

Celanese CORP
Form 424B3
December 15, 2005
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Registration No. 333-127902

PROSPECTUS SUPPLEMENT
(To Prospectus dated November 7, 2005)

5,000,000 Shares

Celanese Corporation

SERIES A COMMON STOCK

The selling stockholders identified in this prospectus supplement are offering 5,000,000 shares of Series A common stock of Celanese Corporation in an underwritten offering. The selling stockholders will receive all of the net proceeds from this offering.

The Series A common stock is listed on the New York Stock Exchange under the symbol "CE". The last reported sale price of Celanese Corporation's Series A common stock on the New York Stock Exchange on December 14, 2005 was \$18.70 per share.

Investing in the Series A common stock involves risks. See "Risk Factors" beginning on page 14 of the accompanying prospectus.

The underwriter will purchase the Series A common stock from the selling stockholders at a price of \$18.00 per share, resulting in \$90,000,000 aggregate proceeds to the selling stockholders.

The underwriter may offer the Series A common stock from time to time in one or more transactions in the over-the-counter market or through negotiated transactions at market prices or at negotiated prices. See "Underwriter".

The selling stockholders have granted the underwriter the right to purchase up to an additional 750,000 shares of Series A common stock to cover over-allotments. The selling stockholders will receive the net proceeds from any shares sold pursuant to the underwriter's over-allotment option. If the over-allotment option is exercised in full, the selling stockholders will receive aggregate proceeds of \$103,500,000.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the shares to purchasers on December 20, 2005.

Credit Suisse First Boston

December 15, 2005.

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the offering of common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. None of the Issuer, its subsidiaries or the selling stockholders have authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. The prospectus supplement and the accompanying prospectus may be used only for the purposes for which it has been published and no person has been authorized to give any information not contained in this prospectus supplement and the accompanying prospectus. If you receive any other information, you should not rely on it. The selling stockholders are not making an offer of these securities in any jurisdiction where the offer is not permitted.

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RECENT DEVELOPMENTS

Nanjing site development. In December 2005, we announced that we plan to develop our Nanjing, China site into an integrated chemical complex that will include a 600,000 metric ton acetic acid plant and a vinyl acetate unit. In addition, the site will house a vinyl acetate ethylene emulsions unit.

Pampa chemical plant. In December 2005, we announced that we plan to pursue strategic alternatives for our Pampa, Texas chemical plant. The financial impact of this strategic decision has not yet been determined. The facility, which produces a variety of products based on butane, including 290,000 metric tons of acetic acid, faces competitive pressures due to the technology utilized.

Suspension of venture discussions. In December 2005, we announced that discussions regarding the venture project being developed by us and Tasnee Petrochemicals in the Kingdom of Saudi Arabia have been temporarily suspended due to the current high demand on contractors and vendors which have affected the project costs. We expect to incur an approximate \$7 million charge in the fourth quarter of 2005. The development of the project will be reassessed by both parties at a later date.

Sale of COC business. In December 2005, we announced that we agreed to sell our cycloolefine copolymer business, or COC, to a venture of Japan's Daicel Chemical Industries Ltd. and Polyplastics Co. All production facilities and employees will become a part of the venture, headquartered in Germany. The COC business has approximately 100 employees at production and research facilities primarily in Oberhausen and Frankfurt, Germany, as well as the United States. COCs are used in making products such as laptop computer screens and compact discs. Daicel holds a majority stake in the venture with 55 percent interest and Polyplastics, which itself is a venture between Daicel and our Ticona unit, owns the remaining 45 percent. The transaction is expected to close by the end of the year. We expect that this transaction will result in a loss of approximately \$30 million.

Rock Hill sale. In December 2005 we completed the previously announced sale of our Acetate manufacturing facility in Rock Hill, South Carolina to Greens of Rock Hill LLC. Production at the facility was phased out earlier in 2005 as part of our previously announced plans to consolidate our acetate flake manufacturing operations. As a result of the sale, we expect to recognize a gain on sale of approximately \$3 million. The purchaser has agreed to indemnify us for environmental liability at this site. We are reviewing the financial impact of this indemnity.

Plumbing litigation insurance settlement. CNA Holdings, Inc. ("CNA Holdings"), our subsidiary, along with others, is a defendant in a series of lawsuits alleging that plastics manufactured by these companies that were utilized in the production of plumbing systems for residential property were defective or caused such plumbing systems to fail. In December 2005, we reached a settlement with CNA Holdings' insurer pursuant to which CNA Holdings will be paid a total of \$16 million in the next two years (\$7 million in 2006 and \$9 million in 2007) in exchange for the release of certain claims against the policy of the insurer. We expect to recognize the entire settlement as income in the fourth quarter of 2005.

Antitrust settlement. We recently resolved litigation pertaining to our antitrust claims filed against certain shipping companies. Pursuant to these agreements, we expect to receive net proceeds of approximately \$32 million which will be reported as income in the fourth quarter of 2005.

Amendment of senior credit facilities. Effective November 28, 2005, our subsidiary, BCP Crystal, amended its amended and restated senior credit facilities to reduce its borrowing costs. As a result of the amendment, the margin over LIBO on approximately \$1.4 billion of the U.S. dollar denominated portion of the term loans will be reduced from 2.25% to 2.00%. In addition, a further reduction of the interest rate to LIBO plus 1.75% is allowed if certain conditions are met.

Squeeze-out. In November 2005, our Board of Directors granted approval to a squeeze-out of remaining minority shareholders of Celanese AG.

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November secondary offering. In November 2005, the selling stockholders completed an offering of 12,000,000 shares of Class A common stock and received \$205,200,000 aggregate proceeds from the offering. We did not receive any of the proceeds from that offering.

Quarterly report on Form 10-Q. On November 10, 2005, we filed with the Securities and Exchange Commission a quarterly report on Form 10-Q for the quarterly period ended September 30, 2005. The Form 10-Q is attached in its entirety (excluding exhibits) to this prospectus supplement as Annex A. You should carefully review the information included in the Form 10-Q in addition to the information included in this prospectus supplement and the accompanying prospectus.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information with respect to the number of shares to be sold in this offering and the beneficial ownership of common stock of Celanese Corporation, by (i) each person known to own beneficially more than 5% of common stock of Celanese Corporation, (ii) each of the directors of Celanese Corporation, (iii) each of the named executive officers of Celanese Corporation, (iv) all directors and executive officers as a group, and (v) each selling stockholder.

Each selling stockholder purchased shares of our Series A Common Stock in the ordinary course of business and, at the time of such purchase, had no agreements or understandings, directly or indirectly, with any person to distribute such securities.

The number of shares outstanding and the percentages of beneficial ownership are based on 158,562,161 shares of common stock of Celanese Corporation issued and outstanding as of October 26, 2005.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock*						
	Common Stock Beneficially Owned Prior to this Offering	Rights to Acquire Shares of Common Stock Prior to this Offering	Total Common Stock Beneficially Owned Prior to this Offering	Percentage of Common Stock Beneficially Owned Prior to this Offering	Shares of Common Stock to be Sold	Common Stock Beneficially Owned After this Offering	Percentage of Common Stock Beneficially Owned After this Offering
Blackstone Capital Partners (Cayman) Ltd. 1 ⁽¹⁾ ,	54,468,492	—	54,468,492	34.35%	2,870,453	51,598,039	32.54%
Blackstone Capital Partners (Cayman) Ltd. 2 ⁽¹⁾ ,	3,777,546	—	3,777,546	2.38%	199,074	3,578,472	2.26%
Blackstone Capital Partners (Cayman) Ltd. 3 ⁽¹⁾	29,614,251	—	29,614,251	18.68%	1,560,651	28,053,600	17.69%
BA Capital Investors Sidecar Fund,	7,017,595	—	7,017,595	4.43%	369,822	6,647,773	4.19%

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L.P. ⁽²⁾							
Stephen A. Schwarzman ⁽¹⁾	87,860,289	30,777	87,891,066	55.43%	—	83,260,888	52.51%
Peter G. Peterson ⁽¹⁾	87,860,289	30,777	87,891,066	55.43%	—	83,260,888	52.51%
FMR Corp. ⁽³⁾	21,147,125		— 21,147,125	13.1%	—	21,147,125	13.1%
David N. Weidman ⁽⁴⁾	619,564	472,361	1,091,925	**	—	1,091,925	**
John J. Gallagher III ⁽⁴⁾	37,000	730,000	767,000	**	—	767,000	**
Lyndon B. Cole ⁽⁴⁾	242,222	184,665	426,887	**	—	426,887	**
Andreas Pohlmann ⁽⁴⁾	199,478	152,077	351,555	**	—	351,555	**
Curtis S. Shaw ⁽⁴⁾	27,100	—	27,100	**	—	27,100	**
Chinh E. Chu ⁽⁵⁾	—	—	—	**	—	—	**
John M. Ballbach ⁽⁴⁾	23,598	6,155	29,753	**	—	29,753	**
James Barlett ⁽⁴⁾	8,598	6,155	14,753	**	—	14,753	**
Benjamin J. Jenkins ⁽⁵⁾	—	—	—	**	—	—	**
William H. Joyce ⁽⁴⁾	28,598	6,155	34,753	**	—	34,753	**
Anjan Mukherjee ⁽⁵⁾	—	—	—	**	—	—	**
Paul H. O'Neill ⁽⁴⁾	3,598	6,155	9,753	**	—	9,753	**
Hanns Ostmeier ⁽⁵⁾	—	—	—	**	—	—	**
James A. Quella ⁽⁵⁾	—	—	—	**	—	—	**
Daniel S. Sanders ⁽⁴⁾	13,598	6,155	19,753	**	—	19,753	**
All directors and executive officers as a group (15 persons)	1,432,978	1,040,797	2,473,775	1.56%	—	2,473,775	1.56%

*All information in this table assumes no exercise by the underwriter of its over-allotment option. Following the payment of a special dividend to holders of Celanese Corporation's Series B common stock in April 2005, all outstanding shares of Series B common stock automatically converted into shares of Celanese Corporation's Series A common stock pursuant to our second amended and restated certificate of incorporation. As a result, Celanese Corporation currently has no Series B

common stock outstanding. In addition, Celanese Corporation has 9,600,000 shares of issued and outstanding 4.25% convertible perpetual preferred stock which are convertible into shares of Series A common stock at any time at a conversion rate of 1.25 shares of Series A common stock for each share of preferred stock, subject to adjustments. The rights to acquire shares of common stock relate to the rights to acquire within 60 days of October 26, 2005, the identified number of shares of common stock underlying the vested stock options held by directors, executive officers and Blackstone Management Partners IV, LLC.

**Less than 1 percent of shares of common stock outstanding (excluding, in the case of all directors and executive officers individually and as a group, shares beneficially owned by the affiliates of The Blackstone Group and BA Capital Investors Sidecar Fund, L.P., respectively).

- (1) Blackstone Capital Partners (Cayman) Ltd. 1 ("Cayman 1"), Blackstone Capital Partners (Cayman) Ltd. 2 ("Cayman 2"), and Blackstone Capital Partners (Cayman) Ltd. 3 ("Cayman 3" and collectively with Cayman 1 and Cayman 2, the "Cayman Entities") are affiliates of the Blackstone Group. The Cayman Entities and BA Capital Investors Sidecar Fund L.P. are the only selling stockholders in this offering. Blackstone Capital Partners (Cayman) IV L.P. ("BCP IV") owns 100% of Cayman 1. Blackstone Family Investment Partnership (Cayman) IV-A L.P. ("BFIP") and Blackstone Capital Partners (Cayman) IV-A L.P. ("BCP IV-A") collectively own 100% of Cayman 2. Blackstone Chemical Coinvest Partners (Cayman) L.P. ("BCCP" and, collectively with BCP IV, BFIP and BCP IV-A, the "Blackstone Funds") owns 100% of Cayman 3. Blackstone Management Associates (Cayman) IV L.P. ("BMA") is the general partner of each of the Blackstone Funds. Blackstone LR Associates (Cayman) IV Ltd. ("BLRA") is the general partner of BMA and may, therefore, be deemed to have shared voting and investment power over shares of common stock of Celanese Corporation. Mr. Chu, who serves as a director of Celanese Corporation and is a member of the supervisory board of CAG, is a non-controlling shareholder of BLRA and disclaims any beneficial ownership of shares of common stock of Celanese Corporation beneficially owned by BLRA. Messrs. Peter G. Peterson and Stephen A. Schwarzman are directors and controlling persons of BLRA and as such may be deemed to share beneficial ownership of shares of common stock of Celanese Corporation controlled by BLRA. Each of BLRA and Messrs. Peterson and Schwarzman disclaims beneficial ownership of such shares. On January 25, 2005, Celanese Corporation issued to Blackstone Management Partners IV L.L.C. (in lieu of granting such options to directors of Celanese Corporation who are employees of The Blackstone Group in connection with Celanese Corporation's regular director compensation arrangements) options to acquire an aggregate of 123,110 shares of Series A common stock, of which options to acquire 30,777 shares are currently exercisable. Messrs. Peterson and Schwarzman are controlling persons of Blackstone Management Partners IV L.L.C. and accordingly may be deemed to beneficially own the shares subject to such options. The exercise price for such options is \$16 per share. The address of each of the Cayman Entities, the Blackstone Funds, BMA and BLRA is c/o Walkers SPV Limited, P.O. Box 908 GT. George Town. Grand Cayman. The address of each of Messrs. Peterson and Schwarzman is c/o The Blackstone Group, 345 Park Avenue, New York, NY 10154. As a result of obtaining the BACI Proxy described in footnote (2) below, after this offering the Cayman Entities will exercise voting control over approximately 56.68% of outstanding common stock of Celanese Corporation.
- (2) BA Capital Investors Sidecar Fund, L.P. ("BACI") owns 4.43% of Celanese Corporation. BACI is an affiliate of Bank of America Corporation. BA Capital Management Sidecar, L.P., a Cayman Islands limited partnership ("BACI Management"), as the general partner of BACI, has the power to vote and dispose of securities held by BACI and may therefore be deemed to have shared voting and dispositive power over the shares of common stock that BACI may be deemed to beneficially own. BACMI Sidecar GP Limited, a Cayman Islands limited liability exempted company ("BACMI"), as the general partner of BACI Management, has the shared power to vote and dispose of securities held by BACI Management and may therefore be deemed to have shared voting and dispositive power over the shares

of common stock that BACI may be deemed to beneficially own. J. Travis Hain, an employee of Bank of America, National Association, is the managing member of BACM I and, in such capacity, has shared power to vote and dispose of securities held by BACM I and BACI Management, and may therefore be deemed to have shared voting and dispositive power over the shares of common stock that BACI may be deemed to beneficially own. Mr. Hain disclaims such beneficial ownership. BA Equity Investors, Inc., a subsidiary of Bank of America Corporation, is the sole limited partner of BACI, but does not control the voting or disposition of any securities directly or indirectly owned by BACI. The address of each of the persons referred to in this paragraph is 100 North Tryon Street, Floor 25, Bank of America Corporate Center, Charlotte, NC 28255. Pursuant to the Third Amended and Restated Shareholders' Agreement, dated as of October 31, 2005, by and among Celanese Corporation, Cayman 1, Cayman 2, Cayman 3 and BACI (the "Shareholders Agreement"), BACI has granted Cayman 1 a proxy (the "BACI Proxy") to vote all shares of common stock held by BACI with respect to all matters to be acted upon by the stockholders of Celanese Corporation at any time and from time to time during the term of the Shareholders Agreement or until such time as the Cayman Entities and BACI together own less than 50% of outstanding common stock outstanding or the BACI Proxy is otherwise terminated.

