of a special purpose entity, consolidation is not required until March 31, 2004; however, expanded disclosure is required at December 31, 2003.

Celanese has a lease agreement for its cyclo-olefin copolymer ("COC") plant with Dacron GmbH, a special purpose entity. This special purpose entity was created primarily for the purpose of constructing and subsequently leasing the COC plant to Celanese. This arrangement qualifies as a VIE. Based upon the terms of the lease agreement and the residual value guarantee Celanese provided to the lessors, Celanese is deemed the primary beneficiary of the VIE. The consolidation of this entity had a material impact on Celanese's financial position, results of operations and cash flows for the twelve months ended September 30, 2005. (See Note 28 to the Consolidated Financial Statements). The consolidation of this entity did not have a material impact on Celanese's financial position or results of operations and cash flows for the nine months ended September 30, 2004. In December 2005, Celanese divested its COC business to a venture between Japan's Daicel Chemical Industries Ltd. and Polyplastics Co. Ltd., a 45% held venture of Celanese AG's ultimate parent , Celanese Corporation.

In April 2004, Celanese and a group of investors led by Conduit Ventures Ltd. entered into a venture, which was named Pemeas GmbH. This venture was formed in order to advance the commercialization of Celanese's fuel cell technology. Pemeas GmbH is considered a variable interest entity as defined under FIN No. 46. Celanese is deemed the primary beneficiary of this variable interest entity and, accordingly, consolidates this entity in its consolidated financial statements. The consolidation of this entity did not have a material impact on Celanese's financial position or results of operations and cash flows for all periods presented. In December 2005, Celanese sold a majority of its interest in Pemeas Gmbh as part of Celanese's strategy to divest non-core businesses. As a result of the sale, Celanese will no longer consolidate Pemeas GmbH.

Impact of the sale of emulsion powder business: In September 2005, in connection with Celanese Corporation's acquisition of Vinamul, the Company sold its emulsion powders business to Imperial Chemical Industries PLC ("ICI") for approximately €21 million. The transaction includes a supply agreement whereby the Company will supply product to ICI for a period of up to fifteen years. The fair value of the supply contract was €9 million and was recorded as deferred revenue to be amortized over fifteen years. Net sales and loss before income taxes and minority interests for the emulsions powders business for the twelve months ended September 30, 2005 were €32 million and €1 million, respectively.

Acquisition of Celanese and Organizational Restructuring

On April 6, 2004, the Purchaser acquired approximately 84% of CAG shares, pursuant to a voluntary tender offer commenced in February 2004. These shares were acquired at a price of €32.50 per share or an aggregate purchase price of €1,385 million, including direct acquisition costs of approximately €56 million. Following the completion of the acquisition, the CAG shares were delisted from the New York Stock Exchange on June 2, 2004. CAG shares continue to trade on the Frankfurt Stock Exchange in Germany.

During the period August 25, 2005 to September 30, 2005 and the period October 1, 2004 to August 24, 2005, the Purchaser acquired additional CAG shares for a purchase price of €0 million and €325 million, respectively. As of September 30, 2005 and 2004, the Purchaser's ownership percentage was approximately 96% and 84%, respectively. The additional CAG shares were acquired pursuant to either i) the mandatory offer (See Note 3) commenced in September 2004 or ii) the purchase of additional CAG shares as described below. On November 4, 2005, the Purchaser advised Celanese AG of its request to commence the process for affecting a squeeze-out of the remaining shareholders (See Note 3 to the Consolidated Financial Statements).

Organizational Restructuring

In October 2004, the parent of the Purchaser, Celanese Corporation, completed an organizational restructuring ("Restructuring"). As part of the Restructuring, Celanese Corporation, by causing the Purchaser to give corresponding instruction under the Domination Agreement, effected the transfer of all of the shares of CAC from Celanese Holding GmbH, a wholly owned subsidiary of Celanese, to BCP Caylux Holdings Luxembourg S.C.A. ("BCP Caylux") which resulted in BCP Caylux owning 100% of the equity of CAC and, indirectly, all of its assets, including subsidiary stock. The transfer was effected under the Domination Agreement as follows: (1) Celanese Holding GmbH distributed all outstanding shares in CAC to Celanese, (2) Celanese sold all outstanding shares in CAC to the Purchaser for a note in an amount equal to CAC's fair market value of €291 million and (3) the Purchaser transferred all outstanding capital stock of CAC to BCP Caylux for €291 million. In addition, CPO, a wholly owned subsidiary of Celanese, which acted as a purchasing agent on behalf of Celanese as well as third parties, was transferred to the Purchaser. This transfer was made equal to CPO's fair market value of €13 million in the form of a note. As a result of these transfers, Celanese AG now serves primarily as the holding company for the European business and certain Asian businesses of Celanese Corporation, the ultimate parent of the Purchaser and Celanese.

As a result of the Restructuring, the term notes, pollution control bonds, variable rate term loan payable to BCP Caylux and a portion of the capital leases are no longer obligations of Celanese AG. Celanese AG and its subsidiaries are no longer named parties under the credit facilities after the Restructuring. As of September 30, 2004, Celanese AG had net intercompany notes with consolidated subsidiaries, which previously were eliminated in consolidation. As part of the Restructuring and pursuant to instructions issued by the Purchaser under the Domination Agreement, these intercompany notes were replaced with notes due from the Purchaser of €1,034 million. Celanese Corporation has provided letters of support for the repayment of these notes. The repayment of these notes depends upon sufficient liquidity of the Purchaser and Celanese Corporation and its other subsidiaries. The major portion of these notes bear interest of 4.67% per annum and mature in 2009.

As a result of the Restructuring, CAC is no longer a wholly-owned subsidiary of Celanese. CAC's assets, liabilities and results of operations have been included as discontinued operations (See Note 8).

As this is a transaction between entities under common control, the transfers of CAC and CPO were recorded at the historical cost net book value of CAC and CPO, and resulted in a deemed distribution from additional paid in capital.

Prior to the Restructuring of Celanese, the Company's portfolio consisted of four main business segments: Chemical Products, Acetate Products, Technical Polymers Ticona and Performance Products. The entire Acetate Products segment, along with significant portions of the Chemical Products segment were transferred out of Celanese on October 5, 2004. As of September 30, 2005, Celanese's portfolio consists of three main business segments: Chemical Products, Technical Polymers Ticona and Performance Products.

Purchase of Additional CAG Shares

On August 24, 2005, the Purchaser acquired approximately 5.9 million, or approximately 12%, of the outstanding CAG shares from two shareholders for the aggregate consideration of approximately €302 million. In addition, the Purchaser also paid to such shareholders an additional purchase price of €12 million in consideration for the settlement of certain claims and for such shareholders agreeing to, among other things, (1) accept the shareholders' resolutions passed at the extraordinary general meeting of Celanese held on July 30 and 31, 2004 and the annual general meeting of Celanese held on May 19 and 20, 2005, (2) acknowledge the legal effectiveness of the domination and profit and loss transfer agreement, (3) irrevocably withdraw and abandon all actions, applications and appeals each brought or joined in legal proceedings related to, among other things, challenging the effectiveness of the domination and profit and loss transfer agreement, and amount of fair cash compensation offered by the Purchaser in the mandatory offer required by Section 305(1) of the German Stock Corporation Act, (4) refrain from acquiring any CAG shares or any other investment in Celanese, and (5) refrain from taking any future legal action with respect to shareholder resolutions or corporate actions of Celanese. The Purchaser paid the aggregate consideration of €314 million for the additional CAG shares that were acquired from such shareholders and for the agreements described above using available cash. The Purchaser also made all other shareholders a limited offer pursuant to which it increased for a limited period of time its offer to purchase any remaining outstanding CAG shares to €51 per share (plus interest on €41.92 per share) for all minority shareholders against waiver of the shareholders' rights to participate in an increase of the offer consideration as a result of the pending award proceedings. In addition, all shareholders who tendered their shares pursuant to the mandatory offer of €41.92 per share commenced in September 2004, were entitled to claim the difference between the increased offer of €51 per share and the mandatory offer of €41.92 per share. The limited offer ran from August 30, 2005 to September 29, 2005. For minority shareholders who did not accept the limited offer on or prior to the September 29, 2005 expiration date, the terms of the original €41.92 per share mandatory offer continue to apply. The mandatory offer will remain open for two months following final resolution of the award proceedings (*Spruchverfahren*) by the German courts.

Domination Agreement

Domination Agreement

On October 1, 2004, a domination and profit and loss transfer agreement (the "Domination Agreement") between Celanese and the Purchaser became effective. When the Domination Agreement became operative, the Purchaser became obligated to offer to acquire all outstanding CAG shares from the minority shareholders of Celanese in return for payment of fair cash compensation. The amount of this fair cash compensation was determined to be €41.92 per share, plus interest, in accordance with applicable German law. The Purchaser may elect, or be required, to pay a purchase price in excess of €41.92 to acquire the remaining CAG shares. Any minority shareholder who elects not to sell its CAG shares to the Purchaser will be entitled to remain a shareholder of Celanese and to receive from the Purchaser a gross guaranteed fixed annual payment on their CAG shares of €3.27 per CAG share less certain corporate taxes in lieu of any future dividend. Taking into account the circumstances and the tax rates at the time of entering into the Domination Agreement, the net guaranteed fixed annual payment is €2.89 per CAG share for a full fiscal year, which commences on or after October 1, 2004. The net guaranteed fixed annual payment may, depending on applicable corporate tax rates, in the future be higher, lower or the same as €2.89 per CAG share.

Beginning October 1, 2004, under the terms of the Domination Agreement, the Purchaser, as the dominating entity, among other things, is required to compensate Celanese AG for any statutory annual loss incurred by Celanese AG, the dominated entity, on a non-consolidated basis, at the end of the fiscal year when the loss was incurred. This obligation to compensate Celanese AG for annual losses will apply during the entire term of the Domination Agreement.

There is no assurance that the Domination Agreement will remain operative in its current form. If the Domination Agreement ceases to be operative, the Purchaser will not be able to directly give instructions to the Celanese board of management. The Domination Agreement cannot be terminated by the Purchaser in the ordinary course until September 30, 2009. However, irrespective of whether a domination agreement is in place between the Purchaser and Celanese, under German law, Celanese is effectively controlled by the Purchaser because of the Purchaser's more than 95% ownership of the outstanding CAG shares. The Purchaser does have the ability, through a variety of means, to utilize its controlling rights to, among other things, (1) cause a domination agreement to become operative; (2) use its ability, through its more than 95% voting power at any shareholders' meetings of Celanese, to elect the shareholder representatives on the Supervisory Board and to thereby effectively control the appointment and removal of the members of the Celanese board of management; and (3) effect all decisions that a majority shareholder who owns more than 95% is permitted to make under German law. The controlling rights of the Purchaser constitute a controlling financial interest for accounting purposes and result in the Purchaser being required to consolidate Celanese as of the date of acquisition. In addition, as long as the Domination Agreement remains effective, the Purchaser is entitled to give instructions directly to the management board of Celanese, including, but not limited to, instructions that are disadvantageous to Celanese, as long as such disadvantageous instructions benefit the Purchaser or the companies affiliated with either the Purchaser or Celanese. As a dominated company, Celanese may be affected by risks that affect the Purchaser and its affiliates, including, but not limited to, risks arising out of the debt levels of some of these companies.

The Domination Agreement is subject to legal challenges instituted by dissenting shareholders. During August 2004, nine actions were brought by minority shareholders against Celanese in the Frankfurt District Court (*Landgericht*), all of which were consolidated in September 2004. Several minority shareholders joined these proceedings via a third party intervention in support of the plaintiffs. The Purchaser joined the proceedings via a third party intervention in support of Celanese.

Among other things, these actions request the court to set aside shareholder resolutions passed at the extraordinary general meeting held on July 30 and 31, 2004 based on allegations that include the alleged violation of procedural requirements and information rights of the shareholders.

Twenty-seven minority shareholders filed lawsuits in May and June of 2005 in the Frankfurt District Court (*Landgericht*) contesting the shareholder resolutions passed at the annual general meeting held May 19-20, 2005, which confirmed the resolutions passed at the July 30-31, 2004 extraordinary general meeting approving the Domination Agreement and a change in Celanese's fiscal year. In conjunction with the acquisition of 5.9 million ordinary shares of Celanese from two shareholders in August 2005, two of those lawsuits were withdrawn in August 2005.

Celanese is also a defendant in five actions field in the Frankfurt District Court (*Landgericht*) requesting that the court declare some or all of the shareholder resolutions passed at the extraordinary general meeting of Celanese on July 30 and 31, 2004 null and void (*Nichtigkeitsklage*), based on allegations that certain formal requirements in connection with the invitation to the extraordinary general meeting of Celanese had been violated.

The Frankfurt District Court (*Landgericht*) has suspended the proceedings regarding the resolutions passed at the July 30-31, 2004 extraordinary general meeting described above as long as the lawsuits contesting the confirmatory resolutions are pending.

Further, on August 2, 2004, two minority shareholders instituted public register proceedings with each of the Königstein Local Court (*Amtsgericht*) and the Frankfurt District Court (*Landgericht*), both with a view to have the registration of the Domination Agreement in the Commercial Register deleted (*Amtslöschungsverfahren*). These actions are based on an alleged violation of procedural requirements at the extraordinary general meeting, an alleged undercapitalization of the Purchaser and an alleged misuse of discretion by the competent court with respect to the registration of the Domination Agreement in the Commercial Register. In April 2005, the court of appeals rejected the demand by one shareholder for injunctive relief, and in June 2005 the Frankfurt District Court (*Landgericht*) ruled that it does not have jurisdiction over this matter. The claims in the Königstein Local Court (*Amtsgericht*) are still pending.

If legal challenges of the Domination Agreement by dissenting shareholders of Celanese are successful, some or all actions taken under the Domination Agreement, including the transfer of Celanese Americas Corporation ("CAC"), an indirect subsidiary of Celanese (see *Organizational Restructuring* above for discussion regarding the CAC transfer) may be required to be reversed and the Purchaser may be required to compensate Celanese for damages caused by such actions.

Squeeze-Out: Because the Purchaser owns CAG shares representing more than 95 percent of the registered ordinary share capital (excluding treasury shares) of Celanese, Celanese Corporation caused the Purchaser to require, as permitted under German law, the transfer to the Purchaser of the CAG shares owned by the then-outstanding minority shareholders of Celanese in exchange for fair cash compensation (the "Squeeze-Out"). The Squeeze-Out requires the approval by the affirmative vote of the majority of the votes cast at Celanese’s annual general meeting in May 2006 and would become effective upon its registration in the commercial register. Once the Purchaser effects the Squeeze-Out, the Purchaser must pay the then remaining minority shareholders of Celanese fair cash compensation, in exchange for their CAG shares. The amount of the fair cash compensation per share may be equal to, higher or lower than the Tender Offer price or the fair cash compensation offered pursuant to the Domination Agreement. The amount to be paid to the minority shareholders as fair cash compensation in exchange for their CAG shares in connection with the Squeeze-Out will be determined on the basis of the fair value of the enterprise of Celanese, determined by the Purchaser in accordance with applicable German legal requirements, as of the date of the applicable resolution of Celanese’s shareholder’s meeting, and examined by a duly qualified auditor chosen and appointed by the Frankfort District Court (*Landericht*).

The Squeeze-Out requires approval by the shareholders of Celanese. While it is to be expected that in each case, the Purchaser will have the requisite majority in such meeting to assure approval of such measures, minority shareholders, irrespective of the size of their shareholding, may, within one month from the date of any such shareholder resolution, file an action with the court to have such resolution set aside. While such action would only be successful if the resolution were passed in violation of applicable laws and cannot be based on the unfairness of the amount to be paid to the minority shareholders, a shareholder action may substantially delay the implementation of the challenged shareholder resolution pending final resolution of the action. If such action proved to be successful, the action could prevent the implementation of the Squeeze-Out. Accordingly, there can be no assurance that the Squeeze–Out can be implemented timely or at all.

Major Events in 2005

In October 2004, Celanese Corporation, the ultimate parent of Celanese, completed an organizational restructuring ("Restructuring"). As part of the Restructuring, Celanese Corporation, by causing the Purchaser to give corresponding instruction to Celanese under the Domination Agreement, effected the transfer of all shares of CAC from Celanese Holding GmbH, a wholly owned subsidiary of Celanese, to BCP Caylux which resulted in BCP Caylux owning 100% of the equity of CAC and, indirectly, all of its assets, including subsidiary stock. In connection with the Restructuring and pursuant to instructions issued by the Purchaser under the Domination Agreement, Celanese exchanged current amounts due from certain related parties for long term notes due from the Purchaser for approximately €1,034 million.

In September 2005, Celanese sold its emulsion powders business to National Starch and Chemical Company, a subsidiary of ICI.

In August 2005, Celanese announced its intention to wind up Estech GmbH, its venture with Hatco Corporation for neopropyl esters.

In November 2005, Celanese Corporation resolved in a regular meeting of its Board of Directors to commence the Squeeze-Out of outstanding CAG shares. The Purchaser, a subsidiary of Celanese Corporation, currently holds greater than 95% of issued CAG shares of Celanese, thus fulfilling the legal requirements necessary for a Squeeze-Out.

In December 2005, the Company sold its cycloolefine copolymer business. The transaction resulted in a loss of approximately €30 million.

On December 28, 2005, Celanese sold a majority of its interest in Pemeas Gmbh as part of Celanese's strategy to divest non-core businesses.

The Company announced its intention to build a state-of-the-art vinyl acetate ethylene and conventional emulsion polymer facility in China. Startup is targeted for the first half of 2007. The China operations are expected to be transferred to Celanese Corporation in 2006.

Financial Highlights

	Combined Twelve Months Ended September 30, 2005 (unaudited)	Successor: August 25, 2005 to September 30, 2005	Predecessor: October 1, 2004, to August 24, 2005	Predecessor: Twelve Months Ended September 30, 2004 (unaudited)	Predecessor: Nine Months Ended September 30, 2004	Predecessor: Nine Months Ended September 30, 2003 (unaudited)	Predecessor: Year Ended December 31, 2003
	(in € millions, except for share and per share data)						
STATEMENT OF OPERATIONS DATA:							
Net sales	2,210	238	1,972	1,982	1,520	1,579	2,041
Cost of sales	(1,699)	(218)	(1,481)	(1,584)	(1,193)	(1,263)	(1,655)
Special charges							
Sorbates antitrust matters	—	—	—	—	—	(84)	(84)
Restructuring, impairment and other special charges	(50)	(1)	(49)	(37)	(26)	(5)	(17)
Operating profit (loss)	254	(2)	256	109	112	43	38
Earnings (loss) from continuing operations before tax and minority interests	336	5	331	139	157	83	66
Income tax provision	(78)	(1)	(77)	(45)	(39)	(24)	(30)
Earnings (loss) from continuing operations	213	2	211	72	100	52	24
Earnings (loss) from discontinued operations	22	—	22	(127)	(170)	64	108
Net earnings (loss)	235	2	233	(55)	(70)	116	132
Earnings (loss) per common share − basic:							
from continuing operations	4.24	0.04	4.20	1.46	2.02	1.05	0.47
from discontinued operations	0.44	—	0.44	(2.57)	(3.44)	1.29	2.20
Net earnings (loss)	4.68	0.04	4.56	(1.11)	(1.42)	2.34	2.67
Earnings (loss) per common share − diluted:							
from continuing operations	4.23	0.04	4.19	1.46	2.02	1.05	0.47
from discontinued operations	0.44	—	0.44	(2.57)	(3.44)	1.29	2.20
Net earnings (loss)	4.67	0.04	4.55	(1.11)	(1.42)	2.34	2.67

	Successor As of September 30, 2005	Predecessor As of September 30, 2004
	(in € millions)	
BALANCE SHEET DATA:		
Trade receivables, net − third party, affiliates and related entities	360	416
Plus: Inventories	178	157
Less: Trade payables − third party, affiliates and related entities	269	280
Trade working capital	269	293
Short-term borrowings and current installments of long-term debt − third party, affiliates and related entities	252	170
Plus: Long-term debt	80	331
Total debt	332	501
Less: Cash and cash equivalents	176	91
Net debt	156	410
Total assets	3,920	5,340
Shareholders' equity	2,456	1,888

		Successor	Predecessor				
	Combined Twelve Months Ended September 30, 2005	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Twelve Months Ended September 30, 2004	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003	Year Ended December 31, 2003
	(unaudited)			(unaudited)		(unaudited)	
OTHER DATA							
Depreciation and amortization	69	7	62	100	74	74	97
Operating margin(1)	11.5%	(0.8)%	13.0%	5.5%	7.4%	2.7%	1.9%
Earnings (loss) from continuing operations before tax and minority interests as a percentage of net sales	15.2%	2.1%	16.8%	7.0%	10.3%	5.3	3.2%

(1) Defined as operating profit (loss) divided by net sales.

For Discussion of Consolidated Statement of Operations Only
(see Basis of Presentation)

Celanese AG and Subsidiaries
Consolidated Statements of Operations

	Successor	Predecessor	Combined	Predecessor
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Twelve Months Ended September 30, 2005	Twelve Months Ended September 30, 2004
			(unaudited)	(unaudited)
	(in € millions)			
Net sales	238	1,972	2,210	1,982
Cost of sales	(218)	(1,481)	(1,699)	(1,584)
Selling, general and administrative expenses	(18)	(153)	(171)	(208)
Research and development expenses	(4)	(36)	(40)	(43)
Special charges:				
Sorbates antitrust matters	—	—	—	—
Restructuring, impairment and other special charges	(1)	(49)	(50)	(37)
Foreign exchange gain (loss)	1	3	4	(1)
Gain on disposition of assets	—	—	—	—
Operating profit (loss)	(2)	256	254	109
Equity in net earnings of affiliates	3	9	12	17
Interest expense	(3)	(10)	(13)	(16)
Interest and other income, net	7	76	83	29
Earnings from continuing operations before tax and minority interests	5	331	336	139
Income tax provision	(1)	(77)	(78)	(45)
Earnings (loss) from continuing operations before minority interests	4	254	258	94
Minority interests	(2)	(43)	(45)	(22)
Earnings (loss) from continuing operations	2	211	213	72
Earnings (loss) from discontinued operations:				
Earnings from operation of discontinued operations	—	—	—	3
Gain (loss) on disposal of discontinued operations	—	22	22	—
Income tax benefit (expense)	—	—	—	(130)
Earnings (loss) from discontinued operations	—	22	22	(127)
Net earnings (loss)	2	233	235	(55)

For Discussion of Consolidated Statement of Operations Only
(see Basis of Presentation)

Celanese AG and Subsidiaries
Consolidated Statements of Operations

	Predecessor		
	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003	Year Ended December 31, 2003
		(unaudited)	
		(In € millions)	
Net sales	1,520	1,579	2,041
Cost of sales	(1,193)	(1,263)	(1,655)
Selling, general and administrative expenses	(154)	(153)	(207)
Research and development expenses	(33)	(32)	(43)
Special charges:			
Sorbates antitrust matters	—	(84)	(84)
Restructuring, impairment and other special charges	(26)	(5)	(17)
Foreign exchange gain (loss)	(2)	1	2
Gain on disposition of assets	—	—	1
Operating profit	112	43	38
Equity in net earnings of affiliates	15	12	14
Interest expense	(11)	(10)	(15)
Interest and other income, net	41	38	29
Earnings from continuing operations before tax and minority interests	157	83	66
Income tax provision	(39)	(24)	(30)
Earnings (loss) from continuing operations before minority interests	118	59	36
Minority interests	(18)	(7)	(12)
Earnings (loss) from continuing operations	100	52	24
Earnings (loss) from discontinued operations:			
Earnings (loss) from operation of discontinued operations	(31)	93	127
Gain (loss) on disposal of discontinued operations	—	(1)	(1)
Income tax benefit (provision)	(139)	(28)	(18)
Earnings (loss) from discontinued operations	(170)	64	108
Cumulative effect of changes in accounting principles, net of income tax of €1 million in 2003	—	—	—
Net earnings (loss)	(70)	116	132

Overview – Twelve Months Ended September 30, 2005 Compared With Twelve Months Ended September 30, 2004

Strong demand, high industry utilization and selling price increases were only partially offset by higher raw material costs resulting in strong earnings from continuing operations for the twelve months ended September 30, 2005 compared to the same period in 2004. Interest and other income, net significantly increased primarily due to increased interest income associated with notes receivable from related entities. Also, contributing to stronger net earnings was the gain resulting from the sale of Vinnolit.

Volumes rose modestly in the Performance Product segment and only slightly in the Chemical Product segment. However, volumes were flat in the Technical Polymers Ticona segment due to the weak European automotive sector. Overall, selling prices increased as higher pricing in the Chemical Products and Ticona segment more than offset pricing declines in the Performance Products segment.

Operating profit improved as a result of selling price increases along with slight volume increases that were only partially offset by higher raw material costs. The absence of stock appreciation rights expense of €6 million and the elimination of certain corporate functions due to Restructuring of Celanese operations also contributed to the improved operating profit. Special charges for the twelve months ended September 30, 2005 were primarily the result of asset impairments related to the COC restructuring of €45 million. Special charges for the twelve months ended September 30, 2004 largely consisted of advisory services associated with the tender offer of CAG shares in the amount of €20 million.

Net earnings of €235 million for the twelve months ended September 30, 2005 compared to a net loss of €55 million for the same period in 2004 is primarily due to a increase in operating profit and the absence of losses from discontinued operations of €127 million.

Total debt and net debt decreased by €169 million and €254 million as of September 30, 2005 compared to September 30, 2004. The decrease in total debt is primarily due to the restructuring of Celanese. The decrease in total debt was partially offset by increases in cash pooling with non consolidated affiliates and related entities and notes with Infraserv, an affiliate of Celanese. Net debt decreased due to an increase in cash and cash equivalents of €85 million.

Selected Data by Business Segment – Twelve Months Ended September 30, 2005 and 2004

	Twelve Months Ended September 30,			
	Combined 2005 (unaudited)		2004 (unaudited)	
	€[2]	% of Segments[1]	€[2]	% of Segments[1]
	(In Millions, Except Percentages)			
Net Sales				
Chemical Products	1,693	76	1,462	74
Technical Polymers Ticona	383	17	381	19
Performance Products	142	7	145	7
Segment Total	2,218	100	1,988	100
Other Activities	—		2	
Intersegment Eliminations	(8)		(8)	
Total Net Sales	2,210		1,982	
Special Charges				
Chemical Products	(4)	8	(3)	18
Technical Polymers Ticona:				
Restructuring, impairment and other special charges, net	(46)	92	(14)	82
Performance Products:				
Sorbates antitrust matters	—	—	—	—
Segment Total	(50)	100	(17)	100
Other Activities	—		(20)	
Total Special Charges	(50)		(37)	
Operating Profit (Loss)				
Chemical Products	237	79	118	62
Technical Polymers Ticona	14	5	30	16
Performance Products	46	16	42	22
Segment Total	297	100	190	100
Other Activities	(43)		(81)	
Total Operating Profit	254		109	
Earnings (Loss) From Continuing Operations Before Tax and Minority Interests				
Chemical Products	233	77	127	62
Technical Polymers Ticona	26	9	30	16
Performance Products	41	14	40	22
Segment Total	300	100	197	100
Other Activities	36		(58)	
Total Earnings from Continuing Operations Before Tax and Minority Interests	336		139	

(1) The percentages in this column represent the percentage contributions of each segment to the total of all segments.

(2) Derived from the accompanying Consolidated Financial Statements.

Selected Data by Business Segment – Twelve Months Ended September 30, 2005 and 2004 (Continued)

	Twelve Months Ended September 30,			
	Combined 2005 (Unaudited)		2004 (Unaudited)	
	€[2]	% of Segments[1]	€[2]	% of Segments[1]
	(In Millions, Except Percentages)			
Stock Appreciation Rights				
Chemical Products	—	—	—	—
Technical Polymers Ticona	—	—	(2)	100
Performance Products	—	—	—	—
Segment Total	—	—	(2)	100
Other Activities	—		(4)	
Total Stock Appreciation Rights	—		(6)	
Depreciation & Amortization				
Chemical Products	41	62	64	66
Technical Polymers Ticona	21	32	28	29
Performance Products	4	6	5	5
Segment Total	66	100	97	100
Other Activities	3		3	
Total Depreciation and Amortization	69		100	

(1) The percentages in this column represent the percentage contributions of each segment to the total of all segments.

(2) Derived from the accompanying Consolidated Financial Statements.

Summary by Business Segment – Twelve Months Ended September 30, 2005 Compared with Twelve Months Ended September 30, 2004

Chemical Products

In € millions (except for percentages)	Combined Twelve Months Ended September 30, 2005 (Unaudited)	Twelve Months Ended September 30, 2004 (Unaudited)	Twelve Months Change in €	Twelve Months Change in %
Net sales	1,693	1,462	231	16%
Net sales variance:				
Volume	1%			
Price	16%			
Currency	(1)%			
Operating profit	237	118	119	101%
Operating margin	14.0%	7.4%		
Special charges	(4)	(3)	(1)	(33)%
Earnings from continuing operations before tax and minority interests	233	127	106	83%
Depreciation and amortization	41	64	(23)	(36)%

Chemical Products' net sales increased by 16% to €1,693 million for the twelve months ended September 30, 2005 compared to the same period in 2004. The increase is primarily due to selling price increases of 16% and slightly higher volumes of 1%. The increases were partially offset by unfavorable currency effects of (1)%.

Selling prices increased significantly for most Chemical products, particularly vinyl acetate, acetic acid, and acetyl derivatives. The price increases were driven by strong demand, high utilization of base products across the chemical industry and higher raw material costs.

Operating profit increased to €237 million for the twelve months ended September 30, 2005 from €118 million in the same period in 2004. The increase is primarily due to higher selling prices for base products which were only partly offset by higher raw material costs. A decrease in depreciation expense also contributed to the increase in operating profit. The decrease in depreciation expense is due to changes in the useful life of certain property, plant and equipment in 2005.

Earnings from continuing operations before tax and minority interest increased to €233 million for the twelve months ended September 30, 2005 from €127 million in the same period in 2004 mainly due to the increased operating profit.

Technical Polymers Ticona

In € millions (except for percentages)	Combined Twelve Months Ended September 30, 2005 (Unaudited	Twelve Months Ended September 30, 2004 (Unaudited)	Twelve Months Change in €	Twelve Months Change in %
Net sales	383	381	2	1%
Net sales variance:				
Volume	—			
Price	1%			
Currency	—			
Operating profit	14	30	(16)	(53)%
Operating margin	3.7%	7.9%		
Special charges:				
Restructuring, impairment and other special charges, net	(46)	(14)	(32)	(229)%
Earnings (loss) from continuing operations before tax and minority interests	26	30	(4)	(13)%
Depreciation and amortization	21	28	(7)	(25)%

Net sales for Ticona increased from €381 million to €383 million for the twelve months ended September 30, 2005 compared to the same period in 2004. This increase is primarily due to slightly higher selling prices of approximately 1%. The overall volumes were flat for the periods.

Volumes increased in most business lines due to the successful introduction of new applications. Polyacetal volumes declined due to a weak European automotive market and the Company's focus on high-end business customers within the Polyacetal business line. Selling price increases for primary products with lower volumes assisted by increased volume of lower average priced product lines contributed to Ticona's net sales growth in the twelve months ended September 30, 2005 compared to the same period in 2004. The lower average priced product line is due to the commercialization of new applications with lower cost grades.

Special charges increased to €46 million for the twelve month period ended September 30, 2005 compared to €14 million in the same period in 2004 as a result of a €45 million non-cash impairment charge associated with the plan to dispose of the COC business. Special charges in 2004 consisted of restructuring costs, largely for the redesign of the European operations.

Operating profit decreased to €14 million for the twelve month period ended September 30, 2005 compared to €30 million in the same period in 2004. The decrease is primarily due to higher special charges and increased raw material and energy costs. Offsetting the higher costs were increased selling prices, productivity savings, reduced spending and the affects of an inventory build for a planned maintenance turnaround. The decrease in depreciation expense was due to a change in useful life of certain property, plant and equipment.

Earnings from continuing operations before tax and minority interests decreased to €26 million from €30 million for the same period in 2004. This decrease resulted primarily from a lower operating profit.

Performance Products

In € millions (except for percentages)	Combined Twelve Months Ended September 30, 2005 (Unaudited)	Twelve Months Ended September 30, 2004 (Unaudited)	Twelve Months Change in €	Twelve Months Change in %
Net sales	142	145	(3)	(2)%
Net sales variance:				
Volume	6%			
Price	(7)%			
Currency	(1)%			
Operating profit	46	42	4	10%
Operating margin	32.4%	29.0%		
Special charges:				
Sorbates antitrust matters	—	—	—	—
Restructuring, impairment and other special charges, net	—	—	—	—
Earnings from continuing operations before tax and minority interests	41	40	1	3%
Depreciation and amortization	4	5	(1)	(20)%

Net sales for the Performance Products segment decreased by 2% to €142 million for the twelve months ended September 30, 2005 compared to the same period in 2004. The decrease is the result of lower prices and negative currency impacts partially offset by increased volumes. Volumes for Sunett® sweetener increased, reflecting continuous growth from new and existing applications mainly in the U.S. and European beverage and confectionary markets. Pricing for Sunett declined on lower unit selling prices associated with higher volumes to major customers which is consistent with the Company's positioning strategy for the product. Pricing for Sorbates increased in the current year, although worldwide overcapacity still prevailed in the industry.

Operating profit and earnings from continuing operations before tax and minority interests increased for the twelve months ended September 30, 2005 compared to the same period in 2004. The increase is driven by the improved conditions for the Sorbates business, as well as the results of various cost saving initiatives.

Earnings from continuing operations before tax and minority interests increased to €41 million from €40 million for the same period in 2004.

Other Activities

Other Activities primarily consist of corporate center costs, including finance and administrative activities and other non core operating activities.

Sales to Pemeas and Ventures rounded to zero in the twelve months ended September 30, 2005 compared to €1 million in the twelve months ended September 30, 2004.

Operating loss decreased by 47% from €81 million in the twelve month period ended September 30, 2004 to €43 million in the twelve month period ended September 30, 2005 primarily due to the absence of special charges of €20 million relating to the advisory services associated with the tender offer of CAG shares and €15 million related to other one time acquisition related fees recorded in selling and general adminstrative expenses. Lower expenses for corporate activities in the twelve month period ended September 30, 2005 also contributed €14 million to the reduced operating loss. This was primarily driven by the elimination of certain corporate functions due to the restructuring as well as by an increase of corporate overhead allocations of €7 million to the primary business segments. The operating loss for the twelve month period ended September 30, 2004 included €4 million expenses for stock appreciation rights. The reduction of legal reserves by €3 million in twelve month period ended September 30, 2005 also contributed favorably to reduce the operating loss. Partially offsetting the reduction in operating loss was an increase in managment compensation of €11 million.

