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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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CELANESE CORPORATION

1985 ANNUAL REPORT ON FORM 10-K

For the Fiscal Year Ended December 31, 1985

SUBMITTED PURSUANT TO SECTION 13
OF THE SECURITIES EXCHANGE ACT OF 1934

Celanese Corporation
1211 Avenue of the Americas, New York, N.Y. 10036
Telephone (212) 719-8000

MAR 3 - 1986

Commission File No. 1-1308
I.R.S. Employer Identification No. 13-5568434
State of incorporation: Delaware

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Name of each exchange on which registered
11¼% Sinking Fund Debentures, due 2005	New York Stock Exchange
4% Convertible Subordinated Debentures, due 1990	New York Stock Exchange
9¾% Convertible Subordinated Debentures, due 2006	New York Stock Exchange
Preferred Stock, Series A	New York Stock Exchange
Convertible Preference Stock	Midwest Stock Exchange
7% Second Preferred Stock	None
Common Stock	New York Stock Exchange Midwest Stock Exchange Pacific Stock Exchange

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 X No ___

The aggregate market value of voting stock held by non-affiliates as of December 31, 1985, was approximately $1,802 million. As of December 31, 1985, there were 12,020,620 shares of Celanese Corporation common stock outstanding.

Documents incorporated by reference	Part
Proxy Statement for 1986 Annual Meeting	III

NOTES: (i) When used in this 1985 Annual Report on Form 10-K (10-K), Celanese (or the Corporation) refers to the consolidated corporation or any one or more of its divisions, subsidiaries or affiliates as applicable.

(ii) Arnel, Celanex, Celcon, Durel, Fiberset and Fortrel are registered trademarks and Vectra is a trademark of Celanese.

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PART I

ITEM

1. Business

DESCRIPTION OF BUSINESS

Celanese Corporation was incorporated in 1918 and began as a U.S. manufacturer of acetate yarn. Celanese extended its manufacturing outside the United States in 1944. Its initial investment was in Mexico, and it currently has other manufacturing operations in North and South America, Europe and Asia.

Celanese, together with its subsidiaries and affiliates, manufactures and sells a diversified line of chemicals, fibers and specialty products. In the United States as well as most other countries where plants are operated, Celanese, its subsidiaries and affiliates are among the leading producers in most of their important product areas.

Most of these products are made by chemically processing and upgrading three basic types of raw materials: petroleum hydrocarbons, natural gas and wood pulp. Raw materials are purchased from affiliated and non-affiliated suppliers throughout the world.

Celanese products in the United States are generally sold directly or through distributors or agents. Celanese foreign subsidiaries and affiliates sell principally through local sales personnel or agents. The principal customers worldwide are other manufacturers, who use Celanese products in a wide variety of industrial and consumer items.

In general, Celanese sells its products in highly competitive worldwide markets. The number of competitors in a market or country and the Celanese competitive position vary widely with the products and countries involved. There is growing competition from private and state-owned industries in foreign countries where there is an abundance of low-cost labor or raw materials. This competition has a direct or indirect effect on many Celanese product lines. Of particular importance to the textile fibers business group is the impact of apparel imports into the United States and Canada from the Far East. Depending upon the characteristics of the particular market, Celanese competes on the basis of price, product quality and performance, and customer service.

Celanese business is affected to some degree by seasonality in the industries of its customers, such as automotive, housing and textiles. The business is also sensitive to changes in the world economy. Operations outside the United

States are subject to the economic and political risks inherent in the countries in which they operate. Non-U.S. earnings may be affected significantly by foreign currency fluctuations and U.S. accounting practices relative to translating foreign currencies into U.S. dollars.

Since 1983, Celanese has been restructuring its organization to enhance productivity, lower costs and improve the business base. The effort has included special early retirement plans, capacity rationalization, creation of profit centers through a decentralized structure, sale of non-strategic assets and the formation of business alliances with companies that complement the Corporation's technology base. The Corporation has also repurchased 2.2 million shares of its common stock in 1984 and 2.7 million shares of its common stock in 1985. (See Management's Discussion and Analysis of Financial Conditions and Results of Operations.)

CHEMICALS

Celanese entered the petrochemical field in the United States in 1945, primarily to obtain supplies of acetic acid and related chemical raw materials for its fibers operations. Celanese Canada Inc. (56.2% owned) began to produce petrochemicals in 1953 at Edmonton, Alberta, and uses as raw materials the abundant supply of butane and natural gas available in the province. As its internal chemical usage expanded and additional products were developed, Celanese began selling chemicals to others. Today Celanese produces more than 40 different chemicals for ultimate use in such familiar materials as apparel, adhesives, paint, synthetic lubricants and automobile engine coolants.

Celanese produces chemicals by upgrading hydrocarbons such as ethylene, propylene, natural gas, butane and naphtha. These hydrocarbon raw materials are purchased on the open market, principally under long-term contracts.

Marketing and Process Development - During 1985, approximately 61% of U.S. sales were made to domestic merchant markets and 29% abroad. The remaining 10% was processed by other Celanese units in the United States into fibers and specialty products. A substantial portion of the chemical production of Celanese Canada is also sold in the export market, in competition with other world producers. Most chemical products are sold directly to other manufacturers in bulk containers such as tank cars, tank wagons and tankers, but Celanese also sells to distributors who resell principally in smaller quantities. Direct sales efforts are supplemented by technical services that assist customers in the use of Celanese chemicals.

With respect to substantially all of its major products listed below, Celanese is either the largest or second largest U.S. merchant market supplier. Other major U.S. producers are: of methyl chemicals, Borden, Du Pont, Georgia-Gulf and Hercules; of ethylene oxide and ethylene glycol, BASF, Dow, ICI Americas, Shell, Texaco and Union Carbide; of alcohols, Du Pont, Eastman, Shell and Union Carbide; and of monomers and acetyl chemicals, BASF, Du Pont, Eastman, National Distillers, Rohm and Haas, and Union Carbide. Celanese Canada is the only Canadian producer of acetic acid, acetic anhydride, pentaerythritol and vinyl acetate.

BUSINESS GROUP	MAJOR PRODUCTS	PRINCIPAL USES
Methyl Chemicals	Methanol Formaldehyde Pentaerythritol Synthetic fatty acids Trimethylolpropane	Plastics, polyesters, adhesives, solvents, synthetic lubricants, coatings.
Ethylene Oxide, Oxo Alcohols and Solvents	Ethylene oxide Ethylene glycol Butanol Propanol Solvents	Surfactants, coatings, rocket propellants, anti-freeze, herbicides, polyesters.
Monomers and Acetyl Chemicals	Acetic acid Acetic anhydride Acetaldehyde Acrylic acid Acrylate esters Vinyl acetate	Water-based paints, adhesives, textile finishes, paper coatings, man-made fibers, pharmaceuticals, herbicides, plastics.