(3) On September 12, 2005, FMR Corporation reported beneficial ownership of 21,147,125 of the common shares of Celanese Corporation as of August 31, 2005 and the sole power to vote or to direct the vote of 506,025 shares. The address of FMR Corporation is 82 Devonshire Street, Boston, MA 02109.

(4) The address for each of Messrs. Weidman, Gallagher, Cole, Pohlmann, Shaw, Ballbach, Barlett, Joyce, O'Neill and Sanders is c/o Celanese Corporation, 1601 W. LBJ Freeway, Dallas, TX 75234-6034.

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(5) Messrs. Chu and Ostmeier are Senior Managing Directors, Mr. Quella is Senior Managing Director and Senior Operating Partner and Messrs. Jenkins and Mukherjee are Principals of The Blackstone Group. Messrs. Chu, Ostmeier, Quella, Jenkins and Mukherjee disclaim beneficial ownership of the shares held by affiliates of The Blackstone Group. The address for each of Messrs. Chu, Ostmeier, Quella, Jenkins and Mukherjee is c/o The Blackstone Group, 345 Park Avenue, New York, NY 10154.

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UNDERWRITER

Under the terms and subject to the conditions contained in the underwriting agreement dated the date of this prospectus supplement, among Celanese Corporation, the selling stockholders and Credit Suisse First Boston LLC, which we refer to as the underwriter, the underwriter has agreed to purchase, and the selling stockholders have agreed to sell to the underwriter, severally, 5,000,000 shares of Series A common stock.

The underwriter is offering the shares of Series A common stock subject to its acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the underwriter to pay for and accept delivery of the Series A common stock offered by this prospectus are subject to the approval of certain legal matters by its counsel and to certain other conditions. The underwriter is obligated to take and pay for all of the shares of Series A common stock offered by this prospectus supplement and the accompanying prospectus if any such shares are taken. However, the underwriter is not required to take or pay for the shares covered by the underwriter's over-allotment option described below.

The underwriter proposes to offer the shares of Series A common stock from time to time for sale in one or more transactions in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of the sale, at prices related to prevailing market prices or at negotiated prices, subject to receipt and acceptance by it and subject to its right to reject any order in whole or in part. In connection with the sale of the shares of Series A common stock offered hereby, the underwriter may be deemed to have received compensation in the form of underwriting discounts. The underwriter may effect such transactions by selling shares of the Series A common stock offered hereby to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriter and/or purchasers of shares of Series A common stock for whom they may act as agents or to whom they may sell as principal.

The selling stockholders have granted to the underwriter an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an aggregate of 750,000 additional shares of Series A common stock at the same price per share to be paid by the underwriter for the other shares offered hereby. The underwriter may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Series A common stock offered by this prospectus supplement. If the underwriter's over-allotment option is exercised in full, the total proceeds to the selling stockholders would be approximately \$103.5 million.

We and the selling stockholders have agreed that, without the prior written consent of the underwriter, we and they will not, during the period ending 60 days after the date of this prospectus supplement:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of our shares of Series A common stock or any securities convertible into or exercisable or exchangeable for our Series A common stock;
- file or cause to be filed any registration statement with the SEC relating to the offering of any shares of Series A common stock or any securities convertible or exercisable or exchangeable for our Series A common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our Series A common stock;

whether any such transaction described above is to be settled by delivery of our Series A common stock or other securities, in cash or otherwise. The restrictions described in this paragraph do not apply to

- the sale of shares of our Series A common stock to the underwriter in this offering;

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- the issuance by us of shares of Series A common stock upon conversion, redemption, exchange or otherwise pursuant to the terms of our convertible perpetual preferred stock or upon the exercise of an option, or a warrant or a similar security or the conversion of a security outstanding on the date hereof and reflected in this prospectus supplement and the accompanying prospectus;
 - the grants by us of options or stock, or the issuance by us of stock, under our benefit plans described in this prospectus supplement and the accompanying prospectus;
 - permitted sales and transfers by us of Series A common stock under the Celanese Americas Retirement Savings Plan;
 - distributions of shares of Series A common stock or any security convertible into Series A common stock to limited partners or stockholders of the selling stockholders, provided that the recipients of such Series A common stock agrees to be bound by the restrictions described in

this paragraph for the remainder of such 60 day period;

- the issuance of Series A common stock in connection with the acquisition of, a joint venture with or a merger with, another company, and the filing of a registration statement with respect thereto, provided that, subject to certain exceptions, the recipients of such Series A common stock agree to be bound by the restrictions described in this paragraph for the remainder of such 60 day period;
- transactions by any person other than us relating to shares of Series A common stock acquired in open market transactions after the completion of this offering; and
- the filing of a registration statement pursuant to the registration rights of any of the selling stockholders.

The estimated offering expenses payable by us, in addition to the underwriting discounts and commissions that will be paid by the selling stockholders, are approximately \$250,000, which includes legal, accounting and printing costs and various other fees associated with registering the Series A common stock.

In order to facilitate the offering of the Series A common stock, the underwriter may engage in transactions that stabilize, maintain or otherwise affect the price of the Series A common stock. Specifically, the underwriter may sell more stock than it is obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares of stock available for purchase by the underwriter under the over-allotment option. The underwriter can close out a covered short sale by exercising the over-allotment option or purchasing stock in the open market. In determining the source of stock to close out a covered short sale, the underwriter will consider, among other things, the open market price of stock compared to the price available under the over-allotment option. The underwriter may also sell stock in excess of the over-allotment option, creating a naked short position. The underwriter must close out any naked short position by purchasing stock in the open market. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the Series A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize the price of the Series A common stock, the underwriter may bid for, and purchase, Series A common stock in the open market. Any of these activities may stabilize or maintain the market price of the Series A common stock above independent market levels. The underwriter is not required to engage in these activities, and may end any of these activities at any time.

A prospectus and prospectus supplement in electronic format may be made available on the Internet sites or through other online services maintained by the underwriter or by its affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriter may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriter on the same basis as other allocations.

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Other than the prospectus and prospectus supplement in electronic format, the information on the underwriter's web site and any information contained in any other web site maintained by the underwriter is not part of this prospectus supplement or the accompanying prospectus or the registration statement of which the accompanying prospectus forms a part, has not been approved and/or endorsed by us or the underwriter in its capacity as underwriter and should not be relied upon by investors.

From time to time, the underwriter and its affiliates have provided, and continue to provide, investment banking and other services to us for which they receive customary fees and commissions. Credit Suisse First Boston LLC acted as

an underwriter of the initial public offering of our Series A common stock and of the public offering of our convertible preferred stock. Credit Suisse First Boston LLC acted as sole book-running manager and acted as sole underwriter in connection with an offering of our Series A common stock by the selling stockholders in November 2005. An affiliate of Credit Suisse First Boston LLC acts as a lender under our senior credit facilities.

The Series A common stock is listed on the New York Stock Exchange under the symbol "CE."

We, the selling stockholders and the underwriter have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, the underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State it has not made and will not make an offer of shares to the public in that Member State, except that it may, with effect from and including such date, make an offer of shares to the public in that Member State:

(a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of shares to the public" in relation to any shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in that Member State.

The underwriter has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the shares in circumstances in which Section 21(1) of such Act does not apply to us and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any shares in, from or otherwise involving the United Kingdom.

The shares have not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold directly or indirectly in Japan except under circumstances which result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities.

The shares may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in

circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the shares may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the securities to the public in Singapore.

If you purchase shares of Series A common stock offered in this prospectus supplement, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus supplement.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the shares of Series A common stock in Canada is being made only on a private placement basis exempt from the requirement that we and the selling stockholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of Series A common stock are made. Any resale of the Series A common stock in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the Series A common stock.

Representations of Purchasers

By purchasing shares of Series A common stock in Canada and accepting a purchase confirmation a purchaser is representing to us, the selling stockholders and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Series A common stock without the benefit of a prospectus qualified under those securities laws,
- where required by law, that the purchaser is purchasing as principal and not as agent,
- the purchaser has reviewed the text above under "Resale Restrictions", and
- the purchaser acknowledges and consents to the provision of specified information concerning its purchase of the Series A common stock to the regulatory authority that by law is entitled to collect the information.

Further details concerning the legal authority for this information is available on request.

Rights of Action – Ontario Purchasers Only

Under Ontario securities legislation, certain purchasers who purchase a security offered by this prospectus supplement and the accompanying prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of the Series A common stock, for rescission against us and the selling stockholders in the event that this prospectus supplement or the accompanying prospectus contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the Series A common stock. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the Series A common stock. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us or the selling stockholders. In no case will the amount recoverable in any action exceed the price at which the Series A common stock were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we and the selling stockholder will have no liability. In the case of an action for damages, we and the selling stockholders will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the Series A common stock as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein and the selling stockholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of Series A common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Series A common stock in their particular circumstances and about the eligibility of the Series A common stock for investment by the purchaser under relevant Canadian legislation.

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Annex A

Form 10-Q for the Quarterly Period ended September 30, 2005

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2005

OR

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

001-32410

(Commission File Number)

CELANESE CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

1601 West LBJ Freeway,

(Address of Principal Executive Offices)

(972) 443-4000

(Registrant's telephone number, including area code)

98-0420726

(I.R.S. Employer Identification No.)

75234-6034

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

The number of outstanding shares of the registrant's Series A Common Stock, \$ 0.0001 par value, as of November 2, 2005 was 158,562,161.

Exhibit index located on sequential page number 2.

CELANESE CORPORATION
Form 10-Q
For the Quarterly Period Ended September 30, 2005

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Basis of Presentation

In this Quarterly Report on Form 10-Q, the term “Celanese” refers to Celanese Corporation, a Delaware corporation, and not its subsidiaries. The terms the “Company,” “we,” “our” and “us” refer to Celanese and its subsidiaries on a consolidated basis. The term “BCP Crystal” refers to our subsidiary BCP Crystal US Holdings Corp., and not its subsidiaries. The term “Purchaser” refers to our subsidiary, Celanese Europe Holding GmbH & Co. KG, formerly known as BCP Crystal Acquisition GmbH & Co. KG, a German limited partnership (Kommanditgesellschaft, KG), and not its subsidiaries, except where otherwise indicated. The term “Original Shareholders” refers, collectively, to Blackstone Capital Partners (Cayman) Ltd. 1, Blackstone Capital Partners (Cayman) Ltd. 2, Blackstone Capital Partners (Cayman) Ltd. 3 and BA Capital Investors Sidecar Fund, L.P. The terms “Sponsor” and “Advisor” refer to certain affiliates of The Blackstone Group.

Celanese is a recently-formed company which does not have any independent external operations other than through the indirect ownership of CAG (as defined below) and CAC (as defined below), their consolidated subsidiaries, their non-consolidated subsidiaries, ventures and other investments. For accounting purposes, Celanese and its consolidated subsidiaries are referred to as the “Successor.” See Note 1 to the Unaudited Interim Consolidated Financial Statements (as defined below) for additional information on the basis of presentation of the Successor.

Pursuant to a voluntary tender offer commenced in February 2004 (the “Tender Offer”), the Purchaser, an indirect wholly-owned subsidiary of Celanese, in April 2004 acquired approximately 84% of the ordinary shares of CAG (the “CAG Shares”) outstanding. All references in this Quarterly Report to the outstanding ordinary shares of CAG exclude treasury shares, unless expressly provided otherwise. As of September 30, 2005, Celanese's indirect ownership of approximately 96% of the outstanding CAG Shares would equate to approximately 88% of the issued CAG Shares (including treasury shares). Pursuant to a mandatory offer commenced in September 2004 and continuing as of the date of this Quarterly Report, the Purchaser has acquired additional CAG Shares. In addition, in August 2005, the Purchaser acquired approximately 5.9 million, or approximately 12%, of the outstanding CAG Shares from two shareholders. As a result of these acquisitions, partially offset by the issuance of additional CAG Shares as a result of the exercise of options issued under the CAG stock option plan, as of November 2, 2005, we own approximately 98% of the outstanding CAG shares. The mandatory offer expires on December 1, 2005, unless further extended. On November 3, 2005, the Company's Board of Directors approved commencement of the process for effecting a squeeze-out of the remaining shareholders.

In October 2004, Celanese and certain of its subsidiaries completed an organizational restructuring (the “Restructuring”) pursuant to which the Purchaser effected, by giving a corresponding instruction under the Domination Agreement (as defined below), the transfer of all of the shares of Celanese Americas Corporation (“CAC”) from Celanese Holding GmbH, a wholly owned subsidiary of CAG, to BCP Caylux Holdings Luxembourg S.C.A. (“BCP Caylux”) resulting in BCP Caylux ownership of 100% of the equity of CAC and indirectly, all of its assets, including subsidiary stock. Thereafter, BCP Caylux transferred certain assets, including its equity ownership interest in CAC, to BCP Crystal. In this Quarterly Report, the term “Domination Agreement” refers to the domination and profit and loss transfer agreement between CAG and the Purchaser, pursuant to which the Purchaser became obligated on October 1, 2004 to offer to acquire all outstanding CAG Shares from the minority shareholders of CAG in return for payment of fair cash compensation in accordance with German law.

Celanese AG is incorporated as a stock corporation (Aktiengesellschaft, AG) organized under the laws of the Federal Republic of Germany. As used in this document, the term “CAG” refers to (i) prior to the Restructuring, Celanese AG and CAC, their consolidated subsidiaries, their non-consolidated subsidiaries, ventures and other investments, and (ii) following the Restructuring, Celanese AG, its consolidated subsidiaries, its non-consolidated subsidiaries, ventures and other investments, except that with respect to shareholder and similar matters where the context indicates, “CAG” refers to Celanese AG. For accounting purposes, “Predecessor” refers to CAG and its subsidiaries.

Following the transfer of CAC to BCP Crystal, (1) BCP Crystal Holdings Ltd. 2 contributed substantially all of its assets and liabilities (including all outstanding capital stock of BCP Caylux) to BCP Crystal and (2) BCP Crystal assumed certain obligations of BCP Caylux, including all rights and obligations of BCP Caylux under the senior credit facilities, the floating rate term loan and the notes. BCP Crystal Holdings Ltd. 2 reorganized as a Delaware limited liability company and changed its name to Celanese Holdings LLC. Blackstone Crystal Holdings Capital Partners (Cayman) IV Ltd. reorganized as a Delaware corporation and changed its name to Celanese Corporation. BCP Crystal, at its discretion, may subsequently cause the liquidation of BCP Caylux.

As a result of these transactions, BCP Crystal holds 100% of CAC's equity and, indirectly, all equity owned by CAC in its subsidiaries. In addition, BCP Crystal holds, indirectly, all of the outstanding common stock of CAG held by the Purchaser and all of the wholly owned subsidiaries of Celanese that guarantee BCP Caylux's obligations under the senior credit facilities and guarantee the senior subordinated notes issued on June 8, 2004 and July 1, 2004 on an unsecured senior subordinated basis. See Notes 3 and 9 to the Unaudited Interim Consolidated Financial Statements (as defined below).