Selected Data by Business Segment – Nine Months Ended September 30, 2004 and 2003

	Nine Months Ended September 30,			
	2004		2003 (unaudited)	
	€[2]	% of Segments[1]	€[2]	% of Segments[1]
	(In Millions, Except Percentages)			
Net Sales				
Chemical Products	1,115	73	1,178	75
Technical Polymers Ticona	299	20	284	18
Performance Products	111	7	117	7
Segment Total	1,525	100	1,579	100
Other Activities	1		—	
Intersegment Eliminations	(6)		—	
Total Net Sales	1,520		1,579	
Special Charges				
Chemical Products	(2)	33	(2)	2
Technical Polymers Ticona:				
Restructuring, impairment and other special charges, net	(4)	67	(3)	3
Performance Products:				
Sorbates antitrust matters	—	—	(84)	95
Segment Total	(6)	100	89	100
Other Activities	(20)		—	
Total Special Charges	(26)		89	
Operating Profit (Loss)				
Chemical Products	107	60	115	125
Technical Polymers Ticona	40	22	25	27
Performance Products	33	18	(48)	(52)
Segment Total	180	100	92	100
Other Activities	(68)		(49)	
Total Operating Profit	112		43	
Earnings (Loss) From Continuing Operations Before Tax and Minority Interests				
Chemical Products	119	62	123	121
Technical Polymers Ticona	43	22	27	26
Performance Products	32	16	(48)	(47)
Segment Total	194	100	102	100
Other Activities	(37)		(19)	
Total Earnings from Continuing Operations Before Tax and Minority Interests	157		83	

(1) The percentages in this column represent the percentage contributions of each segment to the total of all segments.

(2) Derived from the accompanying Consolidated Financial Statements.

Summary by Business Segment – Nine Months Ended September 30, 2004 Compared with Nine Months Ended September 30, 2003

Chemical Products

In € millions (except for percentages)	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003 (Unaudited)	Nine Months Change in €	Nine Months Change in %
Net sales	1,115	1,178	(63)	(5)%
Net sales variance:				
Volume	7%			
Price	3%			
Currency	(3)%			
Other	(12)%			
Operating profit	107	115	(8)	(7)%
Operating margin	8.7%	9.8%		
Special charges	(2)	(2)	—	—
Earnings from continuing operations before tax and minority interests	119	123	(4)	(3)%
Depreciation and amortization	48	48	—	—

Chemical Products' net sales for the nine months ended September 30, 2004 decreased by 5% to €1,115 million compared to the same period in 2004 as increased volumes (7%), and higher pricing (3%) were offset by changes in the composition of the segment (-12%) and unfavorable currency movements (-3%). The changes in the composition of the segment result from the transfer of the European oxo business into a venture in the fourth quarter of 2003 (−10%).

Volumes rose for major chemical products, particularly vinyl acetate monomer, which increased due to stronger overall demand and a competitor outage. Volumes also increased for polyvinyl alcohol and emulsions. Pricing increased for most acetyl and acetyl derivative products, particularly vinyl acetate monomer in all regions, following rising costs for raw materials, particularly ethylene.

Operating profit decreased by 7% to €107 million compared to the same period in 2003. Higher volumes and higher selling prices were more than offset by increased raw material costs and distribution costs.

Technical Polymers Ticona

In € millions (except for percentages)	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003 (Unaudited)	Nine Months Change in €	Nine Months Change in %
Net sales	299	284	15	5%
Net sales variance:				
Volume	5%			
Price	(1)%			
Operating profit	40	25	15	60%
Operating margin	13.4%	8.8%		
Special charges:				
Restructuring, impairment and other special charges, net	(4)	(3)	(1)	(33)%
Earnings (loss) from continuing operations before tax and minority interests	43	27	16	59%
Depreciation and amortization	23	19	4	21%

Net sales for Ticona for the nine months ended September 30, 2004 increased by 5% to €299 million compared to the same period last year. Volume increases (5%) were partly offset by a decline in pricing (−1%).

Volumes increased in most business lines, particularly in polyacetal, Vectra liquid crystal polymers and GUR ultra high molecular weight polyethylene. Polyacetal volumes grew on stronger sales in the medical applications industry and benefited from greater demand for uses in consumer products and the commercialization of new applications. Volumes for Vectra rose due to new commercial applications, such as in household goods, and stronger sales to the electrical/electronics industry. GUR volumes grew as a result of increased sales for new specialty applications.

Overall pricing declined due to changes in product mix and ongoing competitive pricing pressure from Asian exports of polyacetal into Europe.

Operating profit for the nine months ended September 30, 2004 increased to €40 million from €25 million due to higher volumes and lower average production costs for Vectra. These factors were partly offset by lower pricing, higher energy costs, higher depreciation expenses and redesign costs.

Earnings from continuing operations before tax and minority interests increased to €43 million from €27 million in the same period in 2003. This increase resulted primarily from the higher operating profit and improved equity earnings from Asian affiliates due to increased sales volumes.

Performance Products

In € millions(except for percentages)	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003 (Unaudited)	Nine Months Change in €	Nine Months Change in %
Net sales	111	117	(6)	(5)%
Net sales variance:				
Volume	12%			
Price	(15)%			
Currency	(2)%			
Operating profit (loss)	33	(48)	81	>100%
Operating margin	29.7%	(41.0)%		
Special charges:				
Sorbates antitrust matters	—	(84)	84	(100)%
Earnings (loss) from continuing operations before tax and minority interests	32	(48)	80	>100%
Depreciation and amortization	4	5	(1)	(20)%

Net sales in the nine months ended September 30, 2004 for the Performance Products segment, which consists of the Nutrinova food ingredients business, decreased by 5% to €111 million compared to the same period in 2003 as increased volumes (12%) were offset by price decreases (−15%) and unfavorable currency effects (−2%).

Increased volumes for Sunett sweetener reflected strong growth from new and existing applications in the U.S. and European beverage and confectionary markets. Pricing for Sunett declined on lower unit selling prices associated with higher volumes to major customers and the anticipated expiration of the primary European and U.S. production patents in 2005.

Pricing for sorbates, which had been under pressure from Asian producers, began to stabilize, although worldwide overcapacity still prevailed in the industry.

Operating profit increased to €33 million compared to an operating loss of €48 million for the same period in 2003, which included special charges of €84 million related to antitrust actions in the sorbates industry. Operating profit for the nine months ended September 30, 2004 benefited from strong volumes for Sunett which were offset by lower pricing for Sunett and sorbates.

Other Activities

Other Activities primarily consists of corporate center costs, including financing and certain administrative activities and certain other operating entities.

Net sales for Other Activities was €1 million for the nine months ended September 30, 2004 compared to zero in the same period in 2003, primarily due to Pemeas and Ventures.

Operating loss for the nine months ended September 30, 2004 increased to €68 million compared to an operating loss of €49 million for the same period last year. This increase was primarily due to special charges of €20 million mainly related to advisory services associated with the tender offer of CAG shares as well higher employee benefit related costs including severance and employee incentives. The operating loss for the nine months ended September 30, 2003 included €13 million in expense for stock appreciation rights as compared to €0 million during the same period in 2004.

Loss from continuing operations before tax and minority interests increased to €37 million from €19 million for the same period last year. This increase is primarily due to a higher operating loss.

Summary of Consolidated Results – Combined Twelve Months Ended September 30, 2005 Compared With Twelve Months Ended September 30, 2004

Net Sales

For the twelve months ended September 30, 2005, net sales increased to €2,210 million compared to €1,982 million for the same period in 2004. The net sales increase is due to price increases in the Chemical Products and Ticona segment coupled with a slight volume increase within the Chemical Products segment which were partially offset by an unfavorable currency effect of approximately (1%) resulting mainly from the stronger euro versus other currencies such as the U.S. dollar.

Cost of Sales

Cost of sales increased by €115 million to €1,699 million for the twelve months ended September 30, 2005 compared to the same period in 2004. Cost of sales increased due to higher raw material and energy costs and a slight increase in volume.

Selling, General and Administrative Expenses

Selling, general and administrative expense decreased by €37 million to €171 million for the twelve months ended September 30, 2005 compared to the same period in 2004. This decrease was primarily due to the elimination of certain corporate functions due to the Restructuring which reduced administrative and personnel costs by €14 million, the absence of €15 million related to advisory services associated with the tender offer of CAG shares which was partially offset by an increase in management compensation of €11 million. The absence of stock appreciation rights expense of €6 million also drove down selling, general and administrative expeneses.

Special Charges

Special charges include provisions for restructuring and other expenses and income incurred outside the normal course of ongoing operations. Restructuring provisions represent costs of severance and other benefit programs related to major activities undertaken to fundamentally redesign business operations, as well as costs and expenses incurred in connection with a decision to exit non-strategic businesses. These measures are based on formal management decisions, establishment of agreements with the employees' representatives or individual agreements with the affected employees, as well as the public announcement of the restructuring plan.

The components of special charges for the twelve months ended September 30, 2005 and 2004 were as follows:

	Combined Twelve Months Ended September 30, 2005 (Unaudited)	Twelve Months Ended September 30, 2004 (Unaudited)
	(In € Millions)	
Employee termination benefits	2	12
Plant/office closures	3	1
Restructuring adjustments	—	4
Total Restructuring	5	17
Sorbates antitrust matters	—	—
Plumbing actions	—	—
Asset impairments	45	—
Third-party reimbursements of restructuring charges	—	—
Other	—	20
Total Special Charges	50	37

Special charges increased by €13 million to €50 million for the twelve months ended September 30, 2005 versus to the same period in 2004. Special charges for the twelve months ended September 30, 2005 largely consisted of asset impairments related to the disposal of COC of €45 million. Special charges for the same period in 2004 largely consisted of advisory services associated with the tender offer of CAG shares in the amount of €20 million.

Operating Profit

Operating profit increased by €145 million to €254 million compared to the same period last year. Operating profit for the twelve months ended September 30, 2005 benefited from higher selling prices and slight volume increases. In addition, the absence of stock appreciation rights expense, reduced special charges and the transfer of certain corporate functions to related entities contributed to the improved operating profit. Higher raw material costs partially offset the improved operating profit.

Equity in Net Earnings of Affiliates

Equity in net earnings of affiliates decreased by €5 million to €12 million for the twelve months ended September 30, 2005 compared to the same period in 2004. The decrease in equity in net earnings is primarily related to the write down of the Estech investment of €8 million which was partially offset by an increase in equity in net earnings from Asian affiliates of €1 million due to increased sales volumes. Cash distributions received from equity affiliates increased to approximately €22 million for the twelve months ended September 30, 2005 from €14 million in the same period in 2004 due to increased earnings from the Company's Asian ventures.

Interest Expense

Interest expense decreased to €13 million for the twelve months ended September 30, 2005 from €16 million in the same period in 2004 primarily due to lower debt levels in 2005.

Interest and other income, net

Interest and other income, net increased to €83 million for the twelve months ended September 30, 2005 from €29 million for the same period last year, primarily due to increased interest income associated with notes receivable from related entities. Prior to the Restructuring these notes and interest income were eliminated in consolidation of the Celanese entities.

Income Taxes

Celanese recognized income tax expense of €78 million for the twelve months ended September 30, 2005 compared to €45 million for the same period in 2004.

The effective tax rate for Celanese for the twelve months ended September 30, 2005 was 23% percent compared to 31% percent for the same period a year ago. The favorable change in tax rate as of September 30, 2005 was primarily due to higher unrepatriated low-taxed earnings in Singapore.

Discontinued Operations

The net proceeds from the disposal of discontinued operations represents cash received from an early contractual settlement of receivables of €22 million related to the sale in 2000 of the company's interest in Vinnolit Kunststoff GmbH and Vintron GmbH.

In October 2004, Celanese Corporation, the ultimate parent of Celanese, completed an organizational restructuring ("Restructuring"). As part of the Restructuring, Celanese Corporation, by causing the Purchaser to give corresponding instruction to Celanese under the Domination Agreement, effected the transfer of all shares of CAC from Celanese Holding GmbH, a wholly owned subsidiary of Celanese, to BCP Caylux which resulted in BCP Caylux owning 100% of the equity of CAC and, indirectly, all of its assets, including subsidiary stock. The transfer was effected under the Domination Agreement as follows: (1) Celanese Holding GmbH distributed all outstanding shares in CAC to Celanese, (2) Celanese sold all outstanding shares in CAC to Purchaser for a note in an amount equal to CAC's fair market value of €291 million and (3) Purchaser transferred all outstanding capital stock of CAC to BCP Caylux for €291 million.

The Company recorded a tax expense of €130 million associated with discontinued operations for the twelve months ended September 30, 2004, primarily due to US tax laws which restrict the utilization of net operating loss carryforwards upon a more than 50% change in ownership.

The following table summarizes the results of the discontinued operations of CAC as well as the Company's Acrylates and Vinnolit businesses for the twelve months ended September 30, 2005 and 2004.

	Twelve Months Ended September 30,	
	Combined 2005 (Unaudited)	**2004 (Unaudited)**
	(In € Millions)	
Net sales	—	2,578
Cost of sales	—	(2,267)
Gross profit	—	310
Operating profit	—	(50)
Gain (loss) on disposal of discontinued operations	22	—
Earnings (loss) from discontinued operations	22	(127)

Net Earnings (Loss)

As a result of the factors mentioned above, the net earnings (loss) of Celanese improved to €235 million or €4.68 per basic share and €4.67 per diluted share for the twelve months ended September 30, 2005 from a net loss of €55 million or €1.11, basic and diluted, share for the same period last year.

Summary of Consolidated Results – Nine Months Ended September 30, 2004 Compared With Nine Months Ended September 30, 2003

Net Sales

For the nine months ended September 30, 2004, net sales decreased to €1,520 million compared to €1,579 million for the same period in 2003. Volume increases in all segments were offset by unfavorable currency effects resulting mainly from the stronger euro versus the U.S. dollar, reductions due to changes in the composition of the Chemical Products segment and lower pricing in the Ticona and Performance Products segments.

The changes in the composition of the segment result from the transfer of the European oxo business into a venture in the fourth quarter of 2003.

Cost of Sales

Cost of sales decreased by €70 million to €1,193 million for the nine months ended September 30, 2004 versus the comparable period in 2003. Higher raw material costs were offset by favorable currency effects and decreases due to changes in the composition of the Chemical Products segment.

Selling, General and Administrative Expenses

Selling, general and administrative expense increased slightly by €1 million to €154 million for the nine months ended September 30, 2004 compared to the same period in 2003. This increase was primarily due higher employee benefit related costs including severance and employee incentives which were partially offset by favorable currency movements and €13 million of lower stock appreciation rights expense.

Special Charges

The components of special charges for the nine months ended September 30, 2004 and 2003 were as follows:

	Nine Months Ended September 30, 2004	**Nine Months Ended September 30, 2003**
		(Unaudited)
	(In € Millions)	
Employee termination benefits	5	4
Plant/office closures	—	—
Restructuring adjustments	1	1
Total Restructuring	6	5
Sorbates antitrust matters	—	84
Third-party reimbursements of restructuring charges	—	—
Other	20	—
Total Special Charges	26	89

Special charges decreased to €26 million for the nine months ended September 30, 2004 as compared to €89 million for the same period last year. Special charges for the nine months ended September 30, 2004 largely consisted of advisory services associated with the tender offer of CAG shares in the amount of €20 million, while special charges for the same period in 2003 resulted mainly from expenses of €84 million associated with antitrust matters in the sorbates industry.

Operating Profit

Operating profit increased by 160% to €112 million compared to €43 million in the same period in 2003. Operating profit for the nine months ended September 30, 2004 benefited from lower special charges and €13 million of lower expense for stock appreciation rights.

Equity in Net Earnings of Affiliates

Equity in net earnings of affiliates rose by €3 million to €15 million for the nine months ended September 30, 2004 compared to the same period last year. This increase primarily consisted of improved equity earnings from Asian and European affiliates, due to increased sales volumes. Cash distributions received from equity affiliates remained unchanged at €14 million for the nine months ended September 30, 2004 and 2003.

Interest Expense

Interest expense increased slightly to €11 million for the nine months ended September 30, 2004 from €10 million in the same period last year, primarily due to average debt levels remaining unchanged.

Interest and other income, net

Interest and other income rose slightly to €41 million during the nine months ended September 30, 2004 from €38 million during the nine months ended September 30, 2003. Dividend income from investments for the nine months ended September 30, 2004 accounted for under the cost method remained flat at €24 million compared to the same period in 2003.

Income Taxes

Celanese recognized income tax expense of €39 million for the nine months ended September 30, 2004 compared to €24 million for the same period in 2003.

The effective tax rate for Celanese for the nine months ended September 30, 2004 was 25 percent compared to 32 percent for the same period a year ago.

Discontinued Operations

In October 2004, the parent of the Purchaser completed an organizational restructuring ("Restructuring"). As part of the Restructuring, CAC was transferred to the Purchaser. See discussion at Summary of Consolidated Results – Twelve Months Ended September 30, 2005 Compared with Twelve Months Ended September 30, 2004 - *Discontinued Operations*.

The Company recorded a tax expense of €139 million associated with discontinued operations for the nine months ended September 30, 2004, primarily due to US tax laws which restict the utilization of net operating loss carryforwards upon a more than 50% change in ownership. .

The following table summarizes the results of the discontinued operations of CAC as well as the Company's Acrylates and Vinnolit businesses for the nine months ended September 30, 2004 and 2003.

	Nine Months Ended September 30,	
	2004	**2003**
	(In € Millions)	
Net sales	1,888	2,053
Cost of sales	(1,646)	(1,853)
Gross profit	242	200
Operating profit	(61)	64
Gain(loss) on disposal of discontinued operations	—	(1)
Earnings (loss) from discontinued operations	(170)	64

Net Earnings (Loss)

As a result of the factors mentioned above, the net earnings (loss) of Celanese declined to a net loss of €70 million or €1.42 per, basic and diluted, share for the nine months ended September 30, 2004 from net earnings of €116 million or €2.34 per, basic and diluted, share for the same period last year.

Liquidity and Capital Resources

Cash Flows

Cash Provided by Operating Activities

Cash from operating activities increased to a cash inflow of €389 million for the twelve months ended September 30, 2005 compared to a cash inflow of €151 million for the same period in 2004. This increase primarily resulted from an increase in earnings from continuing operations in 2005 of €141 million, the reduction of pension contributions of €85 million and an increase dividends from affiliates of €8 million.

Cash from operating activities increased to a cash inflow of €110 million for the nine months ended September 30, 2004 compared to a cash inflow of €87 million for the same period in 2003. This increase primarily resulted from an increase in net earnings from continuing operations in the nine month period ended September 30, 2004 of €48 million and a reduction in taxes paid of €109 million. Other factors increasing cash in the nine months ended September 30, 2004 include a decline in payments associated with bonuses and restructuring as well as lower cash consumed through changes in inventory and trade payables. The increase in cash was partially offset by a €76 million payment of an obligation to third party, an increase in pension contributions of €36 million and payments of €48 million associated with the exercising of stock appreciation rights. The hedging of foreign currency net receivables, primarily related entities, resulted in a €13 million cash inflow in the first nine months of 2004 compared to a €120 million cash inflow in the first nine months in 2003.

Cash Used in Investing Activities

Cash used in investing activities increased during the twelve months ended September 30, 2005 by €324 million to €398 million from €74 million during the twelve months ended September 30, 2004. The cash outflow was primarily due to an increase in loans to related entities of €384 million. This increase was partially offset by €21 million in net proceeds from the sale of the powders business to ICI and the disposal of discontinued operations of €43 million.

Cash used in investing activities decreased during the nine months ended September 30, 2004 by €27 million to €38 million from €65 million during the nine months ended September 30, 2003. This decrease was primarily due to a reduction in capital expenditures and acquisitions of businesses of €14 million and €13 million respectively.

Capital expenditures were €76 million and €73 million for the twelve months ended September 30, 2005 and 2004, respectively, and were €42 million and €56 million for the nine months ended September 30, 2004 and 2003, respectively. Spending primarily related to major replacements of equipment, capacity expansions, major investments to reduce future operating costs, environmental, health and safety initiatives and the integration of a company-wide SAP platform. In addition, 2004 and 2003 included spending related to the completion of a production facility for synthesis gas, a primary raw material at the Oberhausen site in Germany.

Cash Provided by/Used in Financing Activities

Cash provided by financing activities increased during the twelve months ended September 30, 2005 by €95 million to €93 million compared to cash used by financing activities of €2 million during the twelve months ended September 30, 2004. The increase is due to an €85 million increase in short-term borrowings, partially offset by a decrease in proceeds from long-term debt of €37 million. Also contributing to the increase was a decrease in payments for long-term debt of €52 million and the absence of a €6 million dividend payment in 2005. The increase was partially offset by the absence of proceeds for the issuance of preferred shares of €14 million.

Cash used for financing activities decreased during the nine months ended September 30, 2004 by €9 million to €25 million from €34 million during the nine months ended September 20, 2003. The decrease was due to proceeds from the sale of treasury stock of €27 million, proceeds for the issuance of preferred shares of €14 million and a decrease in dividend payments of €16 million, partially offset by an increase in payments of long-term debt of €48 million.

Liquidity

Historically and in the near future, the primary source of liquidity has been and is expected to be cash generated from operations, which includes cash inflows from currency hedging activities. The primary liquidity requirements were for capital expenditures, working capital, pension contributions and investments. We believe we will have available resources to meet both our short-term and long-term liquidity requirements. If our cash flow from operations is insufficient to fund our obligations, we may be forced to use other means available to us, such as reducing or delaying capital expenditures, seeking additional capital from Celanese Corporation, our ultimate parent, or related entities and affiliates or seeking prepayment of related entity and affiliate notes.

As of September 30, 2005, Celanese had a total debt of €332 million and cash and cash equivalents of €176 million. €252 million of the total debt is due in one year. Several non-consolidated affiliates pool their excess cash with Celanese, and the excess cash is loaned to Celanese under a revolving credit agreement. The outstanding payables for these agreements from Celanese to its affiliates of €228 million and €165 million at September 30, 2005 and 2004, respectively, are included within short-term borrowings. Celanese expects to continue these arrangements at a comparable level in the next fiscal year, depending on the level of liquidity of the non-consolidated affiliates.

As a result of the Purchaser's acquisition of Celanese AG, Celanese canceled its previously existing revolving credit lines and, thus, the Company has no availability or access to committed credit facilities. Additionally, Celanese no longer has a commercial paper program.

Subsidiaries of Celanese's ultimate parent, Celanese Corporation, have incurred significant debt and do not have substantial operating activities from which to generate operating cash flows. Consequently, these related entities may be reliant in part on Celanese for funds to service their debt.

The Domination Agreement entitles the Purchaser to give instructions directly to the management board of Celanese, including, but not limited to, instructions that are disadvantageous to Celanese, as long as such disadvantageous instructions benefit the Purchaser or the companies affiliated with either the Purchaser or Celanese. As a dominated company, Celanese may be affected by risks that affect the Purchaser and its affiliates, including but not limited to risks arising out of the debt levels of these companies.

While the Domination Agreement is operative, the Purchaser is required to compensate Celanese for any statutory annual loss incurred by Celanese, on a non consolidated basis, at the end of its fiscal year when the loss was incurred. This compensation is contingent upon the Purchaser having adequate liquidity. If the Purchaser were obligated to make cash payments to Celanese to cover an annual loss, the Purchaser may not have sufficient funds to pay interest when due on notes due to Celanese and, unless the Purchaser is able to obtain funds from a source other than annual profits of Celanese, the Purchaser may not be able to satisfy its obligation to fund such shortfall. The Domination Agreement cannot be terminated by the Purchaser until September 30, 2009.

For fiscal years ending subsequent to September 30, 2004, the remaining minority shareholders of CAG shares are entitled to a guaranteed fixed annual payment in lieu of dividends. The guaranteed fixed annual payment is not an obligation of Celanese. For the fiscal years ended on September 30, 2004, Celanese was not able to pay a dividend to its shareholders due to losses incurred in the Celanese statutory accounts. As the Domination Agreement did not become effective until October 1, 2004, the Purchaser has no obligation to compensate Celanese for the statutory loss incurred prior to October 1, 2004.

Contractual Obligations: The following table sets forth our fixed contractual cash obligations as of September 30, 2005.

Fixed Contractual Cash Obligations	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
		(In € Millions)			
Total Debt	332	252	—	60	20
of which Capital Lease Obligations and Other Secured Borrowings	24	23	—	—	1
Operating Leases	94	23	23	15	33
Unconditional Purchase Obligations	650	48	105	106	391
Other Contractual Obligations	133	132	1	—	—
Fixed Contractual Cash Obligations-	1,233	478	129	181	445

Unconditional Purchase Obligations include take or pay contracts and fixed price forward contracts. Celanese does not expect to incur any material losses under these contractual arrangements. In addition, these contracts may include variable price components.

Other Contractual Obligations primarily includes committed capital spending and fines associated with the antitrust matter described in Note 26 to the Consolidated Financial Statements. Included in Other Contractual Obligations is a €99 million fine from the European Commission related to antitrust matters in the sorbates industry, which is pending an appeal. Celanese is indemnified by a third party for 80% of the expenses relating to these matters, which is not reflected in the amount above.

At September 30, 2005, Celanese has contractual guarantees and commitments as follows:

Contractual Guarantees and Commitments	Total	Expiration Per Period: Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
		(In € Millions)			
Standby Letters of Credit	29	29	—	—	—
Contractual Guarantees and Commitments	29	29	—	—	—

Standby letters of credit of €29 million at September 30, 2005 are irrevocable obligations of an issuing bank that ensure payment to third parties in the event that certain Celanese subsidiaries fail to perform in accordance with specified contractual obligations. The likelihood is remote that material payments will be required under these agreements. Of these standby letters of credit and bank guarantees, approximately €21 million relates to obligations associated with the sorbates antitrust matters as described in the "Other Contractual Obligations" above.

For additional commitments and contingencies, see Note 26 to the Consolidated Financial Statements.

Celanese expects to continue to incur costs for the following significant obligations. Although, Celanese cannot predict with certainty the annual spending for these matters, such matters will affect future cash flows of Celanese.

Other Obligations	2005 Actual Spending	2006 Projected Spending
	(In € Millions)	
Environmental Matters	24	20
Benefit Obligations	4	2
Other Obligations	28	22

Environmental Matters

For the combined periods October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, Celanese's worldwide expenditures, including expenditures for legal compliance, internal environmental initiatives and remediation of active, orphan, and divested sites, were €24 million, €20 million and €25 million, respectively. Capital project related environmental expenditures, included in worldwide expenditures, were €1 million, €1 million and €2 million, respectively. Environmental reserves for remediation matters were €6 million as of September 30, 2005 and 2004, respectively. (See Note 27 to the Consolidated Financial Statements.)

It is anticipated that stringent environmental regulations will continue to be imposed on the chemical industry in general. Celanese cannot predict with certainty future environmental expenditures, especially expenditures beyond 2006. A recent European Union directive that required a trading system for carbon dioxide emissions took effect on January 1, 2005. Accordingly, Emission Trading Systems could affect Celanese's power plants at the Kelsterbach and Oberhausen sites in Germany, as well as power plants operated by InfraServ entities on sites at which we operate. We and the InfraServ entities may be required to purchase carbon dioxide credits, which could result in increased operating costs, or may be required to develop additional cost-effective methods to reduce carbon dioxide emissions further, which could result in increased capital expenditures. Additionally, the new regulation indirectly affects our other operations in the European Union, which may experience higher energy costs from third party providers.

Due to its industrial history, Celanese has the obligation to remediate specific areas on its active sites as well as on divested and orphan sites. In addition, as part of the demerger agreement with Hoechst, a specified proportion of the responsibility for environmental liabilities from a number of pre-demerger divestitures was transferred to Celanese. Celanese has provided for such obligations when the event of loss is probable and reasonably estimable. Management believes that the environmental costs will not have a material adverse effect on the financial position of Celanese, but they may have a material adverse effect on the results of operations or cash flows in any given accounting period. (See Note 27 to the Consolidated Financial Statements.)

Benefit Obligations

Celanese's funding policy for pension plans is to accumulate plan assets that, over the long run, will approximate the present value of projected benefit obligations. For the combined periods October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005 and the nine months ended September 30, 2004, contributions to the pension plans amounted to €4 million and €85 million, respectively.

Sorbates Litigation

For the combined periods October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005 and the nine months ended September 30, 2004, the Company paid less than €1 million and approximately €1 million, respectively, in connection with the sorbates litigation. As of September 30, 2005 and 2004 Celanese had remaining accruals of €108 million and €105 million, respectively, included in current liabilities for the estimated loss relative to this matter. In addition, Celanese had receivables from Hoechst in connection with the sorbates matter of €87 million and €84 million as of September 30, 2005 and 2004, respectively.

Although it is impossible at this time to determine with certainty the ultimate outcome of this matter, management believes, based on the advice of legal counsel, that adequate provisions have been made and that the ultimate outcome will not have a material adverse effect on the financial position of Celanese, but could have a material adverse effect on the results of operations or cash flows in any given accounting period. (See Note 26 to the Consolidated Financial Statements.)

Other Matters

From time to time, certain of Celanese Corporation's foreign subsidiaries have made sales of acetate, sweeteners and polymer products to countries that are or have previously been subject to sanctions and embargoes imposed by the US government. These countries include Iran, Sudan and Syria, three countries currently identified by the U.S. State Department as terrorist-sponsoring states and other countries that previously have been identified by the U.S. State Department as terrorist-sponsoring states, or countries to which sales have been regulated in connnection with other foreign policy concerns. Approximately €9 million of these sales by Celanese Corporation's foreign subsidiaries over a five year period may be in violation of regulations of the United States Treasury Department's Office of Foreign Assets Control, or OFAC, or the United States Department of Commerce's Bureau of Industry and Security. Approximately €5 million of these sales were made by the Company or its subsidiaries. In addition, Celanese Corporation has discovered that the Company made approximately €150,000 of sales of emulsions to Cuba which were apparently in violation of OFAC regulations. Cuba is also currently identified by the U.S. State Department as a terrorist-sponsoring state. Celanese Corporation has informed the U.S. Treasury Department and the U.S. Department of Commerce of both of these matters and is currently engaged in discussions with the Departments. The inquiry into these transactions is continuing. None of the aforementioned sales were in violation of German law. To the extent Celanese Corporation or the Company violated any regulations with respect to the above or other transactions, Celanese Corporation or the Company may be subject to fines or other sanctions, including possible criminal penalties, which may result in adverse business consequences. Neither the Company nor Celanese Corporation expect these matters to have a material adverse effect on their respective financial position, results of operations and cash flows.

Capital Expenditures

Celanese's combined capital expenditures were €76 million for the periods October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005. Capital expenditures primarily related to major replacements of equipment, capacity expansions, major investments to reduce future operating costs, environmental, health and safety initiatives and the integration of a company-wide SAP platform.

Capital expenditures were financed principally with cash from operations. Celanese anticipates spending for the 2006 fiscal year to be approximately 2% of combined net sales for the periods October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005. At September 30, 2005, there were approximately €25 million of outstanding commitments related to capital projects, which are included within the fixed contractual cash obligations table above.

Total Shareholders' Equity

At September 30, 2005, shareholders' equity amounted to €2,456 million, compared to €1,888 million at September 30, 2004. The increase was primarily attributable to the removal of accumulated other comprehensive loss components totalling €577 million related to the transfer out of CAC, exercise of stock options funded by treasury stock of €16 million, change in foreign currency translation and current year net earnings of €235 million for the combined periods August 25 to September 30, 2005 and October 1, 2004 to August 24, 2005, respectively partially offset by the deemed distribution related to the transfer of CAC of €227 million, net push down adjustments of €64 million and the recognition of an additional minimum liability adjustment for pensions of approximately €13 million.

As of September 30, 2005, Celanese had 20,850 stock appreciation rights outstanding. There were 3,800 stock appreciation rights exercised during the period October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005. There were no payments in 2005 related to the exercise of stock appreciation rights.

There were 50,365,018 and 49,881,618 CAG shares outstanding as of September 30, 2005 and 2004, respectively. As of September 30, 2005, Celanese had zero stock options outstanding. As of September 30, 2004, and December 31, 2003, Celanese had 544,750 and 1,151,600 stock options outstanding, respectively. The combined expense associated with stock options was approximately €2 million, €2 million, and €5 million for the period August 25 to September 30, 2005 and October 1, 2004 to August 24, 2005, nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

Market Risks

Celanese is exposed to market risk through commercial and financial operations. Celanese's market risk consists principally of exposure to currency exchange rates, interest rates and commodity prices. Celanese has in place policies of hedging against changes in currency exchange rates, interest rates and commodity prices as described below. These contracts are accounted for under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities amended by SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities and SFAS No. 148, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. (See Note 25 to the Consolidated Financial Statements.)

Foreign Exchange Risk Management

Celanese's reporting currency is the euro. Certain Celanese entities have receivables and payables denominated in currencies other than their functional currencies, which creates foreign exchange risk. With the introduction of the euro on January 1, 1999, the exposure to exchange rate fluctuations is eliminated in relation to the euro zone countries that have adopted the euro as their common currency, leaving the U.S. dollar, Japanese yen, British pound sterling, and Canadian dollar as the most significant potential sources of currency risk. Accordingly, Celanese enters into foreign currency forwards and options to minimize its exposure to foreign currency fluctuations. The foreign currency contracts are designated for recognized assets and liabilities and forecasted transactions. The terms of these contracts are generally less than one year. Celanese's centralized hedging strategy states that foreign currency denominated receivables or liabilities recorded by the operating entities will be used to hedge the exposure on a consolidated basis. As a result, Celanese's foreign currency forward contracts relating to this centralized strategy did not meet the criteria of SFAS No. 133 to qualify for hedge accounting. Net foreign currency transaction gains or losses are recognized on the underlying transactions, which are offset by losses and gains related to foreign currency forward contracts.