Celanese and Celanese Canada are participating with automobile manufacturers, refiners, governments and others to evaluate the wider use of methanol in fuel markets. To date there has been limited commercial production for this use.

Celanese Canada operates a worldscale methanol unit at its Edmonton plant site in Alberta. The methanol operation is owned directly or indirectly by Celanese Canada, Celanese Corporation and PanCanadian Petroleum Ltd. Other major Canadian producers of methanol are Alberta Gas Chemicals and Ocelot Industries.

Since 1984, Celanese, Texas Eastern Corporation and Saudi Basic Industries Corporation have owned, directly or indirectly, a worldscale methanol plant in Al Jubail, Saudi Arabia.

Utilizing both acquired and internally developed technology, Celanese is continually upgrading its chemical processes to improve energy, raw material and capital utilization. By producing a number of its major chemicals at different plant locations, Celanese can avoid or minimize the effect of production disruptions at any one location.

Restructuring - In 1984, Celanese closed its U.S. based methanol unit at Clear Lake, TX. During 1985, Celanese implemented an organizational realignment in chemicals. The operations were restructured by transferring management and operational responsibility for multifunctional monomers and the Bishop, TX plant to the Specialties operations, although Celanese Chemical Company, Inc. continues to market the commodity chemicals produced at Bishop, TX. Early retirement was offered to eligible employees as part of the program. Certain Celanese chemical assets, primarily in methanol investment, were written down in the second quarter.

FIBERS

Celanese is the second largest U.S. producer of man-made fibers. It manufactures polyester, acetate and triacetate fibers and sells them for a wide variety of end uses. Other major U.S. man-made fiber producers are Allied-Signal, American Hoechst, Du Pont, Eastman and Monsanto.

Celanese Textile Fibers produces and sells polyester staple, polyester filament, acetate filament and triacetate filament. For industrial end uses, Celanese Industrial Fibers produces and sells polyester staple and polyester filament. Celanese Smoking Products produces and sells cigarette tow, plasticizer, polyester polymer and cellulose acetate flake.

Polyester fibers are produced from either terephthalic acid or dimethylterephthalate, which are purchased, and ethylene glycol, which is produced by Celanese and also purchased. Celanese acetate and triacetate fibers are made principally from acetic anhydride produced by Celanese and purchased wood pulp. Open market purchases of raw materials are generally under long-term contract.

Celanese is the second largest of six U.S. producers of polyester textile filament yarn. Celanese is the second largest of five U.S. producers of polyester staple, the world's largest selling man-made fiber. Celanese is the largest of five U.S. producers of polyester industrial filament yarn used for tire reinforcement and industrial applications. Celanese sells polyester staple and filament yarn under the trademark Fortrel.

Celanese is the largest producer of acetate filament yarn, accounting for approximately 80% of U.S. output, and is the only U.S. producer of triacetate filament yarn, which is sold under the trademark Arnel. In January 1986, Celanese announced that it will discontinue production of triacetate filament yarn by the end of the year. Celanese is one of two U.S. producers of acetate flake and acetate cigarette filter tow; the latter is sold to all major U.S. cigarette companies. The other U.S. producer of acetate products is Eastman.

Celanese S.A., a Celanese subsidiary in Belgium, produces acetate and triacetate filament yarn and acetate cigarette filter tow.

Celanese Canada is Canada's only producer of polyester staple, polyester industrial filament, acetate filament, cellulose acetate flake and cigarette tow, and through its (75% owned) subsidiary, Monterey Textiles Inc., is a major producer of woven fabrics.

Other major European producers are: of acetate filament yarns, Courtaulds, Montefibre and Novaceta; of triacetate filament yarns, Courtaulds; and of acetate tow, Courtaulds, Ectona and Rhodia A.G.

Marketing and Technical Support - Celanese sells most of its fibers and yarns directly to textile mills, tire manufacturers, cigarette makers and other intermediate processors. Indirect marketing efforts are extended through technical service, advertising and promotion. These efforts reach each level of the manufacturing and distribution system, as well as consumers of apparel, home furnishings and industrial products.

Celanese anticipates and meets changes in fashion and demand by conducting market research and maintaining regular communication with designers, converters, fabricators and retailers. Celanese maintains development laboratories that simulate typical mill and other customer facilities, and research, pilot and commercial-scale facilities for development of improved yarn and fiber products. Coordinated research, through testing of processing techniques and preparation of sample materials for customers, is an important factor in marketing Celanese fibers and yarns.

BUSINESS GROUP	MAJOR PRODUCTS	PRINCIPAL USES
Textile Fibers	Polyester filament yarn (Fortrel) Polyester staple (Fortrel) Acetate filament yarn Woven fabrics	Men's, women's and children's wearing apparel, upholstery, drapery and other home furnishings fabrics.
Industrial Fibers	Polyester industrial filament (Fortrel) Acetate filament Polyester staple (Fortrel)	Seat belts, tires, conveyor belts, hoses, ribbon, plastic reinforcement, sewing thread, woven and non-woven fabrics, pillows.
Smoking Products	Acetate filter tow Acetate flake Polyester polymer Plasticizer (Fiberset)	Cigarette filters, film, plastics, fibers.

Restructuring - In 1983, Celanese streamlined its U.S. fibers businesses and permanently closed its cellulosic yarns plant at Cumberland, MD. During 1984, Celanese reorganized the Fibers operations into what are now three business groups, Celanese Textile Fibers, Celanese Industrial Fibers, and Celanese Smoking Products, each with worldwide responsibility for developing and implementing its business strategies. Also in 1984, Celanese Textile Fibers began to consolidate its polyester textile filament operations at Greenville, SC into Shelby, NC by 1987. In 1985, Celanese Textile Fibers acquired the vinyon staple fiber business of Avtex Fibers Inc. to expand the business base into non-woven and automotive applications, and closed the Pama Manufacturing Co., a producer of tricot fabric. The Fibers businesses also wrote down certain assets, principally related to polyester textile filament, during 1985.

SPECIALTIES/NEW BUSINESS DEVELOPMENT/ADVANCED TECHNOLOGY

In 1985, Specialties was reorganized into three business groups: Specialties, New Business Development and Advanced Technology.

Marketing and Research - Product development and technical service personnel supplement direct sales efforts by assisting customers in using existing products and developing new ones. Celanese has an active research and development program in each of the business groups described above.

Restructuring - In 1984, Celanese established investments and formed alliances with Osmonics, Inc. and Endotronics, Inc., to develop new applications for advanced separations materials. During 1985, Celanese increased its investment in Osmonics and Endotronics and formed two additional alliances in the non-linear optics markets with Codenoll Technology Corporation and Interactive Radiation, Inc. Celanese also completed the sale of its AgProducts business, structural composite operations, Almatex Ltd. and Stein, Hall S.A. (Pty.) Ltd. The Charleston Water-Soluble Polymers plant was closed. The Specialties operations also had a write-down of assets, mainly in water-soluble polymers. Early retirement programs were also offered to eligible employees in specialty resins, water-soluble polymers and Virginia Chemicals.