As of the date of this Quarterly Report, Celanese has two classes of common stock, Series A common stock and Series B common stock, and convertible perpetual preferred stock. In January 2005, Celanese completed an initial public offering of 50,000,000 shares of Series A common stock. The Series A common stock is currently held by public shareholders, the Original Shareholders and certain directors, officers and employees of the Company. No shares of Series B common stock are currently outstanding. All of the shares of Series B common stock outstanding were automatically converted into Series A common stock on April 7, 2005 following the payment on that date of a special Series B common stock cash dividend declared on March 8, 2005 to the then holders of the outstanding shares of Series B common stock. Except for (i) the special Series A common stock dividend which we paid to the holders of outstanding shares of Series B common stock on March 9, 2005 and a special cash dividend which we paid to the holders of outstanding shares of Series B common stock on April 7, 2005, (ii) the convertibility of Series B common stock into Series A common stock and (iii) the right of the Series B common stock to consent to any changes to our governing documents that would adversely affect the Series B common stock, shares of Series A common stock and shares of Series B common stock are identical, including with respect to voting rights. Holders of the common stock are entitled to receive, when, as and if, declared by the Celanese board of directors, out of funds legally available therefor, cash dividends at the rate per annum of 1% of the \$16.00 initial public offering price per share of our Series A common stock (or \$0.16 per share), payable on a quarterly basis. The initial quarterly dividend payment was made on August 11, 2005. As used in this Quarterly Report, the term "common stock" means, collectively, the Series A common stock and the Series B common stock, and the term "preferred stock" means the convertible perpetual preferred stock, in each case unless otherwise specified.

Concurrently with the initial public offering of its Series A common stock, Celanese offered 9,600,000 shares of its preferred stock. Holders of the preferred stock are entitled to receive, when, as and if, declared by the Celanese board of directors, out of funds legally available therefor, cash dividends at the rate of 4.25% per annum of liquidation preference, payable quarterly in arrears. The initial quarterly dividend payment was made on May 1, 2005. Dividends on the preferred stock are cumulative from the date of initial issuance. The preferred stock is convertible, at the option of the holder, at any time, into shares of our Series A common stock at a conversion rate of approximately 1.25 shares of Series A common stock for each share of preferred stock, subject to adjustments.

The unaudited interim consolidated financial statements of the Successor for the three and nine months ended September 30, 2005 and the three and six months ended September 30, 2004 as well as the unaudited interim consolidated financial statements of the Predecessor for the three months ended March 31, 2004 contained in this Quarterly Report (collectively, the "Unaudited Interim Consolidated Financial Statements") were prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for all periods presented.

The Unaudited Interim Consolidated Financial Statements and other financial information included in this Quarterly Report, unless otherwise specified, have been presented to separately show the effects of discontinued operations.

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The results of the Successor are not comparable to the results of the Predecessor due to the differences in the basis of presentation of purchase accounting as compared to historical cost.

CAG is a foreign private issuer and previously filed its consolidated financial statements as of December 31, 2003 and 2002 in its Annual Report on Form 20-F. CAG changed its fiscal year end to September 30 and filed its consolidated financial statements as of September 30, 2004 and for the nine months then ended in its 2004 Annual Report on Form 20-F. In accordance with German law, the reporting currency of the CAG consolidated financial statements is the euro. As a result of the Purchaser's acquisition of voting control of CAG, the financial statements of CAG contained in this document are reported in U.S. dollars to be consistent with our reporting requirements. For CAG's reporting requirements, the euro continues to be the reporting currency.

In the preparation of other information included in this document, euro amounts have been translated into U.S. dollars at the applicable historical rate in effect on the date of the relevant event or period. For purposes of prospective information, euro amounts have been translated into U.S. dollars using the rate in effect on September 30, 2005. Our inclusion of this information is not meant to suggest that the euro amounts actually represent such dollar amounts or that such amounts could have been converted into U.S. dollars at any particular rate, if at all.

Market Industry and Data Forecasts

This document includes industry data and forecasts that Celanese has prepared based, in part, upon industry data and forecasts obtained from industry publications and surveys and internal company surveys. Third-party industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable.

AO Plus™, BuyTiconaDirect™, CelActo™, Celanex®, Celcon®, Celstran®, Celvolit®, Compel®, GUR®, Hoecat®, Hostaform®, Impet®, Impet-HI®, Mowilith®, Nutrinova® DHA, Riteflex®, Sunett®, Topas®, Vandar®, VAntage™, Vectra®, Vectran®, Vinamul®, Elite®, Duroset® and certain other products and services that may be named in this document are registered trademarks and service marks of CAG. Acetex® is a registered trademark of Acetex Corporation, an indirect wholly owned subsidiary of Celanese. Fortron® is a registered trademark of Fortron Industries, a venture of Celanese.

Special Note Regarding Forward-Looking Statements

Investors are cautioned that the forward-looking statements contained in this Quarterly Report involve both risk and uncertainty. Many important factors could cause actual results to differ materially from those anticipated by these statements. Many of these factors are macroeconomic in nature and are, therefore, beyond our control. See “Management's Discussion and Analysis of Financial Condition and Results of Operations—Forward-Looking Statements May Prove Inaccurate.”

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor Three Months Ended September 30, 2005	Successor Three Months Ended September 30, 2004
	(in \$ millions, except for share and per share data)	
Net sales	1,536	1,265
Cost of sales	(1,253)	(1,005)
Selling, general and administrative expenses	(144)	(153)
Research and development expenses	(22)	(23)
Special charges:		
Insurance recoveries associated with plumbing cases	—	(1)

Restructuring, impairment and other special charges	(24)	(58)
Foreign exchange gain (loss), net	(2)	(2)
Gain (loss) on disposition of assets, net	1	2
Operating profit	92	25
Equity in net earnings of affiliates	21	17
Interest expense	(72)	(98)
Interest income	7	8
Other income (expense), net	26	17
Earnings (loss) from continuing operations before tax and minority interests	74	(31)
Income tax provision	(26)	(48)
Earnings (loss) from continuing operations before minority interests	48	(79)
Minority interests	(3)	8
Earnings (loss) from continuing operations	45	(71)
Earnings (loss) from discontinued operations	—	—
Net earnings (loss)	45	(71)
Cumulative undeclared preferred stock dividend	(3)	—
Net earnings (loss) available to common shareholders	42	(71)
Earnings (loss) per common share — basic:		
Continuing operations	0.26	(0.71)
Discontinued operations	—	—
Net earnings (loss) available to common shareholders	0.26	(0.71)
Earnings (loss) per common share — diluted:		
Continuing operations	0.26	(0.71)
Discontinued operations	—	—
Net earnings (loss) available to common shareholders	0.26	(0.71)
Weighted average shares — basic:	158,546,594	99,377,884
Weighted average shares — diluted:	171,930,270	99,377,884

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

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor	Predecessor
	Nine Months Ended	Three Months Ended
	September 30,	March 31, 2004
	September 30,	March 31, 2004
	September 30,	March 31, 2004

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2005
(in \$ millions, except for share and per share data)

Net sales	4,562	2,494	1,243
Cost of sales	(3,553)	(2,063)	(1,002)
Selling, general and administrative expenses	(441)	(278)	(137)
Research and development expenses	(68)	(45)	(23)
Special charges:			
Insurance recoveries associated with plumbing cases	4	1	—
Restructuring, impairment and other special charges	(93)	(59)	(28)
Foreign exchange gain (loss), net	—	(2)	—
Gain (loss) on disposition of assets, net	(1)	2	(1)
Operating profit	410	50	52
Equity in net earnings of affiliates	48	35	12
Interest expense	(316)	(228)	(6)
Interest income	31	15	5
Other income (expense), net	47	(7)	9
Earnings (loss) from continuing operations before tax and minority interests	220	(135)	72
Income tax provision	(77)	(58)	(17)
Earnings (loss) from continuing operations before minority interests	143	(193)	55
Minority interests	(41)	(2)	—
Earnings (loss) from continuing operations	102	(195)	55
Earnings (loss) from discontinued operations:			
Gain (loss) from operation of discontinued operations	—	—	(5)
Gain (loss) on disposal of discontinued operations	—	(1)	14
Income tax benefit (expense)	—	—	14
Earnings (loss) from discontinued operations	—	(1)	23
Net earnings (loss)	102	(196)	78
Cumulative declared and undeclared preferred stock dividend	(7)	—	—
Net earnings (loss) available to common shareholders	95	(196)	78
Earnings (loss) per common share — basic:			
Continuing operations	0.62	(1.96)	1.12
Discontinued operations	—	(0.01)	0.46
Net earnings (loss) available to common shareholders	0.62	(1.97)	1.58
Earnings (loss) per common share — diluted:			
Continuing operations	0.62	(1.96)	1.11
Discontinued operations	—	(0.01)	0.46

Net earnings (loss) available to common shareholders	0.62	(1.97)	1.57
Weighted average shares — basic:	153,001,360	99,377,884	49,321,468
Weighted average shares — diluted:	153,536,802	99,377,884	49,712,421

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

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

	As of September 30, 2005 (in \$ millions)	Successor As of December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	401	838
Receivables		
Trade receivables, net — third party and affiliates, net of allowance for doubtful accounts of \$23 million and \$22 million as of September 30, 2005 and December 31, 2004, respectively	947	866
Other receivables	519	670
Inventories	625	618
Deferred income taxes	69	71
Other assets	47	86
Assets of discontinued operations	2	2
Total current assets	2,610	3,151
Investments	551	600
Property, plant and equipment, net of accumulated depreciation of \$857 million and \$446 million as of September 30, 2005 and December 31, 2004, respectively	1,982	1,702
Deferred income taxes	35	54
Other assets	727	756
Goodwill	1,042	747
Intangible assets, net	393	400
Total assets	7,340	7,410
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term borrowings and current installments of long-term debt — third party and affiliates	181	144

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Accounts payable and accrued liabilities:		
Trade payables — third party and affiliates	698	722
Other current liabilities	813	888
Deferred income taxes	13	20
Income taxes payable	224	214
Liabilities of discontinued operations	3	7
Total current liabilities	1,932	1,995
Long-term debt	3,315	3,243
Deferred income taxes	225	256
Benefit obligations	1,154	1,000
Other liabilities	506	510
Minority interests	149	518
Commitments and contingencies		
Shareholders' equity (deficit):		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized and 9,600,000 issued and outstanding as of September 30, 2005	—	—
Series A common stock, \$0.0001 par value, 400,000,000 shares authorized and 158,562,161 and 0 issued and outstanding as of September 30, 2005 and December 31, 2004, respectively	—	—
Series B common stock, \$0.0001 par value, 100,000,000 shares authorized and 0 and 99,377,884 issued and outstanding as of September 30, 2005 and December 31, 2004, respectively	—	—
Additional paid-in capital	344	158
Retained earnings (accumulated deficit)	(151)	(253)
Accumulated other comprehensive income (loss), net	(134)	(17)
Total shareholders' equity (deficit)	59	(112)
Total liabilities and shareholders' equity (deficit)	7,340	7,410

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

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

			Accumulated Other Retained Comprehensive	Income	Treasury	Total Shareholders'
Preferred Stock	Common Stock	Paid-in Capital	Earnings (Accumulated Deficit)	(Loss), Net	Stock	Equity (Deficit)
(in \$ millions)						

Predecessor

Balance at December 31, 2003	—	150	2,714	25	(198)	(109)	2,582
Comprehensive income (loss), net of tax:							
Net earnings (loss)	—	—	—	78	—	—	78
Other comprehensive income (loss):							
Unrealized gain (loss) on securities	—	—	—	—	7	—	7
Foreign currency translation	—	—	—	—	(46)	—	(46)
Other comprehensive income (loss)	—	—	—	—	(39)	—	(39)
Comprehensive income (loss)	—	—	—	—	—	—	39
Amortization of deferred compensation	—	—	1	—	—	—	1
Balance at March 31, 2004	—	150	2,715	103	(237)	(109)	2,622
Successor							
Contributed capital	—	—	641	—	—	—	641
Comprehensive income (loss), net of tax:							
Net earnings (loss)	—	—	—	(196)	—	—	(196)
Other comprehensive income (loss):							
Unrealized gain (loss) on securities	—	—	—	—	(1)	—	(1)
Foreign currency translation	—	—	—	—	(1)	—	(1)
Unrealized gain (loss) on derivative contracts	—	—	—	—	2	—	2
Other comprehensive income (loss)	—	—	—	—	—	—	—
Comprehensive income (loss)	—	—	—	—	—	—	(196)
Distribution to stockholders	—	—	(500)	—	—	—	(500)
Indemnification of demerger liability	—	—	2	—	—	—	2
Balance at September 30, 2004	—	—	143	(196)	—	—	(53)
Successor							
Balance at December 31, 2004	—	—	158	(253)	(17)	—	(112)
Comprehensive income (loss), net of tax:							
Net earnings (loss)	—	—	—	102	—	—	102
Other comprehensive income (loss):							
Unrealized gain (loss) on securities	—	—	—	—	6	—	6
Minimum pension liability	—	—	—	—	(109)	—	(109)
Foreign currency translation	—	—	—	—	(11)	—	(11)
Unrealized gain (loss) on derivative contracts	—	—	—	—	(3)	—	(3)
Other comprehensive income (loss)	—	—	—	—	(117)	—	(117)
Comprehensive income (loss)	—	—	—	—	—	—	(15)

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Indemnification of demerger liability	—	—	3	—	—	—	3
Common stock dividends	—	—	(6)	—	—	—	(6)
Preferred stock dividends	—	—	(5)	—	—	—	(5)
Net proceeds from issuance of common stock	—	—	752	—	—	—	752
Net proceeds from issuance of preferred stock	—	—	233	—	—	—	233
Net proceeds from issuance of discounted common stock	—	—	12	—	—	—	12
Stock based compensation	—	—	1	—	—	—	1
Distribution to Series B shareholders	—	—	(804)	—	—	—	(804)
Balance at September 30, 2005	—	—	344	(151)	(134)	—	59

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

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor		Predecessor
	Nine Months Ended September 30, 2005	Six Months Ended September 30, 2004 (in \$ millions)	Three Months Ended March 31, 2004
Operating activities from continuing operations:			
Net earnings (loss)	102	(196)	78
(Earnings) loss from discontinued operations, net	—	1	(23)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:			
Special charges, net of amounts used	10	22	20
Stock based compensation	—	1	2
Depreciation	153	147	69
Amortization of intangibles and other assets	47	3	3
Amortization of deferred financing fees	38	95	—
Premiums paid on early redemption of debt	74	21	—
Change in equity of affiliates	12	(14)	3
Deferred income taxes	(15)	84	(12)
(Gain) loss on disposition of assets, net	1	(2)	—

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(Gain) loss on foreign currency, net	45	26	(26)
Minority interest	41	2	—
Changes in operating assets and liabilities:			
Trade receivables, net — third party and affiliates	(13)	(22)	(89)
Other receivables	56	—	(42)
Prepaid expenses	(20)	15	14
Inventories	58	2	(11)
Trade payables — third party and affiliates	(70)	4	(6)
Benefit obligations and other liabilities	(46)	(107)	(118)
Income taxes payable	25	21	38
Other, net	18	6	(7)
Net cash provided by (used in) operating activities	516	109	(107)
Investing activities from continuing operations:			
Capital expenditures on property, plant and equipment	(132)	(106)	(44)
Acquisition of CAG shares, net of cash acquired	(397)	(1,531)	—
Fees associated with acquisitions	(27)	(69)	—
Acquisition of Vinamul	(208)	—	—
Acquisition of Acetex, net of cash acquired	(216)	—	—
Proceeds from sale of businesses and assets	40	5	—
Net proceeds from disposal of discontinued operations	75	—	139
Proceeds from sale of marketable securities	175	85	42
Purchases of marketable securities	(96)	(107)	(42)
Other, net	5	(1)	1
Net cash provided by (used in) investing activities	(781)	(1,724)	96