Contracts with notional amounts totaling approximately €420 million, €498 million and €606 million at September 30, 2005 and 2004 and December 31, 2003, respectively, are predominately in U.S. dollars, British pound sterling, Japanese yen, and Canadian dollars. For the period October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005, Celanese's foreign currency forward contracts, designated as fair value hedges, resulted in a decrease in total assets and total liabilities of €8 million and €1 million, respectively. As of September 30, 2005, these contracts hedged a portion (approximately 50%) of Celanese's U.S. dollar denominated related entity deposits done by USD denominated entities with euro denominated entities. Related to the unhedged portion, a net loss of approximately €5 million from foreign exchange gains or losses was recorded to interest and other income, net for the combined period October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005. For the nine months ended September 30, 2004, Celanese's foreign currency forward contracts, designated as fair value hedges, resulted in a decrease in total assets and total liabilities of €26 million and €2 million, respectively. During 2003, Celanese's foreign currency forward contracts, designated as fair value hedges, resulted in a decrease in total assets of €7 million and an increase in total liabilities of €1 million. As of September 30, 2004 these contracts hedged a portion (approximately 81%) of Celanese's U.S. dollar denominated related entity net receivables held by euro denominated entities. Related to the unhedged portion, a net gain of approximately €2 million from foreign exchange gains or losses was recorded to interest and other income, net for the nine months ended September 30, 2004. As of December 31, 2003, these contracts hedged a portion (approximately 85%) of Celanese's U.S. dollar denominated related entity net receivables held by euro denominated entities. Related to the unhedged portion, a net loss of approximately €12 million from foreign exchange gains or losses was recorded to interest and other income, net in 2003. Hedging activities with related entities and intercompany net receivables yielded total cash flows from operating activities of approximately €23 million for the combined periods August 25, 2005 to September 30, 2005 and October 1, 2004 to August 24, 2005. Hedging activities with related entities and intercompany net receivables yielded cash flows from operating activities of approximately €13 million and €160 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

A substantial portion of Celanese's assets, liabilities, revenues and expenses are denominated in currencies other than the euro, principally the U.S. dollar. Fluctuations in the value of these currencies against the euro, particularly the value of the U.S. dollar, can have, and in the past have had, a direct and material impact on Celanese's business and financial results. For example, a decline in the value of the U.S. dollar versus the euro, results in a decline in the euro value of Celanese's sales denominated in U.S. dollars and earnings due to translation effects. Likewise, an increase in the value of the U.S. dollar versus the euro would result in an opposite effect. Celanese estimates that the translation effects of changes in the value of other currencies against the euro decreased net sales by less than 1% for the period October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005, 6% the nine months ended September 30, 2004 and approximately 13% in 2003. Celanese estimates that the translation effects of changes in the value of other currencies against the euro increased total assets by approximately 2% and 1% in 2005 and 2004 respectively and decreased total assets by approximately 13% in 2003. Celanese's exposure to transactional effects is further reduced by a high degree of overlap between the currencies in which sales are denominated and the currencies in which the raw material and other costs of goods sold are denominated.

Interest Rate Risk Management

From time to time Celanese enters into interest rate swap agreements to reduce the exposure of interest rate risk inherent in Celanese's outstanding debt by locking in borrowing rates to achieve a desired level of fixed/floating rate debt depending on market conditions. At September 30, 2005 and 2004, Celanese had no interest rate swap agreements in place.

Commodity Risk Management

Celanese's policy for the majority of its natural gas and butane requirements allows entering into supply agreements and forward purchase or cash-settled swap contracts. During the twelve monthes ended September 30, 2005 and the nine months ended September 30, 2004, there were no forward contracts for our butane and natural gas requirements. In the future, we may modify our practice of purchasing a portion of our commodity requirements, and consider utilizing a variety of other raw material hedging instruments in addition to forward purchase contracts based on changes in market conditions. The fixed price natural gas forward contracts are principally settled through actual delivery of the physical commodity. The maturities of the cash-settled swap contracts correlate to the actual purchases of the commodity and have the effect of securing predetermined prices for the underlying commodity. Although these contracts are structured to limit Celanese's exposure to increases in commodity prices, they can also limit the potential benefit Celanese might have otherwise received from decreases in commodity prices. These cash-settled swap contracts are accounted for as cash flow hedges. Realized gains and losses on these contracts are included in the cost of the commodity upon settlement of the contract.

Recent Accounting Pronouncements

See Note 5 to the Consolidated Financial Statements included in this Form 20-F for discussion of recent accounting pronouncements.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements are based on the selection and application of significant accounting policies. The preparation of these financial statements and application of these policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. However, Celanese is not currently aware of any reasonably likely events or circumstances that would result in materially different results.

Celanese believes the following accounting polices and estimates are critical to understanding the financial reporting risks present in the current economic environment. These matters, and the judgments and uncertainties affecting them, are also essential to understanding our reported and future operating results. See Note 4 to the Consolidated Financial Statements for a more comprehensive discussion of Celanese's significant accounting policies.

Recoverability of Long-Lived Assets

Our business is capital intensive and has required, and will continue to require, significant investments in property, plant and equipment. At September 30, 2005 and 2004, the carrying amount of property, plant and equipment was €584 million and €566 million, respectively. As discussed in Note 4 to the Consolidated Financial Statements, Celanese assesses the recoverability of property, plant and equipment to be held and used by a comparison of the carrying amount of an asset or group of assets to the future net undiscounted cash flows expected to be generated by the asset or group of assets. If such assets are considered impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

In December 2004, we approved a plan to dispose of the COC business included within the Ticona segment. This decision resulted in €45 million of asset impairment charges recorded as a special charge related to the COC business in the combined periods October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005. The transaction to dispose of COC in December 2005 will result in a loss of approximately €30 million.

Celanese assesses the recoverability of the carrying value of its goodwill and other intangible assets with indefinite useful lives at least annually or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable. Recoverability of goodwill is measured at the reporting unit level based on a two-step approach. First, the carrying amount of the reporting unit is compared to the fair value as estimated by the future net discounted cash flows expected to be generated by the reporting unit. To the extent that the carrying value of the reporting unit exceeds the fair value of the reporting unit, a second step is performed, wherein the reporting unit's assets and liabilities are fair valued. The implied fair value of goodwill is calculated as the fair value of the reporting unit in excess of the fair value of all non-goodwill assets and liabilities allocated to the reporting unit. To the extent that the reporting unit's carrying value of goodwill exceeds its implied fair value, impairment exists and must be recognized. As of September 30, 2005 and 2004, the Company had €448 million and €464 million, respectively, of goodwill and other intangible assets.

During 2003, Celanese performed the annual impairment test of goodwill and determined that there was no impairment. As a result of the of the tender offer price of €32.50 per share announced on December 16, 2003, which would place an implicit value on Celanese at an amount below book value of the net assets, management initiated an impairment analysis in accordance with SFAS No. 142. The impairment analysis was prepared on a reporting unit level and utilized the most recent cash flow, discount rate and growth rate assumptions. Based on the resulting analysis, management concluded that goodwill was not impaired as of December 31, 2003.

During 2005 there were significant changes to the underlying business. These changes include the sale of CAC to the Purchaser, which reduced goodwill. Further the application of push down accounting changed the amounts previously recorded for assets and liabilities. As of September 30, 2004, there were no significant changes in the underlying business assumptions or circumstances that would drive the impairment analysis led management to believe goodwill might have been impaired. We will continue to evaluate the need for impairment if changes in circumstances or available information indicate that impairment may have occurred. We perform the required impairment tests at least annually as of June 30 unless circumstances dictate more frequent testing. During 2005 and 2004, we performed an impairment test at each level and determined that goodwill was not impaired.

A prolonged general economic downturn and, specifically, a continued downturn in the chemical industry as well as other market factors could intensify competitive pricing pressure, create an imbalance of industry supply and demand, or otherwise diminish volumes or profits. Such events, combined with changes in interest rates, could adversely affect our estimates of future net cash flows to be generated by our long-lived assets. Consequently, it is possible that our future operating results could be materially and adversely affected by additional impairment charges related to the recoverability of our long-lived assets.

Push Down Accounting

As described in Note 1 to the Consolidated Financial Statements, because the Purchaser acquired more than a 95% ownership percentage in Celanese, Celanese was required to follow push down accounting. Under push down accounting, the Company’s assets and liabilities are adjusted to fair value, as determined by the Purchaser. Given the time it takes to obtain pertinent information to finalize the fair value of assets and liabilities acquired, (frequently with implications to the push down allocation of fair value). It is often several quarters before the Purchaser is able to finalize those initial fair value estimates. Accordingly, it is not uncommon for the initial estimates to be subsequently revised. The judgements made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net earnings (loss).

Restructuring and Special Charges

Special charges include provisions for restructuring and other expenses and income incurred outside the normal ongoing course of operations. Restructuring provisions represent costs related to severance and other benefit programs related to major activities undertaken to fundamentally redesign our operations as well as costs incurred in connection with a decision to exit non-strategic businesses. These measures are based on formal management decisions, establishment of agreements with the employees' representatives or individual agreements with the affected employees as well as the public announcement of the restructuring plan. The related reserves reflect certain estimates, including those pertaining to separation costs, settlements of contractual obligations and other closure costs. We reassess the reserve requirements to complete each individual plan under our restructuring program at the end of each reporting period. Actual experience has been and may continue to be different from these estimates. (See Note 28 to the Consolidated Financial Statements.)

Environmental Liabilities

Celanese manufactures and sells a diverse line of chemical products throughout the world. Accordingly, Celanese's operations are subject to various hazards incidental to the production of industrial chemicals including the use, handling, processing, storage and transportation of hazardous materials. Celanese recognizes losses and accrues liabilities relating to environmental matters if available information indicates that it is probable that a liability has been incurred and the amount of loss is reasonably estimated. If the event of loss is neither probable nor reasonably estimable, but is reasonably possible, Celanese provides appropriate disclosure in the notes to its Consolidated Financial Statements if the contingency is material.

Total reserves for environmental liabilities were €6 million at both September 30, 2005 and 2004. Measurement of environmental reserves is based on the evaluation of currently available information with respect to each individual site and considers factors such as existing technology, presently enacted laws and regulations and prior experience in remediation of contaminated sites. An environmental reserve related to cleanup of a contaminated site might include, for example, provision for one or more of the following types of costs: site investigation and testing costs, cleanup costs, costs related to soil and water contamination resulting from tank ruptures and post-remediation monitoring costs. These reserves do not take into account any claims or recoveries from insurance. The measurement of environmental liabilities is based on a range of management's periodic estimate of what it will cost to perform each of the elements of the remediation effort. Celanese uses its best estimate within the range to establish its environmental reserves. Celanese utilizes third parties to assist in the management and the development of its cost estimates for its sites. Changes to environmental regulations or other factors affecting environmental liabilities are reflected in the Consolidated Financial Statements in the period in which they occur. Celanese accrues for legal fees related to litigation matters when the costs associated with defense can be reasonably estimated and are probable to occur. All other fees are expensed as incurred. (See Note 27 to the Consolidated Financial Statements.)

Asset Retirement Obligations

SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. The liability is measured at the discounted fair value and is adjusted to its present value in subsequent periods as accretion expense is recorded. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's useful life. We have identified but not recognized asset retirement obligations related to substantially all our existing operating facilities. Examples of these types of obligations include demolition, decommissioning, disposal and restoration activities. Legal obligations exist in connection with the retirement of these assets upon closure of the facilities or abandonment of the existing operations. However, operations at these facilities are expected to continue indefinitely and therefore a reasonable estimate of fair value cannot be determined at this time. In the future, we will assess strategies of the businesses acquired and may support decisions that differ from past decisions of management regarding the continuing operations of existing facilities. Asset retirement obligations will be recorded if these strategies are changed and probabilities of closure are assigned to existing facilities. If certain operating facilities were to close, the related asset retirement obligations could significantly affect our results of operations and cash flows. In March 2005, FASB issued Interpretation No.47, Accounting for Conditional Asset Retirement Obligations – an interpretation of FASB No.143 (“FIN No. 47”). FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The Company is still assessing the impact of FIN No. 47 on its future results of operations and financial position.

Realization of Deferred Tax Assets and Liabilities

Total net deferred tax liabilities were €143 million and €12 million at September 30, 2005 and 2004, respectively. Celanese regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical taxable income, projected future taxable income, applicable tax strategies, and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Such evaluations require significant management judgments. During the combined periods October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005 valuation allowances have been recorded for certain German entityies’ deferred tax assets. The primary deferred tax asset recorded on the Company’s books relates to Net operating loss carryforwards. These Net operating loss carryforwards do not have expiration dates. The primary deferred tax liabilities relate to purchase accounting basis adjustments for property plant and equipment and intangible assets. (See Note 14 to the Consolidated Financial Statements.)

Benefit Obligations

Celanese sponsors pension plans covering substantially all employees who meet eligibility requirements. Contributions to the pension plans for the combined period October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005 were €4 million. Contributions to the German plans for the nine months ended September 30, 2004 were €85 million, respectively. Benefits are generally based on years of service and/or compensation. Various assumptions are used in the calculation of the actuarial valuation of Celanese -sponsored plans. These assumptions include the weighted average discount rate, rates of increase in compensation levels and expected long-term rates of return on plan assets. In addition to the above mentioned assumptions, Celanese's actuarial consultants use subjective factors such as withdrawal and mortality rates to estimate the projected benefit obligation. The actuarial assumptions used by Celanese may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of pension expense recorded by Celanese in future periods.

The amounts recognized in the Consolidated Financial Statements related to pension and other postretirement benefits are determined on an actuarial basis. A significant assumption used in determining our pension expense is the expected long-term rate of return on plan assets. At September 30, 2005, our expected long-term rate of return on plan assets was 4.5% for the German defined benefit pension plans.

For the combined period October 1, 2004 to August 24, 2005 and August 25 to September 30, 2005, our expected long-term rate of return assumption for our plan assets was 5.55%, reflecting the generally expected moderation of long-term rates of return in the financial markets. We estimate a 25 basis point decline in the expected long-term rate of return for our qualified defined benefit pension plan to increase pension expense by an estimate of less than €1 million in 2006. Another estimate that affects our pension expense is the discount rate used in the annual actuarial valuations of pension plan obligations. At the end of each year, we determine the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the pension obligation. The discount rate is generally based on the yield on high-quality corporate fixed-income securities. At September 30, 2005, the discount rate was 4.07%.

Accounting for Commitments & Contingencies

Celanese is subject to a number of lawsuits, claims, and investigations, incidental to the normal conduct of its business, relating to and including product liability, patent and intellectual property, commercial, contract, antitrust, and employment matters, which are handled and defended in the ordinary course of business. (See Note 26 to the Consolidated Financial Statements.) Celanese routinely assesses the likelihood of any adverse judgments or outcomes to these matters as well as ranges of probable and reasonably estimable losses. Reasonable estimates involve judgments made by management after considering a broad range of information including: notifications, demands, settlements which have been received from a regulatory authority or private party, estimates performed by independent companies and outside counsel, available facts, identification of other potentially responsible parties and their ability to contribute, as well as prior experience. A determination of the amount of loss contingency required, if any, is assessed in accordance with SFAS No. 5 "Contingencies and Commitments" and recorded if probable and estimable after careful analysis of each individual matter. The required reserves may change in the future due to new developments in each matter and as additional information becomes available.

Nutrinova Inc., a U.S. subsidiary of Nutrinova Nutrition Specialties & Food Ingredients GmbH, a wholly-owned subsidiary of Celanese, is party to various legal proceedings in the United States, Canada and Europe alleging Nutrinova Inc. engaged in unlawful, anticompetitive behavior which affected the sorbates markets while it was a wholly-owned subsidiary of Hoechst. In accordance with the demerger agreement between Hoechst and Celanese, which became effective October 1999, Celanese, the new owner to Hoechst's sorbates business, was assigned the obligation related to these matters. However, Hoechst agreed to indemnify Celanese for 80 percent of payments for such obligations. Expenses related to this matter are recorded gross of any such recoveries from Hoechst while the recoveries from Hoechst, which represents 80 percent of such expenses, are recorded directly to shareholders' equity, net of tax, as a contribution of capital.

Based on the advice of external counsel and a review of the existing facts and circumstances relating to the sorbates matter, including the status of governmental investigations, as well as civil claims filed and settled, Celanese has remaining accruals of €108 million, and €105 million at September 30, 2005 and 2004, respectively, included in current liabilities for the estimated loss relative to this matter. Although the outcome of this matter cannot be predicted with certainty, management's best estimate of the range of possible additional future losses and fines, including any that may result from governmental proceedings, as of September 30, 2005 is between €0 and €7 million. The estimated range of such possible future losses is management's best estimate based on the advice of external counsel taking into consideration potential fines and claims, both civil and criminal, that may be imposed or made in other jurisdictions. At September 30, 2005 and 2004, Celanese has receivables, recorded within current assets, relating to the sorbates indemnification from Hoechst, of €87 million and €84 million, respectively. (See Note 26 to the Consolidated Financial Statements).

Outlook

In the first quarter of our 2006 fiscal year, our Chemical Products segment benefited from higher pricing while our Ticona and Performance Products segments experienced volume increases year over year. As we begin the second quarter of our 2006 fiscal year, demand for our products in Europe is mixed. We remain cautious about economic conditions as pricing for our hydrocarbon-based raw materials and energy are expected to remain at high levels. As a dominated company, we will not offer guidance on operating profit, which can be influenced by unilateral decisions of our parent. Should those decisions result in a loss for Celanese AG on a stand alone statutory reporting basis, then Celanese AG must be compensated.

To increase the productivity and profitability of our operations and those of our affiliates, we sold our cyclo-olefin copolymer ("COC") business included within the Technical Polymers Ticona segment and part of our interest in Pemeas GmbH, the fuel cell venture included in Other Activities in December 2005. See Note 30 for details.

Risks of Future Development

Celanese's business activity is subject to general economic and political risks in the countries and regions in which it does business. As a result of the transfers of CAC and CPO, Celanese now serves primarily as the holding company for the European business and certain Asian businesses of Celanese Corporation, the ultimate parent of the Purchaser and Celanese. In addition, changes in the economic conditions in many of its markets (e.g. automotive, electrical/electronic, and construction industries), as well as cyclicality in the basic chemicals industry could have an effect on the Company's economic performance. In particular, the markets for basic chemicals are characterized by significant economic swings, during which periods of low prices and overcapacity could lead to reduced profit margins and lower operating profits.

Celanese is subject to risks associated with the increased volatility in raw materials prices and the availability of key raw materials such as natural gas, propylene, ethylene and butane, as well as the Company's ability to pass on increased raw materials costs to its customers by increasing the prices of its products, or to offset such increased raw materials costs by reducing costs. It is the Company's policy to lock in prices for certain important raw materials by entering into hedging arrangements, which are customary in the industry. This practice could also lead to negative effects, should unforeseen developments occur with respect to raw material prices.

The safe operation of Celanese's plants is subject to risks associated with the production of chemicals, including the storage and transport of raw materials, products and wastes, and in particular environmental risks. The Company carries appropriate property, business interruption and casualty insurance in accordance with customary industry practice. The environmental, health and safety regulations pertaining to Celanese's business are subject to continuous legislative review, which could result in stricter regulations and trigger increased costs for the Company. In addition, Celanese's plants may be negatively affected by infrastructure projects such as the planned expansion of the Frankfurt international airport. The expansion, which is not expected to be approved until 2007, with operations starting in 2009-2010 could, depending on the outcome, have a negative effect on the current production capacity at and the future development of Celanese's Kelsterbach plant.

Moreover, in connection with the demerger, certain environmental liabilities, including those resulting from the former business activities of the Hoechst Group at various sites, were allocated between Celanese and Hoechst AG, regardless of the responsibility for the cause of such environmental liabilities. In some instances this could lead to Celanese having to compensate third parties, as well as to indemnification payments between Celanese and Hoechst, the amounts of which cannot at present be determined. Celanese established reserves for this contingency as required.

Depending on their categorization as to their dangerousness resulting from risk assessment by the relevant authorities, the products of the chemicals industry are subject to restrictions regarding production, handling and use. The applicable regulations and the resulting restrictions are under constant review by the relevant authorities. Therefore, a change in the risk assessment of Celanese's products can affect demand for these products. Currently, the European Union evaluates potential health risks associated with a number of chemical products including vinyl acetate monomer. Similarly, the International Agency for Research on Cancer ("IARC") has reclassified formaldehyde as a known human carcinogen based on studies linking formaldehyde exposure to nasopharyngeal cancer, a rare cancer in humans. The results of the IARC's review will be examined by government agencies responsible for setting worker and environmental exposure standards and labeling requirements. Although the final effect cannot be predicted at this time, the IARC's reclassification could adversely affect the demand for this product.

Additionally, fluctuations in market rates of return and interest rates affect the value of Celanese's pension assets and liabilities. An extended period of decline in rates of return and interest rates could cause a material financial impact on Celanese's financial position or cash flows in any given year. (See "Critical Accounting Policies" and Note 4 to the Consolidated Financial Statements).

Under the domination and profit and loss transfer agreement (the "Domination Agreement") that Celanese entered into with its majority shareholder the Purchaser, the Purchaser is entitled to give instructions directly to the management board of Celanese, including, but not limited to, instructions that are disadvantageous to Celanese, as long as such disadvantageous instructions benefit the Purchaser or the companies affiliated with either the Purchaser or Celanese. In addition, Celanese is, under the Domination Agreement, obligated to transfer its entire annual statutory profits, subject to certain deductions, to the Purchaser while the Domination Agreement requires the Purchaser to compensate Celanese for any annual statutory loss (*Jahresfehlbetrag*) incurred on a non-consolidated basis. Furthermore, the net amount of the guaranteed fixed annual payment (*Ausgleich*) guaranteed by the Purchaser vis-a-vis the minority shareholders of Celanese in lieu of any future dividend as long as the Domination Agreement is effective, which, at the time of the entering into of the Domination Agreement, amounted to €2.89 per share for a full fiscal year, may, depending on applicable corporate tax rates, in the future be higher, lower or the same as €2.89. As a dominated company, Celanese may be affected by risks that affect the Purchaser and its affiliates, including but not limited to risks arising out of the debt levels of these companies.

As a result of the Restructuring and pursuant to instructions issued by the Purchaser under the Domination Agreement, Celanese entered into long term notes with the Purchaser for approximately €1,034 million. Celanese Corporation has provided letters of support for the repayment of these notes. The repayment of these notes will depend upon sufficient liquidity of the Purchaser and Celanese Corporation and its other subsidiaries.

Management is not currently aware of any risks that jeopardize the existence of Celanese.

Forward-looking Statements May Prove Inaccurate

This annual report contains 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. These statements include, but are not limited to, statements about our strategies, plans, objectives, expectations, intentions, expenditures, and assumptions and other statements contained in this prospectus that are not historical facts. 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.

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, natural gas, coal, electricity and petrochemicals such as ethylene, propylene and butane, including changes in production quotas in OPEC countries and the deregulation of the natural gas transmission industry in Europe;
- 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;
- the existence of temporary industry surplus production capacity resulting from the integration and start-up of new world-scale plants;
- increased price competition and the introduction of competing products by other companies;
- the ability to develop, introduce and market innovative products, product grades and applications, particularly in the Technical Polymers Ticona and Performance Products segments of our business;
- changes in the degree of patent 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;
- changes in the composition or restructuring of us or our subsidiaries and the successful completion of acquisitions, divestitures and venture activities;
- pending or future challenges to the Domination Agreement; and
- various other factors, both referenced and not referenced in this report.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this annual 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.

Report of the Board of Management

The Board of Management of Celanese AG is responsible for the preparation, the completeness, and the integrity of the consolidated financial statements as well as for the information contained in the management report of Celanese AG and subsidiaries ("Celanese").

Celanese has prepared the consolidated financial statements in accordance with United States generally accepted accounting principles and has applied the exemption of article 292a HGB.

The companies included in the consolidated financial statements are required to maintain orderly accounting records and to establish effective control systems. These control systems, which our corporate auditing function reviews for reliability and effectiveness, are intended to enable the Board of Management to recognize the potential impact of negative factors on Celanese's assets and developments in a timely fashion. This ensures that the underlying accounting records correctly reflect all business developments, thereby creating a reliable basis for the consolidated financial statements.

The Board of Management runs Celanese in the interests of its stockholders and in awareness of its responsibility towards employees and society. We manage the resources entrusted to us to increase the value of Celanese. However, under the domination and profit and loss transfer agreement in place between Celanese AG and its parent company, Celanese AG's Board of Management may be required to carry out instructions issued by its parent company that are disadvantageous to Celanese.

Pursuant to a resolution passed at the last General Meeting, the Supervisory Board has engaged KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft as independent auditors to audit the consolidated financial statements. A separate long-form audit report in accordance with German requirements is being prepared by the independent auditors. The Finance and Audit Committee of the Supervisory Board will examine the consolidated financial statements including the management report as well as the audit report during its meeting on the annual financial statements, which will be attended by the members of the Board of Management and the independent auditors. Thereafter, the Supervisory Board will review the information relating to the consolidated financial statements. The results of this review can be inferred from the report of the Supervisory Board.

Kronberg im Taunus, February 7, 2006
The Board of Management

Andreas Pohlmann	Lyndon Cole	Peter Jakobsmeier

Independent Registered Public Accounting Firm

To the Supervisory Board
Celanese AG:

We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in shareholders' equity and cash flows as well as the notes to the financial statements prepared by Celanese AG, Kronberg im Taunus, for the fiscal year from October 1, 2004 through September 30, 2005. The preparation and the content of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements is examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the fiscal year in accordance with accounting principles generally accepted in the United States of America.

Our audit, which also extends to the group management report prepared by the Company's management for the fiscal year from October 1, 2004 through September 30, 2005, has not led to any reservations. In our opinion, on the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the fiscal year from October 1, 2004 through September 30, 2005 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German law.

Without qualifying our audit opinion, we refer to the disclosures set out in note 2 to the consolidated financial statements. These describe that Celanese Europe Holding GmbH & Co. KG acquired additional shares in Celanese AG on August 24, 2005 and thus holds more than 95 % of the shares in Celanese AG as from this date, so that the assets and liabilities included in the consolidated financial statements of Celanese AG are to be measured in accordance with the rules for push down accounting in accordance with accounting principles generally accepted in the United States of America for entities registered with the Securities and Exchange Commission (Staff Accounting Bulletin 54). These rules require the consolidated financial statements for the fiscal year ended September 30, 2005 to be divided into a period before push-down, from October 1, 2004 through August 24, 2005 (so-called predecessor period), and a period after push down, from August 25 through September 30, 2005 (so-called successor period). Amounts in the consolidated financial statements are measured in the predecessor period based on historical acquisition costs of Celanese AG, whereas amounts in the consolidated financial statements in the successor period are based on acquisition costs arising from the acquisition of shares in Celanese AG by Celanese Europe Holding GmbH & Co. KG. As a result, comparability is restricted, both between these two periods and the previous year's financial statements.

Frankfurt am Main, Germany
February 8, 2006
KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Celanese AG and Subsidiaries
Consolidated Statements of Operations

	Successor	Predecessor			
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003	Year Ended December 31, 2003
				(Unaudited)	
	(In € Millions Except for Share and Per Share Data				
Net sales	238	1,972	1,520	1,579	2,041
Cost of sales	(218)	(1,481)	(1,193)	(1,263)	(1,655)
Selling, general and administrative expenses	(18)	(153)	(154)	(153)	(207)
Research and development expenses	(4)	(36)	(33)	(32)	(43)
Special charges:					
Sorbates antitrust matters	—	—	—	(84)	(84)
Restructuring, impairment and other special charges	(1)	(49)	(26)	(5)	(17)
Foreign exchange gain (loss)	1	3	(2)	1	2
Gain on disposition of assets	—	—	—	—	1
Operating profit (loss)	(2)	256	112	43	38
Equity in net earnings of affiliates	3	9	15	12	14
Interest expense	(3)	(10)	(11)	(10)	(15)
Interest and other income, net	7	76	41	38	29
Earnings from continuing operations before tax and minority interests	5	331	157	83	66
Income tax provision	(1)	(77)	(39)	(24)	(30)
Earnings (loss) from continuing operations before minority interests	4	254	118	59	36
Minority interests	(2)	(43)	(18)	(7)	(12)
Earnings (loss) from continuing operations	2	211	100	52	24
Earnings (loss) from discontinued operations:					
Gain (loss) from operation of discontinued operations	—	—	(31)	93	127
Gain (loss) on disposal of discontinued operations	—	22	—	(1)	(1)
Income tax provision	—	—	(139)	(28)	(18)
Earnings (loss) from discontinued operations	—	22	(170)	64	108
Net earnings (loss)	2	233	(70)	116	132
Earnings (loss) per common share – basic:					
Continuing operations	0.04	4.20	2.02	1.05	0.47
Discontinued operations	—	0.44	(3.44)	1.29	2.20
Net earnings (loss)	0.04	4.64	(1.42)	2.34	2.67
Weighted average shares – basic:	50,365,018	50,269,363	49,401,898	49,487,911	49,445,958
Earnings (loss) per common share – diluted:					
Continuing operations	0.04	4.19	2.02	1.05	0.47
Discontinued operations	—	0.44	(3.44)	1.29	2.20
Net earnings (loss)	0.04	4.63	(1.42)	2.34	2.67
Weighted average shares – diluted:	50,365,018	50,331,758	49,401,898	49,487,911	49,457,145

See the Accompanying Notes to Consolidated Financial Statements.

Celanese AG and Subsidiaries
Consolidated Balance Sheets

	Successor	Predecessor
	As of September 30, 2005	As of September 30, 2004
	(In € Millions)	
Assets		
Current assets:		
Cash and cash equivalents	176	91
Receivables, net:		
Trade receivables, net – third party	303	359
Trade and other receivables – Related Entities and Affiliates	403	944
Other receivables	111	123
Inventories	178	157
Deferred income taxes	—	7
Other assets	4	3
Assets of discontinued operations	—	1,966
Total current assets	1,175	3,650
Investments	261	237
Property, plant and equipment, net	584	566
Deferred income taxes	71	80
Notes receivable from Related Entities	1,257	193
Other assets	124	150
Goodwill	194	441
Other intangible assets, net	254	23
Total assets	3,920	5,340

See the Accompanying Notes to Consolidated Financial Statements.

Celanese AG and Subsidiaries
Consolidated Balance Sheets (Continued)

	Successor As of September 30, 2005	Predecessor As of September 30, 2004
	(In € Millions)	
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings and current installments of long-term debt - third party, Related Entities and Affiliates	252	170
Accounts payable and accrued liabilities:		
Trade payables - third party	138	214
Trade payables – Related Entities and Affiliates	131	66
Other current liabilities	275	293
Deferred income taxes	9	14
Income taxes payable	109	82
Liabilities of discontinued operations	—	2,016
Total current liabilities	914	2,855
Long-term debt - third party and Related Entities	80	331
Deferred income taxes	205	85
Benefit obligations	74	43
Other liabilities	32	27
Minority interests	159	111
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value, €140 million aggregate registered value; 54,790,369 shares authorized and issued; 50,365,018 and 49,881,618 shares outstanding at September 30, 2005 and September 30, 2004, respectively)	140	140
Additional paid-in capital	2,415	2,545
Retained earnings (accumulated deficit)	2	(96)
Accumulated other comprehensive loss	(5)	(595)
	2,552	1,994
Treasury stock at cost (4,425,351 and 4,908,751 shares at September 30, 2005 and September 30, 2004, respectively)	(96)	(106)
Total shareholders' equity	2,456	1,888
Total liabilities and shareholders' equity	3,920	5,340

See the Accompanying Notes to Consolidated Financial Statements.

Celanese AG and Subsidiaries
Consolidated Statements of Shareholders' Equity
August 25 to September 30, 2005, October 1, 2004 to August 24, 2005,
Nine Months Ended September 30, 2004 and Year Ended December 31, 2003

	Common Stock	Additional Paid-in Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
	(In € Millions)					
Predecessor:						
Balance at December 31, 2002	140	2,496	(130)	(402)	(104)	2,000
Comprehensive income (loss), net of tax:						
Net earnings	—	—	132	—	—	132
Other comprehensive income (loss):						
Unrealized gain on securities (1)	—	—	—	3	—	3
Foreign currency translation	—	—	—	(114)	—	(114)
Additional minimum pension liability (2)	—	—	—	10	—	10
Unrealized gain on derivative contracts (3)	—	—	—	5	—	5
Other comprehensive loss	—	—	—	(96)	—	(96)
Comprehensive income	—	—	—	—	—	36
Dividends (€0.44 per share)	—	—	(22)	—	—	(22)
Amortization of deferred compensation	—	5	—	—	—	5
Settlement of demerger liability (4)	—	39	—	—	—	39
Purchase of treasury stock	—	—	—	—	(14)	(14)
Balance at December 31, 2003	140	2,540	(20)	(498)	(118)	2,044
Comprehensive income (loss), net of tax:						
Net loss	—	—	(70)	—	—	(70)
Other comprehensive income (loss):						
Unrealized gain on securities (1)	—	—	—	3	—	3
Foreign currency translation	—	—	—	12	—	12
Additional minimum pension liability (2)	—	—	—	(115)	—	(115)
Unrealized gain on derivative contracts (3)	—	—	—	3	—	3
Other comprehensive loss	—	—	—	(97)	—	(97)
Comprehensive loss	—	—	—	—	—	(167)
Dividends (€0.12 per share)	—	—	(6)	—	—	(6)
Amortization of deferred compensation	—	2	—	—	—	2
Settlement of demerger liability (4)	—	2	—	—	—	2
Exercise of stock options funded by treasury stock	—	1	—	—	12	13
Balance at September 30, 2004	140	2,545	(96)	(595)	(106)	1,888
Net earnings	—	—	233	—	—	233
Other comprehensive income (loss):						
Unrealized loss on securities (1)	—	—	—	(1)	—	(1)
Foreign currency translation	—	—	—	29	—	29
Additional minimum pension liability (2)	—	—	—	(15)	—	(15)
Unrealized loss on derivative contracts (3)	—	—	—	(2)	—	(2)
Other comprehensive income	—	—	—	11	—	11
Comprehensive income	—	—	—	—	—	244
Management compensation	—	11	—	—	—	11
Transfer of entities to parent	—	(227)	—	577	—	350
Settlement of demerger liability (4)	—	2	—	—	—	2
Exercise of stock options funded by treasury stock	—	6	—	—	10	16
Balance at August 24, 2005	140	2,337	137	(7)	(96)	2,511
Successor:						
Push down adjustments (See Notes 1 & 2)	—	73	(137)	—	—	(64)
Net earnings	—	—	2	—	—	2
Other comprehensive income (loss):						
Foreign currency translation	—	—	—	(1)	—	(1)
Additional minimum pension liability (2)	—	—	—	2	—	2
Unrealized gain on derivative contracts (3)	—	—	—	1	—	1
Other comprehensive income	—	—	—	2	—	2
Comprehensive income	—	—	—	—	—	4
Emulsions powders sale	—	4	—	—	—	4
Settlement of demerger liability (4)	—	1	—	—	—	1
Balance at September 30, 2005	140	2,415	2	(5)	(96)	2,456

(1) Net of tax (benefit) expense of €1 million in 2003, €2 million for September 30, 2004, €0 million for the period October 1, 2004 to August 24, 2005 and €0 million for the period August 25, 2005 to September 30, 2005.