SPECIALTIES

Celanese manufactures, processes and markets a range of specialty products both in the United States and other countries.

Engineering Resins

Engineering Resins - Celanese Engineering Resins, Inc., a subsidiary, was incorporated in late 1985. It will continue the operation of the engineering resins division as well as the Bishop site. It produces three high-performance thermoplastic engineering resins in the United States: acetal copolymer, sold under the trademark Celcon as a replacement for metals and other plastics in a wide variety of end uses; nylon 6/6, used in a broad range of industrial and automotive applications; and polybutylene terephthalate, sold under the trademark Celanex for use principally in automotive and electrical applications. Celanese produces the basic raw materials for Celcon resin and purchases them for nylon and Celanex resins. In 1985, Celanese Engineering Resins acquired a specialty compounder in the United Kingdom and completed a pilot plant for production of Durel polyarylate. Other major U.S. producers of one or more similar engineering resins are Du Pont and General Electric.

In Japan, Celanese has a 45% interest in Polyplastics Co., Ltd., which produces and sells acetal copolymer and polybutylene terephthalate resins, and sells nylon 6/6 resin manufactured by Celanese.

In West Germany, Celanese has a 41% interest in Ticona Polymerwerke GmbH, which produces acetal copolymer resin.

Virginia Chemicals Inc. - Virginia Chemicals Inc., a subsidiary, is engaged principally in the production and sale of organic and inorganic chemicals. Its principal products include industrial chemicals for a variety of markets, chemicals for agriculture and food (principally amine intermediates for production of herbicides), and specialty chemicals and products for a variety of customers. Virginia Chemicals' principal customers are textile, pulp and paper, and agricultural chemical manufacturers. With respect to its major products, alkylamines and sodium hydrosulfite, Virginia Chemicals is either the largest or second largest U.S. merchant market supplier.

Major U.S. competitors are: of alkylamines, Air Products, Pennwalt and Union Carbide; and of sodium hydrosulfite, Olin and Ventron.

In 1985, IB Chemicals Company, a partnership, owned 50% by Virginia Chemicals and 50% by members of the Mitsubishi group started manufacturing isobutylidenediurea, a slow release fertilizer.

In England, Virginia Chemicals has a 40% interest in R.V. Chemicals Limited, which produces and sells sodium hydrosulfite and sulfur dioxide. A Virginia Chemicals subsidiary, VirChem Canada Inc., blends and sells sodium hydrosulfite.

In Brazil, Virginia Chemicals owns a 33.3% interest in Quimica da Bahia, a joint venture formed for the production of alkylamines. Construction of a plant in Camacari, Bahia was completed in 1985 and commercial production began late in the year.

In Belgium, Virginia Chemicals has a 51% interest in Virchem S.A./N.V., which produces and sells alkylamines.

Specialty Products - Plast-Labor S.A., a Swiss subsidiary, produces ground and finely divided polyolefin powders which are sold in the textile, molding, coating and explosives markets. In West Germany, Celanese has a 50% interest in Hager & Kassner GmbH, which produces and sells polyurethane specialties.

In August 1985, Celanese obtained an exclusive license from Sanyo Chemical Industries, Ltd. (Kyoto, Japan) for manufacturing and marketing Sanwet[R] super absorbent polymers in North and South America and non-exclusive marketing rights in Europe. Super absorbent polymers are materials that absorb high levels of fluid and retain most of that fluid, even under pressure. The principal market is disposable baby diapers.

Specialty Chemicals

Water-Soluble Polymers - Celanese Water Soluble Polymers, Inc., a subsidiary, sells a variety of natural and synthetic water-soluble polymers. The principal natural polymer is guar, which is processed by Celanese. Other important U.S. processors of guar are Henkel and Lyndal. Guar raw materials are supplied principally from India and Pakistan. Celanese sells guar-based products in a chemically modified form to the oil and gas industry and for a wide variety of end-use markets in competition with other water-soluble polymers, both natural and synthetic.

Meyhall Chemical A.G., a Swiss subsidiary, processes guar, guar derivatives and other natural gums which are sold chiefly in Europe and Asia.

Specialty Resins - Celanese Specialty Resins, Inc., a subsidiary, manufactures primarily acrylic and epoxy resins. These resins are sold by many other manufacturers in a wide variety of markets for various end uses. In 1985, Celanese Specialty Resins assumed responsibility for multifunctional monomers. The raw materials for specialty resins are principally purchased under long-term contract.

In November 1985, Celanese announced that it would consider offers to purchase its specialty resins and water soluble polymers businesses. The effect of a sale on net income and financial position is not expected to be significant.

BUSINESS GROUP	MAJOR PRODUCTS	PRINCIPAL USES
Engineering Resins	Acetal copolymer (Celcon) Nylon 6/6 Polybutylene terephthalate (Celanex)	Automotive, appliances, plumbing fixtures, hardware, industrial and communication equipment, audio and video recording devices, tool housings, electrical insulation, electrical connectors.
Virginia Chemicals	Alkylamines Sodium hydrosulfite Sodium bisulfite Sulfur dioxide	Herbicide intermediates. Textile, pulp, paper and clay processing. Food uses. Fibers and waste treatment.
Specialty Products	Polyolefin powders Polyurethane Formulations	Textile, molding, coating and explosives markets, industrial construction and housing, athletic surfaces and insulation.
Water-Soluble Polymers	Guar gum and derivatives Gum arabic Gum karaya Other water-soluble polymers	Processing aids for oil and gas production, mining, explosive systems, textile and paper manufacturing; thickeners, extenders and encapsulants for cultured dairy products, foods, soft drinks, confectioneries and pharmaceutical products.
Specialty Resins	Acrylic and epoxy resins Multifunctional monomers	Pipe coatings, electrical insulation, printed circuits, industrial finishes, powder coatings, beverage can linings, coatings for flexible substrates, UV/EB radiation curable coating systems.

NEW BUSINESS DEVELOPMENT

The New Business Development effort administers the commercialization of emerging businesses, primarily in advanced materials. Emerging businesses are based on products that have been developed by Celanese. Currently included are separations products - polymer-based products for specialty separations applications; polybenzimidazole (PBI) - a specialty industrial fiber with both high temperature and chemical resistance; and liquid crystal polymers (LCPs) - high performance thermoplastic materials. During 1985, Celanese broadened existing alliances in the separations area by increasing investments in Osmonics Inc. (25%) and Endotronics, Inc. (35%), established significant distributorships for PBI in Europe and the Far East and announced plans for commercialization of LCP, sold under the trademark Vectra.