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

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Successor		Predecessor
	Nine Months	Six Months	Three Months
	Ended	Ended	Ended
	September 30,	September 30,	March 31,
	2005	2004	2004
		(in \$ millions)	

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Financing activities from continuing operations:			
Initial capitalization	—	641	—
Issuance of mandatorily redeemable preferred stock	—	200	—
Repayment of mandatorily redeemable preferred stock	—	(221)	—
Borrowings under bridge loans	—	1,565	—
Repayment of bridge loans	—	(1,565)	—
Proceeds from issuance of senior subordinated notes	—	1,475	—
Proceeds from issuance of senior discount notes	—	513	—
Redemption of senior subordinated notes, including related premium	(572)	—	—
Proceeds from floating rate term loan	—	350	—
Repayment of floating rate term loan, including related premium	(354)	—	—
Borrowings under term loan facility	1,135	389	—
Proceeds from issuance of common stock, net	752	—	—
Proceeds from issuance of preferred stock, net	233	—	—
Proceeds from issuance of discounted common stock	12	—	—
Redemption of senior discount notes, including related premium	(207)	—	—
Redemption of Acetex bonds	(280)	—	—
Distribution to stockholders	—	(500)	—
Distribution to Series B shareholders	(804)	—	—
Short-term borrowings (repayments), net	18	17	(16)
Proceeds (payments) from other long term debt, net	8	(235)	(27)
Issuance of preferred stock by consolidated subsidiary	—	17	—
Fees associated with financings	(8)	(197)	—
Dividend payments on preferred stock	(5)	—	—
Dividend payments on common shares	(6)	(1)	—
Net cash provided by (used in) financing activities	(78)	2,448	(43)
Exchange rate effects on cash	(94)	(14)	(1)
Net increase (decrease) in cash and cash equivalents	(437)	819	(55)
Cash and cash equivalents at beginning of period	838	—	148
Cash and cash equivalents at end of period	401	819	93
Net cash provided by (used in) discontinued operations:			
Operating activities	(75)	1	(139)
Investing activities	75	(1)	139
Financing activities	—	—	—

Net cash provided by (used in) discontinued operations — — —

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

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

1. Description of the Company and Basis of Presentation

Description of the Company

Celanese Corporation and its subsidiaries (collectively the “Company” or the “Successor”) is a global industrial chemicals company, primarily comprising the former business of Celanese AG and its subsidiaries (“CAG” or the “Predecessor”). The Company's business involves processing chemical raw materials, such as ethylene and propylene, and natural products, including natural gas and wood pulp, into value-added chemicals and chemical-based products.

Basis of Presentation

The results of operations and cash flows and related disclosures for periods prior to April 1, 2004 (a convenience date for the April 6, 2004 acquisition date), the effective date of the acquisition of CAG (the “Effective Date”), are presented as those of the Predecessor. The financial position, results of operations and cash flows and related disclosures subsequent to the Effective Date, are presented as those of the Successor.

The unaudited interim consolidated financial statements of the Successor as of and for the three and nine months ended September 30, 2005, for the three and six months ended September 30, 2004 and as of December 31, 2004 reflect the acquisition of CAG under the purchase method of accounting in accordance with Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards (“SFAS”) No. 141, Business Combinations.

In the opinion of management, the unaudited interim consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows of the Company and the Predecessor. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission (“SEC”). These unaudited interim consolidated financial statements should be read in conjunction with the Celanese Corporation and Subsidiaries consolidated financial statements as of and for the nine months ended December 31, 2004, as filed with the SEC on Form 10-K.

Operating results for the three and nine months ended September 30, 2005, for the three and six months ended September 30, 2004 and for the three months ended March 31, 2004 are not necessarily indicative of the results to be expected for the entire year. The results of the Successor are not comparable to the results of the Predecessor due to the difference in the basis of presentation of purchase accounting as compared to historical cost.

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, among others. Actual results could differ from those estimates.

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

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

2. Acquisition of Celanese AG (the "Acquisition")

On April 6, 2004, Celanese Europe Holding GmbH & Co. KG (the "Purchaser"), an indirect wholly owned subsidiary of the Successor, acquired approximately 84% of the Celanese AG ordinary shares, excluding treasury shares ("CAG Shares"), pursuant to a voluntary tender offer commenced in February 2004. The CAG Shares were acquired at a price of €32.50 per share or an aggregate purchase price of \$1,693 million, including direct acquisition costs of approximately \$69 million. During the nine months ended September 30, 2005 and December 31, 2004, the Purchaser acquired additional CAG Shares for a purchase price of \$397 million and \$33 million, respectively. As of September 30, 2005 and December 31, 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 that will expire on December 1, 2005, unless further extended or ii) the recent purchase of CAG shares as described below. On November 3, 2005, the Company's Board of Directors approved commencement of the process for effecting a squeeze-out of the remaining shareholders.

Recent Purchases of CAG Shares

In August 2005, the Company acquired approximately 5.9 million, or approximately 12%, of the outstanding CAG Shares from two shareholders of CAG for the aggregate consideration of approximately €302 million (\$369 million). In addition, the Company also paid to such shareholders an additional purchase price of approximately €12 million (\$15 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 CAG held on July 30 and 31, 2004 and the annual general meeting of CAG 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 Agreement and amount of fair cash compensation offered by 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 CAG, and (5) refrain from taking any future legal action with respect to shareholder resolutions or corporate actions of CAG. The Company paid the aggregate consideration of €314 million (\$384 million) for the additional CAG Shares that were acquired from such shareholders and for the agreements described above using available cash. The Company also announced that it would increase its offer to

purchase any remaining outstanding CAG Shares to €51 per share (plus interest on €41.92 per share) for all minority shareholders that would accept the increased offer on or prior to September 29, 2005 and waive their 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 and continuing as of the date of this filing, were entitled to claim the difference between the increased offer of €51 per share and the mandatory offer of €41.92 per share. Any shareholder who accepted the increased offer of €51 per share, or claimed the difference between the mandatory offer and the increased offer, was obligated to agree to waive its rights to participate in any possible future increase of the offer consideration as a result of the pending award proceedings. For minority shareholders who did not accept the increased offer on or prior to the September 29, 2005 expiration date, the terms of the original €41.92 per share mandatory offer will continue to apply. The mandatory offer will expire on December 1, 2005 unless further extended.

As of November 2, 2005, the Company increased its ownership interest in CAG to approximately 98% as a result of additional shares tendered under the mandatory offer.

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

Pro forma information

The following pro forma information for the nine months ended September 30, 2004 was prepared as if the Acquisition had occurred as of the beginning of such period:

	Nine Months Ended September 30, 2004 (in \$ millions)
Net sales	3,737
Operating profit	149
Net earnings (loss)	(55)

Pro forma adjustments include adjustments for (1) purchase accounting, including (i) the application of purchase accounting to pension and other postretirement obligations (ii) the application of purchase accounting to property, plant and equipment and intangible assets, (2) adjustments for items directly related to the transaction, including (i) the impact of the additional pension contribution, (ii) fees incurred by the Company related to the Acquisition, and (iii) adjustments to interest expense to reflect the Company's new capital structure, and (3) corresponding adjustments to income tax expense.

The pro forma information is not necessarily indicative of the results that would have occurred had the Acquisition occurred as of the beginning of the period presented, nor is it necessarily indicative of future results.

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 AG and the Purchaser became operative. When the Domination Agreement became operative, the Purchaser became obligated to offer to acquire all outstanding CAG Shares from the minority shareholders of Celanese AG in return for payment of fair cash compensation. The amount of this fair cash compensation has been 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 outstanding CAG Shares. Any minority shareholder who elects not to sell its shares to the Purchaser will be entitled to remain a shareholder of CAG and to receive from the Purchaser a gross guaranteed fixed annual payment on its shares of €3.27 per CAG Share less certain corporate taxes in lieu of any future dividend. Beginning October 1, 2004, taking into account the circumstances and the tax rates at the time of entering into the Domination Agreement, the net guaranteed fixed annual payment would be €2.89 per share for a full fiscal year. As indicated in Note 2, pursuant to an agreement with two shareholders of CAG to acquire 5.9 million additional shares, the Company, subject to certain conditions, increased its offer to acquire all remaining outstanding CAG Shares from all minority shareholders that accepted the Mandatory Offer on or prior to September 29, 2005. This increased offer expired on September 29, 2005. 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. For the three and nine months ended September 30, 2005, a charge of \$5 million and \$20 million, respectively, was recorded in Other income (expense), net for the anticipated guaranteed payment.

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.

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

There is no assurance that the Domination Agreement will remain operative in its current form. If the Domination Agreement ceases to be operative, the Company will not be able to directly give instructions to the Celanese AG 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 Company and Celanese AG, under German law Celanese AG is effectively controlled by the Company because of the Company's approximate 98% ownership of the outstanding CAG Shares. The Company 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 approximately 98% voting power at any shareholders' meetings of Celanese AG, to elect the shareholder representatives on the supervisory board and to thereby effectively control the appointment and removal of the members of the Celanese AG board of management; and (3) effect all decisions that an approximately 98% majority shareholder is permitted to make under German law. The controlling rights of the Company constitute a controlling financial interest for accounting purposes and result in the Company being required to consolidate CAG as of the date of acquisition.

Organizational Restructuring

In October 2004, Celanese Corporation and certain of its subsidiaries completed an organizational restructuring (the “Organizational Restructuring”) pursuant to which the Purchaser effected, by giving a corresponding instruction under the Domination Agreement, the transfer of all of the shares of Celanese Americas Corporation (“CAC”) from Celanese Holding GmbH, a wholly owned subsidiary of Celanese AG, 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. This transfer was affected by CAG selling all outstanding shares in CAC for a €291 million note. This note eliminates in consolidation.

Following the transfer of CAC to BCP Caylux, (1) Celanese Holdings contributed substantially all of its assets and liabilities (including all outstanding capital stock of BCP Caylux) to BCP Crystal US Holdings Corp. (“BCP Crystal”) in exchange for all outstanding capital stock of BCP Crystal and (2) BCP Crystal assumed certain obligations of BCP Caylux, including all rights and obligations of BCP Caylux under the senior credit facilities, the floating rate term loan and the senior subordinated notes. BCP Crystal, at its discretion, may subsequently cause the liquidation of BCP Caylux.

As a result of these transactions, BCP Crystal holds 100% of CAC's equity and, indirectly, all equity owned by CAC in its subsidiaries. In addition, BCP Crystal holds, indirectly, all of the outstanding common stock of Celanese AG held by the Purchaser and all of the wholly owned subsidiaries of the Company that guarantee BCP Caylux's obligations under the senior credit facilities to guarantee the senior subordinated notes issued on June 8, 2004 and July 1, 2004 (see Note 9) on an unsecured senior subordinated basis.

4. Initial Public Offering and Concurrent Financings

In January 2005, the Company completed an initial public offering of 50,000,000 shares of Series A common stock and received net proceeds of \$752 million after deducting underwriters' discounts and offering expenses of \$48 million. Concurrently, the Company received net proceeds of \$233 million from the offering of 9,600,000 shares of convertible perpetual preferred stock after deducting underwriters' discounts and offering expenses of \$7 million. A portion of the proceeds of the share offerings were used to redeem \$188 million of senior discount notes and \$521 million of senior subordinated notes, excluding early redemption premiums of \$19 million and \$51 million, respectively.

Subsequent to the closing of the initial public offering, the Company borrowed an additional \$1,135 million under the amended and restated senior credit facilities, a portion of which was used to

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

repay a \$350 million floating rate term loan, which excludes a \$4 million early redemption premium, and \$200 million of which was used as the primary financing for the February 2005 acquisition of the Vinamul business (see Notes 6 and 9). Additionally, the amended and restated senior credit facilities included a \$242 million delayed draw term loan. The delayed draw facility expired unutilized in July 2005.

On April 7, 2005, the Company used the remaining proceeds of the initial public offering and concurrent financings to pay a special cash dividend to holders of the Company's Series B common stock of \$804 million, which was declared

March 8, 2005. In addition, on March 9, 2005, the Company issued a 7,500,000 Series A common stock dividend to the Original Shareholders of its Series B common stock which was declared on March 8, 2005. Upon payment of the \$804 million dividend, all of the outstanding shares of Series B common stock converted automatically to shares of Series A common stock.

5. Accounting Changes and New Accounting Pronouncements

Accounting Changes

In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions. 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 provisions of this statement were applied prospectively. 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 three months ended September 30, 2005.

During 2004, the Predecessor changed its inventory valuation method of accounting for its US subsidiaries from the LIFO method to the FIFO method to conform to the Successor's accounting policy. The Predecessor's financial statements have been restated to reflect this change.

On November 3, 2005, the FASB issued FASB Staff Position ("FSP") No. FAS 115-1 and FAS 124-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. The guidance in this FSP addresses the determination as to when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. The guidance is to be applied prospectively in periods beginning after December 15, 2005. The Company is in the process of determining the impact that this FSP will have on its results of operations and financial position.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Medicare Act") was signed into law. The Medicare Act introduces a prescription drug benefit under Medicare ("Medicare Part D") as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. As of March 31, 2004, as permitted by FASB Staff Position ("FSP") 106-1, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003, the Company deferred accounting for the effects of the Medicare Act in the measurement of its Accumulated Postretirement Benefit Obligation (APBO) and the effect to net periodic postretirement benefit costs. Specific guidance with respect to accounting for the effects of the Medicare Act was issued in FSP No. 106-2, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003, and the Company has adopted the provisions of FSP No. 106-2 as of the Effective Date, and included any impact in the overall measurement of the liabilities of the U.S. postretirement medical plans in purchase accounting.

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

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 (the Company's fiscal quarter ending June 30, 2005). FSP FIN 46(R)-5 did not have a material impact on the Company's consolidated financial statements for the three months ended September 30, 2005.

Recent Accounting Pronouncements

In May 2005, the FASB issued Statement of Financial Accounting Standards 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 ended December 31, 2006.

In September 2005, the FASB's Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 04-13, Accounting for Purchases and Sales of Inventory with the Same Counterparty. 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 04-13 on its financial statements.

In June 2005, the FASB's Emerging Issues Task Force reached a consensus on Issue No. 05-6, Determining the Amortization Period for Leasehold Improvements ('EITF Issue No. 05-6'). The guidance requires that leasehold improvements acquired in a business combination or purchased subsequent to the inception of a lease be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date of the business combination or purchase. The guidance is effective prospectively for leasehold improvements acquired in periods beginning after June 29, 2005. As the Company has not completed its purchase accounting related to the acquisition of Acetex Corporation (see Note 6), the Company is still evaluating the impact of EITF Issue No. 05-6 on its results of operations and financial position.

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 (December 31, 2005, for calendar-year enterprises). The Company is still assessing the impact of FIN No. 47 on its future results of operations and financial position.

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

In December 2004, the FASB revised SFAS No. 123, Accounting for Stock Based Compensation (“SFAS No. 123R”), which requires that the cost from all share-based payment transactions be recognized in the financial statements. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 (“SAB 107”) regarding the SEC’s interpretation of SFAS 123R and the valuation of share-based payments for public companies. The SEC has deferred SFAS No. 123R until the first annual period beginning after June 15, 2005. Accordingly, the Company intends to comply with SFAS No. 123R beginning with the fiscal year commencing January 1, 2006. The Company is currently evaluating the potential impact of SFAS No. 123R, although it is anticipated that the adoption will have a negative impact on its results of operations.