(2) Net of tax (benefit) expense of €4 million in 2003, €(74) million for September 30, 2004, €(5) million for the period October 1, 2004 to August 24, 2005 and €0 million for the period August 25, 2005 to September 30, 2005.

(3) Net of tax (benefit) expense of €3 million in 2003, €1 million for September 30, 2004, €(1) million for the period October 1, 2004 to August 24, 2005 and €0 million for the period August 25, 2005 to September 30, 2005.

(4) Net of tax expense of €29 million in 2003, €1 million for September 30, 2004, €1 million for the period October 1, 2004 to August 24, 2005 and €0 million for the period August 25, 2005 to September 30, 2005.

See the Accompanying Notes to Consolidated Financial Statements.

Celanese AG and Subsidiaries
Consolidated Statements of Cash Flows

	Successor	Predecessor			
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003 (Unaudited)	Year Ended December 31, 2003
			(In € Millions)		
Operating activities from continuing operations:					
Net earnings (loss)	2	233	(70)	116	132
(Earnings) loss from discontinued operations, net	—	(18)	170	(64)	(108)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:					
Special charges, net of amounts used	—	52	(2)	41	78
Stock based compensation	—	3	3	39	56
Depreciation and amortization	7	62	74	74	97
Change in equity of affiliates	(3)	13	(1)	(2)	1
Deferred income taxes	(4)	8	87	7	21
(Gain) loss on disposition of assets, net	—	—	—	—	(1)
Gain) loss on sale of businesses	—	—	—	(4)	(4)
Write-downs of investments	—	—	—	—	4
(Gain) loss on foreign currency	3	21	(8)	88	140
Minority interests	2	43	18	7	12
Changes in operating assets and liabilities:					
Trade receivables, net - third party and affiliates	15	10	(54)	19	56
Other receivables	9	(155)	(13)	—	(41)
Inventories	40	(54)	(12)	18	2
Trade payables - third party and affiliates	22	(82)	(27)	(54)	(21)
Other liabilities	25	102	(53)	(102)	(197)
Income taxes payable	(14)	41	19	(93)	(123)
Other, net	(24)	30	(21)	(3)	24
Net cash provided (used in) by operating activities	80	309	110	87	128
Investing activities from continuing operations:					
Capital expenditures on property, plant and equipment	(8)	(68)	(42)	(56)	(87)
Acquisitions of businesses and purchase of investment	—	(2)	—	(13)	(15)
Loans and notes to/from affiliates	(32)	(352)	—	—	—
Net proceeds (outflow) on sale of assets	21	—	1	6	4
Net proceeds from disposal of discontinued operations	—	43	3	—	—
Proceeds from sale of marketable securities	—	—	—	—	—
Purchases of marketable securities	—	—	—	—	—
Other, net	—	—	—	(2)	(3)
Net cash used in investing activities	(19)	(379)	(38)	(65)	(101)
Financing activities from continuing operations:					
Short-term borrowings (repayments), net	9	54	2	7	(17)
Proceeds from long-term debt	3	15	5	—	50
Payments of long-term debt	—	(4)	(53)	(5)	(8)
Proceeds from sale (purchase) of treasury stock	—	16	13	(14)	(14)
Issuance of preferred stock by consolidated subsidiary	—	—	14	—	—
Dividend payments	—	—	(6)	(22)	(22)
Net cash provided by (used in) financing activities	12	81	(25)	(34)	(11)
Exchange rate effects on cash	—	1	—	—	—
Net increase (decrease) in cash and cash equivalents	73	12	47	(12)	16
Cash and cash equivalents at beginning of period	103	91	44	28	28
Cash and cash equivalents at end of period	176	103	91	16	44
Net cash (used in) provided by discontinued operations:					
Operating activities	—	(150)	(192)	118	210
Investing activities	—	21	124	(95)	(129)
Financing activities	—	—	128	(88)	(88)
Net cash (used in) provided by discontinued operations	—	(129)	60	(65)	(7)

See the Accompanying Notes to Consolidated Financial Statements.

Celanese AG and Subsidiaries
Notes to Consolidated Financial Statements

1. Description of the Company

On October 22, 1999, Celanese AG and its subsidiaries ("Celanese" or the "Company"), was demerged from Hoechst AG ("Hoechst") and became an independent publicly traded company.

Celanese is a global industrial chemicals company. Its business involves processing chemical raw materials, such as ethylene and propylene, and natural products, including natural gas, into value-added chemicals and chemical-based products. The Company's portfolio consists of three main business segments: Chemical Products, Technical Polymers Ticona ("Ticona") and Performance Products.

On April 6, 2004, Celanese Europe Holding GmbH & Co. KG, formerly known as BCP Crystal Acquisition GmbH & Co. KG (the "Purchaser") acquired approximately 84% of the outstanding Celanese ordinary shares, excluding treasury stock ("CAG shares"), pursuant to a voluntary tender offer commenced in February 2004. These shares were acquired at a price of €32.50 per share or an aggregate purchase price of €1,385 million, including direct acquisition costs of approximately €56 million. Following the completion of the acquisition, the CAG shares were delisted from the New York Stock Exchange on June 2, 2004. CAG shares continue to trade on the Frankfurt Stock Exchange in Germany.

During the period August 25, 2005 to September 30, 2005 and the period October 1, 2004 to August 24, 2005, the Purchaser acquired additional CAG shares for a purchase price of €0 million and €325 million, respectively. As of September 30, 2005 and 2004, the Purchaser's ownership percentage was approximately 96% and 84%, respectively. The additional CAG shares were acquired pursuant to either i) the mandatory offer (See Note 3) commenced in September 2004 or ii) the purchase of additional CAG shares as described below. On November 4, 2005, the Purchaser advised Celanese AG of its request to commence the process for affecting a squeeze-out of the remaining shareholders (See Note 3).

Basis of Presentation

The financial position, results of operations, statement of cash flows and related disclosures for periods prior to August 24, 2005, the effective date of the acquisition of CAG shares resulting in push-down accounting (See Note 2), are presented as those of the "Predecessor". The financial position, results of operations, statement of cash flows and related disclosures subsequent to August 24, 2005 are presented as those of the "Successor".

The consolidated financial statements of the Successor as of September 30, 2005 and for the period from August 25, 2005 to September 30, 2005 reflect the Purchaser's basis of accounting in accordance with SEC Staff Accounting Bulletin No. 54, *Push Down Basis of Accounting Required in Certain Limited Circumstances*, resulting from the acquisitions of CAG shares under the purchase method of accounting in accordance with Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations*. Accordingly, the purchase price and related push down accounting adjustments have been recorded in the financial statements at and for the period commencing on August 25, 2005, which resulted in a new basis of accounting reflecting the Purchaser's accounting basis in the Company's assets and liabilities at August 25, 2005. The consolidated financial statements of the Predecessor are presented using the Company's historic basis of accounting. Therefore, the results of the Successor may not be comparable to the results of the Predecessor due to the difference in the basis of presentation of push down accounting as compared to historical cost.

2. Purchase of Additional CAG shares

On August 24, 2005, the Purchaser acquired 5.9 million, or approximately 12%, of the outstanding CAG shares from two shareholders for the aggregate consideration of €302 million. In addition, the Purchaser also paid to such shareholders an additional purchase price of €12 million in consideration for the settlement of certain claims and for such shareholders agreeing to, among other things, (1) accept the shareholders' resolutions passed at the extraordinary general meeting of Celanese held on July 30 and 31, 2004 and the annual general meeting of Celanese held on May 19 and 20, 2005, (2) acknowledge the legal effectiveness of the domination and profit and loss transfer agreement, (3) irrevocably withdraw and abandon all actions, applications and appeals each brought or joined in legal proceedings related to, among other things, challenging the effectiveness of the domination and profit and loss transfer agreement, and amount of fair cash compensation offered by the Purchaser in the mandatory offer required by Section 305(1) of the German Stock Corporation Act, (4) refrain from acquiring any CAG shares or any other investment in Celanese, and (5) refrain from taking any future legal action with respect to shareholder resolutions or corporate actions of Celanese. The Purchaser paid the aggregate consideration of €314 million for the additional CAG shares that were acquired from such shareholders and for the agreements described above using available cash. The Purchaser also made all other shareholders a limited offer pursuant to which it increased for a limited period of time its offer to purchase any remaining outstanding CAG shares to €51 per share (plus interest on €41.92 per share) for all minority shareholders against waiver of the shareholders' rights to participate in an increase of the offer consideration as a result of the pending award proceedings. In addition, all shareholders who tendered their shares pursuant to the mandatory offer of €41.92 per share commenced in September 2004, were entitled to claim the difference between the increased offer of €51 per share and the mandatory offer of €41.92 per share. The limited offer commenced on August 30, 2005 to September 29, 2005. For minority shareholders who did not accept the limited offer on or prior to the September 29, 2005 expiration date, the terms of the original €41.92 per share mandatory offer continued to apply. The mandatory offer will remain open for two months following final resolution of the award proceedings (*Spruchverfahren)* by the German courts.

Accounting for the Acquisition of CAG Shares

As described above, on April 6, 2004, Celanese Corporation, the ultimate parent of the Purchaser and Celanese, acquired financial control of Celanese. On August 24, 2005, the Purchaser acquired an additional 12% of the outstanding CAG shares. The Purchaser has allocated the purchase price on the basis of its estimate of the fair value of the underlying assets acquired and liabilities assumed on April 6, 2004 and August 24, 2005. The assets acquired and liabilities assumed are reflected at fair value at acquisition for the approximate 96% portion acquired and at historical basis for the remaining minority interest of approximately 4%. The difference between the purchase price and the amounts allocated to specific assets and liabilities is included in goodwill.

The following are the push-down accounting adjustments of the purchase price:

	Predecessor as of August 24, 2005	Push Down Adjustments	Successor as of August 25, 2005
		(in € millions)	
Current assets:			
Cash and cash equivalents	103	—	103
Receivables	808	—	808
Inventories	216	5	221
Other current assets.	5	—	5
Investments	235	22	257
Property plant and equipment	532	52	584
Deferred income taxes	73	(3)	70
Other non-current assets	1,376	(4)	1,372
Intangible assets	18	237	255
Goodwill	441	(247)	194
Total assets acquired	3,807	62	3,869
Current liabilities:			
Short-term borrowings and current installments of long-term debt	241	—	241
Accounts payable and accrued liabilities	233	—	233
Other current liabilities	399	—	399
Long term debt	77	—	77
Benefit obligations	67	4	71
Deferred income taxes	84	122	206
Other long term liabilities	39		39
Minority interest	156	—	156
Total equity	2,511	(64)	2,447
Total liabilities and equity	3,807	62	3,869

Cash and cash equivalents, receivables, other current assets, accounts payable and accrued liabilities and other current liabilities were stated at their historical carrying values, given the short term nature of these assets and liabilities.

The estimated fair value of inventory, as of August 24, 2004, has been allocated based on management's computations. This inventory was subsequently sold during the period from August 25, 2005 to September 30, 2005.

Deferred income taxes have been provided in the consolidated balance sheet based on the Purchaser's estimate of the tax versus book basis of the assets acquired and liabilities assumed.

The Purchaser's estimate of pension benefit obligations, which resulted in a push down adjustment of €4 million, has been reflected in the allocation of purchase price at the projected benefit obligation less plan assets at fair market value.

The Purchaser and the Company expect to finalize the push-down accounting related to the August 24, 2005 purchase of CAG shares by quarter ended June 30, 2006. As of September 30, 2005, all estimates are still preliminary.

3. Domination Agreement and Organizational Restructuring

Domination Agreement

On October 1, 2004, a domination and profit and loss transfer agreement (the "Domination Agreement") between Celanese and the Purchaser became effective. When the Domination Agreement became operative, the Purchaser became obligated to offer to acquire all outstanding CAG shares from the minority shareholders of Celanese in return for payment of fair cash compensation. The amount of this fair cash compensation was determined to be €41.92 per share, plus interest, in accordance with applicable German law. The Purchaser may elect, or be required, to pay a purchase price in excess of €41.92 to acquire the remaining CAG shares. Any minority shareholder who elects not to sell its shares to the Purchaser will be entitled to remain a shareholder of Celanese and to receive from the Purchaser a gross guaranteed fixed annual payment on their shares of €3.27 per CAG share less certain corporate taxes in lieu of any future dividend. Taking into account the circumstances and the tax rates at the time of entering into the Domination Agreement, the net guaranteed fixed annual payment is €2.89 per share for a full fiscal year, which commences on or after October 1, 2004. The net guaranteed fixed annual payment may, depending on applicable corporate tax rates, in the future be higher, lower or the same as €2.89 per share.

Beginning October 1, 2004, under the terms of the Domination Agreement, the Purchaser, as the dominating entity, among other things, is required to compensate Celanese AG for any statutory annual loss incurred by Celanese AG, the dominated entity, on a non-consolidated basis, at the end of the fiscal year when the loss was incurred. This obligation to compensate Celanese AG for annual losses will apply during the entire term of the Domination Agreement.

There is no assurance that the Domination Agreement will remain operative in its current form. If the Domination Agreement ceases to be operative, the Purchaser will not be able to directly give instructions to the Celanese board of management. The Domination Agreement cannot be terminated by the Purchaser in the ordinary course until September 30, 2009. However, irrespective of whether a domination agreement is in place between the Purchaser and Celanese, under German law Celanese is effectively controlled by the Purchaser because of the Purchaser's more than 95% ownership of the outstanding CAG shares. The Purchaser does have the ability, through a variety of means, to utilize its controlling rights to, among other things, (1) cause a domination agreement to become operative; (2) use its ability, through its more than 95% voting power at any shareholders' meetings of Celanese, to elect the shareholder representatives on the Supervisory Board and to thereby effectively control the appointment and removal of the members of the Celanese board of management; and (3) effect all decisions that a majority shareholder who owns more than 95% is permitted to make under German law. The controlling rights of the Purchaser constitute a controlling financial interest for accounting purposes and result in the Purchaser being required to consolidate Celanese as of the date of acquisition. In addition as long as the Domination Agreement remains effective, the Purchaser is entitled to give instructions directly to the management board of Celanese, including, but not limited to, instructions that are disadvantageous to Celanese, as long as such disadvantageous instructions benefit the Purchaser or the companies affiliated with either the Purchaser or Celanese. As a dominated company, Celanese may be affected by risks that affect the Purchaser and its affiliates, including, but not limited to, risks arising out of the debt levels of some of these companies.

The Domination Agreement is subject to legal challenges instituted by dissenting shareholders. During August 2004, nine actions were brought by minority shareholders against Celanese in the Frankfurt District Court (*Landgericht*), all of which were consolidated in September 2004. Several minority shareholders joined these proceedings via a third party intervention in support of the plaintiffs. The Purchaser joined the proceedings via a third party intervention in support of Celanese.

Among other things, these actions request the court to set aside shareholder resolutions passed at the extraordinary general meeting held on July 30 and 31, 2004 based on allegations that include the alleged violation of procedural requirements and information rights of the shareholders.

Twenty-seven minority shareholders filed lawsuits in May and June of 2005 in the Frankfurt District Court (*Landgericht*) contesting the shareholder resolutions passed at the annual general meeting held May 19-20, 2005, which confirmed the resolutions passed at the July 30-31, 2004 extraordinary general meeting approving the Domination Agreement and a change in Celanese's fiscal year. In conjunction with the acquisition of 5.9 million ordinary shares of Celanese from two shareholders in August 2005, two of those lawsuits were withdrawn in August 2005.

Celanese is also a defendant in five actions filed in the Frankfurt District Court *(Landgericht)* requesting that the court declare some or all of the shareholder resolutions passed at the extraordinary general meeting of Celanese on July 30 and 31, 2004 null and void *(Nichtigkeitsklage),* based on allegations that certain formal requirements necessary in connection with the invitation to the extraordinary general meeting of Celanese had been violated.

The Frankfurt District Court (*Landgericht*) has suspended the proceedings regarding the resolutions passed at the July 30-31, 2004 extraordinary general meeting described above as long as the lawsuits contesting the confirmatory resolutions are pending.

Further, on August 2, 2004, two minority shareholders instituted public register proceedings with each of the Königstein Local Court (*Amtsgericht*) and the Frankfurt District Court (*Landgericht*), both with a view to have the registration of the Domination Agreement in the Commercial Register deleted (*Amtslöschungsverfahren*). These actions are based on an alleged violation of procedural requirements at the extraordinary general meeting, an alleged undercapitalization of the Purchaser and an alleged misuse of discretion by the competent court with respect to the registration of the Domination Agreement in the Commercial Register. In April 2005, the court of appeals rejected the demand by one shareholder for injunctive relief, and in June 2005 the Frankfurt District Court (*Landgericht*) ruled that it does not have jurisdiction over this matter. The claims in the Königstein Local Court (*Amtsgericht*) are still pending.

If legal challenges of the Domination Agreement by dissenting shareholders of Celanese are successful, some or all actions taken under the Domination Agreement, including the transfer of Celanese Americas Corporation ("CAC"), an indirect subsidiary of Celanese, (see *Organizational Restructuring* below for discussion regarding CAC's transfer) may be required to be reversed and the Purchaser may be required to compensate Celanese for damages caused by such actions.

Squeeze-Out

Because the Purchaser owns shares representing more than 95 percent of the registered ordinary share capital (excluding treasury shares) of Celanese, Celanese Corporation caused the Purchaser to require, as permitted under German law, the transfer to the Purchaser of the shares owned by the then-outstanding minority shareholders of Celanese in exchange for fair cash compensation (the "Squeeze-Out"). The Squeeze-Out will require the approval by the affirmative vote of the majority of the votes cast at Celanese's annual general meeting in May 2006 and will become effective upon its registration in the commercial register. Once the Purchaser effects the Squeeze-Out, the Purchaser must pay the then remaining minority shareholders of Celanese fair cash compensation, in exchange for their shares. The amount of the fair cash compensation per share may be equal to, higher or lower than the Tender Offer price or the fair cash compensation offered pursuant to the Domination Agreement. The amount to be paid to the minority shareholders as fair cash compensation in exchange for their Celanese ordinary shares in connection with the Squeeze-Out will be determined on the basis of the fair value of the enterprise of Celanese, determined by the Purchaser in accordance with applicable German legal requirements, as of the date of the applicable resolution of Celanese's shareholders' meeting, and examined by a duly qualified auditor chosen and appointed by the Frankfurt District Court (*Landgericht*).

The Squeeze-Out would require approval by the shareholders of Celanese. While it is to be expected that in each case, the Purchaser will have the requisite majority in such meeting to assure approval of such measures, minority shareholders, irrespective of the size of their shareholding, may, within one month from the date of any such shareholder resolution, file an action with the court to have such resolution set aside. While such action would only be successful if the resolution were passed in violation of applicable laws and cannot be based on the unfairness of the amount to be paid to the minority shareholders, a shareholder action may substantially delay the implementation of the challenged shareholder resolution pending final resolution of the action. If such action proved to be successful, the action could prevent the implementation of the Squeeze-Out. Accordingly, there can be no assurance that the Squeeze-Out can be implemented timely or at all.

Organizational Restructuring

In October 2004, the parent of the Purchaser, Celanese Corporation, completed an organizational restructuring (the "Restructuring"). As part of the Restructuring, Celanese Corporation, by causing the Purchaser to give corresponding instruction under the Domination Agreement, effected the transfer of all of the shares of CAC from Celanese Holding GmbH, a wholly owned subsidiary of Celanese, to BCP Caylux Holding Luxembourg S.C.A. ("BCP Caylux) which resulted in BCP Caylux owning 100% of the equity of CAC and, indirectly, all of its assets, including subsidiary stock. The transfer was effected under the Domination Agreement as follows: (1) Celanese Holding GmbH distributed all outstanding shares in CAC to Celanese, (2) Celanese sold all outstanding shares in CAC to the Purchaser for a note in an amount equal to CAC's fair market value of €291 million and (3) the Purchaser transferred all outstanding capital stock of CAC to BCP Caylux for €291 million. In addition, CPO, a wholly-owned subsidiary of Celanese, which acted as a purchasing agent on behalf of Celanese as well as third parties, was transferred to the Purchaser. This transfer was made equal to CPO's fair market value of €13 million. As a result of these transfers, Celanese AG now serves primarily as the holding company for the European business and certain Asian businesses of Celanese Corporation, the ultimate parent of the Purchaser and Celanese.

As a result of the Restructuring, the term notes, pollution control bonds, variable rate term loan payable to BCP Caylux and a portion of the capital leases are no longer obligations of Celanese AG. Celanese AG and its subsidiaries are no longer named parties under the credit facilities after the Restructuring. As of September 30, 2004, Celanese AG had net intercompany notes with consolidated subsidiaries, which previously were eliminated in consolidation. As part of the Restructuring and pursuant to instructions issued by the Purchaser under the Domination Agreement, these intercompany notes were replaced with notes due from the Purchaser of €1,034 million. The repayment of these notes will depend upon sufficient liquidity of the Purchaser, Celanese Corporation and its subsidiaries. The major portion of these notes bear interest of 4.67% per annum and mature in 2009. Celanese Corporation has provided letters of support for the repayment of these notes.

As a result of the Restructuring, CAC is no longer a wholly-owned subsidiary of Celanese. CAC's assets, liabilities and results of operations have been included as discontinued operations (See Note 8).

As this is a transaction between entities under common control, the transfers of CAC and CPO were recorded at the historical cost net book value of CAC and CPO, and resulted in a deemed distribution from additional paid in capital.

4. Summary of Accounting Policies

- **Change in Fiscal Year**

In July 2004, the majority of Celanese's shareholders approved a change of the Celanese fiscal accounting year to commence October 1st and end September 30th. As a result, Celanese's 2004 fiscal year was for a nine month period that ended on September 30, 2004.

- **Consolidation Principles**

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for all periods presented and include the accounts of the Company and its majority owned subsidiaries over which Celanese exercises control as well as special purpose entities which are variable interest entities where Celanese is deemed the primary beneficiary (See Note 5). All significant intercompany accounts and transactions have been eliminated in consolidation.

- **International Financial Reporting Standards**

Pursuant to a regulation of the European Union, Celanese is required to report consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), formerly known as International Accounting Standards, with its first fiscal year beginning on or after January 1, 2007. As such, the Company plans to adopt the IFRS reporting requirements for the 2008 fiscal year, beginning on October 1, 2007. Following the Squeeze-Out, a potential delisting from the Frankfurt Stock Exchange would impact the implementation of the IFRS reporting requirements.

- **German Statutory Reporting Exemptions**

Celanese AG, Kronberg im Taunus, prepares consolidated financial statements according to article 290 HGB, that will be filed with the Commercial Register of the Königstein im Taunus District Court and will be published pursuant to the German legal regulations in the Federal Gazette (*Bundesanzeiger*).

Ticona GmbH, Kelsterbach, is included in the consolidated financial statements of Celanese AG. Accordingly, the exemption of article 264 III HGB has been applied to Ticona GmbH.

- **Estimates and Assumptions**

The preparation of consolidated financial statements in conformity with U.S. 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. The more significant estimates pertain to purchase accounting, allowance for doubtful accounts, inventory allowances, impairments of intangible assets and other long-lived assets, restructuring costs and other special charges, income taxes, pension and other postretirement benefits, asset retirement obligations, environmental liabilities and loss contingencies. Actual results could differ from those estimates.

- **Revenue Recognition**

Celanese recognizes revenue when title and risk of loss have been transferred to the customer, generally at the time of shipment of products, and provided four basic criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed and determinable; and (4) collectibility is reasonably assured. Should changes in conditions cause management to determine revenue recognition criteria are not met for certain transactions, revenue recognition would be delayed until such time that the transactions become realizable and fully earned. Payments received in advance of revenue recognition are recorded as deferred revenue.

- **Cash and Cash Equivalents**

All highly liquid investments with original maturities of three months or less are considered cash equivalents.

- **Financial Instruments**

Celanese addresses certain financial exposures through a controlled program of risk management that includes the use of derivative financial instruments. As a matter of principle, Celanese does not use derivative financial instruments for trading purposes. Celanese has been party to interest rate swaps as well as foreign currency forward contracts in the management of its interest rate and foreign currency exchange rate exposures. Celanese generally utilizes interest rate derivative contracts in order to fix or limit the interest paid on existing variable rate debt. Celanese acts as a clearing house for its affiliates and thus, utilizes foreign currency derivative financial instruments to eliminate or reduce the exposure arising from internal foreign currency forward transactions completed with respective entities to eliminate their operational exposure from foreign currency denominated receivables and payables. Certain foreign currency denominated intercompany receivables and payables are also hedged with foreign currency forward transactions according to the hedging strategy of Celanese.

Differences between amounts paid or received on interest rate swap agreements are recognized as adjustments to interest expense over the life of each swap, thereby adjusting the effective interest rate on the hedged obligation. Gains and losses on instruments not meeting the criteria for cash flow hedge accounting treatment, or that cease to meet hedge accounting criteria, are included as income or expense.

If a swap is terminated prior to its maturity, the gain or loss is recognized over the remaining original life of the swap if the item hedged remains outstanding, or immediately, if the item hedged does not remain outstanding. If the swap is not terminated prior to maturity, but the underlying hedged item is no longer outstanding, the interest rate swap is marked to market and any unrealized gain or loss is recognized immediately.

Gains and losses on derivative instruments as well as the offsetting losses and gains on the hedged items are reported in earnings in the same accounting period. Gains and losses relating to the ineffective portion of hedges are recorded in other income (expense), net. Foreign exchange contracts designated as hedges for anticipated exposures are accounted for as cash flow hedges. The effective portion of unrealized gains and losses associated with the contracts are deferred as a component of accumulated other comprehensive income (loss) until the underlying hedged transactions affect earnings. Derivative instruments that are not designated as hedges are marked-to-market at the end of each accounting period with the results included in earnings.

Financial instruments which could potentially subject Celanese to concentrations of credit risk are primarily receivables concentrated in various geographic locations and cash equivalents. Celanese performs ongoing credit evaluations of its customers' financial condition. Generally, collateral is not required from customers. Allowances are provided for specific risks inherent in receivables.

- **Inventories**

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out or FIFO method. Cost includes raw materials, direct labor and manufacturing overhead. Stores and supplies are valued at cost or market, whichever is lower. Cost is generally determined by the average cost method.

- **Investments and Equity in Net Earnings of Affiliates**

Accounting Principles Board ("APB") Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*, stipulates that the equity method should be used to account for investments in corporate ventures and certain other companies when an investor has "the ability to exercise significant influence over operating and financial policies of an investee". APB Opinion No. 18 generally considers an investor to have the ability to exercise significant influence when it owns 20 percent or more of the voting stock of an investee. Financial Accounting Standards Board ("FASB") Interpretation No. 35, *Criteria for Applying the Equity Method of Accounting for Investments in Common Stock*, which was issued to clarify the criteria for applying the equity method of accounting to 50 percent or less owned companies, lists circumstances under which, despite 20 percent ownership, an investor may not be able to exercise significant influence. Certain investments where Celanese owns greater than a 20 percent ownership and can not exercise significant influence or control are accounted for under the cost method. Such investments aggregate €18 million and €20 million at September 30, 2005 and 2004, respectively, and are included within long-term other assets.

Celanese assesses the recoverability of the carrying value of its investments whenever events or changes in circumstances indicate a loss in value that is other than a temporary decline. See "Impairment of property, plant and equipment" for explanation of the methodology utilized.

- **Property, Plant and Equipment**

Property, plant and equipment are capitalized at cost. Depreciation is calculated on a straight-line basis, generally over the following estimated useful lives of the assets:

Land improvements	20 years
Buildings and building improvements	30 years
Machinery and equipment	20 years

Effective January 1, 2005, Celanese Corporation revised the estimated useful lives of certain machinery and equipment. The asset depreciation lives that were previously ten years were increased to twenty years and the useful lives of its building improvements from ten to thirty years. The Company has prospectively reflected such changes in its financial statements.

Leasehold improvements are amortized over ten years or the remaining life of the respective lease, whichever is shorter. Assets acquired in business combinations are recorded at their fair values and depreciated over the assets remaining useful life or the life of the Company's policy, which ever is shorter.

Repair and maintenance costs, including costs for planned maintenance turnarounds, that do not extend the useful life of the asset are charged against earnings as incurred. Major replacements, renewals and significant improvements are capitalized.

Interest costs incurred during the construction period of assets are applied to the average value of constructed assets using the estimated weighted average interest rate incurred on borrowings outstanding during the construction period. The interest capitalized is amortized over the life of the asset.

Impairment of Property, Plant and Equipment – Celanese assesses the recoverability of the carrying value of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net undiscounted cash flows expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. The estimate of fair value may be determined as the amount at which the asset could be bought or sold in a current transaction between willing parties. If this information is not available, fair value is determined based on the best information available in the circumstances. This frequently involves the use of a valuation technique including the present value of expected future cash flows, discounted at a rate commensurate with the risk involved, or other acceptable valuation techniques. Impairment of property, plant and equipment to be disposed of is determined in a similar manner, except that fair value is reduced by the costs to dispose of the assets (See Note 12).

- **Intangible Assets**

The excess of the purchase price over fair value of net identifiable assets and liabilities of an acquired business ("goodwill") and other intangible assets with indefinite useful lives are tested for impairment at least annually. Patents, trademarks and other intangibles with finite lives are amortized on a straight-line basis over their estimated economic lives (See Note 13).

Impairment of Intangible Assets – Celanese assesses the recoverability of the carrying value of its goodwill and other intangible assets with indefinite useful lives annually or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable. Recoverability of goodwill is measured at the reporting unit level based on a two-step approach. First, the carrying amount of the reporting unit is compared to the fair value as estimated by the future net discounted cash flows expected to be generated by the reporting unit. To the extent that the carrying value of the reporting unit exceeds the fair value of the reporting unit, a second step is performed, wherein the reporting unit's assets and liabilities are fair valued. To the extent that the reporting unit's carrying value of goodwill exceeds its implied fair value of goodwill, impairment exists and must be recognized. The implied fair value of goodwill is calculated as the fair value of the reporting unit in excess of the fair value of all non-goodwill assets and liabilities allocated to the reporting unit. The estimate of fair value may be determined as the amount at which the asset could be bought or sold in a current transaction between willing parties. If this information is not available, fair value is determined based on the best information available in the circumstances. This frequently involves the use of a valuation technique including the present value of expected future cash flows, discounted at a rate commensurate with the risk involved, or other acceptable valuation techniques.

Recoverability of other intangible assets with indefinite useful lives is measured by a comparison of the carrying amount of the intangible assets to the fair value of the respective intangible assets. Any excess of the carrying value of the intangible assets over the fair value of the intangible assets is recognized as an impairment loss. The estimate of fair value is determined similar to that for goodwill outlined above.

Celanese assesses the recoverability of intangible assets with finite lives in the same manner as for property, plant and equipment. See "Impairment of property, plant and equipment".

- **Income Taxes**

The provision for income taxes has been determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and net operating loss and tax credit carryforwards. The amount of deferred taxes on these temporary differences is determined using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, as applicable, based on tax rates and laws in the respective tax jurisdiction enacted by the balance sheet date.

Certain individual legal entities, included herein, are covered by a Profit and Loss Sharing Agreement with a parent company outside Celanese AG. The parent company results are not reflected in these financial statements and related notes. As a result of the agreement, these legal entities remit their respective tax liabilities to the parent company rather than the tax authorities. These amounts have been reflected in the provision for income taxes.

The Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical taxable income, projected future taxable income, applicable tax strategies and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

- **Environmental Liabilities**

Celanese manufactures and sells a diverse line of chemical products throughout the world. Accordingly, Celanese's operations are subject to various hazards incidental to the production of industrial chemicals including the use, handling, processing, storage and transportation of hazardous materials. Celanese recognizes losses and accrues liabilities relating to environmental matters if available information indicates it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If the event of a loss is neither probable nor reasonably estimable, but is reasonably possible, Celanese provides appropriate disclosure in the notes to its consolidated financial statements if the contingency is material. Celanese estimates environmental liabilities on a case-by-case basis using the most current status of available facts, existing technology and presently enacted laws and regulations. Environmental liabilities for which the remediation period is fixed and associated costs are readily determinable are recorded at their net present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable (See Note 27).

- **Legal Fees**

Celanese accrues for legal fees related to litigation matters when the costs associated with defending these matters can be reasonably estimated and are probable of occurring. All other legal fees are expensed as incurred.

- **Push Down Accounting**

As described in Note 1, because the Purchaser acquired more than a 95% ownership percentage in Celanese, Celanese was required to follow push down accounting. Under push down accounting, the Company's assets and liabilities are adjusted to fair value, as determined by the Purchaser. Given the time it takes to obtain pertinent information to finalize the fair value of assets and liabilities acquired, (frequently with implications to the push down allocation of fair value). it is often several quarters before the Purchaser is able to finalize those initial fair value estimates. Accordingly, it is not uncommon for the initial estimates to be subsequently revised. The judgements made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net earnings (loss).

- **Minority Interests**

Minority interests in the equity and results of operations of the entities consolidated by Celanese are shown as a separate item in the consolidated financial statements. The entities included in the consolidated financial statements that have minority interests at September 30, 2005 are as follows:

	Celanese AG's Ownership Percentage
InfraServ GmbH & Co. Oberhausen KG	98%
Celanese Polisinteza d.o.o	76%
Celanese Singapore PTE Ltd.	70%
Synthesegasanlage Ruhr GmbH	50%
Pemeas GmbH	41%
Dacron GmbH	0%

Celanese has a 60 percent voting interest and the right to appoint a majority of the board of management of Synthesegasanlage Ruhr GmbH, which results in Celanese controlling this entity and, accordingly, consolidating this entity in its consolidated financial statements.

Dacron GmbH and Pemeas GmbH are variable interest entities as defined under FASB Interpretation ("FIN") No. 46, *Consolidation of Variable Interest Entities*. Celanese is deemed the primary beneficiary of these variable interest entities and, accordingly, consolidates these entities in its consolidated financial statements (See Note 5). In December 2005, the Company sold a majority of its ownership interests in Pemeas GmbH and Dacron GmbH. (See Note 30).