ADVANCED TECHNOLOGY

The Advanced Technology Group is composed of three units: the Celanese Research Company in Summit, NJ, the Corpus Christi Technical Center in Corpus Christi, TX and the Technology Development Department headquartered in New York, NY. The mission of this group is to translate advanced technologies into new businesses for Celanese. These new technologies build on the Celanese skills base in polymers, fibers, organic chemistry and materials technologies. These technologies are directed to service markets in structural ceramics, electro-optics, optical storage, biotechnology, specialty chemicals, membrane separations and high performance polymers and fibers. As part of its activities in translating technologies into businesses, in 1985, Celanese has taken a 10% equity position in Codenoll Technology Corporation and a 21% equity position in Interactive Radiation, Inc., companies which service the electro-optics markets.

BRAZIL/MEXICO

Brazil - Celanese is a major manufacturer of polyester staple in Brazil. The only other Brazilian producer is Rhodia.

Celanese owns a minority interest in Metanor S.A. - Metanol do Nordeste, a major producer of methanol in Brazil. Other major Brazilian producers are Alba and Prosint. Metanor wholly owns Copenor-Companhia Petroquimica do Nordeste, which produces pentaerythritol, HMTA, formaldehyde and sodium formate.

Mexico - Celanese Mexicana, S.A. (40% owned) is Mexico's largest producer of man-made fibers and the largest publicly held producer of petrochemicals in the private sector. Under Mexican law basic petrochemicals are reserved to the government-owned petroleum company, Petroleos Mexicanos, S.A. (Pemex). Celanese Mexicana purchases basic petrochemicals for further processing from Pemex. Other major Mexican producers of man-made fibers are Cydsa, Fibras Sinteticas and Grupo Industrial Alfa. Celanese Mexicana is the sole Mexican producer of most of the petrochemicals and the sole or leading producer of most of the fibers it manufactures.

EXPORT SALES

Celanese exports a broad range of products to countries throughout the world. These products are marketed mainly by Celanese sales personnel, agents and distributors. The export market is highly competitive and can be affected significantly by fluctuating currency values, import laws and regulations, and raw material and energy cost differentials. During the past three fiscal years, Celanese and non-U.S. subsidiary export sales have ranged from approximately 17% to 22% of consolidated sales.

RESEARCH, PATENTS AND LICENSING

Celanese maintains principal research and development laboratories at Summit, N.J., Charlotte, N.C., Corpus Christi, Texas, and Louisville, Ky. In addition, product and process development laboratories are maintained at some plants. Some subsidiaries and affiliates also maintain research laboratories. Approximately 1,600 employees, including 760 professionals, are engaged in basic and applied research and development. In 1983, 1984 and 1985, Celanese spent approximately $85 million, $94 million and $103 million, respectively, on research activities to develop new products, processes or services, or to improve existing ones.

Celanese owns or is licensed under numerous patents, some of which are important to specific commercial operations. No one patent or group of patents is considered of material importance to the business as a whole.

Celanese has developed and acquired technical information and owns patents in the chemicals, fibers and specialties fields, some of which have been licensed to affiliates and others worldwide.

EMPLOYEES

At December 31, 1985, worldwide employment for Celanese and consolidated subsidiaries was approximately 18,500, including about 4,400 technical, managerial and administrative employees. In addition, major affiliates abroad employed about 10,100 persons, of whom approximately 2,100 were technical, managerial and administrative employees. In the United States, fewer than half of the Celanese plants and employees are organized by labor unions. Most labor agreements are for terms of two or three years. Celanese offers comprehensive benefit plans for employees and their families and believes relations with employees are satisfactory.

EFFECTS OF ENVIRONMENTAL POLICIES

In 1985, expenditures for compliance with federal, state and local environmental control regulations totaled about $55 million, of which $12 million was for capital projects. In 1986, such expenditures are expected to be about $57 million and $17 million, respectively, and in 1987 to be about $67 million and $24 million, respectively. It is anticipated that stringent environmental regulations will continue to be imposed on Celanese and the industry in general. Compliance with laws, regulations or enforcement policies may require expenditures in addition to those currently projected, depending upon the compliance requirements.

RAW MATERIALS AND FUEL SUPPLIES

Celanese has contracts or commitments for, or readily available sources of, raw materials and fuel supplies which it believes will meet its anticipated needs in all of its major product areas. The availability and price of raw materials and fuel supplies are subject to world market conditions. Although Celanese produces some of its raw materials, the major portion is purchased from outside sources. Celanese does not consider itself dependent upon any one supplier for a material amount of its raw material or fuel purchases; however, in the United States, wood pulp (a raw material for cellulosics) is obtained from two suppliers, and terephthalic acid (a raw material for polyester) is largely obtained from one supplier.

Celanese operations depend upon the availability of hydrocarbon feedstock and fuel which are purchased from diverse domestic sources, primarily large energy companies.

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See Notes P and Q to the financial statements set forth at Item 8 of this 10-K for financial information about non-U.S. subsidiaries and product groups.

1a. Executive Officers of Celanese

The name, age, date appointed officer and business experience during the past five years of Celanese executive officers are listed below.

John D. Macomber, 58, June 1973: Director since 6/73. Chairman, President and Chief Executive Officer since 7/83. Chairman and Chief Executive Officer.

Robert L. Mitchell, 62, June 1972: Director since 6/77. Vice Chairman.

C. Robert Tully, 64, March 1966: Director since 11/78. Vice President and Chief Financial Officer.

Kenneth G. Anderson, 62, February 1973: Vice President, Employee Affairs.

Harry B. Bartley, Jr., 58, February 1976: Vice President, President and General Manager, Celanese Chemical Company, Inc.

James J. Bigham, 48, April 1975: Vice President, President, Celanese International Company and Vice President, New Business Development, Specialties since 6/85. President, Celanese International Company, 7/84. Vice President, Finance and Planning, Celanese International Company 9/82. Vice President, Finance, Celanese International Company 11/81. Vice President and Treasurer, Celanese Corporation.

Richard M. Clarke, 54, May 1982: Group Vice President, Specialties Operations, New Business Development, Advanced Technology since 6/85. President, Celanese Specialty Operations 5/82. President and Chief Executive Officer, Celanese Canada Inc.

Ernest H. Drew, 48, June 1984: Group Vice President, Fibers Operations, Commodity Chemicals, Corporate Quality Management since 6/85. President, Celanese Fibers Operations 6/84. President and Chief Executive Officer, Celanese Canada Inc. 5/82. Director, Strategic Planning, Celanese Corporation 7/81. Vice President, Planning, Celanese Chemical Company, Inc.

Robert A. Longman, 56, January 1974: Vice President-General Counsel.

Ronald K. Shelp, 44, July 1985: Vice President since 7/85. Vice President, American International Group.

2. Properties

The principal manufacturing facilities, all of which are in good operating condition and in the opinion of management have adequate productive capacity, are listed below. Celanese also owns or leases certain facilities related to its operations, such as warehouse, pipeline and laboratory facilities, and executive and sales offices.