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. The Company is in the process of assessing the impact of SFAS No. 151 on its future results of operations and financial position.

In October 2004, the American Jobs Creation Act of 2004 (the “Act”) was signed into law. Three of the more significant provisions of the Act relate to a one-time opportunity to repatriate foreign earnings at a reduced rate, manufacturing benefits for qualified production activity income and new requirements with respect to deferred compensation plans. The Company has not yet determined the impact, if any, of this Act on its future results of operations or cash flows. Additionally, under new Section 409A of the Internal Revenue Code, created in connection with the Act, the U.S. Treasury Department is directed to issue regulations providing guidance and provide a limited period during which deferred compensation plans may be amended to comply with the requirements of Section 409A. When the regulations are issued, the Company may be required to make modifications to certain compensation plans to comply with Section 409A.

6. Acquisitions, Divestitures and Ventures

Acquisitions:

On April 6, 2004, the Company acquired CAG (See Notes 1 and 2).

In February 2005, the Company acquired Vinamul, the North American and European emulsion polymer business of Imperial Chemical Industries PLC (“ICI”) for \$208 million. The Vinamul product line includes vinyl acetate-ethylene copolymers, vinyl acetate homopolymers and copolymers, and acrylic and vinyl acrylic emulsions. Vinamul operates manufacturing facilities in the United States, Canada, the United Kingdom, and The Netherlands. As part of the agreement, ICI will continue to supply Vinamul with starch, dextrin and other specialty ingredients following the acquisition. The Company will supply ICI with vinyl acetate monomer and polyvinyl alcohols. The supply agreements are for 15 years, and the pricing is based on market and other negotiated terms. The Company primarily financed this acquisition through borrowings of \$200 million under the amended and restated senior credit facilities (See Note 9). The Company has allocated the purchase price on the basis of its preliminary estimate of the fair value of the assets acquired and the liabilities assumed. The estimated fair value of the total assets acquired was approximately \$280 million. The net sales and operating profit (loss) of the Vinamul business included in the Company's results of

operations were \$279 million and (\$4) million, respectively, for the nine months ended September 30, 2005.

In July 2005, the Company acquired Acetex Corporation (“Acetex”) for \$270 million and assumed Acetex’s \$247 million of debt, which is net of cash acquired of \$54 million. Acetex’s operations include an acetyls business with plants in Europe and a North-American specialty polymers and film business. The Company acquired Acetex using existing cash. The Company caused Acetex to exercise its option to redeem its 10 7/8% senior notes due 2009 totaling approximately \$265 million. The

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

redemption was funded primarily with cash on hand and occurred on August 19, 2005. The redemption price was approximately \$280 million, which represents 105.438% of the outstanding principal amount, plus accrued and unpaid interest to August 19, 2005. On August 25, 2005, the Company repaid the remaining \$36 million of assumed debt with available cash. Pro forma financial information has not been provided as the acquisition did not have a material impact on the Company’s results of operations. The estimated fair value of the total assets acquired was approximately \$495 million. The net sales and operating profit (loss) of the Acetex business included in the Company’s results of operations were \$115 million and (\$1) million, respectively, for the nine months ended September 30, 2005.

Divestitures:

In July 2005, in connection with the Vinamul transaction, the Company agreed to sell its emulsion powders business to ICI for approximately \$25 million. This transaction includes a supply agreement whereby the Company will supply product to ICI for a period of up to fifteen years. Closing of the transaction occurred in September 2005. Net sales for the emulsion powders business for the nine months ended September 30, 2005 were approximately \$30 million and net earnings for the same period was approximately \$1 million.

In February 2004, the Predecessor sold its acrylates business to The Dow Chemical Company (“Dow”) for a sales price of approximately \$149 million, which resulted in a pre-tax gain of approximately \$14 million in the three months ended March 31, 2004. Dow acquired the Predecessor’s acrylates business line, including inventory, intellectual property and technology for crude acrylic acid, glacial acrylic acid, ethyl acrylate, butyl acrylate, methyl acrylate and 2-ethylhexyl acrylate, as well as acrylates production assets at the Clear Lake, Texas facility. In related agreements, the Company provides certain contract manufacturing services to Dow, and Dow supplies acrylates to the Company for use in its emulsions production. Simultaneous with the sale, the Predecessor repaid an unrelated obligation of \$95 million to Dow. The acrylates business was part of the Predecessor’s Chemical business. As a result of this transaction, the assets, liabilities, revenues and expenses related to the acrylates product lines at the Clear Lake, Texas facility as well as the gain recorded on the sale are reflected as a component of discontinued operations in the consolidated financial statements in accordance with SFAS No. 144.

Discontinued operations of Chemical Products for the three months ended March 31, 2004 had net sales of \$21 million and an operating loss of \$5 million.

Ventures:

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

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 \$10 million related to this matter in the second quarter of 2005.

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

7. Inventories

	Successor	
	As of September 30, 2005	As of December 31, 2004
	(in \$ millions)	
Finished goods	461	470
Work-in-process	24	26
Raw materials and supplies	140	122
Total Inventories	625	618

As a result of the acquisition of Vinamul (see Note 6), the Company acquired inventory with a fair value of \$24 million, which included \$1 million in capitalized manufacturing profit in inventory. The inventory was sold prior to July 1, 2005.

As a result of the acquisition of Acetex (see Note 6), the Company acquired inventory with a fair value of \$74 million, which included \$9 million in capitalized manufacturing profit in inventory, of which \$9 million was sold prior to October 1, 2005.

As a result of the acquisition of the additional CAG shares (see Note 2), the Company recorded preliminary purchase accounting adjustments which included a \$6 million inventory step-up related to capitalized manufacturing profit in inventory. The inventory was sold prior to October 1, 2005.

8. Intangible Assets

Goodwill

	Chemical Products	Acetate Products	Ticona	Performance Products	Total
	(in \$ millions)				
Successor					
Carrying value of goodwill as of December 31, 2004	193	180	290	84	747
Acquisition of Vinamul Polymers	27	—	—	—	27
Acquisition of Acetex	244	—	—	—	244
Acquisition of CAG	6	7	1	1	15
Exchange rate changes	4	4	1	—	9
Carrying value of goodwill as of September 30, 2005	474	191	292	85	1,042

In connection with the acquisition of Vinamul (See Note 6), the Company has preliminarily allocated the purchase price to assets acquired and liabilities assumed based on the preliminary estimate of their fair value. The excess of the purchase price over the amounts allocated to assets and liabilities is included in goodwill, and is preliminarily estimated to be \$27 million at September 30, 2005. The Company is in the process of determining the fair value of all assets acquired and liabilities assumed. The Company expects to finalize the purchase accounting for this transaction in the fourth quarter of 2005.

In connection with the acquisition of Acetex (See Note 6), the Company has preliminarily allocated the purchase price to assets acquired and liabilities assumed primarily based on the historical cost of the business acquired. The excess of the purchase price over the amounts allocated to assets and liabilities is included in goodwill, and is preliminarily estimated to be \$244 million at September 30, 2005. The Company is in the process of determining the fair value of all assets acquired and liabilities assumed. The Company expects to finalize the purchase accounting for this transaction as soon as practical, but no later than June 30, 2006.

In connection with the acquisitions of Vinamul Polymers and Acetex, at the acquisition dates, the Company began formulating a plan to exit or restructure certain activities. The Company has not completed this analysis, and as of September 30, 2005, has not recorded any liabilities associated with

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these activities. As the Company finalizes any plans to exit or restructure activities, it may record additional liabilities, for among other things, severance and severance related costs, and such amounts could be material.

In the nine months ended September 30, 2005, the Company increased goodwill by \$15 million as a result of purchase accounting adjustments related to the Acquisition and acquisition of additional CAG shares. Included in this adjustment is a \$23 million increase to goodwill, and a corresponding increase to the Company's minority interest liability primarily associated with the organizational restructuring that occurred in October 2004 (See Note 2). As this represented an immaterial adjustment, prior periods have not been restated.

Other Intangible Assets

	Successor	
	As of September 30, 2005	As of December 31, 2004
	(in \$ millions)	
Trademarks and tradenames	86	68
Customer related intangible assets	365	365
Developed technology	9	9
Other intangible assets	10	—
Total intangible assets, gross	470	442
Less: accumulated amortization	(77)	(42)
Total intangible assets, net	393	400

Aggregate amortization expense charged against earnings for intangible assets with finite lives during the three months ended September 30, 2005 and 2004 totaled \$14 million and \$12 million, respectively. Aggregate amortization expense charged against earnings for intangible assets with finite lives during the nine months ended September 30, 2005 and the six months ended September 30, 2004 and the three months ended March 31, 2004 totaled \$38 million, \$13 million and \$2 million, respectively.

In connection with the acquisition of Vinamul, the Company entered into a five-year non-compete agreement with ICI. The contract has a preliminary fair value of \$10 million. In addition, the Company has identified other intangible assets with an estimated value of \$11 million. As the Company has not finalized its purchase price allocation, these amounts could change based on final valuations. In addition, other intangible assets may be identified.

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9. Debt

	Successor	
	As of September 30, 2005	As of December 31, 2004
	(in \$ millions)	
Short-term borrowings and current installments of long-term debt		
Current installments of long-term debt	48	15
Short-term borrowings from Affiliates	133	128
Other	—	1
Total short-term borrowings and current installments of long-term debt	181	144
Long-term debt		

Senior Credit Facilities:		
Term loan facility	1,719	624
Revolving credit facility	35	—
Floating Rate Term Loan, due 2011	—	350
Senior Subordinated Notes 9.625%, due 2014	800	1,231
Senior Subordinated Notes 10.375%, due 2014	157	272
Senior Discount Notes 10.5%, due 2014	298	424
Senior Discount Notes 10%, due 2014	72	103
Term notes 7.125%, due 2009	14	14
Pollution control and industrial revenue bonds, interest rates ranging from 5.2% to 6.7%, due at various dates through 2030	191	191
Obligations under capital leases and other secured borrowings due at various dates through 2018	56	49
Other borrowings	21	—
Subtotal	3,363	3,258
Less: Current installments of long-term debt	48	15
Total long-term debt	3,315	3,243

In the first quarter of 2005, the Company borrowed an additional \$1,135 million under the amended and restated senior credit facilities. A portion of these proceeds, coupled with the proceeds from the initial public offering, were used to repay a \$350 million floating rate term loan and redeem \$188 million of senior discount notes and \$521 million of senior subordinated notes, excluding early redemption premiums of \$4 million, \$19 million and \$51 million, respectively. In addition, \$200 million was used to finance the February 2005 acquisition of the Vinamul business.

Under the amended and restated facilities, the term loan facility increased to \$1,750 million (including €275 million), which matures in 2011. There was also a \$242 million delayed draw facility which expired unutilized in July 2005.

The revolving credit facility, through a syndication of banks, provides for borrowings of up to \$600 million, including the availability of letters of credit in U.S. dollars and euros and for borrowings on same-day notice.

In the first quarter of 2005, the revolving credit facility was increased from \$380 million to \$600 million under the amended and restated senior credit facilities. As of September 30, 2005, \$507 million remained available for borrowing under the revolving credit facility, taking into account letters of

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credit issued under the revolving credit facility. As of September 30, 2005, there was \$35 million borrowed under the revolving credit facility and \$58 million of letters of credit had been issued under the revolving credit facility.

In addition, the Company has a \$228 million credit-linked revolving facility, which matures in 2009. The credit-linked revolving facility includes borrowing capacity available for letters of credit. As of September 30, 2005, there were

\$226 million of letters of credit issued under the credit-linked revolving facility and an additional \$2 million was available for borrowing.

As detailed in Note 6, in July 2005, the Company acquired Acetex for \$270 million and assumed Acetex's \$247 million of net debt, which is net of cash acquired of \$54 million. The Company caused Acetex to exercise its option to redeem its 10 7/8% senior notes due 2009 totaling approximately \$265 million. The redemption was funded primarily with cash on hand and occurred on August 19, 2005. The redemption price was approximately \$280 million, which represents 105.438% of the outstanding principal amount, plus accrued and unpaid interest to August 19, 2005. On August 25, 2005, the Company repaid the remaining \$36 million of assumed debt with available cash.

The Company was in compliance with all of the financial covenants related to its debt agreements as of September 30, 2005.

Interest expense

The components of interest expense are as follows:

	Successor			Predecessor	
	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005 (in \$ millions)	Six Months Ended September 30, 2004	Three Months Ended March 31, 2004
Accelerated amortization of deferred financing costs on early redemption and prepayment of debt	—	18	28	89	—
Premium paid on early redemption of debt	—	21	74	21	—
Other interest expense	72	59	214	118	6
Total interest expense	72	98	316	228	6

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10. Benefit Obligations

The components of net periodic benefit costs recognized and contributions made to the pension plans and benefit payments made to other postretirement obligations participants are as follows:

	Defined Benefit Obligations		Other Postretirement Obligations	
	Successor		Successor	
	Three Months	Three Months	Three Months	Three Months
	Ended	Ended	Ended	Ended
	September	September	September	September
	30, 2005	30, 2004	30, 2005	30, 2004
	(in \$ millions)			
Components of net periodic benefit cost				
Service cost	11	10	1	1
Interest cost	46	44	6	6
Expected return on plan assets	(51)	(43)	—	—
Recognized actuarial loss	—	1	—	—
Settlement loss	—	4	—	—
Special termination (benefit)/charge	1	(1)	—	—
Curtailement loss	2	—	—	—
Net periodic benefit cost	9	15	7	7

	Defined Benefit Obligations			Other Postretirement Obligations		
	Successor		Predecessor	Successor		Predecessor
	Nine Months	Six Months	Three	Nine Months	Six Months	Three
	Ended	Ended	Months	Ended	Ended	Months
	September	September	Ended	September	September	Ended
	30,	30,	March 31,	30,	30,	March 31,
	2005	2004	2004	2005	2004	2004
	(in \$ millions)					
Components of net periodic benefit cost						
Service cost	31	20	9	2	2	1
Interest cost	136	88	40	18	12	6
Expected return on plan assets	(149)	(86)	(40)	—	—	—
Amortization of prior service cost	—	—	1	—	—	(1)
Recognized actuarial loss	—	2	6	—	—	2
Settlement loss	—	4	—	—	—	—
Special termination (benefit)/charge	1	—	—	—	—	—
Curtailement (gain)/loss	2	—	—	(1)	—	—
Net periodic benefit cost	21	28	16	19	14	8

The Company previously disclosed in its financial statements for the year ended December 31, 2004 that it expected

to contribute \$7 million to its Canadian defined benefit pension plans in 2005. As of September 30, 2005, \$6 million of contributions have been made. The Company presently anticipates contributing an additional \$2 million to fund its defined benefit pension plans in 2005, bringing the full year contributions to \$8 million.

The Company previously disclosed in its financial statements for the year ended December 31, 2004 that it expected to make benefit payments of \$47 million under the provisions of its other postretirement benefit plans. As of September 30, 2005, \$35 million of benefit payments have been

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made. The Company presently anticipates paying an additional \$12 million in other postretirement benefits during the fourth quarter of 2005.

Contributions to the defined contribution plans are based on specified percentages of employee contributions and aggregated \$9 million, \$5 million and \$3 million for the nine months ended September 30, 2005, the six months ended September 30, 2004 and the three months ended March 31, 2004, respectively.