- **Accounting for Sorbates Matters**

In accordance with the demerger agreement between Hoechst and Celanese, which became effective October 22, 1999, Celanese was assigned the obligation related to the Sorbates matters. However, Hoechst agreed to indemnify Celanese for 80 percent of payments for such obligations. Expenses related to this matter are recorded gross of any such recoveries from Hoechst in the Consolidated Statement of Operations. Recoveries from Hoechst, which represent 80 percent of such expenses, are recorded directly to shareholders' equity, net of tax, as a contribution of capital in the Consolidated Balance Sheet (See Note 21).

- **Research and Development**

The costs of research and development are charged as an expense in the period in which they are incurred.

- **Functional and Reporting Currencies**

For Celanese's international operations where the functional currency is other than the euro, assets and liabilities are translated using period-end exchange rates, while the statement of operations amounts are translated using the average exchange rates for the respective period. Differences arising from the translation of assets and liabilities in comparison with the translation of the previous periods or from initial recognition during the period are included as a separate component of accumulated other comprehensive income (loss).

- **Earnings Per Share**

Basic earnings per share is based on the net earnings divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share is based on the net earnings divided by the weighted average number of common shares outstanding during the period adjusted to give effect to common stock equivalents, if dilutive. At September 30, 2005, Celanese had no employee stock options outstanding. As of September 30, 2004, Celanese had 0.5 million options outstanding. There were no employee stock options considered dilutive for the one month ended September 30, 2005 while there were approximately 62,000 employee options that were dilutive for the eleven months ended August 24, 2005. There were no employee stock options considered dilutive for the nine months ended September 30, 2004 but there were approximately 11,000 employee stock options considered dilutive for the year ended December 31, 2003.

- **Stock-based Compensation**

Celanese accounts for stock options and similar equity instruments under the fair value method which requires compensation cost to be measured at the grant date based on the value of the award. The fair value of stock options is determined using the Black-Scholes option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility and the expected dividends of the underlying stock, and the risk-free interest rate over the expected life of the option. Compensation expense based on the fair value of stock options is recorded over the vesting period of the options and has been recognized in the accompanying consolidated financial statements (See Note 22).

Compensation expense for stock appreciation rights, either partially or fully vested, is recorded based on the difference between the base unit price at the date of grant and the quoted market price of Celanese's common stock on the Frankfurt Stock Exchange at the end of the period proportionally recognized over the vesting period and adjusted for previously recognized expense (See Note 22).

On January 21, 2005, in connection with its public offering of common stock, Celanese Corporation, the ultimate parent of the Company, granted stock options to employees of the Company. The options vest over an eight year period and in accordance with SFAS No. 123, the fair value of these options is to be recognized over the vesting period (See Note 22).

In December 2004, Celanese Corporation approved a stock incentive plan and discounted share plan for key employees and directors, including certain Celanese employees and directors. Celanese recorded compensation expense for the fair value of shares issued under this plan in accordance with SFAS No. 123 (See Note 22).

- **Reclassifications**

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

5. Accounting Changes and Recent Accounting Pronouncements

Accounting Changes Adopted in 2005

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions* ("SFAS No. 153"). The amendments made by SFAS No. 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the narrow exception for nonmonetary exchanges of similar productive assets and replace it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. The statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after the date of issuance. The adoption of SFAS No. 153 did not have a material impact on the results of operations and financial position as of and for the period August 25, 2005 to September 30, 2005 and the period October 1, 2004 to August 24, 2005.

In March 2005, the FASB issued FSP No. FIN 46(R)-5, *Implicit Variable Interests under FASB Interpretation No. 46 (revised December 2003*). FSP FIN 46(R)-5 addresses whether a reporting enterprise should consider whether it holds an implicit interest in a variable interest entity or potential variable interest entity when specific conditions exist. The provisions of FSP FIN 46(R)-5 are applicable for reporting periods beginning after March 3, 2005 (Celanese's fiscal quarter ending June 30, 2005). FSP FIN 46(R)-5 did not have a material impact on Celanese's consolidated financial statements as of and for the period August 25, 2005 to September 30, 2005 and the period October 1, 2004 to August 24, 2005.

Accounting Changes Adopted in 2004

In January 2003, and subsequently revised in December 2003, the FASB issued FIN No. 46, *Consolidation of Variable Interest Entities* and FIN No. 46 Revised (collectively, "FIN No. 46"), respectively. FIN No. 46 clarifies the application of Accounting Research Bulletin No. 51, "*Consolidation of Financial Statements*" requiring the consolidation of certain variable interest entities ("VIEs") which are defined as entities having equity that is not sufficient to permit such entities to finance their activities without additional subordinate financial support or whose equity holders lack certain characteristics of a controlling financial interest. The company deemed to be the primary beneficiary is required to consolidate the VIE. FIN No. 46 requires VIEs that meet the definition of a special purpose entity to be consolidated by the primary beneficiary.

Celanese has a lease agreement for its cyclo-olefin copolymer ("COC") plant with Dacron GmbH, a special purpose entity. This special purpose entity was created primarily for the purpose of constructing and subsequently leasing the COC plant to Celanese. This arrangement qualifies as a VIE. Based upon the terms of the lease agreement and the residual value guarantee Celanese provided to the lessors, Celanese is deemed the primary beneficiary of the VIE. The consolidation of this entity had a material impact on Celanese's financial position and results of operations and cash flows as of and for the period August 25, 2005 to September 30, 2005 and the period October 1, 2004 to August 24, 2005. The consolidation of this entity did not have a material impact on Celanese's financial position and results of operations and cash flows as of and for the nine months ended September 30, 2004.

In April 2004, Celanese and a group of investors led by Conduit Ventures Ltd. entered into a venture, which was named Pemeas GmbH. This venture was formed in order to advance the commercialization of Celanese's fuel cell technology. Pemeas GmbH is considered a variable interest entity as defined under FIN No. 46. Celanese is deemed the primary beneficiary of this variable interest entity and, accordingly, consolidates this entity in its consolidated financial statements.

Accounting Changes Adopted in 2003

Celanese adopted SFAS No. 143, *Accounting for Asset Retirement Obligations* ("SFAS No. 143"), on January 1, 2003. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. The liability is measured at its discounted fair value and is adjusted to its present value in subsequent periods as accretion expense is recorded. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's useful life. On January 1, 2003, Celanese recognized transition amounts for existing asset retirement obligation liabilities, associated capitalized costs and accumulated depreciation. The ongoing expense on an annual basis resulting from the initial adoption of SFAS No. 143 is immaterial. The effect of the adoption of SFAS No. 143 on proforma net income and proforma earnings per share for prior periods presented is not material.

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* ("SFAS No. 149"). SFAS No. 149 is intended to result in more consistent reporting of contracts as either freestanding derivative instruments subject to SFAS No. 133 in their entirety, or as hybrid instruments with debt host contracts and embedded derivative features. In addition, SFAS No. 149 clarifies the definition of a derivative by providing guidance on the meaning of initial net investments related to derivatives. This statement is effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 did not have a material effect on Celanese's consolidated financial position or results of operations.

In December 2003, the FASB issued SFAS No. 132 (revised), *Employers' Disclosures about Pensions and Other Postretirement Benefits* ("SFAS No. 132 (revised)"). SFAS No. 132 (revised) prescribes employers' disclosures about pension plans and other postretirement benefit plans; it does not change the measurement or recognition of those plans. The statement retains and revises the disclosure requirements contained in the original SFAS No. 132. It also requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. The statement generally is effective for fiscal years ending after December 15, 2003. Celanese's disclosures in Note 20 incorporate the requirements of SFAS No. 132 (revised).

Recent Accounting Pronouncements

In March 2005, FASB issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations — an interpretation of FASB Statement No. 143* (''FIN No. 47''). FIN No. 47 provides guidelines as to when a company is required to record a conditional asset retirement obligation. In general, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred — generally upon acquisition, construction, or development and (or) through the normal operation of the asset. FIN No. 47 is effective no later than the end of fiscal years ending after December 15, 2005. The Company is still assessing the impact of FIN No. 47 on its future results of operations and financial position.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections-A Replacement of APB Opinion No. 20 and FASB Statement No. 3* (''SFAS No. 154''). SFAS No. 154

requires retrospective application to prior period financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 also requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. Indirect effects of a change in accounting principle, such as a change in non-discretionary profit-sharing payments resulting from an accounting change, should be recognized in the period of the accounting change. SFAS No. 154 also requires that a change in depreciation, amortization, or depletion method for long-lived non-financial assets be accounted for as a change in accounting estimate affected by a change in accounting principle. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Early adoption is permitted for accounting changes and corrections of errors made in fiscal years beginning after the date this Statement is issued. The Company is required to adopt the provision of SFAS No. 154, as applicable, beginning in the fiscal year ending September 30, 2006.

In September 2005, the FASB's Emerging Issues Task Force reached a consensus on Issue No. 04-13, *Accounting for Purchases and Sales of Inventory with the Same Counterparty* (“EITF Issue No. 04-13”). This consensus outlines the treatment of sales and purchases of inventory between an entity and the same counterparty as one transaction for purposes of applying Accounting Principles Board Opinion 29. The guidance is to be applied prospectively in periods beginning after March 15, 2006. The Company is evaluating the impact of EITF Issue No. 04-13 on its financial statements.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs, amendment to ARB No. 43 Chapter 4* (“SFAS No. 151”), which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. Celanese is in the process of assessing the impact of SFAS No. 151 on its future results of operations and financial position.

In December 2004, the FASB revised SFAS No. 123, *Accounting for Stock Based Compensation*, (“SFAS No. 123 (revised)”) which requires that the cost from all share-based payment transactions be recognized in the financial statements. SFAS No. 123 (revised) is effective for the first interim or annual period beginning after June 15, 2005. Celanese is in the process of assessing the impact of SFAS No. 123 (revised) on its future results of operations and financial position.

6. Supplemental Cash Flow Information

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(In € Millions)			
Cash paid for:				
Taxes, net of refunds	(1)	16	(1)	122
Interest, net of amounts capitalized	2	11	11	15
Noncash investing and financing activities:				
Settlement of demerger liability, net of tax (See Note 21)	1	2	2	39

7. Transactions and Relationships with Affiliates and Related Entities

Celanese is a party to various transactions with affiliated companies and Related Entities. Companies for which Celanese has a material ownership interest, primarily investments accounted for under the cost or equity method of accounting, are considered Affiliates. Related Entities represent Celanese Corporation or any of its consolidated subsidiaries in which Celanese does not have an ownership interest. Any transactions or balances with such companies are considered Affiliate transactions. The following tables represent Celanese's transactions with Affiliates and Related Entities, as defined above, for the periods presented.

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(In € Millions)			
Statements of Operations				
Purchases from Affiliates (1)	3	29	30	32
Sales to Affiliates (1)	8	79	61	38
Interest income from Affiliates	2	—	1	—
Interest expense to Affiliates	1	2	1	5

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(In € Millions)			
Statements of Operations				
Purchases from Related Entities (1)	46	396	271	381
Sales to Related Entities (1)	5	44	42	80
Interest income from Related Entities	6	55	26	25
Interest expense to Related Entities	—	6	6	8

	Successor	Predecessor
	As of September 30, 2005	As of September 30, 2004
	(In € Millions)	
Balance Sheets		
Trade and other receivables from Affiliates	30	33
Current notes receivable (including interest) from Affiliates	27	30
Long-term notes receivable from Affiliates	—	—
Total receivables from Affiliates	57	63
Accounts payable and other liabilities due Affiliates	7	10
Short-term borrowings from Affiliates (2)	112	80
Long-term borrowings from Affiliates	—	—
Total due Affiliates	119	90

	Successor	Predecessor
	As of September 30, 2005	As of September 30, 2004
	(In € Millions)	
Balance Sheets		
Trade and other receivables from Related Entities	27	24
Current notes receivable (including interest) from Related Entities	319	857
Long-term notes receivable from Related Entities (3)	1,257	193
Total receivables from Related Entities	1,603	1,074
Accounts payable and other liabilities due Related Entities	124	56
Short-term borrowings from Related Entities	118	85
Long-term borrowings from Related Entities	60	307
Total due Related Entities	302	448

(1) Purchases/Sales from/to Affiliates and Related Entities

Purchases and sales from/to Affiliates and Related Entities are accounted for at prices, which in the opinion of management, approximate those charged to third party customers for similar goods or services.

(2) Short- term borrowings from Affiliates (See Note 16)

The Company has agreements with certain Affiliates, primarily Infraserv entities, whereby excess Affiliate cash is lent to and managed by the Company at variable interest rates governed by those agreements.

(3) Long-term notes receivable from Related Entities (See Note 3)

The repayment of these notes will depend upon sufficient liquidity of the Purchaser, Celanese Corporation and its subsidiaries. The major portion of these notes bear interest of 4.67% per annum and mature in 2009 and 2010. Celanese Corporation has provided letters of support for the repayment of these notes.

8. Acquisitions, Discontinued Operations, Divestitures and Ventures

Ventures:

- In April 2004, Celanese and a group of investors led by Conduit Ventures Ltd. entered into a venture, which was named Pemeas GmbH. This venture was formed in order to advance the commercialization of Celanese's fuel cell technology. Pemeas GmbH was considered a variable interest entity as defined under FIN No. 46. Celanese was deemed the primary beneficiary of this variable interest entity and, accordingly, consolidates this entity in its consolidated financial statements. The consolidation of this entity did not have a material impact on Celanese's financial position or results of operations and cash flows for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005 or the nine months ended September 30, 2004. In December 2005, the Company sold a majority of its ownership interest in Pemeas GmbH, which would result in the Company no longer being the primary beneficiary (See Note 30).

- In August 2005, the Company and Hatco Corporation agreed to wind up Estech GmbH, its venture for neopropyl esters. The Company recorded an impairment charge of €8 million related to this matter.

- On October 1, 2003, Celanese and Degussa AG ("Degussa") completed the combination of their European oxo businesses. The venture, which is named European Oxo GmbH, consists of both companies' propylene-based oxo chemical activities. Celanese contributed to European Oxo GmbH net assets with a carrying value of €10 million for a 50 percent interest in the venture. Celanese retained substantially all the accounts receivable, accounts payable and accrued liabilities of its contributed business existing on September 30, 2003. In addition, Celanese and Degussa each have committed to fund the venture equally. Under a multi-year agreement, Degussa has the option to sell its share in European Oxo GmbH to Celanese at fair value beginning in January 2008. Celanese has the option to purchase Degussa's share in the business at fair value beginning in January 2009. Celanese's European oxo business was part of Celanese's Chemical Products segment. Celanese reports its investment in the Chemicals Products segment using the equity method of accounting.

Discontinued Operations:

The following tables summarize the results of the discontinued operations of CAC (See Note 3) as well as the Company's Acrylates and Vinnolit businesses for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003:

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(In € Millions)			
Net sales	—	—	1,888	2,743
Cost of sales	—	—	(1,646)	(2,475)
Gross profit	—	—	242	268
Operating profit (loss)	—	—	(61)	73
Gain (loss) on disposal of discontinued operations	—	22	—	(1)
Earnings (loss) from discontinued operations	—	22	(170)	108

The assets and liabilities of the discontinued operations of CAC as well as the Company's Acrylates and Vinnolit businesses are presented separately under the captions "Assets of discontinued operations" and "Liabilities of discontinued operations," respectively, in the accompanying Balance Sheets as of September 30, 2005 and 2004, and consist of the following:

	Successor	Predecessor
	As of September 30, 2005	As of September 30, 2004
	(In € Millions)	
Assets of Discontinued Operations:		
Current assets	—	208
Property and equipment, net	—	637
Goodwill	—	424
Other assets	—	697
Total assets of discontinued operations	—	1,966
Liabilities of Discontinued Operations:		
Current liabilities	—	613
Long-term debt	—	154
Deferred income taxes	—	3
Benefit obligations	—	980
Other liabilities	—	349
Minority interests	—	(83)
Total liabilities of discontinued operations	—	2,016

Divestitures:

2005

- In October 2004, Celanese Corporation completed the Restructuring (See Note 3).

- In July 2005, in connection with Celanese Corporation's acquisition of Imperial Chemical Industries PLC's ("ICI") Vinamul emulsions business, the Purchaser caused Celanese to sell its emulsion powders business to ICI for €21 million. This transaction includes a supply agreement whereby Celanese will supply product to ICI for a period of up to fifteen years. The fair value of the supply contract was €9 million in favor of ICI and was recorded as deferred revenue to be amortized over fifteen years. Closing of the transaction occurred in September 2005. Total net sales for the emulsion powders business for the periods October 1, 2004 to August 24, 2005 and August 25, 2005 to September 30, 2005 was €32 million. Total net loss for the periods October 1, 2004 to August 24, 2005 and August 25, 2005 to September 30, 2005 was €1 million. The gain on the sale of the emulsions powder business was €4 million and was recorded as an increase to additional paid in capital.

9. Receivables, Net

	Successor As of September 30, 2005	Predecessor As of September 30, 2004
	(In € Millions)	
Trade receivables – third party	308	366
Trade and other receivables – Related Entities and Affiliates	403	944
Other receivables	111	123
Subtotal	822	1,433
Allowance for doubtful accounts	(5)	(7)
Net receivables	817	1,426

10. Inventories

	Successor As of September 30, 2005	Predecessor As of September 30, 2004
	(in € Millions)	
Finished goods	142	133
Work-in-process(1)	—	—
Raw materials and supplies	36	24
Total Inventories	178	157

(1) Amount of WIP in each period is less than €1 million.

11. Investments

Celanese accounts for the following Affiliates under the equity method:

Affiliate	Segment	Percent Ownership	Successor: Celanese's Carrying Value September 30, 2005	Successor: Celanese's Share of Earnings (Loss) August, 25 2005 to September 30, 2005	Predecessor: Celanese's Share of Earnings (Loss) October, 1 2004 to August 24, 2005
			(In € Millions)		
Estech GmbH & Co. KG	Chemical Products	51.0%	—	—	(9)
European Oxo GmbH	Chemical Products	50.0%	10	1	—
Korea Engineering Plastics Co., Ltd.	Ticona	50.0%	120	1	10
InfraServ GmbH & Co. Gendorf KG	Other	39.0%	18	—	3
InfraServ GmbH & Co. Hoechst KG	Other	31.2%	97	1	4
InfraServ GmbH & Co. Knapsack KG	Other	27.0%	14	—	1
Sherbrooke Capital Health and Wellness, L.P.	Performance Products	10.0%	2	—	—
Total			261	3	9

	Successor	Predecessor
	As of and for the Twelve Months Ended September 30, 2005	As of and for the Nine Months Ended September 30, 2004
	(In € Millions)	
Affiliates totals:		
Net sales	1,692	1,191
Net earnings	28	48
Total assets	1,174	1,181
Total liabilities	(705)	(657)
Interests of others	(310)	(345)
Celanese's share of equity	159	179
Push down accounting adjustments	22	—
Excess of cost over underlying equity in net assets acquired	80	58
Celanese's carrying value of investments	261	237

	Successor	Predecessor	
	August, 25 2005 to September 30, 2005	October, 1 2004 to August 24, 2005	Nine Months Ended September 30, 2004
	(In € Millions)		
Celanese's share of net earnings	3	9	15
Celanese's share of dividends.	—	22	14

	Net Book Value
	(In € Millions)
Predecessor:	
December 31, 2003	235
Exchange rate changes	1
Celanese's share of equity method investee earnings, net of dividends received	1
September 30, 2004	237
Exchange rate changes	11
Celanese's share of equity method investee earnings, net of dividends received	(13)
August 24, 2005	235
Successor:	
Push down accounting adjustments	22
Exchange rate changes	1
Celanese's share of equity method investee earnings, net of dividends received	3
September 30, 2005	261

Estech GmbH & Co. KG is a venture created in 2002 for the production and marketing of neopolyol esters. Celanese accounts for its ownership interest in Estech GmbH & Co. KG under the equity method of accounting because the minority shareholder has substantive participating rights that allow it to participate in significant decisions made in the ordinary course of business. In August 2005, the Company and Hatco

Corporation agreed to wind up Estech GmbH, its venture for neopropyl esters. The Company recorded an impairment charge of €8 million related to this matter.

In October 2003, Celanese and Degussa completed the formation of European Oxo Chemicals GmbH, a venture created to own and operate the European propylene-based oxo businesses of Celanese and Degussa (See Note 8).

Celanese accounts for its ownership interest in Sherbrooke Capital Health and Wellness, L.P. under the equity method of accounting because Celanese is able to exercise significant influence.

12. Property, Plant and Equipment

	Land and Land Improvement	Building, Building Improvements and Leasehold Improvements	Machinery and Equipment	Construction in Progress	Capitalized Interest	Total
			(in € Millions)			
Predecessor:						
Net book value at September 30, 2004	33	47	431	41	14	566
Acquisition or Construction Cost						
September 30, 2004	38	152	1,449	41	23	1,703
Additions	—	1	10	56	1	68
Disposals	—	(8)	(20)	—	—	(28)
Transfers	—	(3)	3	—	—	—
Acquisitions	—	—	—	—	—	—
Exchange rate changes	1	—	2	2	—	5
August 24, 2005	39	142	1,444	99	24	1,748
Successor:						
Additions	—	—	1	7	—	8
Disposals	—	—	(8)	—	—	(8)
Push down accounting adjustments	(7)	(89)	(882)	(5)	(21)	(1,004)
Exchange rate changes	—	—	2	—	—	2
September 30, 2005	32	53	557	101	3	746
Predecessor:						
Accumulated Depreciation						
September 30, 2004	(5)	(105)	(1,018)	—	(9)	(1,137)
Additions	(1)	(3)	(95)	—	(1)	(100)
Disposals	—	—	23	—	—	23
Exchange rate changes	—	—	(2)	—	—	(2)
August 24, 2005	(6)	(108)	(1,092)	—	(10)	(1,216)
Successor:						
Additions	—	(1)	(5)	—	(1)	(7)
Disposals	—	—	5	—	—	5
Push down accounting adjustments	4	99	943	—	10	1,056
September 30, 2005	(2)	(10)	(149)	—	(1)	(162)
Net book value at September 30, 2005	30	43	408	101	2	584

Total capital expenditures in property, plant and equipment were €8 million, €68 million, €42 million and €87 million for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and for the year ended December 31, 2003, respectively. Depreciation expense totaled €6 million, €56 million, €69 million and €86 million for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and year ended December 31, 2003, respectively. Writedowns due to asset impairments amounting to €1 million, €44 million, €0 million and €0 million were recorded to special charges during the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. The asset impairment writedowns are included in additions to accumulated depreciation.

Assets under capital leases, net of accumulated amortization, amounted to €1 million and €1 million at September 30, 2005 and 2004, respectively.

Interest costs capitalized were €0 million, €1 million, €1 million and €2 million for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

The purchase price and related push down accounting adjustments have been recorded in the financial statements at and for the period commencing on August 25, 2005, which resulted in a new basis of accounting reflecting the Purchaser's basis of the Company's assets and liabilities at August 25, 2005.

13. Intangible Assets

Goodwill

	Chemical Products	Ticona	Performance Products	Total
		(In € Millions)		
Predecessor:				
Carrying value of goodwill as of December 31, 2003	273	168	—	441
Carrying value of goodwill as of September 30, 2004	273	168	—	441
Carrying value of goodwill as of August 24, 2005	273	168	—	441
Successor:				
Pushdown of goodwill from Parent	(226)	(81)	60	(247)
Carrying value of goodwill as of September 30, 2005	47	87	60	194

Other Intangible Assets

	Successor	Predecessor
	As of September 30, 2005	As of September 30, 2004
	(in € millions)	
Trademarks and tradenames	35	7
Customer related intangible assets	223	—
Developed technology	3	—
Patents, licenses and other	54	35
Total intangible assets, gross	315	42
Less: accumulated amortization	(61)	(19)
Total intangible assets, net	254	23

Aggregate amortization expense charged against earnings for intangible assets with finite lives during the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003 totaled €2 million, €5 million, €5 million and €6 million, respectively. Estimated amortization expense for the succeeding five fiscal years is €39 million in 2006, €38 million in 2007, €37 million in 2008, €35 million in 2009 and €29 million in 2010. Intangible assets subject to amortization have a weighted average life of 7.5 years. The Company has trademarks and tradenames of €35 million and €7 million as of September 30, 2005 and 2004, respectively, which have an indefinite life. Accordingly, no amortization expense is recorded on these intangible assets.

14. Income Taxes

Under German tax law, German corporations are subject to both a corporate income tax and a trade income tax, the latter of which varies based upon location. The trade income tax is deductible for corporate income tax purposes. The German corporate income tax rate in 2005 and 2004 was 25 percent. Combined with a solidarity surcharge of 5.5 percent on the German corporate tax, and the blended trade income tax rate, the statutory tax rate for Celanese in Germany is 40 percent. In 2003 the corporate tax rate was 26.5 percent. Combined with a solidarity surcharge of 5.5 percent on the German corporate tax, and the blended trade income tax rate, the statutory tax rate for Celanese in Germany was 41 percent for 2003.

Deferred taxes are being provided at a 40 percent rate for the German companies as of September 30, 2005 and 2004. Deferred taxes are being provided on all other companies at the tax rate currently in effect in the local tax jurisdictions.

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(In € Millions)			
Earnings (loss) from continuing operations before income tax and minority interests:				
Germany	2	157	51	(25)
Other	3	174	106	91
Total	5	331	157	66
Provision (benefit) for income taxes:				
Current:				
Germany	1	47	18	25
Other	—	11	8	12
Total current	1	58	26	37
Deferred:				
Germany	—	10	13	(7)
Other	—	9	—	—
Total deferred	—	19	13	(7)
Income tax provision	1	77	39	30
Effective income tax rate reconciliation:				
A reconciliation of income tax provision (benefit) for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003 determined by using the applicable German statutory rate of 40% for 2005, 40% for 2004, and 41% for 2003 as follows:				
Income tax provision (benefit) computed at statutory tax rates	2	132	63	27
Increase (decrease) in taxes resulting from:				
Change in valuation allowance	—	8	6	—
Equity income and dividends	—	—	(2)	—
Other foreign tax rate differentials	(1)	(54)	(27)	(20)
Valuation adjustments in subsidiaries	—	—	—	7
Change in statutory German trade tax rate	—	—	—	(3)
Adjustment for prior years taxes	—	—	3	24
Non-deductible expenses\(non- taxable income)	(1)	(12)	—	—
Other	1	3	(4)	(5)
Income tax provision	1	77	39	30

Celanese recognized income tax expense of €1 million, €77 million, €39 million and €30 million for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and for the year ended December 31, 2003, respectively.

The effective tax rate for Celanese was 20 percent for the period August 25, 2005 to September 30, 2005 and 23 percent for the period October 1, 2004 to August 24, 2005. For the nine months ended September 30, 2004 and for the year ended December 31, 2003, the effective tax rate was 25 percent and 45 percent, respectively. In comparison to the German statutory tax rate, the 2005 effective rate was favorably affected by certain non-taxable income items and unrepatriated low-taxed earnings in Singapore, which is partially offset by the recording of tax expense due to temporary differences which will reverse beyond the expiration dates of the Singapore tax holiday. This effect is a result of a change in the fixed asset depreciable life estimates from ten to twenty years and the tax rate change during the period of reversal.

In comparison to the German statutory tax rate, the 2004 effective rate was favorably affected by unrepatriated low-taxed earnings in Singapore. In comparison to the German statutory tax rate, the 2003 effective rate was favorably affected by unrepatriated low-taxed earnings in Singapore, offset by writedowns of certain German corporate income and trade tax benefits related to prior years.

The tax effects of the temporary differences which give rise to a significant portion of deferred tax assets and liabilities are as follows:

	Successor	Predecessor
	As of September 30, 2005	As of September 30, 2004
	(In € Millions)	
Pension and postretirement obligations	21	14
Accrued expenses	8	5
Net operating loss carryforwards	37	41
Investments	—	—
Other	1	10
Subtotal	67	70
Valuation allowance	(18)	(10)
Deferred tax assets	49	60
Depreciation	72	47
Interest	—	—
Inventory	2	2
Intangible assets	94	—
Other	24	23
Deferred tax liabilities	192	72
Net deferred tax liabilities	143	12

At September 30, 2005, Celanese has net operating loss carryforwards of approximately €107 million, with no expiration dates.

Provisions have not been made for income taxes or foreign withholding taxes on cumulative earnings of foreign subsidiaries because such earnings will either not be subject to any such taxes or are intended to be indefinitely reinvested in those operations. It is not practicable to determine the tax liability, if any, that would be payable if such earnings were not reinvested indefinitely.

The income tax (benefit) expense for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003 was allocated to continuing operations and accumulated other comprehensive income. The aggregate tax expense (benefit) amounts allocated to accumulated other comprehensive income, for unrealized gains (losses) on securities, additional minimum pension liabilities and unrealized gains (losses) on derivative contracts was €0 million, €(6) million, €(71) million, and €8 million for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

15. Accounts Payable and Accrued Liabilities

	Successor As of September 30, 2005	Predecessor As of September 30, 2004
	(in € Millions)	
Trade payables – third party	138	214
Trade payables – Related Entities and Affiliates	131	66
Accrued salaries and benefits	49	61
Accrued environmental (See Note 27)	4	2
Accrued restructuring	12	15
Accrued legal	109	107
Other	101	108
Total accounts payable and accrued liabilities	544	573

16. Debt

Short-term Borrowings and Current Installments of Long-term Debt

	Successor As of September 30, 2005	Predecessor As of September 30, 2004	Weighted Average Interest Rates 2005	Weighted Average Interest Rates 2004
	(In € Millions)			
Current installments of capital leases	22	4	4.8%	4.8%
Short-term borrowings from Related Entities and Affiliates	230	165	2.5%	1.9%
Other	—	1	—	2.8%
Total short-term borrowings and current installments of long-term debt	252	170		

Long-term Debt

	Successor As of September 30, 2005	Predecessor As of September 30, 2004
	(In € Millions)	
Variable rate loans with interest rates adjusted periodically:		
Due in 2012, interest rate of 5.19%	19	—
Due in 2009, interest rate of 4.67%, note with Related Entity (uncollateralized)	60	—
Notes with Related Entity due at various dates through 2007 (uncollateralized)	—	307
Obligations under capital leases and other secured borrowings due at various dates through 2018	23	28
Subtotal	102	335
Less: Current installments of long-term debt	22	4
Total long-term debt	80	331

The maturities in 2006 and thereafter, including short-term borrowings, are as follows:

	Total (In € Millions)
2006	252
2007	—
2008	—
2009	60
2010	—
Thereafter	20
Total	332

As a result of the Purchaser's acquisition of Celanese AG, Celanese canceled its previously existing revolving credit lines and, thus, the Company has no availability or access to committed credit facilities. Additionally, Celanese no longer has a commercial paper program. Celanese had outstanding stand-by letters of credit and bank guarantees amounting to €29 million and €26 million at September 30, 2005 and 2004, respectively.

Subsidiaries of Celanese's ultimate parent, Celanese Corporation, have incurred significant debt and do not have substantial operating activities from which to generate operating cash flows. Consequently, these Related Entities may be reliant in part on Celanese for funds to service their debt.

17. Other Liabilities

	Successor	Predecessor
	As of September 30, 2005	As of September 30, 2004
	(in € Millions)	
Pension obligations (See Note 20)	74	43
Environmental liabilities (See Note 27)	2	4
Other	30	23
Total other liabilities	106	70

18. Cost of Raw Materials and Supplies

The following cost of raw materials and supplies reflect total costs incurred by continuing and discontinued operations in the respective periods:

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(In € Millions)			
Cost of raw materials, supplies and merchandise	77	687	1,623	2,452
Cost of services purchased (primarily energy)	4	38	263	355
Total cost of raw materials and supplies	81	725	1,886	2,807

19. Personnel Expenses

The following personnel expenses reflect total costs incurred by continuing and discontinued operations in the respective periods:

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(In € Millions)			
Wages and salaries	21	182	365	536
Social security contributions	4	34	56	75
Other	1	9	32	64
Personnel expenses excluding pensions and similar benefits and restructuring severance expenses	26	225	453	675
Pensions and similar benefits	2	16	85	102
Personnel expenses excluding restructuring severance expenses	28	241	538	777
Restructuring severance expenses	—	—	42	16
Total cost of personnel expenses	28	241	580	793

20. Benefit Obligations

Pension Obligations Pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country. The commitments result from participation in defined benefit plans, primarily in Europe. Benefits are dependent on years of service and the employee's compensation.

Defined benefit pension plans exist at certain locations in Europe. Independent trusts or insurance companies administer the majority of these plans. Actuarial valuations for these plans are prepared annually.

	Pension Benefits		
	Successor	Predecessor	
	As of September 30, 2005	As of August 24, 2005	As of September 30, 2004
	(In € Millions)		
Change in Projected Benefit Obligation			
Projected benefit obligation at beginning of period	186	142	115
Service cost	—	4	5
Interest cost	1	7	5
Actuarial losses	—	38	8
Special termination benefits	—	—	10
Benefits paid	—	(3)	(2)
Transfer	—	(1)	—
Foreign currency exchange rate changes	—	(1)	1
Projected benefit obligation at end of period	187	186	142

	Pension Benefits	
	Successor	Predecessor
	As of September 30, 2005	As of September 30, 2004
Weighted-average Assumptions Used to Determine Benefit Obligations as of		
Discount rate	4.07%	5.30%
Rate of compensation increase	3.00%	3.00%

	Pension Benefits		
	Successor	Predecessor	
	As of September 30, 2005	As of August 24, 2005	As of September 30, 2004
	(In € Millions)		
Change in Plan Assets			
Fair value of plan assets at beginning of period	106	94	8
Actual return on plan assets	1	12	—
Company contributions	—	4	88
Benefits paid	—	(3)	(2)
Transfers	—	(1)	—
Fair value of plan assets at end of period	107	106	94
Funded Status and Net Amounts Recognized			
Plan assets in excess of (less than) benefit obligation	(80)		(48)
Unrecognized actuarial loss	40		28
Net amount recognized in the consolidated balance sheets	(40)		(20)
Amounts Recognized in the Accompanying Consolidated Balance Sheets Consist of:			
Accrued benefit liability (2)	(71)		(41)
Additional minimum liability (1)	31		21
Net amount recognized in the consolidated balance sheets	(40)		(20)

(1) Amount is shown net of tax in the consolidated statements of shareholders' equity.

(2) Amounts include €4 million increase in accrued benefit liability associated with push down adjustment.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets as of September 30, 2005 were €187 million, €178 million and €107 million, respectively and as of September 30, 2004 were €142 million, €136 million and €94 million, respectively.