The U.S. subsidiaries listed below are incorporated in Delaware, except for Celanese Chemical Company, Inc., which is incorporated in Texas, and are 100% owned unless otherwise indicated. Non-U.S. subsidiaries and affiliates are incorporated in the country of residence and are 100% owned (direct or indirect) unless a different direct or indirect percentage is indicated.

CHEMICALS

U.S. (2,250 employees)
Celanese Chemical Company, Inc.
Harry B. Bartley Jr., President and General Manager
Dallas, TX

Bay City, TX
Acetaldehyde; n-butanol; heptanoic acid; isobutanol; pelargonic acid; propanol; vinyl acetate

Bishop, TX
Acetate esters; 1,3-butylene glycol; n-butyraldehyde; diacetone alcohol; formaldehyde; formaldehyde solutions; isobutyraldehyde; methanol; methylal; paraformaldehyde; pentaerythritol; trimethylolpropane

Clear Lake, TX
Acetic acid; acrylate esters; acrylic acid; ethylene glycol; ethylene oxide; vinyl acetate

Pampa, TX
Acetic acid; acetic anhydride; acrylate esters; butyric acid; ethyl acetate; formic acid; methyl ethyl ketone; methyl formate; propionic acid

Terminals:
Bayport, TX
Newark, NJ*
Rock Hill, SC*

Non-U.S.

Canada**
Celanese Canada Inc. (56.2% owned)
Pierre Cote, Chairman,
Montreal

Edmonton, Alta.
Acetic acid; acetic anhydride; formaldehyde; methanol***; pentaerythritol; vinyl acetate

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* Formaldehyde is also produced at these locations.
** Celanese Canada employees are reported under Non-U.S. Fibers.
*** The methanol unit is owned directly or indirectly by Celanese Canada Inc., Celanese Corporation and PanCanadian Petroleum Ltd.

Saudi Arabia (200 employees)

National Methanol Company (25% owned)
Max E. Webb, President,
Al Jubail

Methanol

FIBERS

U.S. (9,900 employees)

Celanese Textile Fibers
John A. Fennie, President and General Manager
Charlotte, NC

Celanese Industrial Fibers
Joseph E. Patterson, Vice President and General Manager
Charlotte, NC

Celanese Smoking Products
Thomas F. Kennedy, Vice President and General Manager
Charlotte, NC

Darlington, SC
Polyester staple and polymer

Fayetteville, NC;
Greenville, SC
Polyester filament

Salisbury, NC
Polyester industrial filament, polymer and staple

Shelby, NC
Polyester filament and polymer

Narrows, VA
Acetate filament and flake; cigarette tow

Rock Hill, SC
Acetate filament and staple; acetate and triacetate flake; cigarette tow; plasticizer

Non-U.S. (2,600 employees)

Belgium

Celanese S.A./N.V.
Marcel Van Meerbeeck, General Manager, Brussels

Lanaken
Acetate and triacetate filament; cigarette tow

Canada

Celanese Canada Inc. (56.2% owned)
Pierre Cote, Chairman,
Montreal

Drummondville, Que.
Acetate filament

Millhaven, Ont.
Polyester staple and filament yarns

Edmonton, Alta.
Acetate flake; cigarette tow

Monterey Textiles Inc. (42.2% owned)
Luis G. Monton, President,
Montreal

Drummondville, Que.
Saint-Jean-sur-Richelieu, Que.
Woven fabrics

SPECIALTIES/NEW BUSINESS DEVELOPMENT/ADVANCED TECHNOLOGY

SPECIALTIES

U.S. (2,200 employees)
Specialties Operations
John N. Lauer, Executive Vice President,
Chatham, NJ

Celanese Engineering Resins, Inc.

Bishop, TX;
Florence, KY
Engineering resins

Celanese Water Soluble Polymers, Inc.

Clifton, NJ;
Jeffersontown, KY;
Vernon, TX
Water-soluble polymers

Celanese Specialty Resins, Inc.

Jeffersontown, KY;
Los Angeles, CA;
Louisville, KY;
Pampa, TX
Specialty resins; multifunctional monomers

Virginia Chemicals Inc.

Bishop, TX
Sodium formate

Bucks, AL
Alkylamines; sodium bisulfite solution; sodium hydrosulfite; specialty blended products; sulfur dioxide

Kalama, WA
Sodium hydrosulfite solution

Leeds, SC
Sodium bisulfite solution; sodium hydrosulfite; sodium hydrosulfite solution; specialty blended products

Portsmouth, VA
Alkylamines; sodium metabisulfite; sodium sulfate; specialty blended products

Non-U.S. (1,640 employees)

Belgium

Virchem S.A./N.V. (51% owned)
Philippe Vierin, Manager,
Brussels

Alkylamines

Brazil

Celanese do Brasil S.A.
Sao Paulo

Engineering resins sales

Quimica da Bahia (33.3% owned)
Marcio Cardoso, Director Superintendent,
Camacari, Bahia

Alkylamines

Canada

VirChem Canada Inc.
John de Belle, Vice President and General Manager,
Oakville, Ont.

Blended sodium hydrosulfite

England

Celanese Limited
Carl Amond, Managing Director,
Watford, Herts.

Engineering resin and compounding sales; technical service

R.V. Chemicals Limited (40% owned)
Harold Slack, Managing Director,
Widnes, Cheshire

Sodium hydrosulfite; sulfur dioxide

France

Celanese France SARL
Carsten Halvorsen, Manager,
Irigny

Engineering resin sales; technical service

India

Hindustan Gum & Chemicals Limited (50% owned)
K. N. Tapuriah, Chairman,
Bhiwani (Haryana)

Guar meal; natural guar gum

Japan

Polyplastics Co., Ltd. (45% owned)
Hikoichi Konishi, President,
Osaka

Engineering resins

Netherlands

Meypro B.V.
Walter Van de Sompel, General Manager,
Zaandam

Guar and locust gum products

Pakistan

Pakistan Gum & Chemicals Limited (60% owned)
Faiz N. Abdulali, Managing Director,
Karachi

Guar meal; natural guar gum

Portugal

Indal-Industrias de Alfarroba, Ltda.
Antonio Boronha, Manager,
Faro

Locust bean gum

Switzerland

Meyhall Chemical A G
Hans Bohi, Managing Director,
Kreuzlingen

Guar gum; other natural products

Plast-Labor S.A.
Ulrich Wyss, Manager,
Bulle

Ground and finely divided polyolefin powders

West Germany

Hager & Kassner GmbH (50% owned)
Helmut Koch, General Manager,
Ahlen

Polyurethane specialties

Aprithan GmbH (50% owned)
Helmut Koch, General Manager,
Abstgmund

Polyurethane panels

Ticona Polymerwerke GmbH (41% owned)
Heinz Bahr, Henry E. Kieffer and Josef Blaschke, Managers,
Kelsterbach (Main)