In connection with the acquisition of CAG, the Purchaser agreed to pre-fund \$463 million of certain pension obligations. During the nine months ended December 31, 2004, \$409 million was pre-funded to the Company's pension plans. The Company contributed the remaining \$54 million that the Purchaser agreed to pre-fund, as well as an additional \$9 million to the non-qualified pension plan's rabbi trusts during the nine months ended September 30, 2005.

In connection with the Company's acquisition of Vinamul and Acetex, it assumed certain obligations related to the acquired pension and postretirement benefit plans. The Company is in the process of evaluating the effects of purchase accounting regarding these obligations.

As part of a restructuring program announced in October 2004, the Company closed certain plants related to its acetate filament production and has consolidated its acetate flake and tow operations from five locations to three. This resulted in the reduction of nearly 600 United States employees triggering a curtailment. The curtailment resulted in an increase in the Projected Benefit Obligation (PBO) and a corresponding curtailment loss of \$2 million for the pension plan during the three months ended September 30, 2005.

11. Shareholders' Equity (Deficit)

See table below for share activity:

	Preferred Stock	Series A Common Stock (number of shares)	Series B Common Stock
Balance as of December 31, 2004	—	—	99,377,884

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Issuance of preferred stock	9,600,000	—	—
Issuance of common stock	—	51,684,277	—
Stock dividend	—	7,500,000	—
Conversion of Series B common stock to Series A common stock	—	99,377,884	(99,377,884)
Balance as of September 30, 2005	9,600,000	158,562,161	—

Funding for the Acquisition included equity investments from Blackstone Capital Partners (Cayman) Ltd. 1, Blackstone Capital Partners (Cayman) Ltd. 2, and Blackstone Capital Partners (Cayman) Ltd. 3 (collectively, “Blackstone”) and BA Capital Investors Sidecar Fund, L.P. (and together with Blackstone, the “Original Shareholders”).

On December 31, 2004, the capital structure of the Company consisted of 650,494 shares of Series B common stock, par value \$0.01 per share. In January 2005, the Company amended its certificate of incorporation and increased its authorized common stock to 500,000,000 shares and the Company effected a 152.772947 for 1 stock split for the outstanding shares of the Series B common stock. Accordingly, all Successor share information is effected for such stock split effective December 31, 2004.

As a result of the offering in January 2005, the Company now has \$240 million aggregate liquidation preference of outstanding preferred stock. Holders of the preferred stock are entitled to receive, when, as and if, declared by the Company's board of directors, out of funds legally available

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therefore, cash dividends at the rate of 4.25% per annum of liquidation preference, payable quarterly in arrears, commencing on May 1, 2005. Dividends on the preferred stock are cumulative from the date of initial issuance. Accumulated but unpaid dividends accumulate at an annual rate of 4.25%. The preferred stock is convertible, at the option of the holder, at any time into approximately 1.25 shares of Series A common stock, subject to adjustments, per \$25.00 liquidation preference of preferred stock and upon conversion will be recorded in shareholders' equity (deficit). As of September 30, 2005, the Company had \$3 million of accumulated but unpaid dividends, which have not been declared.

On March 8, 2005, the Company declared a special cash dividend to holders of the Company's Series B common stock of \$804 million, which was paid on April 7, 2005. Upon payment of the \$804 million dividend, all of the outstanding shares of Series B common stock converted automatically to shares of Series A common stock.

In addition, on March 9, 2005, the Company issued a 7,500,000 Series A common stock dividend to the Original Shareholders of its Series B common stock.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) totaled \$(117) million, \$0 million and \$(39) million, for the nine months ended September 30, 2005, the six months ended September 30, 2004 and the three months ended March 31, 2004, respectively. These amounts were net of tax expense (benefit) of \$(13) million, \$1 million and \$2 million, for the nine

months ended September 30, 2005, the six months ended September 30, 2004 and the three months ended March 31, 2004, respectively.

As part of the curtailment charge discussed in Note 10, the Company's U.S. qualified pension benefit plan and the postretirement benefit plan obligations were remeasured to reflect the discount rate and market value of plan assets as of September 30, 2005. This remeasurement resulted in additional minimum liability of approximately \$92 million with an offsetting charge to accumulated other comprehensive income (loss). In addition, the Company performed its annual remeasurement of its German pension benefit plans as of September 30, 2005. This remeasurement resulted in a pretax additional minimum liability of \$29 million (taxes of \$12 million), with an offsetting charge to accumulated other comprehensive income (loss).

12. Commitments and Contingencies

The Company is involved in a number of legal proceedings, lawsuits and claims incidental to the normal conduct of our business, relating to such matters as product liability, antitrust, past waste disposal practices and release of chemicals into the environment. While it is impossible at this time to determine with certainty the ultimate outcome of these proceedings, lawsuits and claims, management believes that adequate provisions have been made and that the ultimate outcomes will not have a material adverse effect on our financial position, but may have a material adverse effect on the results of operations or cash flows in any given accounting period.

The following disclosure should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Plumbing Actions

CNA Holdings, Inc. ("CNA Holdings"), a U.S. subsidiary of Celanese, which included the U.S. business now conducted by the Ticona segment, along with Shell Oil Company ("Shell"), E.I. DuPont de Nemours and Company ("DuPont") and others, has been a defendant in a series of lawsuits, including a number of class actions, alleging that plastics manufactured by these companies that were utilized in the production of plumbing systems for residential property were defective or caused such plumbing systems to fail. Based on, among other things, the findings of outside experts and the successful use of Ticona's acetal copolymer in similar applications, CNA Holdings does not believe

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Ticona's acetal copolymer was defective or caused the plumbing systems to fail. In many cases CNA Holdings' exposure may be limited by invocation of the statute of limitations since CNA Holdings ceased selling the resin for use in the plumbing systems in site built homes during 1986 and in manufactured homes during 1990.

CNA Holdings has been named a defendant in ten putative class actions, as well as a defendant in other non-class actions filed in ten states, the U.S. Virgin Islands, and Canada. In these actions, the plaintiffs typically have sought recovery for alleged property damages and, in some cases, additional damages under the Texas Deceptive Trade Practices Act or similar type statutes. Damage amounts have not been specified.

In order to reduce litigation expenses and to provide relief to qualifying homeowners, in November 1995, CNA Holdings, DuPont and Shell Oil Company entered into national class action settlements, which have been approved by the courts. The settlements call for the replacement of plumbing systems of claimants who have had qualifying leaks, as well as reimbursements for certain leak damage. Furthermore, the three companies have agreed to fund these replacements and reimbursements up to \$950 million. As of September 30, 2005, the aggregate funding is \$1,073 million due to additional contributions and funding commitments made primarily by other parties. There are approximately ten additional pending lawsuits not discussed herein; however, these cases do not involve (either individually or in the aggregate) a large number of homes, and management does not expect the obligations arising from these lawsuits to have a material adverse effect on the Company.

In 1995, CNA Holdings and Shell Oil Company settled the claims relating to individuals in Texas owning a total of 110,000 property units, who are represented by a Texas law firm, for an amount that will not exceed \$170 million. These claimants are also eligible for a replumb of their homes in accordance with terms similar to those of the national class action settlement. CNA Holdings' and Shell Oil Company's contributions under this settlement were subject to allocation as determined by binding arbitration.

In addition, a lawsuit filed in November 1989 in Delaware Chancery Court, between CNA Holdings and various of its insurance companies relating to all claims incurred and to be incurred for the product liability exposure led to a partial declaratory judgment in CNA Holdings' favor. As a result, settlements have been reached with a majority of CNA Holdings' insurers specifying their responsibility for these claims.

In February 2005, CNA Holdings reached a settlement agreement through mediation with another insurer, pursuant to which the insurer paid CNA Holdings \$44 million in exchange for the release of certain claims against the policy with the insurer. This amount was recorded as a reduction of goodwill as of December 31, 2004 and was received during the nine months ended September 30, 2005.

CNA Holdings has accrued its best estimate of its share of the plumbing actions. At September 30, 2005, the Company has remaining accruals of \$68 million for this matter. Management believes that the plumbing actions are adequately provided for in the Company's financial statements and that they will not have a material adverse effect on our financial position. However, if the Company were to incur an additional charge for this matter, such a charge would not be expected to have a material adverse effect on our financial position, but may have a material adverse effect on our results of operations or cash flows in any given accounting period. No assurance can be given that the Company's litigation reserves will be adequate or that these reserves will fully recover claims under the Company's insurance policies.

The Company has reached settlements with CNA Holdings' insurers specifying their responsibility for these claims; as a result, the Company has recorded receivables relating to the anticipated recoveries from certain third party insurance carriers. These receivables are based on the probability

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of collection, an opinion of external counsel, the settlement agreements with the Company's insurance carriers whose coverage level exceeds the receivables and the status of current discussions with other insurance carriers. As of

September 30, 2005, the Company has \$31 million of receivables related to a settlement with an insurance carrier. This receivable is discounted and recorded within other assets as it will be collected over the next three years.

Sorbates Antitrust Actions

In May 2002, the European Commission informed Hoechst of its intent to investigate officially the sorbates industry. In early January 2003, the European Commission served Hoechst, Nutrinova, Inc., a U.S. subsidiary of Nutrinova Nutrition Specialties & Food Ingredients GmbH, previously a wholly owned subsidiary of Hoechst, 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., 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 in October 2005 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, *Freeman v. Daicel et al.*, had been dismissed. The plaintiffs lost their appeal to the Supreme Court of Tennessee in August 2005 and have since filed a motion for leave.

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 as noted below. The Nevada action has been dismissed as to Hoechst, Nutrinova and CAG; however, a motion for reconsideration is still pending. 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, it is still subject to appeal. 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, the Company has remaining accruals of \$130 million. This amount is included in current liabilities at September 30, 2005 for the estimated loss related to this matter. Although the

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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 \$9 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 AG was assigned the obligation related to the sorbates matter. However, Hoechst agreed to indemnify Celanese AG for 80 percent of any costs Celanese may incur relative to this matter. Accordingly, Celanese AG has recognized a receivable from Hoechst and a corresponding contribution of capital, net of tax, from this indemnification. As of September 30, 2005, the Company has receivables, recorded within other current assets, relating to the sorbates indemnification from Hoechst totaling \$104 million. Although the outcome of the 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.

Acetic Acid Patent Infringement Matters

Celanese International Corporation v. China Petrochemical Development Corporation — Taiwan Kaohsiung District Court. On February 7, 2001, Celanese International Corporation filed a private criminal action for patent infringement against China Petrochemical Development Corporation, or CPDC, alleging that CPDC infringed Celanese International Corporation's patent covering the manufacture of acetic acid. Celanese International Corporation also filed a supplementary civil brief which, in view of changes in Taiwanese patent laws, was subsequently converted to a civil action alleging damages against CPDC based on a period of infringement of ten years, 1991-2000, and based on CPDC's own data and as reported to the Taiwanese securities and exchange commission. Celanese International Corporation's patent was held valid by the Taiwanese patent office. On August 31, 2005 a Taiwanese court held that CPDC infringed Celanese International Corporation's acetic acid patent and awarded Celanese International Corporation approximately \$28 million for the period of 1995 through 1999. The judgment has been appealed. The Company will not record income associated with this favorable judgment until cash is received.

Shareholder Litigation

During August 2004, nine actions were brought by minority shareholders against CAG 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 CAG.

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.

In a related matter, 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. In conjunction with the acquisition of 5.9 million CAG shares from two shareholders in August 2005, two of those lawsuits were withdrawn in August 2005. In June and September 2005, Celanese AG was served in three 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 on July 30 and 31, 2004 null and void (Nichtigkeitsklage), based on

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allegations that certain formal requirements necessary in connection with the invitation to the extraordinary general meeting 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 Blackstone 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.

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.

The amounts of the fair cash compensation (Abfindung) and of the guaranteed fixed annual payment (Ausgleich) offered under the Domination Agreement may be increased in special award proceedings (Spruchverfahren) initiated by minority shareholders, which may further reduce the funds the Purchaser can otherwise make available to the Company. Several minority shareholders of CAG had initiated special award proceedings 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. This could reduce the funds the Purchaser can make available to the Company and its subsidiaries and, accordingly, diminish our ability to make payments on our indebtedness. However, the court dismissed all of these proceedings in March 2005 on the grounds of inadmissibility. The dismissal has been appealed.

In February 2005, a minority shareholder also brought a lawsuit against the Purchaser, as well as a former member of CAG's board of management and a former member of CAG'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 CAG board of management; however, with respect to the former member of the CAG 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

The Company has agreed to guarantee or indemnify third parties for environmental and other liabilities pursuant to a variety of agreements, including asset and business divestiture agreements, leases, settlement agreements, and various agreements with affiliated companies. Although many of these obligations contain monetary and/or time limitations, others do not provide such limitations.

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

The Company has accrued for all probable and reasonably estimable losses associated with all known matters or claims that have been brought to its attention.

These known obligations include the following:

Demerger Obligations

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

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

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

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

The Company'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 €750 million. Three of the divested agreements do not provide for monetary limits.

Based on the estimate of the probability of loss under this indemnification, the Company has reserves of \$34 million as of September 30, 2005, for this contingency. Where the Company is unable reasonably to determine the probability of loss or estimate such loss under an indemnification, the Company has not recognized any related liabilities.

The Company has also undertaken in the Demerger Agreement to indemnify Hoechst to the extent that Hoechst is

required to discharge liabilities, including tax liabilities, associated with businesses that were included in the demerger where such liabilities were not demerged, due to legal restrictions on the transfers of such items. These indemnities do not provide for any monetary or time limitations. The Company has not provided for any reserves associated with this indemnification. Neither the Company nor the Predecessor made any payments to Hoechst in the nine months ended September 30, 2005 or at any point during 2004, in connection with this indemnification.

Divestiture Obligations

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

The Company and the Predecessor have 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 \$2.9 billion as of September 30, 2005. Other agreements do not provide for any monetary or time limitations.

Based on historical claims experience and its knowledge of the sites and businesses involved, the Company believes that it is adequately reserved for these matters. As of September 30, 2005, the Company has reserves in the aggregate of \$55 million for all such environmental matters.

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

Plumbing Insurance Indemnifications

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

In certain of the agreements, CAG received a fixed settlement amount. The indemnities under these agreements generally are limited to, but in some cases are greater than, the amount received in settlement from the insurance company. The maximum exposure under these indemnifications is \$95 million. Other settlement agreements have no stated limits.

There are other agreements whereby the settling insurer agreed to pay a fixed percentage of claims that relate to that insurer's policies. The Company has provided indemnifications to the insurers for amounts paid in excess of the settlement percentage. These indemnifications do not provide for monetary or time limitations.

The Company has reserves associated with these product liability claims. See Plumbing Actions above.

Other Obligations

- The Company is secondarily liable under a lease agreement pursuant to which the Company has assigned a direct obligation to a third party. The lease assumed by the third party expires on April 30, 2012. The lease liability for the period from October 1, 2005 to April 30, 2012 is estimated to be approximately \$50 million.
- The Company has agreed to indemnify various insurance carriers, for amounts not in excess of the settlements received, from claims made against these carriers subsequent to the settlement. The aggregate amount of guarantees under these settlements is approximately \$10 million, which is unlimited in term.

As indemnification obligations often depend on the occurrence of unpredictable future events, the future costs associated with them cannot be determined at this time. However, if the Company were to incur additional charges for these matters, such charges may have a material adverse effect on the financial position, results of operations or cash flows of the Company in any given accounting period.