The accumulated benefit obligation for all defined benefit pension plans was €178 million at September 30, 2005, €136 million at September 30, 2004 and €110 million at September 30, 2003.

Celanese uses a measurement date of September 30 for its pension plans.

A majority of the defined benefit plan obligations relate to Germany. The discount rate for the German plans are selected annually with reference to the long term corporate bond index as of the measurment date to match against the timing and amounts of projected future benefits.

	Pension Benefits			
	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	As of September 30, 2004	As of December 31, 2003
	(In € Millions)			
Components of Net Periodic Benefit Cost for the Periods Ended				
Service cost	—	4	5	6
Interest cost	1	7	5	6
Expected return on plan assets	(1)	(5)	(1)	(1)
Recognized actuarial loss	—	1	1	—
Special termination charge	—	2	10	—
Net periodic benefit cost	—	9	20	11

	Pension Benefits			
	Successor	Predecessor		
Weighted-Average Assumptions Used to Determine Net Cost for the Periods Ended	**August 25, 2005 to September 30, 2005**	**October 1, 2004 to August 24, 2005**	**As of September 30, 2004**	**Year Ended December 31, 2003**
Discount rate	5.30%	5.30%	5.30%	5.98%
Expected return on plan assets	5.55%	5.55%	5.63%	7.00%
Rate of compensation increase	3.00%	3.00%	3.00%	1.51%

Celanese made contributions totaling €0 million, €3 million and €85 million for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, for the nine months ended September 30, 2004, respectively, to the German plans. The €85 million contribution made during the nine months ended September 30, 2004 was part of the Purchaser's agreement to set up the German pension plans. There were no contributions made prior to December 31, 2003 to the German plans. The asset allocation for the German defined benefit pension plans as of September 30, 2005 and 2004, and the target allocation ranges for 2006 by asset category are presented below. The fair value of plan assets for these plans was €96 million and €86 million as of September 30, 2005 and 2004, respectively. These asset amounts represent approximately 90% and 91% of the Company's total pension assets at September 30, 2005 and 2004, respectively. The expected long-term rate of return on these assets was changed from 5.55% to 4.50% at September 30, 2005.

		Percentage of Plan Assets at	
		Successor	Predecessor
Asset Category – Germany	**Target Allocation 2006**	**September 30, 2005**	**September 30, 2004**
Equity securities	30%	33%	0%
Debt securities	70%	65%	0%
Real Estate	0%	0%	0%
Other	0%	2%	100%
Total		100%	100%

Plan assets did not include any investment in CAG Shares during the periods presented.

As of September 30, 2005, the Other Asset category consisted mainly of short-term bank deposits, comprised of money market accounts.

External investment managers have been hired to manage the Company's pension assets going forward. For the equity securities portion, the goal is to approximate the development of the Euro Stoxx 50 Total Return performance using a passive equity mandate. For the debt security portion, Celanese uses a benchmark oriented active fixed income mandate that is oriented towards the Lehman Euro Aggregate Bond Index.

The expected rate of return assumptions for plan assets are based mainly on performance of historical benchmarked real rate of returns achieved over a long period of time (15 to 20 years) encompassing many business and economic cycles. Expected inflation is added to the real rate of returns. Modest adjustments, upward and downward, may be made to those historical returns to reflect future capital market expectations; these expectations are typically derived from expert advice from the investment community and surveys of peer company assumptions.

The table below reflects the pension benefits expected to be paid from the plan or from Celanese's assets. Expected contributions reflect amounts expected to be contributed to funded plans.

	Pension Benefits (In € Millions)
Employer Contributions	
2006 (projected)	2
Expected Benefit Payments	
2006	4
2007	5
2008	5
2009	6
2010	7
2011-2015	39

The following table represents additional benefit liabilities and other similar obligations:

	Successor As of September 30, 2005	Predecessor As of September 30, 2004
	(In € Millions)	
Other Obligations		
Other	3	2
Total	3	2

21. Shareholders' Equity

	Common Stock (Authorized and Issued)	Common Stock (Outstanding)	Authorized Common Stock (Authorized, (a) Not Issued)
		(In Whole Shares)	
Predecessor:			
As of December 31, 2002	54,790,369	50,058,476	1,250,000
Shares repurchased into treasury	—	(749,848)	—
Shares issued to Supervisory Board from treasury	—	12,840	—
Authorized Capital increases pursuant to stock option plan	—	—	1,250,000
As of December 31, 2003	54,790,369	49,321,468	2,500,000
Shares issued from treasury for exercise of stock options	—	560,150	—
As of September 30, 2004	54,790,369	49,881,618	2,500,000
Shares issued from treasury for exercise of stock options	—	483,400	—
As of August 24, 2005	54,790,369	50,365,018	2,500,000
Successor:			
Shares issued from treasury for exercise of stock options	—	—	—
As of September 30, 2005(b),(c)	54,790,369	50,365,018	2,500,000

(a) Authorized by way of conditional capital.
(b) 1,043,550 shares of authorized stock can no longer be issued since execution of the respective stock options has been funded with treasury stock.
(c) Included in the total common shares outstanding as of September 30, 2005 is 2,058,651 shares which comprised 100% of the free floating shares as of that date.

Authorized and Conditional Capital

At the Annual General Meeting of Celanese held on May 15, 2002 and April 1, 2003, shareholders approved resolutions to increase the Company's share capital on a contingent basis by up to €3,195,574 through the issuance of up to 1,250,000 ordinary shares, no-par value ("contingent capital") for each of the two years. As of December 31, 2003, total contingent capital amounted to €6,391,148 through the issuance of up to 2,500,000 ordinary shares. Out of this contingent capital, 1,043,550 shares of authorized stock can no longer be issued due to the fact that execution of the respective stock options was funded with treasury stock. The contingent capital increase serves exclusively to grant stock options to members of the board of management and its group companies as well as to other senior managers of the Company. The issuance of these shares will be carried out only insofar as stock options are exercised and are not satisfied by the delivery of existing treasury shares. The conditional increase resolved upon in 2003 has become mute and was deleted from Celanese's articles of association since no stock options were issued under this resolution and the period during which options could have been issued has lapsed.

Treasury Stock

Celanese is legally permitted under the German Stock Corporation Act to hold as treasury shares a maximum of 10 percent of its authorized and issued shares at any point in time. At the Annual General Meeting of Celanese held on April 1, 2003, the shareholders renewed an authorization for the Board of Management to acquire and hold a maximum of 10 percent of the 54,790,369 shares authorized and issued at the time of such meeting. The authorization expired on September 30, 2004.

During 2003, Celanese repurchased 749,848 shares at a total cost of €14 million.

There were no shares issued to members of the Supervisory Board for period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005 and the nine months ended September 30, 2004. There were 12,840 shares of treasury stock issued to members of the Supervisory Board as part of their annual compensation during the year ended December 31, 2003.

Celanese held 4,425,351 and 4,908,751 shares of treasury stock as of September 30, 2005 and 2004, respectively.

Additional Paid-in Capital

In connection with the demerger and pursuant to the Demerger Agreement executed and delivered by Celanese and Hoechst, Celanese assumed certain assets and liabilities of Hoechst's basic chemicals, technical polymer and certain other industrial businesses as well as certain contractual rights and obligations related to other current and former Hoechst businesses. During the period August 25, 2005 to September 30, 2005 and the period October 1, 2004 to August 24, 2005, Celanese recorded €1 million and €2 million, net of taxes of €0 million and €1 million, increases to additional paid-in capital related to recoveries due from Hoechst for the antitrust matters in the sorbates industry, respectively. In the nine months ended September 30, 2004, Celanese recorded a €2 million, net of tax of €1 million, increase to additional paid-in capital related to recoveries due from Hoechst for the antitrust matters in the sorbates industry. During 2003, Celanese recorded a €39 million, net of tax of €29 million, increase to additional paid-in capital related to recoveries due from Hoechst for the antitrust matters in the sorbates industry (See Note 26).

During 2003, Celanese granted 0.1 million stock options and, in accordance with SFAS No. 123, expensed the fair value of these options. As a result, additional paid-in capital increased by €0 million during the period August 25, 2005 to September 30, 2005, €0 million during the period October 1, 2004 to August 24, 2005, €2 million during the first nine months of 2004 and €5 million during the year ended December 31, 2003 to reflect the amortization of the fair value of the stock options (See Note 22).

In January 2005, Celanese Corporation, in connection with its public offering of common stock, granted stock options to certain employees of Celanese (See Note 22).

Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss), which is displayed in the consolidated statement of shareholders' equity, represents net earnings (loss) plus the results of certain shareholders' equity changes not reflected in the consolidated statement of operations. Such items include foreign currency translation, minimum pension liabilities and unrealized gains/losses on derivative contracts.

The after-tax components of accumulated other comprehensive income(loss) are as follows:

	Unrealized Gain on Marketable Securities	Foreign Currency Translation	Additional Minimum Pension Liability	Unrealized Gain/ (Loss) On Derivative Contracts	Accumulated Other Comprehensive Income/ (Loss)
	(In € Millions)				
Predecessor:					
Balance at December 31, 2002	5	89	(487)	(9)	(402)
Current-period change	3	(114)	10	5	(96)
Balance at December 31, 2003	8	(25)	(477)	(4)	(498)
Current-period change	3	12	(115)	3	(97)
Balance at September 30, 2004	11	(13)	(592)	(1)	(595)
Current-period change	(1)	29	(15)	(2)	11
Transfer of entities to parent	(10)	10	577	—	577
Balance at August 24, 2005	—	26	(30)	(3)	(7)
Successor:					
Current-period change	—	(1)	2	1	2
Balance at September 30, 2005	—	25	(28)	(2)	(5)

Dividend Policy

Any minority shareholder of Celanese who elects not to accept the compensation (*Abfindungsangebot*) offer in connection with the Domination Agreement will remain a shareholder of Celanese and be entitled to receive a guaranteed fixed annual payment on its shares, in lieu of any future dividends for any fiscal years commencing after September 30, 2004, as long as the Domination Agreement remains in effect (See Note 3).

The amount of the guaranteed fixed annual payment to be paid to any minority shareholder who elects to retain their Celanese shares was based on an analysis of the fair enterprise value of Celanese as of the date of the relevant shareholders' meeting on July 30 and 31, 2004 assuming a full distribution of profits. Per the Domination Agreement, the gross guaranteed fixed annual payment is €3.27 per Celanese share less certain corporate taxes.

At the annual shareholders' meeting held on April 1, 2003, shareholders voted in favor of the proposed dividend of €0.44 per share. At the annual shareholders' meeting on June 15, 2004, Celanese shareholders approved payment of a dividend on the CAG shares for the fiscal year ended on December 31, 2003 of €0.12 per share. For the nine months ended September 30, 2004, Celanese was not able to pay a dividend to its shareholders due to losses incurred in the Celanese statutory accounts.

22. Stock-based Compensation

On January 21, 2005, in connection with its public offering of common stock, Celanese Corporation, the ultimate parent of the Company, granted approximately 1.6 million stock options to employees of the Company. The options were issued at an exercise price of $16.00 per share which was the price of Celanese Corporation shares as of the effective date of the public offering. The options vest over an eight year period. The Company has previously adopted the fair value provisions of SFAS No. 123. As a result, in accordance with SFAS No. 123, the fair value of these options is to be recognized over the vesting period of eight years. For the periods August 25, 2005 to September 30, 2005 and October 1, 2004 to August 24, 2005, the Company recognized compensation expense of €0 million and €2 million, respectively, for these options to the consolidated statements of operations with a corresponding increase to additional paid in capital within shareholders' equity.

In December 2004, Celanese Corporation approved a stock incentive plan and discounted share plan for key employees and directors, including certain Celanese employees and directors. Celanese recorded compensation expense of €8 million in connection with these plans and a corresponding increase to additional paid in capital within shareholders' equity.

At the Annual General Meetings of Celanese on May 15, 2002 and April 1, 2003, shareholders approved the 2002 Celanese Stock Option Plan (the "2002 Plan"), and the 2003 Celanese Stock Option Plan (the "2003 Plan"), respectively. Each plan authorized the issuance of up to 1.25 million options to purchase CAG shares. Options are granted at an exercise price reflecting the reference price (twenty day average of market price prior to grant date) plus a 20% exercise premium and become exercisable five years from the date of grant. Two year vesting is possible, if the market price per share outperforms the median performance of Celanese competitors as defined in the plan over the holding period. All unexercised options expire ten years from the date of grant. If the market price per CAG Share on the date of exercise is at least 20% higher than the reference price at the time of the grant, the holder is entitled to receive a cash payment equal to the exercise premium of 20%.

On July 8, 2002, Celanese granted 1.1 million stock options under the 2002 plan at an exercise price of €27.54 per share. On January 31, 2003, Celanese granted another 0.1 million stock options relating to the 2002 plan, at an exercise price of €23.78 per share. The fair value of the 1.1 and the 0.1 million options granted approximated €10 million and €1 million, respectively. As a result, in accordance with SFAS No. 123, the fair value of these options will be recognized over the accelerated vesting period of two years. For the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, Celanese recognized compensation expense of €0 million, €1 million, €2 million and €5 million, respectively, for these options to the consolidated statements of operations with a corresponding increase to additional paid in capital within shareholders' equity.

No options were granted under the approved LTIP 2003 plan.

There were no Celanese stock options outstanding as of September 30, 2005. All options outstanding as of September 30, 2004 were either exercised or cancelled in lieu of a one-time lump-sum cash payment. For those options cancelled in lieu of cash payment, Celanese paid approximately €1 million to the holders of these options. A summary of the activity related to the 2003 Plan and 2002 Plan for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and for the year ended December 31, 2003 is presented in the table below (stock options in millions):

	Successor		Predecessor					
	August 25, 2005 to September 30, 2005		October 1, 2004 to August 24, 2005		Nine Months Ended September 30, 2004		Year Ended December 31, 2003	
	Number of Options	Weighted-Average Exercise Price in €	Number of Options	Weighted-Average Exercise Price in €	Number of Options	Weighted-Average Exercise Price in €	Number of Options	Weighted-Average Exercise Price in €
Outstanding at beginning of period	—	—	0.5	27.01	1.2	27.26	1.1	27.54
Granted	—	—	—	—	—	—	0.1	23.78
Exercised	—	—	(0.5)	27.01	(0.6)	27.54	—	—
Forfeited	—	—	—	—	(0.1)	27.14	—	—
Outstanding at end of period	—	—	—	—	0.5	27.01	1.2	27.26
Options exercisable at end of period	—	—	—	—	0.5	27.54	—	—
Weighted-average remaining contractual life (years)		—		—		7.8		8.5

There were no options granted during the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005 or the nine months ended September 30, 2004. The weighted-average fair value of the options granted during the year ended December 31, 2003 was estimated to be €6.41 per option, on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2003
Expected dividend yield	1.70%
Risk-free interest rate	3.29%
Expected stock price volatility	42.00%
Expected life (years)	6

Effective January 15, 2001, Celanese adopted the Long-Term Incentive Plan (the "2000 Celanese LTIP"). The 2000 Celanese LTIP covers the Board of Management and senior executives of Celanese. Stock appreciation rights ("Rights") granted under the 2000 Celanese LTIP have a ten-year term and generally will be exercisable in whole or in part, subject to certain limitations, at any time during the period between January 15, 2003 and January 14, 2011, provided at the time of exercise, the performance of an ordinary share of Celanese on the Frankfurt Stock Exchange must exceed the performance of the median of the share prices of Celanese's peer group companies as defined by the Board of Management of Celanese. Under the 2000 Celanese LTIP, the participant will receive the cash difference between the base price and the share price of Celanese on the day of exercise. Of the total Rights granted under this plan, approximately 8,500 remain outstanding as of September 30, 2005. Celanese recognized expense of less than €1 million, less than €1 million, €1 million and €20 million during the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively, for the 2000 Celanese LTIP. Rights remaining unexercised as of January 15, 2011 will be deemed to have been forfeited as of that date. The grant price of these Rights was €19.56 per share.

During 1999, Celanese adopted the Equity Participation Plan (the "1999 Celanese EPP") and the Long-Term Incentive Plan (the "1999 Celanese LTIP"). The 1999 Celanese EPP covers the Board of Management and certain senior executives of Celanese. The participants in the 1999 Celanese EPP were required to purchase a defined value of Celanese stock over a one or two year period. The Rights granted under the

1999 Celanese EPP were based on the required amount of money invested in CAG Shares by the participant, divided by the base price of the stock and multiplied by two. Rights granted under the EPP have a ten-year term and generally will be exercisable in whole or in part, subject to certain limitations, at any time during the period between October 25, 2001 and October 25, 2009, provided at the time of exercise, the performance of a CAG Share on the Frankfurt Stock Exchange must exceed the median of performance of the share prices of Celanese's peer group companies as defined by the Celanese Board of Management. Under the 1999 Celanese EPP, the participant will receive the cash difference between the base price and the CAG Share price on the day of exercise. Of the total Rights granted under this plan, 3,700 remain outstanding as of September 30, 2005. Rights remaining unexercised as of October 26, 2009 will be deemed to have been forfeited as of that date. The grant price of these Rights was €16.37 per share. Celanese recognized expense of less than €1 million, less than €1 million, €1 million and €15 million for the 1999 Celanese EPP during the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

The 1999 Celanese LTIP covers the Board of Management and senior executives of Celanese. Rights granted under the 1999 Celanese LTIP have a ten-year term and generally are exercisable in whole or in part, subject to limitations, at any time during the period between October 25, 2001 and October 25, 2009, provided at the time of exercise, the performance of an ordinary share of Celanese on the Frankfurt Stock Exchange must exceed the performance of the median of the share prices of Celanese's peer group companies as defined by the Board of Management of Celanese. Under the 1999 Celanese LTIP, the participant will receive the cash difference between the base price and the share price of Celanese on the day of exercise. At September 30, 2005, 8,650 of the total Rights granted under this plan remained outstanding. Rights remaining unexercised as of October 26, 2009 will be deemed to have been forfeited as of that date. The grant price of these Rights was €16.37 per share. Celanese recognized expense of less than €1 million, less than €1 million, €1 million and €15 million for the 1999 Celanese LTIP in the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

A summary of the activity related to stock appreciation rights plans for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and for the year ended December 31, 2003 is presented in the table below (Rights in millions):

	Successor		Predecessor					
	August 25, 2005 to September 30, 2005		October 1, 2004 to August 24, 2005		Nine Months Ended September 30, 2004		Year Ended December 31, 2003	
	Number of Options	Weighted-Average Exercise Price in €	Number of Options	Weighted-Average Exercise Price in €	Number of Options	Weighted-Average Exercise Price in €	Number of Options	Weighted-Average Exercise Price in €
Outstanding at beginning of period	—	—	—	—	3.1	17.77	5.2	17.54
Granted	—	—	—	—	—	—	—	—
Exercised					(3.1)	17.77	(2.1)	17.27
Forfeited	—	—	—	—	—	—	—	—
Outstanding at end of period	—	—	—	—	—	—	3.1	17.77
Rights exercisable at end of period	—	—	—	—	—	—	3.1	17.77

In connection with the demerger, Celanese assumed obligations associated with the Hoechst 1997 Stock Appreciation Rights Plan (the "1997 Hoechst SAR Plan"), which expired in 2002, and the Hoechst 1998 Stock Option Plan (the "1998 Hoechst Option Plan") for participating Celanese employees under these compensation programs. As a result of the merger of Hoechst and Rhone-Poulenc to form Aventis in

December 1999, the terms and conditions of these compensation programs were modified to take into account the changed circumstances.

The 1998 Hoechst Option Plan, including all rights and options granted, expired prior to December 31, 2003. There was no impact on earnings for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and less than €1 million of income for the year ended December 31, 2003, respectively.

23. Earnings (Loss) Per Share

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(in € millions, except for share and per share data)			
Earnings (loss) from continuing operations	2	211	100	24
Earnings (loss) from discontinued operations	—	22	(170)	108
Net earnings (loss)	2	233	(70)	132
Basic earnings (loss) per share:				
Continuing operations	0.04	4.20	2.02	0.47
Discontinued operations	—	0.44	(3.44)	2.20
Net earnings (loss) per share	0.04	4.64	(1.42)	2.67
Diluted earnings (loss) per share:				
Continuing operations	0.04	4.19	2.02	0.47
Earnings (loss) from discontinued operations	—	0.44	(3.44)	2.20
Net earnings (loss) per share	0.04	4.63	(1.42)	2.67
Weighted-average shares – basic	50,365,018	50,269,363	49,401,898	49,445,958
Dilutive impact of stock options	—	62,395	—	11,187
Weighted-average shares – diluted	50,365,018	50,331,758	49,401,898	49,457,145

Basic earnings (loss) per common share is based on the net earnings available to common shareholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is based on the net earnings available to common shareholders divided by the weighted average number of common shares outstanding during the period adjusted to give effect to common stock equivalents, if dilutive.

The following securities were not included in the computation of diluted net earnings per share as their weighted average exercise prices exceeded the average stock price for the respective periods and, accordingly, the effect of their exercise would have been anti-dilutive (stock options in millions):

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
Average stock price	51.69	47.46	37.91	23.27
Options to purchase common stock	—	—	—	1.2
Weighted average exercise price	—	—	27.01	27.44

24. Leases

Total minimum rent charged to operations under all operating leases was €4 million, €40 million, €34 million and €46 million for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and for the year ended December 31, 2003, respectively. Future minimum lease payments under rental and lease agreements which have initial or remaining terms in excess of one year at September 30, 2005 are as follows:

	Capital	Operating
	(In € Millions)	
2006	23	23
2007	—	14
2008	—	9
2009	—	8
2010	—	7
Later years	1	33
Sublease income	—	—
Minimum lease commitments	24	94
Less amounts representing interest	—	
Present value of net minimum lease obligations	24	

The related assets for capital leases are included in machinery and equipment in the consolidated balance sheets.

Management expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases.

25. Financial Instruments

In the normal course of business, Celanese uses various financial instruments, including derivative financial instruments, to manage risks associated with interest rate and currency exposures. Celanese does not use derivative financial instruments for speculative purposes.

Interest Rate Risk Management

From time to time, Celanese enters into interest rate swap agreements to reduce the exposure of interest rate risk inherent in Celanese's outstanding debt by locking in borrowing rates to achieve a desired level of fixed/floating rate debt depending on market conditions. At September 30, 2005 and 2004, Celanese had no interest rate swap agreements in place.

Commodity Risk Management

Celanese's policy for the majority of its natural gas and butane requirements allows entering into supply agreements and forward purchase or cash-settled swap contracts. During the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005 and the nine months ended September 30, 2004, there were no forward contracts for our butane and natural gas requirements. In the future, we may modify our practice of purchasing a portion of our commodity requirements, and consider utilizing a variety of other raw material hedging instruments in addition to forward purchase contracts based on changes in market conditions. The fixed price natural gas forward contracts are principally settled through actual delivery of the physical commodity. The maturities of the cash-settled swap contracts correlate to the actual purchases of the commodity and have the effect of securing predetermined prices for the underlying commodity. Although these contracts are structured to limit Celanese's exposure to increases in commodity prices, they can also limit the potential benefit Celanese might have otherwise received from decreases in commodity prices. These cash-settled swap contracts are accounted for as cash flow hedges.

Realized gains and losses on these contracts are included in the cost of the commodity upon settlement of the contract.

Foreign Exchange Risk Management

Certain Celanese entities have receivables and payables denominated in currencies other than their respective functional currencies, which creates foreign exchange risk. Celanese may enter into foreign currency forwards and options to minimize its exposure to foreign currency fluctuations. The foreign currency contracts are fair value hedges mainly for booked exposure and, in some cases, cash flow hedges for anticipated exposure associated with sales from the Performance Products segment.

Contracts with notional amounts totaling approximately €420 million and €498 million at September 30, 2005 and 2004, respectively, are predominantly in U.S. dollars, British pound sterling, Japanese yen, and Canadian dollars. Most of Celanese's foreign currency forward contracts did not meet the criteria of SFAS No. 133 to qualify for hedge accounting. Accordingly, Celanese recognizes net foreign currency transaction gains or losses on the underlying transactions, which are offset by losses and gains related to foreign currency forward contracts as part of net income. For the period August 25, 2005 to September 30, 2005 and the period October 1, 2004 to August 24, 2005, Celanese's foreign currency forward contracts, designated as fair value hedges, resulted in a decrease in total assets of €0 million and €8 million and total liabilities of €0 million and €1 million, respectively. For the nine months ended September 30, 2004, Celanese's foreign currency forward contracts, designated as fair value hedges, resulted in a decrease in total assets and total liabilities of €26 million and €2 million, respectively. As of September 30, 2005 and 2004, these contracts hedged a portion (approximately 50% and 81%) of Celanese's U.S. dollar denominated net receivables due from discontinued operations and held by euro denominated entities. Related to the unhedged portion, a total net loss of approximately €5 million from foreign exchange gains or losses was recorded to interest and other income, net for the periods October 1, 2004 to August 24, 2005 and August 25, 2005 to September 30, 2005. Related to the unhedged portion, a net gain of approximately €2 million from foreign exchange gains or losses was recorded to interest and other income, net for the nine months ended September 30, 2004. During 2003, Celanese's foreign currency forward contracts, designated as fair value hedges, resulted in a decrease in total assets of €7 million and an increase in total liabilities of €1 million. As of December 31, 2003, these contracts hedged a portion (approximately 85%) of Celanese's U.S. dollar denominated net receivables due from discontinued operations and held by euro denominated entities. Related to the unhedged portion, a net loss of approximately €12 million from foreign exchange gains or losses was recorded to interest and other income, net in 2003. Hedging activities with related entities and intercompany net receivables yielded total cash flows from operating activities of approximately €2 million and €21 million for the period August 25, 2005 to September 30, 2005 and the period October 1, 2004 to August 24, 2005, respectively. Hedging activities with related entities and intercompany net receivables yielded cash flows from operating activities of approximately €13 million and €160 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

Fair Value of Financial Instruments

Summarized below are the carrying values and estimated fair values of Celanese's financial instruments as of September 30, 2005 and 2004, respectively. For these purposes, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

	Successor		Predecessor	
	As of September 30, 2005		As of September 30, 2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In € Millions)			
Long-term debt	80	80	331	331
Foreign exchange-related derivative asset	6	6	14	14

At September 30, 2005 and 2004, the fair values of cash and cash equivalents, receivables, notes receivable and payable (including Affiliates and Related Entities), trade payables, short-term debt and the current installments of long-term debt approximate carrying values due to the short-term nature of these instruments. These items have been excluded from the table.

The fair value of long-term debt and debt-related financial instruments is estimated based upon the respective implied forward rates as of September 30, 2005 and 2004, as well as quotations from investment bankers and on current rates of debt for similar type instruments.

26. Commitments and Contingencies

Celanese is involved in a number of legal proceedings, lawsuits and claims incidental to the normal conduct of its business, relating to such matters as product liability, anti-trust, 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, management believes that adequate provisions have been made and that the ultimate outcome will not have a material adverse effect on the financial position of Celanese, but may have a material adverse effect on the results of operations or cash flows in any given accounting period (See also Note 27).

Sorbates Antitrust Actions

In May 2002, the European Commission informed Hoechst of its intent to officially investigate the sorbates industry, and in early January 2003, the European Commission served Hoechst, Nutrinova and a number of competitors 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, of which €99 million was assessed against Hoechst. The case against Nutrinova was closed. The fine against Hoechst 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 Hoechst's favor, the European Commission gave a discount for cooperating in the investigation. Hoechst appealed the European Commission's decision in December 2003 and that appeal is still pending.

In addition, several civil antitrust actions by sorbates customers, seeking monetary damages and other relief for alleged conduct involving the sorbates industry, have been filed in U.S. state and federal courts naming Hoechst, Nutrinova, and our other subsidiaries, as well as other sorbates manufacturers, as defendants. Many of these actions have been settled and dismissed by the court. One private action, *Kerr v. Eastman Chemical Co. et al.*, previously pending in the Superior Court of New Jersey, Law Division, Gloucester County, was dismissed for failure to prosecute. The plaintiff alleged violations of the New Jersey Antitrust Act and the New Jersey Consumer Fraud Act and sought unspecified damages. The only other private action previously pending in Tennessee State Court, *Freeman v. Daicel et al*., had been dismissed; in August 2005, the plaintiffs lost their appeal to the Supreme Court of Tennessee and, in December 2005 lost an attempt to amend the complaint based on the Tennessee Supreme Court's decision in the case. The plaintiffs' lawyers then filed a new complaint in federal court in Tennessee in December 2005 with new class representatives; Hoechst and Nutrinova have not yet been served.

In July 2001, Hoechst and Nutrinova entered into an agreement with the Attorneys General of 33 states, pursuant to which the statutes of limitations were tolled pending the states' investigations. This agreement expired in July 2003. Since October 2002, the Attorneys General for several states filed suit on behalf of indirect purchasers in their respective states, all of which have been either settled or dismissed, except for the action filed by the Attorney General of the State of New York. The New York action, *New York v. Daicel Chemical Industries Ltd., et al.* which was pending in the New York State Supreme Court, New York County was dismissed in August 2005; however, an appeal is pending. In January 2005, Hoechst, Nutrinova, and other subsidiaries, as well as other sorbates manufacturers, entered into a settlement agreement with the Attorneys General of Connecticut, Florida, Hawaii, Maryland, South Carolina, Oregon and Washington before these states filed suit. Pursuant to the terms of the settlement agreement, the defendants agreed to refrain from engaging in anticompetitive conduct with respect to the sale or distribution of sorbates and pay approximately $1 million to the states in satisfaction of all released claims.

Based on the advice of external counsel and a review of the existing facts and circumstances relating to the sorbates matter, including the status of government investigations, as well as civil claims filed and settled, Celanese has remaining accruals of €108 million. This amount is included in current liabilities at September 30, 2005 for the estimated loss relative to this matter. Although the outcome of the remaining foregoing proceedings and claims of this matter cannot be predicted with certainty, management's best estimate of the range of possible additional future losses and fines (in excess of amounts already accrued), including any that may result from the above noted governmental proceedings, as of September 30, 2005 is between €0 and €7 million. The estimated range of such possible future losses is management's best estimate based on the advice of external counsel taking into consideration potential fines and claims, both civil and criminal, that may be imposed or made in other jurisdictions.

Pursuant to the Demerger Agreement with Hoechst, Celanese was assigned the obligation related to the sorbates matter. However, Hoechst agreed to indemnify Celanese for 80 percent of any costs Celanese may incur relative to this matter. Accordingly, Celanese has recognized a receivable from Hoechst and a corresponding contribution of capital, net of tax, from this indemnification. As of September 30, 2005, Celanese has receivables, recorded within other current assets, relating to the sorbates indemnification from Hoechst totaling €87 million. Although the outcome of the remaining foregoing proceedings and claims cannot be predicted with certainty, the Company believes that any resulting liabilities, net of amounts recoverable from Hoechst, will not, in the aggregate, have a material adverse effect on its financial position, but may have a material adverse effect on the results of operations or cash flows in any given period.

Shareholder Litigation

During August 2004, nine actions were brought by minority shareholders against Celanese in the Frankfurt District Court (*Landgericht*), all of which were consolidated in September 2004. Several minority shareholders joined these proceedings via a third party intervention in support of the plaintiffs. The Purchaser joined the proceedings via a third party intervention in support of Celanese.

Among other things, these actions request the court to set aside shareholder resolutions passed at the extraordinary general meeting held on July 30 and 31, 2004 based on allegations that include the alleged violation of procedural requirements and information rights of the shareholders.

Twenty-seven minority shareholders filed lawsuits (*Anfechtungs- und Nichtigkeitsklagen)* in May and June of 2005 in the Frankfurt District Court (*Landgericht*) contesting the shareholder resolutions passed at the annual general meeting of Celanese held May 19-20, 2005, which confirmed the resolutions passed at the July 30-31, 2004 extraordinary general meeting approving the Domination Agreement and a change in Celanese's fiscal year. Of these lawsuits, thirteen minority shareholders also contest the resolutions regarding the ratification (*Entlastung)* of the acts of the members of the board of management and the Supervisory Board; two minority shareholders also contest the resolutions regarding the election of the statutory auditors for the 2005 fiscal year, as well as the amendment of the articles of association; and eight minority shareholders also contest the dismissal of the motion to hold a special investigation (*Sonderprüfung)* and have asked the court to declare that the annual general meeting resolved in favor of such an investigation (*positive Beschlussfestellungsklage)*. All of these actions are based, among other things, on the alleged violation of procedure requirements and information rights of the shareholders. In conjunction with the acquisition of 5.9 million CAG shares from two shareholders in August 2005, two of those lawsuits relating to the resolutions confirming the contested resolutions at the extraordinary general meeting and the ratification of the acts of the members of the board of management and Supervisory Board, as well as the dismissal of the special investigation were withdrawn in August 2005.

Celanese is also a defendant in five actions filed in the Frankfurt District Court *(Landgericht)* requesting that the court declare some or all of the shareholder resolutions passed at the extraordinary general meeting of Celanese on July 30 and 31, 2004 null and void *(Nichtigkeitsklage),* based on allegations that certain formal requirements necessary in connection with the invitation to the extraordinary general meeting of Celanese had been violated.

The Frankfurt District Court (*Landgericht*) has suspended the proceedings regarding the resolutions passed at the July 30-31, 2004 extraordinary general meeting of Celanese described above as long as the lawsuits contesting the confirmatory resolutions are pending.

Further, on August 2, 2004, two minority shareholders instituted public register proceedings with each of the Königstein Local Court (*Amtsgericht*) and the Frankfurt District Court (*Landgericht*), both with a view to have the registration of the Domination Agreement in the Commercial Register deleted (*Amtslöschungsverfahren*). These actions are based on an alleged violation of procedural requirements at the extraordinary general meeting of Celanese, an alleged undercapitalization of the Purchaser and an alleged misuse of discretion by the competent court with respect to the registration of the Domination Agreement in the Commercial Register. In April 2005, the court of appeals (*Oberlandesgericht*) rejected the demand by one shareholder for injunctive relief, and in June 2005 the Frankfurt District Court (*Landgericht*) ruled that it does not have jurisdiction over this matter. The claims in the Königstein Local Court (*Amtsgericht*) are still pending.

Based upon information available as of September 30, 2005, the outcome of the foregoing proceedings cannot be predicted with certainty. Except for certain challenges on limited grounds, the time period to bring forward challenges *(Anfechtungsklagen)* has expired.