Acetal copolymer

NEW BUSINESS DEVELOPMENT

U.S. (215 employees)
James J. Bigham, Vice President,
New York, NY

Charlotte, NC
Separations

Rock Hill, SC
Polybenzimidazole

Summit, NJ
Separations pilot plant
LCP pilot plant

Non-U.S. (6 employees)
Japan

Celanese Japan Ltd.
Robert J. Prochaska, Vice President,
Tokyo

Commercial development

ADVANCED TECHNOLOGY

Celanese Research Company (300 employees)
(a division of Celanese Corporation)
Leon Starr, President,
New York, NY

Technical Centers

Corpus Christi, TX
Summit, NJ

BRAZIL/MEXICO

Celanese International Company ([illegible] employees)
(a division of Celanese Corporation)
James J. Bigham, President,
New York, NY

Brazil (750 employees)

Amcel Industria e Participacoes Ltda.
Celanese do Brasil S.A.
Denis C. Rhodes, President,
Sao Paulo

Pocos de Caldas, Minais Gerais
Polyester staple

Metanor S.A. - Metanol do Nordeste (33.3% owned)
Aldo Carneiro, Director Superintendent,
Camacari, Bahia

Methanol

Copenor-Companhia Petroquimica do Nordeste (33.3% owned)
Aldo Carneiro, Director Superintendent,
Camacari, Bahia

Formaldehyde; [illegible]; pentaerythritol; sodium formate

Mexico (8,300 employees)

Celanese Mexicana, S.A. (40% owned)
Federico Ortiz, Chairman and Director General,
Mexico City

Textile Fibers: Acetate filament; acrylic staple and tow; nylon filament and staple; polyester filament and staple; nylon bulked carpet yarn; textured polyester. Industrial Fibers: Acetate tow; nylon and polyester tire cord (greige and dipped); industrial nylon and polyester. Industrial Products: Cellulose acetate flake; polyester and nylon 6 polymers. Chemicals: Acetic acid; acetic anhydride; acrylates; alcohols; dimethyl formamide; esters; ketones; phthalic anhydride; vinyl acetate; methyl amines; plasticizers; sulfuric acid; anhydrous sodium sulfate. Plastics and Specialties: Cellophane; biaxially oriented polypropylene film; cellulose acetate film and resins, compounded acetal and nylon resins; modified resins; converted packaging film; cellulosic ethers.

NON-MANUFACTURING

Corporate (250 employees)
New York and Charlotte

3. Legal Proceedings

As of, and during the quarter ended, December 31, 1985, there were no material pending legal proceedings to which Celanese or any of its subsidiaries was a party or of which any of their property was the subject.

4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of 1985 to a vote of security holders.

PART II

5. Market for Registrant's Common Stock and Related Stockholder Matters

Common Stock

Celanese common stock is traded on three national stock exchanges: The New York Stock Exchange, the Midwest Stock Exchange and The Pacific Stock Exchange.

N.Y. Stock Exchange symbol: CZ

					1984 by quarter				1985 by quarter		
	1981	1982	1983	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Price: High	$69 1/4	$59 7/8	$79 3/4	$74 3/4	$75 7/8	$75 7/8	$82	$94 1/4	$120 3/4	$128 1/2	$151
Low	51 5/8	41 1/4	45	66	64 3/4	62 3/4	68 1/2	79 3/4	89 7/8	112 1/2	124 1/4
Close	55 7/8	45 1/4	69	71	64 3/4	73 1/2	81 1/8	93 1/2	120 1/8	124 3/8	150 1/4
Price earnings ratio (a)	6	(b)	10	8	6	6	7	9	11	10	11
Dividends	$3.85	$4.00	$4.00	$1.00	$1.00	$1.00	$1.10	$1.10	$1.10	$1.20	$1.20

(a) Based on closing prices and last four quarters' net income.
(b) Not meaningful because of 1982 fourth quarter loss.

Equity Security Holders of Record at December 31	1981	1982	1983	1984	1985
Common stock (without par value)............................	30,308	29,154	26,837	25,687	23,062
Cumulative preferred stock:					
Series A, 4 1/2% ($100 par value)...........................	4,582	4,263	3,949	3,702	3,415
Convertible preference $3 (without par value)...............	523	470	398	348	256
7% second ($100 par value)..................................	476	450	413	379	343
4% convertible subordinated debentures (due 4/90)............	5,827	5,499	5,171	4,818	4,135
9 3/4% convertible subordinated debentures (due 6/06)........	146	155	157	187	72
Total	41,862	39,991	36,925	35,121	31,304

Dividends

The Corporation's strong cash flow from operations enabled increases in the dividend over the 1980 to 1985 period, as shown on the schedule above. In the fourth quarter of 1985, the quarterly dividend on the common stock was increased by 10 cents to $1.20 per share.

The record date for the 1985 common stock dividend has been set as the first day of the last month of each quarter (except when it falls on a Saturday, Sunday or holiday, in which case it is the last business day of the preceding month). The payment date is the last business day of each quarter.

6. Selected Financial Data

(millions, except per share amounts)

	1981	1982	1983	1984	1985
Sales	$3,752	$3,062	$3,261	$3,328	$3,046
Net income/(loss)	144	(34)(a)	112	161	178
Per common share:					
Net income/(loss)	9.01	(2.45)(a)	6.89	10.87	13.70
Dividends	3.85	4.00	4.00	4.10	4.50
Total assets	2,991	2,862	2,869	3,104	2,809
Long-term debt	815	808	769	662	434

(a) After a special provision related to the Corporation's 40% equity in Celanese Mexicana, S.A. ($2.50 per share, or $39 million), and credits relating to accounting changes in the method of determining LIFO inventories (98¢ per share, or $15 million) and the method for determining pension expense (68¢ per share, or $11 million).

NOTE: This table should be read in conjunction with the analysis of income per share changes included in Management's Discussion and Analysis and the financial statements and related notes thereto.

7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Review

Return on Equity

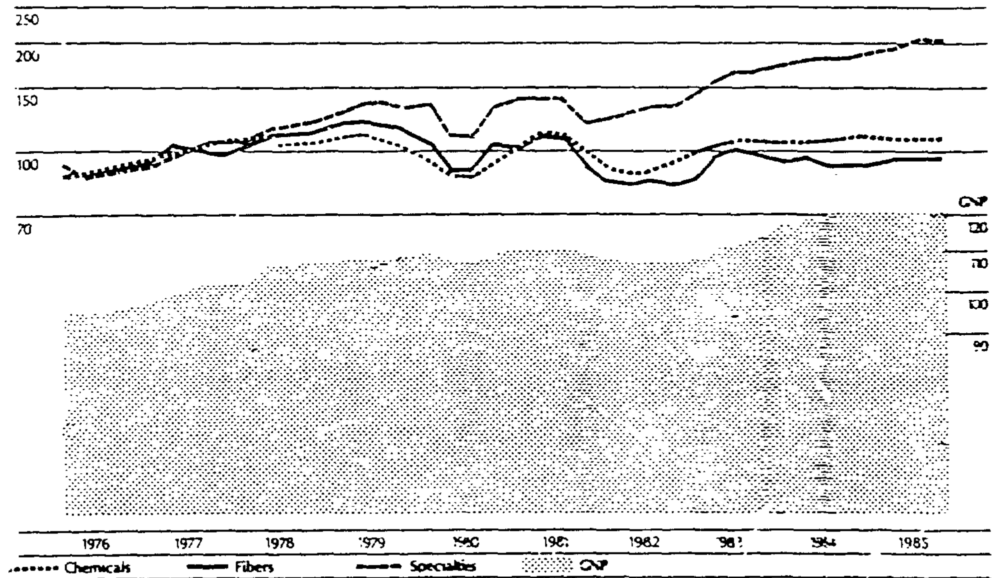
	1981	1982	1983	1984	1985
Return on average common stockholders' equity	13.1%	(3.5)%	10.2%	15.0%	18.0%