Other Matters

As of September 30, 2005, Celanese Ltd. and/or CNA Holdings, Inc., both U.S. subsidiaries of the Company, are defendants in approximately 650 asbestos cases. Because many of these cases involve numerous plaintiffs, the Company is subject to claims significantly in excess of the number of actual cases. The Company has reserves for defense costs related to claims arising from these matters. The Company believes that there is not significant exposure related to these matters.

Under the transaction and monitoring fee agreement/sponsor services agreement, the Company has agreed to indemnify the Advisor and its affiliates and their respective partners, members, directors, officers, employees, agents and representatives for any and all losses relating to services contemplated by these agreements and the engagement of the Advisor pursuant to, and the performance by the Advisor or the services contemplated by, these agreements. The Company has also agreed under the transaction and monitoring fee agreement/sponsor services agreement to reimburse the Advisor and its affiliates for their expenses incurred in connection with the services provided under these agreements or in connection with their ownership or subsequent sale of Celanese Corporation stock (See Note 17).

On July 31, 2003, a federal district court ruled that the formula used in International Business Machine Corporation's ("IBM") cash balance pension plan violated the age discrimination provisions

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

of the Employee Retirement Income Security Act of 1974. The IBM decision, however, conflicts with the decisions from two other federal district courts and with the proposed regulations for cash balance plans issued by the Internal Revenue Service in December 2002. IBM has announced that it will appeal the decision to the United States Court of Appeals for the Seventh Circuit. The effect of the IBM decision on the Company's cash balance plan cannot be determined at this time.

From time to time, certain of our 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 and the United Nations. 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 connection with other foreign policy concerns. Approximately \$10 million of these sales by the Company's foreign subsidiaries 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. In addition, the Company has recently discovered that two of its foreign subsidiaries made approximately \$180,000 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. The Company has informed the U.S. Treasury Department and the U.S. Department of Commerce of both of these matters and is currently engaged in preliminary discussions with the Departments. Our inquiry into these transactions is continuing and the Departments' review of this matter is in a very preliminary stage. To the extent the Company violated any regulations with respect to the above or other transactions, the Company may be subject to fines or other sanctions, including possible criminal penalties, which may result in adverse business consequences. The Company does not expect these matters to have a material adverse effect on its financial position, results of operations and cash flows.

13. Special Charges

The components of special charges are as follows:

	Successor Three Months Ended September 30, 2005	Three Months Ended September 30, 2004
	(in \$ millions)	
Employee termination benefits	(9)	(6)
Plant/office closures	(1)	(52)
Restructuring adjustments	—	1
Total Restructuring	(10)	(57)
Environmental related plant closures	(12)	—
Asset impairments	(1)	—
Insurance recoveries associated with plumbing cases	—	(1)
Other	(1)	(1)
Total Special Charges	(24)	(59)

Special charges decreased to \$24 million compared to \$59 million for the same period last year primarily due to including impairment charges associated with the Acetate products segment restructuring recorded in the third quarter of 2004. The third quarter of 2005 includes charges related to a change in environmental remediation strategy related to the closure of the Edmonton Methanol plant, severance associated with the same closure and severance related to the relocation of corporate offices of \$12 million, \$6 million and \$3 million respectively.

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

	Successor		Predecessor
	Nine Months Ended September 30, 2005	Six Months Ended September 30, 2004	Three Months Ended March 31, 2004
	(in \$ millions)		
Employee termination benefits	(18)	(7)	(2)
Plant/office closures	(2)	(52)	—
Restructuring adjustments	—	1	—
Total Restructuring	(20)	(58)	(2)
Termination of advisor monitoring services	(35)	—	—
Environmental related plant closures	(12)	—	—
Asset impairments	(25)	—	—
Advisory services	—	—	(25)
Insurance recoveries associated with plumbing cases	4	1	—
Other	(1)	(1)	(1)
Total Special Charges	(89)	(58)	(28)

Asset impairments primarily consists of revised estimates related to the Company's decision to divest its Cyclo-olefin Copolymer ("COC") business.

The components of the restructuring reserves are as follows:

	Employee Termination Benefits	Plant/Office Closures	Total
	(in \$ millions)		
Predecessor			
Restructuring reserve at December 31, 2003	28	21	49
Restructuring additions	2	—	2
Cash and noncash uses	(5)	(2)	(7)
Restructuring reserve at March 31, 2004	25	19	44
Successor			
Restructuring reserve at April 1, 2004	25	19	44
Purchase accounting adjustments	10	—	10
Restructuring additions	6	52	58
Cash and noncash uses	(10)	(54)	(64)

Restructuring reserve at September 30, 2004	31	17	48
Restructuring reserve at December 31, 2004	72	14	86
Purchase accounting adjustments	1	—	1
Restructuring additions	18	14	32
Cash and noncash uses	(26)	(20)	(46)
Currency translation adjustments	(2)	—	(2)
Other charges	(2)	—	(2)
Restructuring reserve at September 30, 2005	61	8	69

14. Stock-based and Other Management Compensation Plans

In December 2004, the Company approved a stock incentive plan, which included executive officers, key employees and directors, a deferred compensation plan, which included executive officers and key employees, as well as other management incentive programs.

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

These stock incentive plans allows for the issuance or delivery of up to 16.25 million shares of the Company's Series A common stock through stock options and a discounted share program. In January 2005, options were initially granted at an exercise price equal to the initial public offering price. The options have a ten-year term with vesting terms pursuant to a schedule, with no vesting to occur later than the 8th anniversary of the date of the grant. Accelerated vesting depends on meeting specified performance targets. Of the 11.8 million stock options outstanding, 11.3 million are non-compensatory. The remaining 0.5 million options are subject to variable plan accounting. Compensation expense related to these options was approximately \$1 million for the three and nine months ended September 30, 2005. No options were exercised during the nine months ended September 30, 2005.

In December 2004, the Company granted rights to executive officers and key employees to purchase up to 1,797,386 shares of Series A common stock at a discount of \$8.80 per share. During the nine months ended September 30, 2005, 1,684,277 shares have been purchased. As a result of this discounted share offering, the Company recorded a pre-tax non-cash charge of \$14 million, with a corresponding adjustment to additional paid-in capital within shareholders' equity (deficit) in the fourth quarter 2004. Compensation expense associated with the discounted shares was immaterial for the nine months ended September 30, 2005.

The deferred compensation plan has an aggregate maximum amount payable of \$192 million. The initial component of the deferred compensation plan, totaling an aggregate of approximately \$27 million, vested in 2004 and was paid in the first quarter of 2005.

- Stock-based compensation

As permitted by SFAS No. 123, Accounting for Stock-Based Compensation (“SFAS No. 123”), the Successor accounts for employee stock-based compensation in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees (“APB No. 25”), using an intrinsic value approach to measure compensation expense, if any.

For the three months ended March 31, 2004, the Predecessor accounted 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 options granted in the three and nine month period ended September 30, 2005 under the Company's stock incentive plan was estimated at the date of grant using the Black Scholes option pricing model. The following weighted average assumptions were used:

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Risk free interest rate	4.0%	4.0%
Estimated life in years	7.8	7.5
Dividend yield	0.96%	0.77%
Volatility	27.4%	26.2%

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

The following table illustrates the effect on net earnings (loss) and related per share amounts if the Successor had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation:

	For the Three Months Ended September 30, 2005		For the Nine Months Ended September 30, 2005	
	Basic Earnings Per Common Share	Diluted Earnings Per Common Share	Basic Earnings Per Common Share	Diluted Earnings Per Common Share
Earnings (Loss)				
	(in \$ millions, except per share information)			
Net earnings, available to common shareholders, as reported	42.0	0.26	95.0	0.62
Add: stock-based employee compensation expense included in reported net earnings, net of the	0.5	—	0.5	—

related tax effects						
Less: stock-based compensation under SFAS No. 123, net of the related tax effects	(2.0)	(0.01)	(0.01)	(6.0)	(0.04)	(0.04)
Pro forma net earnings available to common shareholders	40.5	0.25	0.25	89.5	0.58	0.58

15. Income Taxes

Income taxes for the three and nine months ended September 30, 2005, the three and six months ended September 30, 2004 and the three month period ended March 31, 2004, are recorded based on the estimated annual effective tax rate. As of September 30, 2005, the estimated annualized tax rate for 2005 is 35%, which is slightly less than the combination of the statutory rate and state income tax rates in the U.S. The estimated annual effective tax rate for 2005 reflects earnings in low tax jurisdictions, a valuation allowance for the tax benefit associated with projected U.S. losses (which includes the expenses associated with the early redemption of debt), and tax expense in certain non-U.S. jurisdictions. For the three and nine months ended September 30, 2005, the Company recorded tax expenses of \$26 million and \$77 million, respectively. For the three and six months ended September 30, 2004, tax expenses of \$48 million and \$58 million were recorded which resulted in a tax rate of negative 155% and negative 43%, respectively. The effective tax rates were significantly affected by the non-recognition of tax benefits associated with acquisition related expenses.

The Predecessor had tax expenses of \$17 million, which resulted in an effective tax rate of 24%, for the three months ended March 31, 2004, compared to the German statutory rate of 40%, which was primarily affected by earnings in low tax jurisdictions.

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

16. Business Segments

			Successor		
Chemical Products	Acetate Products	Performance Products	Total Segments	Other Activities	Reconciliation Consolidated

(in \$ millions)

For the three months ended September 30, 2005

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Sales to external customers	1,060	212	163	46	1,481	55	—	1,536
Inter-segment revenues	40	—	—	—	40	—	(40)	—
Operating profit	98	18	4	13	133	(41)	—	92
Earnings (loss) from continuing operations before tax and minority interests	134	34	4	10	182	(108)	—	74
Depreciation and amortization	45	13	3	4	65	5	—	70
Capital expenditures	22	12	8	—	42	4	—	46
For the three months ended September 30, 2004								
Sales to external customers	809	213	176	47	1,245	20	—	1,265
Inter-segment revenues	31	—	—	—	31	—	(31)	—
Operating profit	83	15	(39)	12	71	(46)	—	25
Earnings (loss) from continuing operations before tax and minority interests	100	29	(39)	11	101	(132)	—	(31)
Depreciation and amortization	39	19	16	3	77	2	—	79
Capital expenditures	20	22	11	1	54	2	—	56
For the nine months ended September 30, 2005								
Sales to external customers	3,131	674	542	140	4,487	75	—	4,562
Inter-segment revenues	98	—	—	—	98	—	(98)	—
Operating profit	430	62	34	41	567	(157)	—	410
Earnings (loss) from continuing operations before tax and minority interests	476	107	36	36	655	(435)	—	220
Depreciation and amortization	118	42	21	10	191	9	—	200
Capital expenditures	66	35	22	3	126	6	—	132
For the six months ended September 30, 2004								

Sales to external customers	1,589	433	349	92	2,463	31	—	2,494
Inter-segment revenues	59	—	—	—	59	—	(59)	—
Operating profit	119	26	(29)	14	130	(80)	—	50
Earnings (loss) from continuing operations before tax and minority interests	134	55	(25)	12	176	(311)	—	(135)
Depreciation and amortization	77	34	30	5	146	4	—	150
Capital expenditures	37	41	24	2	104	2	—	106

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

	Predecessor					Reconciliation	Consolidated	
	Chemical Products	Acetate Ticona Products	Performance Products	Total Segments	Other Activities			
For the three months ended March 31, 2004	(in \$ millions)							
Sales to external customers	789	227	172	44	1,232	11	—	1,243
Inter-segment revenues	29	—	—	—	29	—	(29)	—
Operating profit	65	31	9	11	116	(64)	—	52
Earnings (loss) from continuing operations before tax and minority interests	64	45	9	11	129	(57)	—	72
Depreciation and amortization	39	16	13	2	70	2	—	72
Capital expenditures	15	20	8	—	43	1	—	44

17. Related Party Transactions

Upon closing of the Acquisition, the Company entered into a transaction and monitoring fee agreement with

Blackstone Management Partners (the “Advisor”), an affiliate of the Blackstone Group (the “Sponsor”). Under the agreement, the Advisor agreed to provide monitoring services to the Company for a 12 year period. Also, the Advisor may receive additional compensation for providing investment banking or other advisory services provided to the Company by the Advisor or any of its affiliates, and may be reimbursed for certain expenses, in connection with any specific acquisition, divestiture, refinancing, recapitalization, or similar transaction. In connection with the completion of the initial public offering, the parties amended and restated the transaction and monitoring fee agreement to terminate the monitoring services and all obligations to pay future monitoring fees and paid the Advisor \$35 million. The Company also paid \$10 million to the Advisor for the 2005 monitoring fee. The transaction based agreement remains in effect.

In connection with the acquisition of Vinamul, the Company paid the Advisor a fee of \$2 million, which was included in the computation of the purchase price for the acquisition. In connection with the acquisition of Acetex, the Company paid the Advisor an initial fee of \$1 million. Additional fees of \$3 million were paid in August 2005 to the Advisor upon the successful completion of this acquisition. In addition, the Company has paid the Advisor aggregate fees of approximately €3 million (approximately \$4 million) in connection with the Company’s acquisition of 5.9 million additional CAG shares in August 2005 (See Note 2).

During the nine months ended September 30, 2005, the Company reimbursed the Advisor approximately \$2 million for other costs.

Commencing in September 2005, the Company filed a Registration Statement on Form S-1 and amendments to that Registration Statement with the SEC on behalf of the Original Shareholders (the “Resale Offering”) pursuant to the terms of the Amended and Restated Registration Rights Agreement (“Registration Rights Agreement”) dated as of January 26, 2005, between the Company and the Original Shareholders. Pursuant to the terms of the Registration Rights Agreement, the Company will pay certain fees and expenses incurred in connection with the Resale Offering, which the Company anticipates will be approximately \$1 million.

18. Consolidating Guarantor Financial Information

The following unaudited consolidating financial statement information is presented in the provided form because (i) the Issuers are wholly owned subsidiaries of the Parent Guarantor; (ii) the

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

guarantee is considered to be full and unconditional, that is, if the Issuers fail to make a scheduled payment, the Parent Guarantor is obligated to make the scheduled payment immediately and, if they do not, any holder of notes may immediately bring suit directly against the Parent Guarantor for payment of all amounts due and payable. Separate financial statements and other disclosures concerning the Parent Guarantor are not presented because management does not believe that such information is material to investors.