Several minority shareholders of Celanese had initiated special award proceedings (*Spruchverfahren*) seeking the court's review of the amounts of the fair cash compensation (*Abfindung*) and of the guaranteed fixed annual payment (*Ausgleich*) offered under the Domination Agreement. As a result of these proceedings, the amount of the fair cash consideration and the guaranteed fixed 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 of these matters have been appealed, but seven of the appellants have withdrawn their appeals in light of the Purchaser's agreement with certain minority shareholders, pursuant to which the Purchaser agreed to increase the compensation of €41.92 per share of Celanese set forth in the Domination Agreement by €9.08 to €51.00 for all outside shareholders who waive their rights to conduct award proceedings (*Spruchverfahren*) and their right to any proceeds from such proceedings by September 29, 2005. On January 16, 2006 decisions by the Frankfurt am Main Higher Regional Court (*Oberlandesgericht)* were served on Celanese ruling that 23 applications are admissable. The proceedings will therefore continue in the Frankfurt am Main District Court (*Landgericht).*

In February 2005, a minority shareholder also brought a lawsuit against the Purchaser, as well as a former member of Celanese's board of management and a former member of Celanese's Supervisory Board, in the Frankfurt District Court (*Landgericht*). Among other things, this action seeks to unwind the tender of the plaintiff's shares in the Acquisition and seeks compensation for damages suffered as a consequence of tendering such shares. The court ruled against the plaintiff in this matter in June 2005. The plaintiff appealed this decision with respect to the Purchaser and the former member of the Celanese board of management; however, with respect to the former member of the Celanese Supervisory Board, the plaintiff has withdrawn his appeal.

Based upon the information available as of September 30, 2005, the outcome of the foregoing proceedings cannot be predicted with certainty.

Guarantees

Celanese 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.

Celanese has accrued for all probable and reasonably estimable losses associated with all known matters or claims that have been brought to its attention (See Note 27).

These known obligations include the following:

Demerger Obligations

Celanese has obligations to indemnify Hoechst for various liabilities under the Demerger Agreement as follows:

- Celanese agreed to indemnify Hoechst for environmental liabilities associated with contamination arising under 19 divestiture agreements entered into by Hoechst prior to the demerger.

Celanese's obligation to indemnify Hoechst is subject to the following thresholds:

- Celanese will indemnify Hoechst against those liabilities up to €250 million;
- Hoechst will bear those liabilities exceeding €250 million, however Celanese will reimburse Hoechst for one-third of those liabilities for amounts that exceed €750 million in the aggregate.

Celanese's obligation regarding two agreements has been settled. The aggregate maximum amount of environmental indemnifications under the remaining divestiture agreements that provide for monetary limits is approximately €750 million. Three of the divested agreements do not provide for monetary limits.

Based on Celanese's estimate of the probability of loss under this indemnification, Celanese had reserves of less than €1 million as of September 30, 2005, for this contingency. Where Celanese is unable reasonably to determine the probability of loss or estimate such loss under an indemnification, Celanese has not recognized any related liabilities (See Note 27).

Celanese has also undertaken in the Demerger Agreement to indemnify Hoechst 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. Celanese has not provided for any reserves associated with this indemnification. Celanese did not make any payments to Hoechst in the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 or the year ended December 31, 2003 in connection with this indemnification.

Divestiture Obligations

Celanese 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, Celanese does not believe that they expose the Company to any significant risk.

Since the demerger, Celanese together with its affiliates divested in the aggregate over 20 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 30 years, the aggregate amount of guarantees provided for under these agreements is approximately €2.1 billion as of September 30, 2005. Other agreements do not provide for any monetary or time limitations.

Based on Celanese's 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 September 30, 2005, Celanese has reserves in the aggregate of €4 million for all such environmental matters.

Other Matters

In the normal course of business, Celanese enters into commitments to purchase goods and services over a fixed period of time. Celanese maintains a number of "take-or-pay" contracts for the purchase of raw materials and utilities. As of September 30, 2005 and 2004, there were outstanding commitments of approximately €650 million and €571 million, respectively, under take-or-pay contracts. Celanese does not expect to incur any losses under these contractual arrangements. Additionally, as of September 30, 2005, there were outstanding commitments relating to capital projects of approximately €25 million.

From time to time, certain of Celanese Corporation's foreign subsidiaries have made sales of acetate, sweeteners and polymer products to countries that are or have previously been subject to sanctions and embargoes imposed by the US government. These countries include Iran, Sudan and Syria, three countries currently identified by the U.S. State Department as terrorist-sponsoring states and other countries that previously have been identified by the U.S. State Department as terrorist-sponsoring states, or countries to which sales have been regulated in connnection with other foreign policy concerns. Approximately €9 million of these sales by Celanese Corporation's foreign subsidiaries over a five year period may be in violation of regulations of the United States Treasury Department's Office of Foreign Assets Control, or OFAC, or the United States Department of Commerce's Bureau of Industry and Security. Approximately €5 million of these sales were made by the Company or its subsidiaries. In addition, Celanese Corporation has discovered that the Company made approximately €150,000 of sales of emulsions to Cuba which were apparently in violation of OFAC regulations. Cuba is also currently identified by the U.S. State Department as a terrorist-sponsoring state. Celanese Corporation has informed the U.S. Treasury Department and the U.S. Department of Commerce of both of these matters and is currently engaged in discussions with the Departments. The inquiry into these transactions is continuing. None of the aforementioned sales were in violation of German law. To the extent Celanese Corporation or the Company violated any regulations with respect to the above or other transactions, Celanese Corporation or the Company may be subject to fines or other sanctions, including possible criminal penalties, which may result in adverse business consequences. Neither the Company nor Celanese Corporation expect these matters to have a material adverse effect on their respective financial position, results of operations and cash flows.

27. Environmental

General – Celanese 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. Celanese believes that it is in substantial compliance with all applicable environmental laws and regulations. Celanese is also subject to retained environmental obligations specified in various contractual agreements arising from divestiture of certain businesses by Celanese or one of its predecessor companies.

For the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, Celanese's worldwide expenditures, including expenditures for legal compliance, internal environmental initiatives and remediation of active, orphan and divested sites were €2 million, €22 million, €20 million and €25 million, respectively. Capital project related environmental expenditures during the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003, included in worldwide expenditures, were €0 million, €1 million, €1 million and €2 million, respectively. Environmental reserves for remediation matters were €6 million and €6 million as of September 30, 2005 and 2004, respectively. (See Notes 15 and 17)

Remediation – Due to its industrial history and through retained contractual and legal obligations, Celanese has the obligation to remediate specific areas on its own sites as well as on divested sites. In addition, as part of the Demerger Agreement with Hoechst, a specified portion of the responsibility for environmental liabilities from a number of Hoechst divestitures was transferred to Celanese. Celanese has provided for such obligations when the event of loss is probable and reasonably estimable.

The total remediation efforts charged to earnings before tax was less than €1 million for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and the year ended December 31, 2003 for each of the respective periods. Management believes that the environmental related costs will not have a material adverse effect on the financial position of Celanese, but may have a material adverse effect on the results of operations or cash flows in any given accounting period.

German InfraServs – On January 1, 1997, coinciding with a reorganization of the Hoechst businesses in Germany, real estate service companies ("InfraServs") were created to own directly the land and property and to provide various technical and administrative services at each of the manufacturing locations. Celanese has manufacturing operations at three InfraServ locations in Germany: Oberhausen, Frankfurt am Main-Hoechst, and Kelsterbach, and holds interests in the companies which own and operate the former Hoechst sites in Gendorf, Knapsack and Wiesbaden.

InfraServs are liable for any residual contamination and other pollution because they own the real estate on which the individual facilities operate. In addition, Hoechst, as the responsible party under German public law, is liable to third parties for all environmental damage that occurred while it was still the owner of the plants and real estate. The contribution agreements entered into in 1997 between Hoechst and the respective operating companies, as part of the divestiture of these companies, provide that the operating companies will indemnify Hoechst against environmental liabilities resulting from the transferred businesses. Additionally, the InfraServs have agreed to indemnify Hoechst against any environmental liability arising out of or in connection with environmental pollution of any site. Likewise, in certain circumstances Celanese could be responsible for the elimination of residual contamination on a few sites that were not transferred to InfraServ companies, in which case Hoechst must reimburse Celanese for two-thirds of any costs so incurred.

The Infraserv partnership agreements provide that, as between the partners, each partner is responsible for any contamination caused predominantly by such partner. Any liability, which cannot be attributed to an InfraServ partner and for which no third party is responsible, is required to be borne by the InfraServ in question. In view of this potential obligation to eliminate residual contamination, the InfraServs, primarily relating to equity and cost affiliates which are not consolidated by Celanese, have reserves of €59 million as of both September 30, 2005 and 2004.

If an InfraServ partner defaults on its respective indemnification obligations to eliminate residual contamination, the owners of the remaining participation in the InfraServ companies have agreed to fund such liabilities, subject to a number of limitations. To the extent that any liabilities are not satisfied by either the InfraServs or their owners, these liabilities are to be borne by Celanese in accordance with the Demerger Agreement. However, Hoechst will reimburse Celanese for two-thirds of any such costs. Likewise, in certain circumstances Celanese could be responsible for the elimination of residual contamination on a few sites that were not transferred to InfraServ companies, in which case Hoechst must reimburse Celanese for two-thirds of any costs so incurred. The German InfraServs are owned partially by Celanese, as noted below, and the remaining ownership is held by various other companies. Celanese's ownership interest and environmental liability participation percentages for such liabilities which cannot be attributed to an InfraServ partner were as follows as of September 30, 2005:

Company	Ownership %	Liability %
InfraServ GmbH & Co. Gendorf KG	39.0%	10.0%
InfraServ GmbH & Co. Oberhausen KG	98.0%	75.0%
InfraServ GmbH & Co. Knapsack KG	27.0%	22.0%
InfraServ GmbH & Co. Kelsterbach KG	100.0%	100.0%
InfraServ GmbH & Co. Hoechst KG	31.2%	40.0%
InfraServ GmbH & Co. Wiesbaden KG	17.9%	0.0%
InfraServ Verwaltungs GmbH	100.0%	0.0%

Hoechst Liabilities – In connection with the Hoechst demerger, Celanese agreed to indemnify Hoechst for the first €250 million of future remediation liabilities for environmental damages arising from 19 specified divested Hoechst entities. As of September 30, 2005 and 2004, Celanese has reserves of less than €1 million and €2 million, respectively, for these matters which are included as a component of the total environmental reserves. As of September 30, 2005 and 2004 and December 31, 2003, Celanese has made total cumulative payments of €13 million, €12 million and €12 million, respectively. If such future liabilities exceed €250 million, Hoechst will bear such excess up to an additional €500 million. Thereafter, Celanese will bear one-third and Hoechst will bear two-thirds of any further environmental remediation liabilities. Where Celanese is unable to reasonably determine the probability of loss or estimate such loss under this indemnification, Celanese has not recognized any liabilities relative to this indemnification.

28. Special Charges

Special charges include provisions for restructuring and other expenses and income incurred outside the normal course of ongoing operations. Restructuring provisions represent costs of severance and other benefit programs related to major activities undertaken to redesign business operations, as well as costs incurred in connection with a decision to exit non-strategic businesses and the related closure of facilities. These measures are based on formal management decisions, establishment of agreements with the employees' representatives or individual agreements with the affected employees as well as the public announcement of the restructuring plan.

The components of special charges for the period August 25, 2005 to September 30, 2005, the period October 1, 2004 to August 24, 2005, the nine months ended September 30, 2004 and for the year ended December 31, 2003 were as follows:

	Successor	Predecessor		
	August 25, 2005 to September 30, 2005	October 1, 2004 to August 24, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	(In € Millions)			
Employee termination benefits	—	2	5	10
Plant/office closures	—	3	—	6
Restructuring adjustments	—	—	1	—
Total Restructuring	—	5	6	16
Sorbates antitrust matters	—	—	—	84
Plumbing actions	—	—	—	—
Asset impairments	1	44	—	—
Third-party reimbursements of restructuring charges	—	—	—	—
Other	—	—	20	1
Total Special Charges	1	49	26	101

The components of the September 30, 2005 and 2004 restructuring reserves were as follows:

	Employee Termination Benefits	Plant/Office Closures/Adjustments	Total
		(In € Millions)	
Predecessor			
Restructuring reserve at December 31, 2003	17	2	19
Restructuring additions	5	1	6
Cash and noncash uses	(7)	(3)	(10)
Other changes	—	—	—
Restructuring reserve at September 30, 2004	15	—	15
Restructuring additions	2	3	5
Cash and noncash uses	(5)	(3)	(8)
Other changes	—	—	—
Restructuring reserve at August 24, 2005	12	—	12
Successor			
Restructuring additions	—	—	—
Cash and noncash uses	—	—	—
Other changes	—	—	—
Restructuring reserve at September 30, 2005	12	—	12

2005

During the period from August 25, 2005 to September 30, 2005, Celanese recorded expense of €1 million in special charges, which consisted of €0 million of restructuring charges and €1 million of expense related to fixed asset impairments incurred as a result of the Company's decision to divest its COC business.

During the period from October 1, 2004 to August 24, 2005, Celanese recorded expense of €49 million in special charges, which consisted of €5 million of restructuring charges and €44 million of expense from other special charges. The €5 million of additions to the restructuring reserve included employee severance costs of €2 million and €3 million of plant closure costs related to the shutdown of the obsolete synthesis gas unit in Germany. The €44 million addition to other special charges related to fixed asset impairments incurred as a result of the Company's decision to divest its COC business.

2004

For the nine months ended September 30, 2004, Celanese recorded expense of €26 million in special charges, which consisted of €6 million of restructuring charges and approximately €20 million from other special charges. The €6 million of additions to the restructuring reserve included primarily employee severance costs of €5 million and plant and restructuring adjustments of €1 million. Within other special charges there was approximately €20 million of expenses for advisory services related to the acquisition of Celanese by the Purchaser.

2003

In 2003, Celanese recorded expense of €101 million in special charges, which consisted of €16 million of restructuring charges, and €85 million of expense from other special charges. The €16 million of additions to the restructuring reserve included employee severance costs of €10 million and plant and office closure costs of €6 million. Within other special charges there was expense of €84 million for antitrust matters in the sorbates industry, primarily related to a decision by the European Commission.

29. Business and Geographical Segments

Information with respect to Celanese's industry segments follows:

Business Segments

Chemical Products primarily produces and supplies acetyl products, including acetic acid, vinyl acetate monomer and polyvinyl alcohol; specialty and oxo products, including organic solvents and other intermediates;

Ticona, the technical polymers segment, develops and supplies a broad portfolio of high performance technical polymers; and

Performance Products consists of Nutrinova, the high intensity sweetener and food protection ingredients business.

The segment management reporting and controlling systems are based on the same accounting policies as those described in the summary of significant accounting policies in Note 4. Celanese evaluates performance based on operating profit, net earnings, cash flows and other measures of financial performance reported in accordance with U.S. GAAP.

Sales and revenues related to transactions between segments are generally recorded at values that approximate third-party selling prices. Revenues and long-term assets are allocated to countries based on the location of the business. Capital expenditures represent the purchase of property, plant and equipment.

	Chemical Products	Ticona	Performance Products	Total Segments	Reconciliation (1)	Consolidated
				(In € Millions)		
Successor:						
As of September 30, 2005 and for the period August 25, 2005 to September 30, 2005						
Sales to external customers	175	43	16	234	4	238
Inter-segment revenues	5	—	—	5	(5)	—
Operating profit (loss)	(4)	1	2	(1)	(1)	(2)
Earnings (loss) from continuing operations before tax and minority interests	(3)	3	1	1	4	5
Depreciation and amortization	1	2	2	5	2	7
Capital expenditures	6	2	—	8	—	8
Special charges	—	(1)	—	(1)	—	(1)
Goodwill and intangible assets, net	151	186	111	448	—	448
Total assets	1,190	658	288	2,136	1,784	3,920
Predecessor:						
For the period October 1, 2004 to August 24, 2005						
Sales to external customers	1,462	340	126	1,928	44	1,972
Inter-segment revenues	51	—	—	51	(51)	—
Operating profit (loss)	241	13	44	298	(42)	256
Earnings (loss) from continuing operations before tax and minority interests	236	23	40	299	32	331
Depreciation and amortization	40	19	2	61	1	62
Capital expenditures	44	19	3	66	2	68
Special charges	(4)	(45)	—	(49)	—	(49)

	Chemical Products	Ticona	Performance Products	Total Segments	Reconciliation (1)	Consolidated
As of and for the nine months ended September 30, 2004						
Sales to external customers	1,066	299	111	1,476	44	1,520
Inter-segment revenues	49	—	—	49	(49)	—
Operating profit (loss)	107	40	33	180	(68)	112
Earnings (loss) from continuing operations before tax and minority interests	119	43	32	194	(37)	157
Depreciation and amortization	48	23	4	75	(1)	74
Capital expenditures	22	19	1	42	—	42
Special charges	(2)	(4)	—	(6)	(20)	(26)
Goodwill and intangible assets, net	181	219	64	464	—	464
Total assets (2)	2,160	1,218	75	3,453	1,887	5,340
As of and for the year ended December 31, 2003:						
Sales to external customers	1,444	365	150	1,959	82	2,041
Inter-segment revenues	81	—	—	81	(81)	—
Operating profit (loss)	124	16	(39)	101	(63)	38
Earnings (loss) from continuing operations before tax and minority interests	129	14	(39)	104	(38)	66
Depreciation and amortization	64	25	6	95	2	97
Capital expenditures	51	31	2	84	3	87
Special charges	(3)	(14)	(84)	(101)	—	(101)
Goodwill and intangible assets, net	185	219	64	468	1	469
Total assets (2)	2,189	1,165	136	3,490	1,905	5,395

(1) Column includes balances due from Related Entities (See Note 7), corporate center costs for support services such as legal, accounting and treasury functions, the elimination of inter-segment sales and assets and liabilities not allocated to a segment.

(2) Total assets in these periods include the assets of discontinued operations (See Note 8).

The following table presents financial information based on the geographic location of Celanese's facilities:

	North America	Thereof USA	Thereof Canada	Thereof Mexico	Europe	Thereof Germany	Asia	Thereof Singapore	Rest of World	Consolidated
					(In € Millions)					
Successor:										
As of September 30, 2005 and for the period August 25, 2005 to September 30, 2005:										
Total assets	14	7	—	7	3,509	3,418	378	210	19	3,920
Property, plant and equipment, net	—	—	—	—	456	414	124	87	4	584
Operating profit (loss)	—	—	—	—	(5)	(7)	2	2	1	(2)
Net sales	4	2	—	2	160	134	72	69	2	238
Depreciation and amortization	—	—	—	—	6	5	1	1	—	7
Capital expenditures	—	—	—	—	5	3	3	—	—	8
Predecessor:										
As of August 24, 2005 and for the period October 1, 2004 to August 24, 2005:										
Total assets	15	7	—	8	3,376	3,289	397	252	19	3,807
Property, plant and equipment, net	—	—	—	—	387	346	141	107	4	532
Operating profit (loss)	3	2	—	1	86	67	165	163	2	256
Net sales	40	28	—	12	988	768	921	890	23	1,972
Depreciation and amortization	—	—	—	—	52	48	10	10	—	62
Capital expenditures	—	—	—	—	45	39	22	1	1	68
As of and for the nine months ended September 30, 2004:										
Total assets [(1)]	3,259	2,551	223	485	1,487	1,345	363	214	231	5,340
Property, plant and equipment, net	—	—	—	—	437	402	125	115	4	566
Operating profit (loss)	12	12	—	—	26	12	73	71	1	112
Net sales	35	26		9	1,135	1,055	334	313	16	1,520
Depreciation and amortization	—	—	—	—	58	56	16	16	—	74
Capital expenditures	—	—	—	—	35	32	7	2	—	42
As of and for the year ended December 31, 2003:										
Total assets [(1)]	3,310	2,579	247	484	1,481	1,327	361	220	243	5,395
Property, plant and equipment, net	—	—	—	—	457	421	133	128	2	592
Operating profit (loss)	1	1	—	—	(14)	(31)	48	46	3	38
Net sales	45	36	—	9	1,544	1,418	432	405	20	2,041
Depreciation and amortization	—	—	—	—	73	68	24	24	—	97
Capital expenditures	—	—	—	—	83	79	4	2	—	87

(1) Total assets in these periods include the assets of discontinued operations (See Note 8).

30. Subsequent Events

In December 2005, Celanese divested its COC business to a venture between Japan's Daicel Chemical Industries Ltd. ("Daicel") and Polyplastics Co. ("Polyplastics"), a venture of the Company's ultimate parent Celanese Corporation. Daicel holds a majority stake in the venture with a 55 percent interest and Polyplastics, a venture between Daicel and Ticona LLC owns the remaining 45 percent. The transaction will result in a loss of approximately €30 million.

In December 2005, Celanese sold a majority of its ownership interest in Pemeas GmbH. As a result of this transaction, the Company will no longer be the primary beneficiary of the variable interest entity and therefore, will deconsolidate the entity effective December 31, 2005. Celanese recorded a net gain of approximately €1 million related to the transaction.

Subsequent to September 30, 2005, the Company announced that its new state-of-the-art vinyl acetate ethylene and conventional emulsion polymer facility in China will be transferred to Celanese Corporation in 2006. Startup target for the China operations is expected to be in the first half of 2007.

31. *Information Relating to the Board of Management and Supervisory Board of Celanese*

Compensation of Board of Management

The table below shows the before-tax compensation expense for the Board of Management for the fiscal year beginning October 1, 2004 and ending on September 30, 2005.

Total Compensation Expense Table (1)

Name and Principal Position	Fixed Salary €	Bonus €	Total Cash Compensation €
Claudio Sonder Chairman of the Board of Management until October 31, 2004	89,167	90,019	179,186
Andreas Pohlmann Chairman of the Board of Management from November 1, 2004 (2)	177,083	218,773	395,856
David N. Weidman Deputy Chairman of the Board of Management until October 31, 2004 (2)	43,750	55,373	99,123
Lyndon Cole Vice-Chairman of the Board of Management from November 1, 2004 (2)	293,705	360,181	653,886
Perry W. Premdas Member of the Board of Management and Chief Financial Officer until October 31, 2004 (2)	32,788	40,851	73,639
Peter Jakobsmeier Member of the Board of Management and Chief Financial Officer from November 1, 2004	320,833	390,206	711,039
	957,326	1,155,403	2,112,729

(1) Determination of compensation in accordance with German Commercial Code.
(2) Former Board members Premdas and Weidman had a salary split and received respective parts of income by the US entity. Board members Dr. Cole and Dr. Pohlmann have a service agreement with Celanese Corporation too and receive parts of their compensation from there.

Furthermore Messrs. Cole, Jakobsmeier and Pohlmann participate in Celanese Corporation's Management Incentive Program, which under certain conditions will provide cash payments and stock options and requires an investment in Celanese Corporation shares. Members of the Celanese AG board of management and approximately five other executives of Celanese AG participate in this program. The table below sets forth the benefits Messrs. Cole, Jakobsmeier and Pohlmann receive under this program.

	Deferred Cash Amount (USD)	Payment made in January 2005 (USD)	Stock Options (in shares)	IPO Shares (1) (in Shares)	Discounted Shares (2) (in shares)
Andreas Pohlmann.....	19,989,966	2,987,338	1,013,847	51,471	148,007
Lyndon Cole	20,397,924	3,048,304	1,231,000	62,500	179,722
Peter Jakobsmeier......	3,999,593	597,707	217,253	11,029	31,716

(1) Share price equal to $16 per share

(2) Share price equal to $7.20 per share

The deferred cash amount will be paid once certain conditions are met. The initial component of the deferred cash vested in 2004 and was paid in January 2005. The remainder is subject to downward adjustment if the price of Celanese Corporation's common stock falls below the initial offering price of US$16.00 and vests subject to both (1) continued employment or the achievement of certain performance criteria and (2) the disposition by Blackstone of at least 90 percent of its equity interest of Celanese Corporation with at least a 25 percent cash internal rate of return on their equity interest. The vesting of stock options must also meet certain conditions and can be exercised the earliest 2.5 years after the initial public offering. Celanese Corporation Shares under the requested investment had to be purchased partly at the IPO-price and partly with a discount of US$8.80 per share.

Members of Celanese's board are not entitled to severance nor to change in control payments.

The aggregate amount accrued by Celanese as of September 30, 2005 for pension, retirement and similar benefits for the members of the Board of Management was €24 million.

The table below shows the number of stock options held by the Board of Management as of and for the period ended September 30, 2005. There were no stock appreciation rights outstanding at September 30, 2005.

Incentive Compensation Table

	Stock Options (1)			
Name and Principal Position	**Number Held**	**Value €**	**Number of Stock Options Exercised During the Year Ended September 30, 2005**	**Earnings From Exercise of Stock Options**
Claudio Sonder Chairman of the Board of Management until October 31, 2004....	0	0	90,000	2,030,400
Andreas Pohlmann Chairman of the Board of Management from November 1, 2004 .	0	0	13,000	276,640
David N. Weidman Deputy Chairman of the Board of Management until October 31, 2004....	0	0	55,000	1,207,250
Perry W. Premdas Member of the Board of Management and Chief Financial Officer until October 31, 2004	0	0	0	0
Peter Jakobsmeier Member of the Board of Management and Chief Financial Officer from November 1, 2004...........	0	0	13,000	293,150
Lyndon Cole Vice-Chairman of the Board of Management from November 1, 2004	0	0	15,000	318,900
	0	0	186,000	4,126,340

(1) No stock appreciation rights or stock options were granted to the Board of Management by Celanese AG in 2005.

Total remuneration of former members of the Board of Management amounted to €1.5 million during the year ended September 30, 2005. Celanese had accrued pension liabilities for these former members amounting to €20 million as of September 30, 2005.

The table below shows the before-tax fixed compensation and other cash compensation paid to the Supervisory Board during the short fiscal year ended on September 30, 2005.

Compensation of Supervisory Board

Name	Fixed Annual Remuneration €	Other Cash Remuneration € [1]	Total Remuneration €
Dr. Bernd Thiemann			
Chairman	120,904	40,000	160,904
Gerald Mosel**			
Deputy Chairman	33,290	7,000	40,290
Reiner Nause*			
Deputy Chairman	57,636	23,000	80,636
Dr. Hanswilhelm Bach*	38,424	12,000	50,424
Ralf Becker	60,452	14,000	74,452
Hans-Jurgen Brinkmann*	38,424	12,000	50,424
Chinh E. Chu***	0	4,000	4,000
Armin Droth	60,452	14,000	74,452
Cornelius Geber	60,452	14,000	74,452
Dr. Bernd Hupfer**	22,193	4,000	26,193
Benjamin J. Jenkins***	0	10,000	10,000
Johannes Lehn**	22,193	4,000	26,193
Dr. Hanns Ostmeier***	0	10,000	10,000
Herbert Schmalz*	38,424	12,000	50,424
Dr. Ron Sommer	60,452	14,000	74,452
Axel Weidner**	22,193	4,000	26,193
	635,489	198,000	833,489

[1] Compensation for Supervisory Board Meetings and committee memberships for October 1, 2004 to September 30, 2005.

* Member of the Supervisory Board until May 20, 2005

** Employee representative appointed to the Supervisory Board after May 20, 2005

*** Waived remuneration (other than Other Cash Compensation up to May 20, 2005) pursuant to letter dated June 22, 2005

32. *Framework for Accounting Policies in Accordance with U.S. GAAP and Explanation of Major Differences Compared with German Accounting Policies*

The consolidated financial statements for Celanese have been prepared in accordance with United States Generally Accepted Accounting Principles or U.S. GAAP. The financial statements meet the requirements of German law as set out in § 292a HGB for an exemption of preparing the financial statements in accordance with German GAAP. The consolidated financial statements and the Management Report are compatible with the European accounting directives.

The accounting policies of entities in accordance with U.S. GAAP are based on the objective of providing investors with decision-relevant information. It is thus not possible to show lower profits for the protection of creditors or influence results by using tax-based values (requirement for income and expenses to be recorded in the commercial financial statements in order to be accepted for tax purposes).

Based on the assumption that decision-relevant information should be provided to investors, it follows that accounting policies should be aimed at showing an entity's operating results, rather than determining the amount of distributable profits while bearing in mind the need for protection of creditors.

As a rule, accounting policies in accordance with U.S. GAAP have a lower level of prudence than German accounting policies, which leads to the following major differences:

- economic substance has precedence over legal form; The principle of substance over form has a stronger influence in accounting policies in accordance with U.S. GAAP than in Germany. The principle states that the economic substance of a transaction is of greater importance than the formal (legal) form

- the consistency requirement (recognition, valuation, classification, consolidation) is to be strictly followed; changes in accounting policies are only permitted if it can be proven that the change leads to an improvement in the fair presentation of the financial statements;

- the acquisition cost and realization principles are generally valid, however "unrealized" profits are to be included in the profit and loss account in specific cases in order to determine the actual profit for the period;

- minimization of possibilities of setting up and releasing hidden reserves;

Consolidated financial statements in accordance with U.S. GAAP consist of the following:

- consolidated balance sheet,
- consolidated statement of operations,
- consolidated statement of shareholders' equity,
- consolidated statement of cash flows,
- notes to the consolidated financial statements

There are no specific rules setting out the way in which individual items should be laid out in the balance sheet and statement of income. The balance sheet is set out in order of liquidity. The format of the consolidated statement of operations is the cost of sales classification method.

The notes to the consolidated financial statements include all disclosures required as set out in para 266 and para 275 HGB.

Minority interests may not be included as part of group shareholders' equity in the consolidated balance sheet. They must be shown as a separate item between third-party capital and shareholders' equity.

The consolidated statement of income concludes with a disclosure of earnings per share. Minority interests' share in earnings is not included in earnings per share.

Description of major differences in accounting policies compared with German accounting policies

General comments

The consolidation is presented on a basis as if Celanese had been a legal group during all periods presented.

The major differences between accounting policies in accordance with U.S. GAAP compared with German accounting policies in the consolidated financial statements of Celanese are as follows:

(1) Push Down Accounting
Under push down accounting, the Company's assets and liabilities are adjusted to fair value. The judgements made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net earnings (loss).

(2) Predecessor/Successor
Successor — Represents the Company's consolidated financial position commencing from August 25, 2005. The consolidated financial statements reflect the application of push down accounting adjustments resulting in new basis of accounting. These adjustments reflects the fair value of the assets and liabilities acquired.

Predecessor — Represents Ccelanese's consolidated results of operations and cash flows prior to August 25, 2005. These consolidated financial statements relate to periods prior to the acquisition of CAG's shares are historical basis of accounting without the application of push down accounting.

(3) Discontinued operations
Assets and liabilities of discontinued operations are shown gross in the balance sheet. Losses from discontinued operations, net of taxes are shown below operating results in the statement of operations.

(4) Impairment of assets
The recoverability of the carrying amount of long lived assets is in a first step assessed by comparison of the carrying amount of the asset to future net undiscounted cash flows generated by such assets. If the undiscounted cash flows do not cover the carrying amount of the asset, then the fair value of the asset has to be determined preferably by using quoted market prices or by using other generally accepted methods such as discounted cash flows. This fair value is the basis for necessary impairment write-offs.

(5) Unrealized profits included in the statement of operations, which is a breach of the realization principle as understood in Germany
Although the realization principle is a specific part of U.S. GAAP, in contrast to German accounting policies "unrealized" profits must be included in the statement of operations in certain specific cases. Foreign currency receivables and liabilities are translated at foreign exchange rates ruling at the end of the year and trading securities are reported at their fair value at the end of the current reporting period even if this leads to an "unrealized" profit compared with using the exchange rate or purchase price at the booking date.

(6) Deferred taxes
Deferred tax assets must be included to their full extent. This also applies to tax loss carry forwards which can be offset against future profits for tax purposes and which are thus to be reflected as deferred tax assets. Deferred tax assets are to be reviewed for their realization regularly and a valuation allowance recognized if necessary.

(7) Definition of "production costs"
U.S. GAAP requires the use of "full" production costs, consisting of cost of materials and production wages (direct and indirect) together with the proportional depreciation of property, plant and equipment. It is not permitted to limit the calculation of production costs merely to direct costs.

(8) Pension provisions
Pension provisions are to be calculated actuarially using the projected unit credit method. Use of the German tax-based entry-age-normal method (para 6a Income Tax Act) is not permitted.

Expected wage and salary increases until pensionable age are to be considered when calculating the pension liability to beneficiaries under the scheme. Capital market interest rates are to be used to discount the amounts, which can partly offset this increase, as the rate can be higher than the 6 percent used for tax purposes in Germany (para 6aIncome Tax Act). Pension provisions are to be calculated for beneficiaries as soon as they become scheme members (not only as from their 30th birthday). Appropriate fluctuation rates should be used when considering the provisions needed for this group of beneficiaries.

Overall, using the U.S. GAAP calculation methods leads to a higher pension provision than using the German entry-age-normal method.

(9) Other provisions and accruals
Provisions and accruals may only be set up to cover obligations to third parties. Furthermore, the set up of provisions and accruals is much more restrictive under US-GAAP than under German accounting policies. Internal accruals are not permitted.

(10) Accounting for leases
Generally compared with the use of German tax-based leasing provisions, U.S. GAAP requirements more often lead to leased items being recognized in the balance sheet of the lessee rather than of the lessor. U.S. GAAP requires the contractual party which is the economic owner and which thus has the major share of risks and opportunities arising from use of the item being leased to recognize the lease in its balance sheet.

(11) Accounting for derivative instruments
According to U.S. GAAP, since January 1, 2001, all derivative instruments generally have to be recorded at fair value, regardless of the reason why they were entered into. Additionally, derivatives embedded in so called host contracts are derivative instruments and have to be treated as such.

Changes in market value of derivative instruments are realized in net income or in other comprehensive income in the period they occur. The treatment depends on their qualification as a fair value hedge (hedge of exposure to changes in the fair value of an asset or a liability) or as a cash flow hedge (hedge of exposure to variability in expected future cash flows). Hedge accounting can be applied to effective hedging relationships, only. Effects from ineffective hedging relationships have to be realized in income as incurred.

(12) Accounting for Goodwill and other intangible assets
Effective January 1, 2002 goodwill and other intangible assets with indefinite lives are no longer amortized on a recurring basis. Instead, goodwill and intangible assets with an indefinite life are subject to an impairment test at least annually. In case the carrying value cannot be recovered by future cash flows, the carrying value is impaired and has to be written down to fair value.

Any unamortized negative goodwill on the balance sheet has to be written off immediately.

Other intangible assets with finite lives continue to be amortized over their useful lives and reviewed for impairment annually.