The corporate objectives are to build shareholder value over the longer term and to improve and broaden continuously the business base. Achievement of these objectives should result in a return on common stockholders' equity (ROE) that is at or near the top of the U.S. chemical industry. The 1985 ROE of 18% is a record and is the result of strong earnings and the restructuring program that included the repurchase of common stock with excess cash.

Strategy for Growth

Celanese will grow within the chemical industry by improving and broadening the business base. Growth will be attained by developing specialty uses for commodity products, or differentiated commodities, while diversifying into new advanced materials based on existing skills in polymers, fibers, organic chemistry and materials technology. In the commodity fibers business, over half of the current textile and industrial products were introduced within the past five years. Celanese believes also that coalitions with others skilled in specific product technologies and applications will support the growth strategy. In 1985, investments were expanded in separations materials and established in the non-linear optics field. Total new business development and technology spending in 1985 amounted to about $30 million, which was in addition to the capital spending of $159 million and research and development expenditures of $103 million.

Comparative Industrial Growth Trends (Ratio scale 1977 = 100)



Comparative Industrial Growth Trends

This chart compares the performance of the U.S. Gross National Product (GNP) from 1976, in constant dollars, with volume growth in three industry sectors in which Celanese operates: man-made fibers, industrial organic chemicals and plastics materials. For most of the period, the Celanese major U.S. business sectors have grown faster than the GNP, while showing cyclical patterns comparable to the general economy.

Since 1982, the GNP multiple for the U.S. commodity chemical industry has moderated. This is the result of the recent reduction in high rates of inflation and the global nature of the industry. It is believed that the growth rate for commodities will be closer to the GNP change in the future.

Celanese commodity businesses are also affected by discretionary spending, interest rates, and inventory adjustments which tend to magnify their growth multiples in periods of sharp economic change. This is evident in the severe slowdown in 1981-82 and the economic recovery that began in 1983.

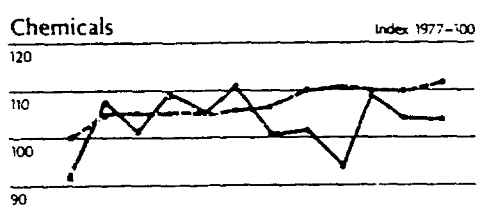
Financial Review (Cont'd)

Comparative Industrial Growth Trends (Cont'd)

The rate of expansion began to moderate in 1984 and many products in 1985 were affected by the sluggish U.S. economy. Record level imports were also a factor, particularly in textile fibers. Real GNP in 1986 is expected to show continued growth of about 2.5-3% compared to 2.3% in 1985. Domestic auto sales are projected to be 7.7 million units. Housing starts are forecast at 1.8 million.

Celanese believes that it can manage its commodity businesses profitably in the changing economic environment. That is because the Corporation has many high-return products, such as acrylates, industrial yarn and engineering resins, and has also lowered its fixed costs through the restructuring program that began in 1982. While commodity businesses may lack high growth, they are capable of generating excess cash which will provide flexibility to build and improve the business base. Celanese intends to grow by strengthening its high return commodity products and developing new advanced materials in its Specialties operations. Advanced materials offer growth multiples higher than the GNP.

The following charts depict Celanese major product performance along with the equivalent Federal Reserve Board Industrial Production Index (FRB IPI) for the 1983-85 period. (All FRB IPI data were restated in 1985.) Only the current plastics materials portion of Specialties operations has been included in these comparisons; other parts of its diverse product mix do not match any single FRB IPI.



Quarters	1983				1984				1985			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Merchant Sales—U.S. plus export	92	108	102	109	105	111	101	102	94	109	104	106
FRB IPI, Industrial Organic Chemicals	100	105	106	106	105	106	107	110	111	110	110	112(P)

(P) Preliminary

Chemicals

Celanese chemicals volumes benefited from the expanding economy in 1983 and increased consumer spending for basic goods. Sales volumes in 1984 followed the industry pattern and declined over the second half as the economy shifted to a lower growth rate. The high value of the dollar also affected commodity chemical performance in 1984 and 1985. Celanese volumes increased in 1985 because of improvements in methanol caused chiefly by competitors' operational difficulties. Increased vinyl acetate exports were also a favorable factor in 1985.

Fibers

Index 1977=100

Quarters	1983				1984				1985			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Merchant Sales—U.S. plus export	99	106	104	100	98	100	103	113	101	107	102	105
FRB IPI, Man-made Fibers	88	99	97	98	97	97	90	92	95	96	94	95(P)

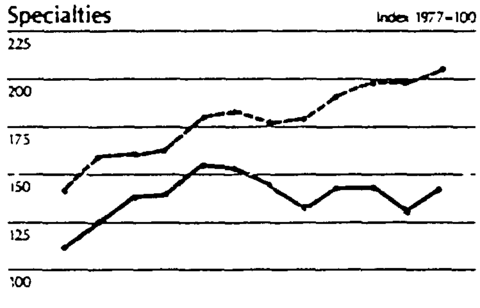
(P) Preliminary

Fibers

Fibers volumes moved higher in 1983 because of the economic recovery. The industry pattern was helped also by a strong carpet market. Volumes remained steady in 1984 despite weakness in textile fibers, due to apparel imports and declines in the filament market. Industrial fibers and smoking product volumes were above the prior year. Polyester staple exports moved Celanese above the industry trend over the second half. Fibers volumes were relatively constant in 1985. Polyester textile staple and industrial products continued to be hurt by imports. Polyester and acetate textile filament volumes increased, as exports and industry rationalization helped the business. Smoking product volumes were maintained as exports offset reduced domestic consumption.