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UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

	Successor				
	For the Three Months Ended September 30, 2005				
	Parent				
	Guarantor	Issuer	Non-Guarantors	Eliminations	Consolidated
	(in \$ millions)				
Net sales	—	—	1,536	—	1,536
Cost of sales	—	—	(1,253)	—	(1,253)
Selling, general and administrative expenses	(1)	—	(143)	—	(144)
Research and development expenses	—	—	(22)	—	(22)
Special charges:					
Insurance recoveries associated with plumbing cases	—	—	—	—	—
Restructuring, impairment and other special charges	—	—	(24)	—	(24)
Foreign exchange gain (loss), net	—	—	(2)	—	(2)
Gain (loss) on disposition of assets	—	—	1	—	1
Operating profit (loss)	(1)	—	93	—	92
Equity in net earnings of affiliates	47	57	21	(104)	21
Interest expense	—	(10)	(62)	—	(72)
Interest income	—	—	7	—	7
Other income (expense), net	(1)	—	27	—	26
Earnings (loss) from continuing operations before tax and minority interests	45	47	86	(104)	74
Income tax provision	—	—	(26)	—	(26)
Earnings (loss) from continuing operations before minority interests	45	47	60	(104)	48
Minority interests	—	—	(3)	—	(3)
Earnings (loss) from continuing operations	45	47	57	(104)	45
Earnings (loss) from discontinued operations	—	—	—	—	—
Net earnings (loss)	45	47	57	(104)	45

UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

	Successor				
	For the Three Months Ended September 30, 2004				
	Parent				
	Guarantor	Issuer	Non-Guarantors	Eliminations	Consolidated
	(in \$ millions)				
Net sales	—	—	1,265	—	1,265
Cost of sales	—	—	(1,005)	—	(1,005)
Selling, general and administrative expenses		—	(153)	—	(153)
Research and development expenses	—	—	(23)	—	(23)
Special charges:					
Insurance recoveries associated with plumbing cases	—	—	(1)	—	(1)
Restructuring, impairment and other special charges	—	—	(58)	—	(58)
Foreign exchange gain (loss), net	—	—	(2)	—	(2)
Gain (loss) on disposition of assets	—	—	2	—	2
Operating profit	—	—	25	—	25
Equity in net earnings of affiliates	(31)	(29)	17	60	17
Interest expense	(40)	(2)	(57)	1	(98)
Interest income	—	—	9	(1)	8
Other income (expense), net	—	—	17	—	17
Earnings (loss) from continuing operations before tax and minority interests	(71)	(31)	11	60	(31)
Income tax provision	—		(48)	—	(48)
Earnings (loss) from continuing operations before minority interests	(71)	(31)	(37)	60	(79)
Minority interests	—	—	8	—	8
Earnings (loss) from continuing operations	(71)	(31)	(29)	60	(71)
Earnings (loss) from discontinued operations	—	—	—	—	—

Net earnings (loss)	(71)	(31)	(29)	60	(71)
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UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

	Successor				
	For the Nine Months Ended September 30, 2005				
	Parent				
	Guarantor	Issuer	Non-Guarantors	Eliminations	Consolidated
	(in \$ millions)				
Net sales	—	—	4,562	—	4,562
Cost of sales	—	—	(3,553)	—	(3,553)
Selling, general and administrative expenses	(6)	—	(435)	—	(441)
Research and development expenses	—	—	(68)	—	(68)
Special charges:					
Insurance recoveries associated with plumbing cases	—	—	4	—	4
Restructuring, impairment and other special charges	—	—	(93)	—	(93)
Gain (loss) on disposition of assets, net	—	—	(1)	—	(1)
Operating profit	(6)	—	416	—	410
Equity in net earnings of affiliates	103	152	48	(255)	48
Interest expense	—	(55)	(261)	—	(316)
Interest income	6	—	25	—	31
Other income (expense), net	(1)	—	48	—	47
Earnings (loss) from continuing operations before tax and minority interests	102	97	276	(255)	220
Income tax provision	—	6	(83)	—	(77)
Earnings (loss) from continuing operations before minority interests	102	103	193	(255)	143
Minority interests	—	—	(41)	—	(41)
Earnings (loss) from continuing operations	102	103	152	(255)	102

Earnings (loss) from discontinued operations	—	—	—	—
Net earnings (loss)	102	103	152	(255)

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UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

	Successor				
	For the Six Months Ended September 30, 2004				
	Parent				
	Guarantor	Issuer	Non-Guarantors	Eliminations	Consolidated
	(in \$ millions)				
Net sales	—	—	2,494	—	2,494
Cost of sales	—	—	(2,063)	—	(2,063)
Selling, general and administrative expenses	—	—	(278)	—	(278)
Research and development expenses	—	—	(45)	—	(45)
Special charges:					
Insurance recoveries associated with plumbing cases	—	—	1	—	1
Restructuring, impairment and other special charges	—	—	(59)	—	(59)
Foreign exchange gain (loss), net	—	—	(2)	—	(2)
Gain (loss) on disposition of assets, net	—	—	2	—	2
Operating profit	—	—	50	—	50
Equity in net earnings of affiliates	(147)	(29)	35	176	35
Interest expense	(46)	(2)	(181)	1	(228)
Interest income	—	—	16	(1)	15
Other income (expense), net	(3)	—	(4)	—	(7)
Earnings (loss) from continuing operations before tax and minority interests	(196)	(31)	(84)	176	(135)
Income tax provision	—	—	(58)	—	(58)
Earnings (loss) from continuing operations before minority interests	(196)	(31)	(142)	176	(193)

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Minority interests	—	—	(2)	—	(2)
Earnings (loss) from continuing operations	(196)	(31)	(144)	176	(195)
Earnings (loss) from discontinued operations	—	—	(1)	—	(1)
Net earnings (loss)	(196)	(31)	(145)	176	(196)

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UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION

	Predecessor				
	For the Three Months Ended, March 31, 2004				
	Parent				
	Guarantor	Issuer	Non-Guarantors	Eliminations	Consolidated
	(in \$ millions)				
Net sales	—	—	1,243	—	1,243
Cost of sales	—	—	(1,002)	—	(1,002)
Selling, general and administrative expenses	—	—	(137)	—	(137)
Research and development expenses	—	—	(23)	—	(23)
Special charges:					
Restructuring, impairment and other special charges	—	—	(28)	—	(28)
Gain (loss) on disposition of assets	—	—	(1)	—	(1)
Operating profit	—	—	52	—	52
Equity in net earnings of affiliates	—	—	12	—	12
Interest expense	—	—	(6)	—	(6)
Interest income	—	—	5	—	5
Other income (expense), net	—	—	9	—	9
Earnings (loss) from continuing operations before tax and minority interests	—	—	72	—	72
Income tax provision	—	—	(17)	—	(17)
Earnings (loss) from continuing operations before minority interests	—	—	55	—	55

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Minority interests	—	—	—	—	—
Earnings (loss) from continuing operations	—	—	55	—	55
Earnings (loss) from discontinued operations	—	—	23	—	23
Net earnings (loss)	—	—	78	—	78

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UNAUDITED CONSOLIDATING BALANCE SHEET INFORMATION

	Parent Guarantor	Issuer	Successor As of September 30, 2005 Non- Guarantors	Eliminations	Consolidated
	(in \$ millions)				
ASSETS					
Current assets:					
Cash and cash equivalents	1	—	400	—	401
Receivables, net:					
Trade receivables, net — third party and affiliates	—	—	947	—	947
Other receivables	—	—	522	(3)	519
Inventories	—	—	625	—	625
Deferred income taxes	—	—	69	—	69
Other assets	—	—	47	—	47
Assets of discontinued operations	—	—	2	—	2
Total current assets	1	—	2,612	(3)	2,610
Investments	63	418	551	(481)	551
Property, plant and equipment, net	—	—	1,982	—	1,982
Deferred income taxes	—	6	29	—	35
Other assets	—	9	718	—	727
Goodwill	—	—	1,042	—	1,042
Intangible assets, net	—	—	393	—	393
Total assets	64	433	7,327	(484)	7,340
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Current liabilities:					
Short-term borrowings and current installments of long-term debt — third party and affiliates	—	—	181	—	181

Accounts payable and accrued liabilities:					
Trade payables — third party and affiliates	2	—	696	—	698
Other current liabilities	3	—	813	(3)	813
Deferred income taxes	—	—	13	—	13
Income taxes payable	—	—	224	—	224
Liabilities of discontinued operations	—	—	3	—	3
Total current liabilities	5	—	1,930	(3)	1,932
Long-term debt	—	370	2,945	—	3,315
Deferred income taxes	—	—	225	—	225
Benefit obligations	—	—	1,154	—	1,154
Other liabilities	—	—	506	—	506
Minority interests	—	—	149	—	149
Commitments and contingencies					
Shareholders' equity (deficit)	59	63	418	(481)	59
Total liabilities and shareholders' equity (deficit)	64	433	7,327	(484)	7,340

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UNAUDITED CONSOLIDATING BALANCE SHEET INFORMATION

	Parent Guarantor	Successor As of December 31, 2004		Eliminations	Consolidated
		Issuer	Non- Guarantors		
(in \$ millions)					
ASSETS					
Current assets:					
Cash and cash equivalents	—	—	838	—	838
Receivables, net:					
Trade receivables, net — third party and affiliates	—	—	866	—	866
Other receivables	—	—	678	(8)	670
Inventories	—	—	618	—	618
Deferred income taxes	—	—	71	—	71
Other assets	—	—	86	—	86
Assets of discontinued operations	—	—	2	—	2
Total current assets	—	—	3,159	(8)	3,151
Investments	—	406	600	(406)	600
Property, plant and equipment, net	—	—	1,702	—	1,702
Deferred income taxes	—	—	54	—	54
Other assets	7	12	739	(2)	756

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Goodwill	—	—	747	—	747
Intangible assets, net	—	—	400	—	400
Total assets	7	418	7,401	(416)	7,410
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Current liabilities:					
Short-term borrowings and current installments of long-term debt — third party and affiliates					
	1	—	144	(1)	144
Accounts payable and accrued liabilities:					
Trade payables — third party and affiliates					
	—	—	722	—	722
Other current liabilities	7	—	888	(7)	888
Deferred income taxes	—	—	20	—	20
Income taxes payable	—	—	214	—	214
Liabilities of discontinued operations					
	—	—	7	—	7
Total current liabilities	8	—	1,995	(8)	1,995
Long-term debt	—	527	2,716	—	3,243
Deferred income taxes	—	—	256	—	256
Benefit obligations	—	—	1,000	—	1,000
Other liabilities	2	—	510	(2)	510
Share of subsidiary losses	109	—	—	(109)	—
Minority interests	—	—	518	—	518
Commitments and contingencies					
Shareholders' equity (deficit)	(112)	(109)	406	(297)	(112)
Total liabilities and shareholders' equity (deficit)	7	418	7,401	(416)	7,410

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION

	Parent		Successor		Consolidated
	Guarantor	Issuer	Non-Guarantors	Eliminations	
For the Nine Months Ended September 30, 2005					
(in \$ millions)					
Net cash provided by (used in) operating activities	8	1	507	—	516
Investing activities from continuing operations:					
Capital expenditures on property, plant and equipment	—	—	(132)	—	(132)

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Investments in Subsidiaries, net	(189)	18	—	171	—
Acquisition of CAG shares	—	—	(397)	—	(397)
Fees associated with the acquisitions	—	—	(27)	—	(27)
Acquisition of Vinamul	—	—	(208)	—	(208)
Acquisition of Acetex, net of cash acquired	—	—	(216)	—	(216)
Proceeds from sale of assets	—	—	40	—	40
Net proceeds from disposal of discontinued operations	—	—	75	—	75
Proceeds from sale of marketable securities	—	—	175	—	175
Purchases of marketable securities	—	—	(96)	—	(96)
Other, net	—	—	5	—	5
Net cash provided by (used in) investing activities	(189)	18	(781)	171	(781)
Financing activities from continuing operations:					
Redemption of senior subordinated notes, including related premium	—	—	(572)	—	(572)
Repayment of floating rate term loan, including related premium	—	—	(354)	—	(354)
Borrowings under term loan facility	—	—	1,135	—	1,135
Proceeds from issuance of common stock, net	752	—	—	—	752
Proceeds from issuance of preferred stock, net	233	—	—	—	233
Proceeds from issuance of discounted common stock	12	—	—	—	12
Contribution from parent	—	779	572	(1,351)	—
Redemption of senior discount notes, including related premium	—	(207)	—	—	(207)
Redemption of Acetex bonds	—	—	(280)	—	(280)
Distribution to Series B Shareholders/parent	(804)	(590)	(590)	1,180	(804)
Short-term borrowing (repayments), net	—	—	18	—	18
Proceeds (payments) from other long-term debt, net	—	—	8	—	8
Fees associated with financings	—	(1)	(7)	—	(8)
Preferred dividends	(5)	—	—	—	(5)
Common dividends	(6)	—	—	—	(6)
Net cash provided by (used in) financing activities	182	(19)	(70)	(171)	(78)
Exchange rate effects on cash	—	—	(94)	—	(94)
Net increase in cash and cash equivalents	1	—	(438)	—	(437)
Cash and cash equivalents at beginning of period	—	—	838	—	838
	1	—	400	—	401

Cash and cash equivalents at end of period					
Net cash provided by (used in) discontinued operations:					
Operating activities	—	—	(75)	—	(75)
Investing activities	—	—	75	—	75
Net cash provided by (used in) discontinued operations	—	—	—	—	—

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION

	Successor				
	For the Six Months Ended September 30, 2004				
	Parent	Issuer	Non-	Eliminations	Consolidated
	Guarantor		Guarantors		
	(in \$ millions)				
Net cash provided by (used in) operating activities	(9)	—	118	—	109
Investing activities from continuing operations:					
Capital expenditures on property, plant and equipment	—	—	(106)	—	(106)
Acquisition of CAG, net of cash acquired	—	—	(1,531)	—	(1,531)
Fees associated with acquisitions	—	—	(69)	—	(69)
Proceeds on sale of assets	—	—	5	—	5
Proceeds from sale of marketable securities	—	—	85	—	85
Purchases of marketable securities	—	—	(107)	—	(107)
Other, net	—	—	(1)	—	(1)
Net cash provided by (used in) investing activities	—	—	(1,724)	—	(1,724)
Financing activities from continuing operations:					
Initial capitalization	—	—	641*	—	641
Issuance of mandatory redeemable preferred stock	—	—	200*	—	200
Repayment of mandatorily redeemable preferred stock	(221)	—	—	—	(221)
Borrowings under bridge loans	—	—	1,565	—	1,565
Repayments under bridge loans	—	—	(1,565)	—	(1,565)
Proceeds from issuance of senior subordinated notes	—	—	1,475	—	1,475

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Proceeds from issuance of Senior discount notes	—	513	—	—	513
Proceeds from floating rate term loan	—	—	350	—	350
Borrowings under term loan facility	—	—	389	—	389
Distribution to stockholders	(500)	—	—	—	(500)
Short term borrowings (repayments), net	—	—	17	—	17
Proceeds (payments) from other long term debt, net	—	—	(235)	—	(235)
Distribution from subsidiary	521	(500)	(21)	—	—
Issuance of preferred stock by consolidated subsidiary	—	—	17	—	17
Fees associated with financings	(18)	(13)	(166)	—	(197)
Loan to Shareholder	227	—	(227)	—	—
Dividend payments	—	—	(1)	—	(1)
Net cash provided by (used in) financing activities	9	—	2,439	—	2,448
Exchange rate effects on cash	—	—	(14)	—	(14)
Net increase in cash and cash equivalents	—	—	819	—	819
Cash and cash equivalents at beginning of period	—	—	—	—	—
Cash and cash equivalents at end of period	—	—	819	—	819
Net cash provided by (used in) discontinued operations:					
Operating activities	—	—	1	—	1
Investing activities	—	—	(1)	—	(1)
Net cash provided by (used in) discontinued operations	—	—	—	—	—

*Amounts included in Non-Guarantors column represent proceeds received directly by the Non-Guarantors, on behalf of the Parent Guarantor. The legal issuer of the mandatorily redeemable preferred stock is the Parent Guarantor.

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UNAUDITED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

			Predecessor		
			For the Three Months Ended March 31, 2004		
			Non-		
Parent	Issuer	Guarantors	Eliminations	Consolidated	

(in \$ millions)

Net cash provided by (used in)
operating activities