(13) Accounting for Costs Associated with Exit or Disposal Activities
Recognition of a liability for costs associated with exit or disposal activities is required only when the liability is incurred. The liability has to be measured at fair value and adjusted for changes in cash flow estimates.

(14) Consolidation of Variable Interest Entities
According to US-GAAP, variable interest entities must be consolidated if the company has the majority of the risks and rewards, even if control through voting interests is not given. Under German accounting policies, these entities are not to be consolidated.

Celanese adopted FIN 46 as of December 31, 2003 (See Note 5)

(15) Accounting for Guarantees
At the inception of certain guarantees, a guarantor is required to recognize a liability for the fair value of the obligation undertaken in issuing the guarantee.

Celanese adopted FIN 45 as of December 31, 2002

(16) Accounting for Asset Retirement Obligation
According to US-GAAP the fair value of a liability must be recognized in the balance sheet for all legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long -lived asset. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's useful life.

Celanese adopted SFAS No. 143 Accounting for Asset Retirement Obligations on January 1, 2003

33. Corporate Governance

According to Section 161 of the German stock corporation act (AktG), the Supervisory Board and Board of Management issued the current Compliance Statement as regards to the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex) on April 18 and May 9, 2005. The Compliance Statement was published on the Company's website (www.celanese.de).

The Company is in the process of evaluating its internal controls over financial reporting pursuant to the provisions of Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). If Celanese is unable to deregister as a foreign private issuer under the rules of the SEC, the Company will be subject to the provisions of Section 404 during the fiscal year ending September 30, 2007.

34. List of Investment Holdings

The separate list of investment holdings of Celanese as of September 30, 2005 contains the information required by Section 313 par. 2 of the German Commercial Code (*Handelsgesetzbuch*). The list will be published in Koenigstein im Taunus / Germany (HRB 5294).

Corporate Governance Report [1]

Corporate governance processes in the reporting year 2004/2005 were dominated by the restructuring of the Celanese Group, in addition to the regular governance activities to be complied with by a listed company. Celanese AG became a legally dependent company in terms of German corporate law when the domination and profit and loss transfer agreement with Celanese Europe Holding GmbH & Co. KG ("Celanese Europe Holding") approved at the annual general meeting on July 30-31, 2004 went into effect on October 1, 2004. When it also listed on the New York Stock Exchange in January 2005, Celanese Corporation became the new publicly traded ultimate holding company of the Celanese Group. To implement the necessary changes and to meet the demands associated with these developments, the company restructured its Group administrative functions, moving the main management responsibilities to Dallas, Texas. This also impacted the company's corporate governance structures. Independent of the company's restructuring activities, Celanese AG continued to pay particular attention to its corporate governance practices and further developed practices already in place.

German Corporate Governance Code

On February 23, and 25, 2005 the Celanese AG management board and Supervisory Board submitted their compliance statements in accordance with § 161 of the German Stock Corporation Act on compliance with the German Corporate Governance Code ("the Code"). On March 22 and April 5, 2005, the Celanese AG management and Supervisory Boards updated their compliance statements. The management and Supervisory Boards submitted their compliance statements and also published them on the company's Website on April 18, and on May 9, 2005. Pursuant to this, Celanese AG meets the recommendations contained in the Code in the version dated May 21, 2003, as published in the electronic Federal Gazette on June 30, 2003, with the following exceptions:

The management board does not include the legally required reports and documents associated with the annual general meeting on the company Website where it publishes the meeting's agenda as recommended in the code (§2.3.1 Para. 2 of the Code). The company adequately covers shareholder information needs by sending them the relevant documents with the invitation to the meeting or separately if requested.

Supervisory Board members do not receive any incentive-based compensation in addition to their fixed compensation. (§ 5.4.5 Article 2 Para. 1 of the code). The Supervisory Board does not receive incentive-based compensation as Celanese AG is still in a phase of corporate and organizational restructuring. For this reason, it did not seem feasible to define appropriate and effective long-term parameters for an incentive-based Supervisory Board compensation component at this time.

The company does not publish a series of interim reports throughout the business year but a six-month report (§ 7.1.1 of the code). As the company has meanwhile been removed from MDAX as well as the Prime Standard, it now only issues annual and semi-annual reports.

The Group annual financial statements and six-month report are not made available to the public within 90 or 45 days respectively following the end of the reporting period (§ 7.1.2 Para. 2 of the code). The business year of the ultimate holding company corresponds to the calendar year, whereas the Celanese AG business year runs from October 1 to September 30. As the company's figures are incorporated into the ultimate holding company reports, it is not possible to publish Celanese AG figures before those of Celanese Corporation.

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[1] Simultaneously serves as the report recommended under Sec. 3.10 of the German Corporate Governance Code

The Supervisory Board and the finance and audit committee conducted performance efficiency reviews in December 2005. The four new employee representatives on the Supervisory Board appointed in May 2005 did not take part in the efficiency reviews because of the relatively short time they had been on the Supervisory Board.

A list of individual supervisory and management board member compensation is included in the company's annual financial statements, which further breaks down the compensation into its components. As is apparent from this list, supervisory and management board members do not have any shares, rights (stock appreciation rights) or stock options in Celanese AG. The Supervisory Board member salaries, which were approved by the annual general meeting on June 15, 2004 and are listed individually, can be broken down as follows:

Details on Supervisory Board Member Compensation

Name	Fixed Annual Remuneration €	Other Cash Remuneration € (1)	Total Remuneration €
Dr. Bernd Thiemann			
Chairman	120,904	40,000	160,904
Gerald Mosel**			
Deputy Chairman	33,290	7,000	40,290
Reiner Nause*			
Deputy Chairman	57,636	23,000	80,636
Dr. Hanswilhelm Bach*	38,424	12,000	50,424
Ralf Becker	60,452	14,000	74,452
Hans-Jurgen Brinkmann*	38,424	12,000	50,424
Chinh E. Chu***	0	4,000	4,000
Armin Droth	60,452	14,000	74,452
Cornelius Geber	60,452	14,000	74,452
Dr. Bernd Hupfer**	22,193	4,000	26,193
Benjamin J. Jenkins***	0	10,000	10,000
Johannes Lehn**	22,193	4,000	26,193
Dr. Hanns Ostmeier***	0	10,000	10,000
Herbert Schmalz*	38,424	12,000	50,424
Dr. Ron Sommer	60,452	14,000	74,452
Axel Weidner**	22,193	4,000	26,193
	635,489	198,000	833,489

(1) Compensation for Supervisory Board Meetings and committee memberships for October 1, 2004 to September 30, 2005.

* Member of the Supervisory Board until May 20, 2005

** Employee representative appointed to the Supervisory Board after May 20, 2005

*** Waived remuneration (other than Other Cash Compensation up to May 20, 2005) pursuant to letter dated June 22, 2005

Revised Global Business Conduct Policy

Celanese AG implemented a global business conduct policy in 2003. The contents of the policy are reviewed at regular intervals. The fact that the controlling company is now a U.S. listed company means that the business conduct policy currently in place needed to be quickly updated to reflect the company's new group structure and new resultant legal framework. In 2005, all Celanese Group employees worldwide completed a comprehensive training course to update their knowledge of the policy as well as the consequences of non-compliance with it. They completed a similar training course in 2003. Such training courses are scheduled to be held every two years. In addition, all company management are required to submit a declaration each year stating that they have read and are in compliance with the measures contained in the global business conduct policy.

The company continues to have internal policy representatives worldwide, whom employees can contact to report any conflicts of interest or infringements against business conduct policy principles. In addition, toll-free whistleblower helplines have been set up for employees to call should they wish to anonymously report an infringement against the business conduct policy. All calls reported to the externally operated helplines are investigated in detail by the respective internal policy representative.

The company's internal policy representatives report to the chief compliance officer, who regularly reports to the board of management and the Supervisory Board's finance and audit committee on individual topics dealing with the global business conduct policy. In the year under review, the number of infringements reported was manageable.

Independent of the business conduct policy training opportunities on potential infringements, routine reviews conducted to ensure compliance with export control requirements revealed cases of possible infringement against the U.S. law on export control and thus also infringements against the company's global business conduct policy. As the new group holding company, Celanese Corporation ordered a comprehensive review of the cases including internal processes at Celanese AG. The company is cooperating with U.S. authorities. It has also revised internal processes, taken precautionary administrative measures and, in particular, intensified its information on the relevant regulations to the functions in questions.

Risk management

The global risk officer has submitted reports to the board on currently existing risks in the Celanese group since the company was founded. The risk management system and significant risks Celanese AG is exposed to were presented to the Supervisory Board's finance and audit committee at its December 2005 meeting.

Since 2005, Celanese AG's risk management system is subject to internal requirements in addition to those contained in Germany's Corporate Sector Supervision and Transparency Act. These requirements are the result of the company's plans for certification in accordance with Section 404 of the U.S. Sarbanes-Oxley Act. The existing risk management system has been expanded to apply not only to Celanese AG but also to Celanese Corporation. As part of these changes, the company has further developed its risk management system as well as its reporting system. In particular, it is developing special early warning indicators from the existing monitoring system, which will enable even earlier detection of potentially negative developments. All employees involved in the implementation of the new requirements received special training on the changes.

Sarbanes Oxley Act

A project team continues to implement the requirements under Section 404 of the Sarbanes Oxley Act, which will also require a comprehensive review and documentation of the company's internal control mechanisms in accounting and reporting. In spite of its delisting from the New York Stock Exchange, the company continues to be monitored by the Securities and Exchange Commission (SEC) in the U.S. and for this reason, it is required to implement Section 404. However, a general extension of the deadline by the SEC also applies to the company, by which it will not have to conclude the implementation and meet the requirements of Section 404 of the Sarbanes Oxley Act until the end of the first business year after July 15, 2007, which would be September 30, 2007. The company's project team is a key player in Celanese Corporation's preparations, as it must implement Section 404 of the Sarbanes Oxley Act by December 31, 2006. The project team has met all its interim goals thus far.

Kronberg im Taunus, February 2006

Celanese AG

The Board of Management

The Supervisory Board

Report of the Supervisory Board

Dear Shareholder,

The Celanese AG reporting year 2004/2005 was once again characterized by significant developments and far-reaching changes. On October 1, 2004, the domination and profit and loss transfer agreement with Celanese Europe Holding GmbH & Co. KG ("Celanese Europe Holding") as the controlling company, which was approved by the Celanese AG shareholder meeting on July 30-31, 2004, went into effect. Since this time, the controlling company has had the possibility of giving the Celanese AG board of management instructions on individual measures the management should undertake. In January 2005, the new holding company of the Celanese group, Celanese Corporation, was listed on the New York Stock Exchange. As the new holding company, Celanese Corporation is the parent company of the entire group. As a result, the group's administrative functions were reorganized and restructured. The responsibilities have now been assumed in part by the group's new headquarters in Dallas, Texas. The markets in which our company's businesses are active demonstrated remarkable development characterized by solid growth in Asia as well as extremely volatile raw material and energy markets subject to enormous price increases.

The company's management board and employees worked very hard to master the challenges associated with these changes and business developments. On behalf of the Supervisory Board, I would like to warmly thank the board of management and all employees for their major efforts in 2004/2005.

Focus of the Supervisory Board's Work

The Supervisory Board focused on closely monitoring the company's business development and on the many aspects of the continuous restructuring of the company and in the restructured Celanese group. As described in more detail below, the Supervisory Board reviewed the company's annual financial statements and continuously monitored its management.

The Supervisory Board closely followed the company's business development. It discussed all topics relevant to the company's business in regular Supervisory Board and committee meetings. The board informed the Supervisory Board in detail of the current business development of the individual segments and the market environment in all regular Supervisory Board meetings. The information contained in the presentations was openly and constructively discussed with the board. The Supervisory Board was regularly informed of key projects and measures and also received status quo reports.

The 2004/2005 business year was characterized on the one hand by an improved global economy – especially for basic chemicals - and on the other by a new trend toward volatile raw material and energy costs. The resultant pressure on margins was offset by a sustainable increase in prices, particularly in the Chemical Products segment, and by a rigorous policy of efficiency and productivity increase. The Singapore site in particular also contributed significantly to Chemical Products' positive results, as it successfully operated at full capacity to service the considerably increasing demand in the Asian market.

In Celanese's second core business, Ticona Technical Polymers, the company succeeded in increasing volume and profits despite a soft global demand from the automotive industry, the main market for Ticona polymers. This segment also raised its prices on the market and increased its potential for cost reductions and optimizations in view of the enormous increase in raw material costs.

The company’s business portfolio was further optimized by the divestment of Ticona’s COC business on December 31, 2005, to a joint venture between Daicel and Polyplastics, in which Celanese holds a share. The agreement reached with the buyers ensures that the business will be continued and all employees retained.

Nutrinova, the company’s food ingredients business, also succeeded in maintaining its volumes and profit despite the expiration of an important patent. Contributing factors were the increase in sales volumes for the sweetener Sunett and better business development in Sorbates as well as successful cost optimization programs.

In addition to continuously monitoring the business development, organizational issues such as the strategic alignment of the company within the Celanese group constitute a key component of the Supervisory Board’s work. The new Celanese Corporation group is now managed from Dallas, including key administrative processes that sustainably impact our entire company. For this reason, the Supervisory Board discussed the group’s new organizational structure. The Supervisory Board welcomed the appointments of Celanese AG chairman of the board Dr. Pohlmann and vice chairman of the board Dr. Cole to Celanese Corporation’s executive team. In particular, these appointments ensure that the company’s interests are also correspondingly represented at this important level.

The Supervisory Board discussed instructions the Celanese AG board received from Celanese Europe Holding as stated in the domination and profit transfer agreement. As such, on November 22, 2004, after the board had received instructions pursuant to the domination and profit transfer agreement, it approved the company issuing a guarantee for the acquisition of National Starch and Chemical Company’s emulsions business. The board received instructions from Celanese Europe Holding to provide this guarantee.

An additional important topic for the Supervisory Board was the ongoing contestation and null and void actions filed against the resolutions approved at the annual general meetings in 2004 and 2005 as well as the award proceedings (*Spruchverfahren*) filed by minority shareholders in connection with the domination and profit and loss transfer agreement with Celanese Europe Holding that went into effect on October 1, 2004. With respect to these matters, the Supervisory Board noted that on June 17, 2005, the regional court Frankfurt am Main announced that it would suspend the lawsuits against the resolutions of the extraordinary general meeting on July 30-31, 2004 until the final court decision was made on the lawsuits against the confirmatory resolution rendered at the annual general meeting on May 19-20, 2005. The Supervisory Board was also informed that the action filed to cancel the entry of the domination and profit and loss transfer agreement in the commercial register was rejected in the preliminary proceedings as well as in the first appeal of the proceedings in the main action. Moreover, the Supervisory Board noted that on June 23, 2005, the regional court Frankfurt am Main rejected the damage compensation claim against Celanese Europe Holding and against the former chairman of the board of Celanese AG, Claudio Sonder, and also against the former chairman of the Supervisory Board, Dr. Günter Metz.

The Supervisory Board was regularly informed of the developments relating to the planned expansion of the Frankfurt Rhine-Main Airport and potential impacts this could have on Celanese subsidiary Ticona’s Kelsterbach plant.

Moreover, the Supervisory Board was kept up-to-date with comprehensive information on those topics requiring its approval in accordance with the law and the company’s articles of association. Measures requiring Supervisory Board approval were discussed in detail in the Supervisory Board meetings with the board members.

Cooperation between the Supervisory and Management Boards was always open, constructive and characterized by an atmosphere of mutual trust.

Corporate governance, Supervisory Board review frequency, object and methods

Celanese AG updated its standards in responsible corporate management and corporate governance during the reporting year 2004/2005.

Due to changing group structures of the company and the fact that new employee representatives joined the Supervisory Board, more importance was attached to ensuring that the processes underlying Supervisory Board activities ran efficiently. Priority was given to preparing the meetings and making decisions.

For this reason, Supervisory Board members receive their invitation to the next Supervisory Board meeting with the attached agenda, as a rule, four weeks prior to the meeting; they generally receive any decision papers explaining the details of issues that need to be voted on two weeks before the meeting. In addition, the Board holds preliminary meetings with its employee representatives before each scheduled meeting. Moreover, the Supervisory Board members also receive copies of company press releases and ad-hoc announcements as soon as they have been published. Since the Celanese group was restructured, Supervisory Board members also receive the Celanese Corporation's quarterly reports.

An informational meeting was held for the new employee representatives to the Supervisory Board on April 11, 2005, in which they received detailed information about the group and Celanese AG's role. In particular, this meeting included reports on the company's corporate governance principles, legal restrictions on directors' dealings in company shares, insider trading law, financial issues, risk management (particularly the structure of the risk management organization and the risk assessment process as well as the reporting content), requirements under Section 404 of the U.S. Sarbanes Oxley Act and personnel policy issues.

As part of regular reporting on the Celanese AG risk management system, the consolidated risk report was provided to the Supervisory Board. This report contained a risk matrix featuring summaries of all major risks of the business units and functions. The report also explained key risks in detail and noted changes in the way certain risks are assessed. The Supervisory Board reviewed the risk report and concluded that it had no doubt about its plausibility nor did the report contain any discernible gaps.

Moreover, the internal audit department and the external auditors regularly reported to the Supervisory Board.

For the period under review, the Supervisory Board and the finance and audit committee decided to perform the self-evaluation of their own work in December 2005. The four newly elected employee representatives on the Supervisory Board did not participate in the self-evaluation process because of the relatively short time they had been on the Supervisory Board. The Supervisory Board and the finance and audit committee were informed of the efficiency review results in the December 20, 2005 meetings by their chairmen and discussed the results.

The Supervisory Board met regularly in the year under review, on December 6, 2004, and on February 25, April 5, and July 6, 2005. On October 21, 2004, an extraordinary meeting of the Supervisory Board was held via telephone conference and a second one on November 15, 2004, on the key financial figures.

The Supervisory Board fulfilled its review responsibilities, unless explained otherwise in this report, by receiving and discussing oral and written reports from the board of management, employees, external auditors and consultants. Moreover, the Supervisory Board had the opportunity to look at the company's books and documents.

In addition to the plenary meetings of the Supervisory Board, the Supervisory Board committees held the following meetings:

Four meetings of the finance and audit committee were held in the reporting period on December 6, 2004, and on February 25, April 5 and July 6, 2005. In addition, two telephone conferences were held to prepare for the semi-annual reporting on May 12 and 27, 2005.

The personnel and compensation committee met during the year under review on December 6, 2004, and on February 25, May 18 and July 6, 2005. Furthermore, telephone conferences were held on October 20, 2004 as well as on September 30, 2005. The focus of the committee's work in the reporting year was on reviewing the board's compensation structure, changing board service contracts to reflect personnel changes, approving board member activities at the higher group level, reimbursement of legal expenses relating to claims filed by shareholders against former chairman of the board Sonder and former chairman of the Supervisory Board Metz, as well as determining goals met, bonus payments, and goal-setting for the board members. Concerning the board's compensation structure, it was necessary to take into account that two board members received compensation from Celanese Corporation for their activities for Celanese Corporation and that this payment was determined by the holding company's decision-making bodies. The compensation is listed by individual in the company's financial report.

The strategy committee did not meet during the period under review and was dissolved on December 6, 2004, since, as a result of the new group structure, strategic decisions are now primarily taken at the Celanese Corporation level. In the future, strategic questions regarding Celanese AG will be discussed by the entire Supervisory Board. During the December 6, 2004, meeting, the post-tender offer committee was also dissolved as its duties were completed upon conclusion of the takeover.

After Celanese Europe Holding conveyed its squeeze-out request to the company's board on November 4, 2005 – that is, after the end of the reporting period - the Supervisory Board appointed a special committee from among its members in its December 20, 2005 meeting to monitor the squeeze-out process. This committee consists of Supervisory Board chairman Dr. Bernd Thiemann (chairman), Dr. Hanns Ostmeier and Mr. Gerald Mosel.

The committees' review methods corresponded to those employed by the plenary Supervisory Board.

In addition, the Supervisory Board approved written resolutions in a number of cases – as is provided for in its rules of procedure – on matters such as the divestment and transfer of Celanese Americas Corporation, the acquisition of the emulsions business of National Starch and Chemical Company, the early update to the compliance statement on the German Corporate Governance Code as well as the election of the Supervisory Board's deputy chairman and its committee members. In all decisions approved by written resolution procedure, the Supervisory Board was given the option of discussing the respective topics in preliminary meetings with the board.

One clear indication of the Supervisory Board members' serious commitment to their responsibilities was the high level of participation in the meetings. Almost all of the Supervisory Board members participated in the meetings of the Supervisory Board and its committees. Only one member was excused from each of the Supervisory Board meetings in December 2004 and April 2005, and only two members were excused from the July 2005 meeting.

Special financial topics

During the preparation of the past year's annual financial statements of Celanese Corporation, weaknesses were detected in certain areas of the company's financial reporting and in internal control mechanisms in the company's financial organization. As proposed by the finance and audit committee, the auditing company Ernst & Young was commissioned to review the matter. As the Celanese Corporation department responsible for accounting also prepares Celanese AG's annual financial statements, the possibility could not be excluded that these weaknesses could also have impacts on Celanese AG. The finance and audit committee advised the company in detail on this report and followed up on it in later meetings. Moreover, Corky J. Nelson, the Celanese Corporation CFO at that time, gave a detailed report to the finance and audit committee on this topic on May 12, 2005. Afterwards a number of organizational decisions were made and personnel measures taken to correct these weaknesses. The Supervisory Board received regular information on this issue and monitored the implementation of the measures in question to correct the weaknesses in financial reporting and in the control mechanisms.

In the past, the finance and audit committee had - in accordance with the US Securities and Exchange Commission optional capital market requirements - one member appointed as the *audit committee financial expert,* to voluntarily comply with US capital market requirements. As the company is no longer represented on the US capital market since it was delisted from the New York stock exchange, the Supervisory Board did not appoint such a financial expert.

In the year under review, preparations began for the upcoming rotation of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft's (KPMG) head auditor for the Celanese AG audit, as the previous head auditor had already performed seven Celanese AG audits in a row. The chairman of the Supervisory Board as well as the finance and audit committee were informed in detail on a number of occasions on the status of the rotation procedure during the course of the business year.

Approving the annual financial statements for the 2004/2005 business year

The auditors submitted the corresponding written statement as required by the German Corporate Governance Code to the chairman of the Supervisory Board on February 17, 2005, in which they stated that there are no reasons for concern about the auditors' independence.

In connection with KPMG's qualification to perform the 2004/2005 audit, the chairman of the Supervisory Board held a meeting with KPMG on March 30, 2005. In the finance and audit committee meeting on April 5, 2005, KPMG's qualifications were closely reviewed based on a variety of criteria, and a recommendation was made to the Supervisory Board to propose the election of KPMG as the auditor for the 2004/2005 business year to the company's annual meeting.

KPMG was elected as the company's auditor at the Celanese AG annual general meeting on May 19-20, 2005. The finance and audit committee reviewed and approved the engagement letter for the 2004/2005 audit including the proposed fees. After the Supervisory Board approved KPMG's mandate, the engagement letter was signed by the chairman of the Supervisory Board and presented to KPMG on August 29, 2005.

The Celanese AG annual financial statements and the management report from the business year ended September 30, 2005 were prepared in accordance with the German Commercial Code and the Stock Corporation Act. The consolidated financial statements were prepared in accordance with U.S. GAAP and were supplemented by a group management report and further explanations pursuant to § 292a of the German Commercial Code. Pursuant to § 292a, preparing consolidated financial statements in accordance with U.S. GAAP releases the company from the obligation to draw up consolidated financial statements according to German law. The annual financial statements, the consolidated financial statements of

Celanese AG and the management reports of Celanese AG and the group were audited by KPMG, which issued an unqualified opinion.

All the above-mentioned financial report documents and the corresponding auditor's reports were made available to the finance and audit committee and the Supervisory Board, both of which reviewed them and concluded that they were plausible and completely and correctly prepared. The auditors kept the Supervisory Board's finance and audit committee constantly informed of the annual financial statements during the audit.

The auditors, who attended all finance and audit committee meetings, reported on the progress and the main results of their audit in the committee meetings on December 20, 2005 and February 22, 2006. The auditors were available to answer questions.

The Supervisory Board noted and discussed the results of the audit performed by the auditors and saw no reason to object. As a result of its own examination, the Supervisory Board concluded that no objections should be raised. The Supervisory Board approved Celanese AG's financial statements for the business year 2004/2005, as well as the consolidated financial statements for the 2004/2005 business year, in its meeting on February 22, 2006. The annual financial statements of Celanese AG are thus approved.

Changes in the board of management and the Supervisory Board

In its extraordinary meeting on October 21, 2004, the Supervisory Board appointed Dr. Andreas Pohlmann as chairman of the Celanese AG board of management effective November 1, 2004, following David N. Weidman's resignation as a member and as chairman of the board effective October 31, 2004. The Supervisory Board accepted Mr. Weidman's resignation. Dr. Lyndon Cole was appointed as vice chairman of the board also effective November 1, 2004. Peter Jakobsmeier was appointed as a member of the Celanese AG board effective November 1, 2004, assuming the position of chief financial officer.

In its meeting on December 6, 2004, the Supervisory Board extended Dr. Andreas' Pohlmann's board member appointment until December 31, 2007. Moreover, the personnel and compensation committee was intensively involved in the creation of a uniform management team of the Celanese group. The committee noted with approval Dr. Andreas Pohlmann's and Dr. Lyndon Cole's appointments as executive vice presidents of Celanese Corporation as well as the appointments of Dr. Andreas Pohlmann, Dr. Lyndon Cole and Peter Jakobsmeier as managing directors of Celanese Europe Management GmbH (formerly BCP Management GmbH) as well as of BCP Holdings GmbH.

The Supervisory Board employee representatives' term ended upon conclusion of the annual general meeting on May 19-20, 2005. In February 2005 the German employees of the Celanese AG subgroup elected their representatives to the Supervisory Board. Employee representatives Ralf Becker and Armin Droth were re-elected, while Bernd Hupfer, Johannes Lehn, Gerald Mosel and Axel Weidner were elected to the Supervisory Board for the first time. Furthermore, Gerald Mosel was elected as the deputy chairman of the Supervisory Board on May 21, 2005.

On behalf of the entire Supervisory Board, I thank Reiner Nause, Hanswilhelm Bach, Hans-Jürgen Brinkmann and Herbert Schmalz for their extraordinarily successful contribution to the company and its employees.

Kronberg im Taunus, February 22, 2006
The Supervisory Board
Dr. Bernd Thiemann

The Supervisory Board
(as of September 30, 2005)

Dr. Bernd Thiemann [1, 2, 3]
Chairman of the Supervisory Board,
Managing Partner of Drueker & Co. GmbH & Co. KG

Member of the Supervisory Board: Bankhaus Hallbaum AG & Co. KG, DES AG*, EM.TV AG* (Chairman), ThyssenKrupp Steel AG, VHV Vereinigte Hannoversche Versicherung a.G., VHV Lebensversicherung AG, M.M. Warburg & Co. KGaA (Deputy Chairman)

Gerald Mosel [1, 2]
(since May 20, 2005)
Deputy Chairman of the Supervisory Board,
Head of Training, Lean Leader Celanese Chemicals Europe GmbH and Workers' Council, Oberhausen, Chairman of the General Workers' Council of Celanese AG

Dr. Hanswilhelm Bach
(Employee representative until May 20, 2005)

Ralf Becker
Labor Union Secretary, Deputy Regional Head of the IG BCE for Hesse / Thuringia
Member of the Advisory Council: RAG Bildung GmbH

Hans-Jürgen Brinkmann
(Employee representative until May 20, 2005)

Chinh E. Chu
Senior Managing Director of The Blackstone Group, USA
Member of the Board of Directors: Celanese Corporation* (Chairman), FGIC, Graham Packaging Holdings Company, Nalco Holdings LLC, SunGard
Member of the Advisory Committee: Graham Packaging Holdings Company

Armin Droth
Electrical Engineer, Representative of the VAA (German association of management and professional staff), Member of the Celanese Joint Workers' Council for the Höchst Site

Cornelius Geber [3]
Managing Director of BCP Holdings GmbH, Celanese Europe Management GmbH, and CG Beteiligungs- & Management GmbH
Member of the Supervisory Board: Barkawi & Partner GmbH (Advisory Board), Inconso AG (Deputy Chairman), Kiala S.A., Neopost S.A.*

Dr. Bernd Hupfer [1]
(since May 20, 2005)
Chemical Engineer, Head Intellectual Property of Ticona GmbH, Member of the Group Senior Executives' Committee of Celanese AG

Benjamin J. Jenkins
Principal of the Private Equity Group of The Blackstone Group, USA
Member of the Board of Directors: Celanese Corporation*, Global Tower Partners, Vanguard Health Systems LLC

Johannes Lehn [3]
(since May 20, 2005)
Plant Mechanic, Chairman of the Group Workers' Council of Celanese AG

Reiner Nause
(Deputy Chairman of the Supervisory Board until May 20, 2005)

Dr. Hanns Ostmeier [1, 2, 3]
Senior Managing Director of The Blackstone Group, USA, and Managing Director of The Blackstone Group Deutschland GmbH
Member of the Supervisory Board: Gerresheimer Group GmbH (Chairman)
Member of the Board of Directors: Celanese Corporation*
Member of the Advisory Board: SULO Group

Herbert Schmalz
(Employee representative until May 20, 2005)

Dr. Ron Sommer
Former Chairman of the Board of Deutsche Telekom AG
Member of the Supervisory Board: AFK Sistema*, Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft*
Member of the Board of Directors: Motorola Inc.*

Axel Weidner [3]
(since May 20, 2005)
Chemistry Lab Technician, Chairman of the European Workers' Council of Celanese AG

[1] Committee in accordance with § 27 MitbestG (German Co-Determination Act),
[2] Personnel and Compensation Committee,
[3] Finance and Audit Committee,
* Listed company

Board of Management

(as of September 30, 2005, or October 31, 2004 for those members who resigned from the Board on this date)

Andreas Pohlmann

Chairman of the Board (since November 1, 2004) and Director of Personnel of Celanese AG
Executive Vice President and Chief Administrative Officer of Celanese Corporation

Member of the Supervisory Board of the Pensionskasse der Mitarbeiter der Hoechst-Gruppe VvaG (German pension fund for Hoechst Group employees)
Member of the Partnership Committee of InfraServ GmbH & Co. Höchst KG

Lyndon Cole

Vice Chairman of the Board of Celanese AG (since November 1, 2004) and President of Ticona

Executive Vice President of Celanese Corporation

Chairman of the Supervisory Board of Celanese Chemicals Europe GmbH

Peter Jakobsmeier

Chief Financial Officer of Celanese AG (since November 1, 2004)

Chairman of the Supervisory Board of Ticona GmbH and Member of the Supervisory Board of Celanese Chemicals Europe GmbH
Member of the Partnership Committee of European Oxo GmbH
Member of the Partnership Committee of Estech GmbH & Co. KG

Perry W. Premdas

Chief Financial Officer of Celanese AG (until October 31, 2004)

Claudio Sonder

Chairman of the Board of Celanese AG (until October 31, 2004)

Member of the Supervisory Board of Companhia Suzano de Papel e Celulose S.A.* and of Suzano Petroquimica S.A. *
Member of the Board of the Ibero-America Association

David N. Weidman

Vice Chairman of the Board and Chief Operating Officer of Celanese AG (until October 31, 2004)
Chief Executive Officer of Celanese Corporation

Member of the Board of the American Chemistry Council and the National Advisory Council of the Marriott School of Management

* Listed company

Five-Year Summary of Financial Data

	Successor	Predecessor					
	Period From August 25, 2005 to September 30, 2005	Period From October 1, 2004 to August 24, 2005	Nine Months Ended September 30,		Year Ended December 31,		
			2004	2003	2003	2002	2001
				(Unaudited)			
				€			
			(In millions, except for share and per share data, percentages and number of employees)				
Statement of Operations Data:							
Net sales	238	1,972	1,520	1,579	2,041	1,855	1,905
Cost of sales	(218)	(1,481)	(1,193)	(1,263)	(1,655)	(1,480)	(1,540)
Selling, general and administrative expenses	(18)	(153)	(154)	(153)	(207)	(184)	(172)
Research and development expenses	(4)	(36)	(33)	(32)	(43)	(29)	(32)
Special charges[1]	(1)	(49)	(26)	(89)	(101)	5	3
Operating profit (loss)	(2)	256	112	43	38	175	164
Interest and other income, net[2]	7	75	45	40	28	42	46
Income tax benefit (provision)	(1)	(77)	(39)	(24)	(30)	(71)	(1)
Minority interests	(2)	(43)	(18)	(7)	(12)	(8)	(18)
Earnings (loss) from continuing operations	2	211	100	52	24	138	191
Earnings (loss) from discontinued operations	—	22	(170)	64	108	27	(598)
Cumulative effect of changes in accounting principles, net of income tax	—	—	—	—	—	10	—
Net earnings (loss)	2	233	(70)	116	132	175	(407)
Earnings (loss) per common share – basic[3]	0.04	4.64	(1.42)	2.34	2.67	3.48	(8.08)
Earnings (loss) per common share – diluted[3]	0.04	4.63	(1.42)	2.34	2.67	3.48	(8.08)
Balance Sheet Data:							
Total assets	3,920	—	5,340	—	5,395	6,121	7,071
Debt	332	—	501	—	504	551	777
Shareholders' equity	2,456	—	1,888	—	2,044	1,999	2,217
Dividends paid per share	—	—	0.12	—	0.44	—	0.40
Dividends paid per share (US$)	—	—	0.10	—	0.40	—	0.45
Common stock	140	—	140	—	140	140	143
Weighted average shares – basic (in thousands)	50,365	50,269	49,402	49,488	49,446	50,329	50,332
Weighted average shares – diluted (in thousands)	50,365	50,332	49,402	49,488	49,457	50,329	50,332
Other Data:							
Operating margin (%)	(0.8)%	13%	7.4%	2.7%	1.9%	9.4%	8.6%
Depreciation and amortization	7	62	74	74	97	81	83
Capital expenditures	8	68	42	56	87	100	61

(1) Special charges include impairment charges, provisions for restructuring, which include costs associated with employee termination benefits and, plant and office closures, and other expenses and income incurred outside the normal course of ongoing operations. See 26 to the Consolidated Financial Statements.

(2) Interest and other income, net, represents equity in net earnings of affiliates, interest expense, and interest and other income, net, as set forth in the Consolidated Financial Statements.

(3) Earnings (loss) per common share – basic and diluted, is calculated by dividing net earnings (loss) by the weighted average diluted shares outstanding.