Financial Review (Cont'd)

Specialties Index 1977=100



Quarters												
	1983				1984				1985			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Merchant Sales—U.S. plus export (solid line)	114	125	139	141	155	152	145	137	147	147	136	144
FRB IPI, Plastics Materials (dashed line)	148	160	162	164	179	185	176	179	190	199	199	204(P)

(P) Preliminary

Specialties

Celanese plastics materials pattern is affected by the durable goods market including the automotive, housing and appliance sectors. Volumes improved throughout 1983 as these markets responded to the expanding economy. Although overall 1984 volumes were above 1983, the moderating economy in the second half lowered volumes, with customers inventory adjustments accounting for the slowdown in the last quarter. The dip in 1985 was caused in part by the sluggish U.S. industrial economy and weakness in the electrical and electronics market which was partially offset by strong automotive performance.

Financial Review (Cont'd)

Sales (millions)	1981	1982	1983	1984	1985
Sales	$3,752	$3,062	$3,261	$3,328	$3,046
Operating income	$ 220	$ 39	$ 214	$ 272	$ 127
Sales margin	5.9%	1.3%	6.6%	8.2%	[illegible].2%

Sales and margins in 1985 were affected by the Corporation's restructuring program to enhance shareholder value. Total sales of $3 billion trailed the previous two years as Celanese focused on attaining a higher investment return versus volume growth. Other factors influencing the sales pace included the slower growing U.S. economy, the high value of the dollar (fostering imports) and competitive price pressure in the industry.

Two restructuring events lowered sales and margins in 1985. First, the sale of non-strategic assets in the Specialties operations (AgProducts business, Almatex Ltd., Stein Hall S.A. and structural composites operations) and the Brazilian filament business accounted for about $100 million of the total sales variance. Second, operating income declined by $145 million primarily as the result of the three non-recurring items that reduced operating income by $93 million and net income by $4 million in the second quarter. (Sales margins in 1985 before the $93 million reduction were 7.2%.) Despite the margin erosion, selling and administrative expenses continued to trend down in 1985—$261 million versus $266 million in 1984. Chemical sales advanced in 1985 while fibers were down, chiefly because of imports that lowered volumes and weakened prices. Asset divestments reduced Specialties and Brazil/Mexico sales compared to 1984.

A review of the past five years indicates that sales peaked at $3.8 billion in the hyper-inflation year of 1981 and dropped sharply on volume weakness in the recession year that followed. Sales recovered to the $3.3 billion level with the economic expansion that began in 1983. In 1985, sales of $3.0 billion decreased 8%, with price and volume changes each accounting for about half of the decline. Volume and price changes during 1981-85 were:

	Change Over Prior Year				
	1981	1982	1983	1984	1985
Volume...............	3%	(18)%	9%	-%	(4)%
Price................	9	-	(3)	2	(4)
Total...........	12%	(18)%	6%	2%	(8)%

Financial Review (Cont'd)

Analysis of Changes in Net Income to Common 1984 vs. 1983

Net income to common of $157 million was $49 million above the prior year. Sales were $67 million above 1983, with improved pricing accounting for most of the increase. Cost of goods sold was increased by a $1? million charge for the consolidation of polyester textile filament capacity and an $8 million charge to reduce the carrying value of certain water soluble polymer fixed assets. The sale of Brazilian filament operations and certain other non-recurring credits benefited the operating margin. Lower salaries, wages and employee benefits resulted from the restructuring program. Equity in net income of affiliates declined chiefly because of the start-up of the methanol investment and lower income from Celanese Mexicana. Other income and expense increased by $19 million due to higher short-term portfolio income. Minority interest declined as a result of the purchase of the minority share in Fiber Industries, Inc. in 1983.

Product Group Results 1984 vs. 1983

Chemicals - Net income of $38 million was $25 million above the prior year as a result of programs to reduce costs, as well as modest volume gains. Volumes for formalin, ethylene oxide, ethylene glycol and acrylates were ahead of 1983, but prices for most products declined. Lower raw material and energy costs, chiefly butane, partially offset the price weakness. The start-up of the methanol investment reduced income.

Fibers - Record net income of $78 million was $5 million above the prior year. Net income was reduced by a $6 million after tax termination expense. Price recovery occurred chiefly for polyester staple and industrial yarn products. Volumes in textile fibers were level with 1983, as gains in polyester staple offset weakness in textile filament. Industrial fibers were strong, particularly in the tire reinforcement markets. Smoking products volumes advanced, despite lower exports due to the high value of the dollar.

Specialties - Record net income of $33 million was $16 million above the prior year. Net income was reduced by a $4 million after tax charge to reduce the carrying value of fixed assets. Specialties benefited primarily from strength in the worldwide engineering resins business. Water soluble polymers improved because of cost controls. Virginia Chemicals continued to be hurt by slow demand for amines for herbicide uses.

Brazil/Mexico - Net income of $8 million was $3 million over the prior year. Income includes a $3 million after tax gain relating to the sales of assets (Brazilian filament operations) and certain non-recurring credits. The results of the Brazilian operations were higher in 1984 because of the write-down of the polyester filament assets that occurred in the prior year.

Financial Review (Cont'd)

Changes in Net Income to Common	1984 vs. 1983	1985 vs. 1984
Operations:		
Sales		
Price	$ 54	$ (136)
Volume	13	(146)
	67	(282)
Cost of goods sold	(13)	141
Operating margin	54	(141)
Selling & administration	13	5
Research & development	(9)	(9)
Operating income	58	(145)
Other:		
Equity in net income of affiliates	(6)	(3)
Interest expense	3	22
Other income & expense	19	104
Income tax provision	(34)	41
Minority interest	9	(2)
Net income to common	$ 49	$ 17

Analysis of Changes in Net Income to Common 1985 vs. 1984

Record net income to common of $174 million was $17 million higher than 1984. Sales of $3 billion were $282 million lower than the prior year, with lower prices in all operating areas accounting for $136 million of the decline. The $146 million reduction in volume was caused mostly by sale of assets (Brazilian filament business, AgProducts business, Almatex Ltd., Stein Hall S.A. and structural composites operations). Operating margins in 1985 were helped by lower raw materials and energy prices.

Operating results in 1985 were affected by three non-recurring items: a gain of $61 million on the sale of the structural composites operations; a write-down of certain assets by $57 million and a provision of $8 million to cover the cost of restructuring programs in chemicals and specialties. The effect was to reduce operating income by $93 million, to increase other income by $86 million, and to reduce equity in net income of affiliates by $21 million, income tax provision by $23 million and minority interest by $1 million. Improvements in Mexico partially offset the reduction in affiliate income and increased investment income from a higher level of investable funds added to other income. Interest expense declined because

Financial Review (Cont'd)

Analysis of Changes in Net Income to Common 1985 vs. 1984 (Cont'd)

of the early retirement of the $100 millon 10 7/8% notes in July and the conversion of $81 million of outstanding debt to common stock. The lower income tax provision results principally from capital gains taxes on certain of the non-recurring items that occurred in the second quarter and an increase in export tax credits.

Product Group Results 1985 vs. 1984

Chemicals - Net income was $18 million after a write-down of $25 million, primarily for methanol investment and $5 million for restructuring. (Net income before the non-recurring items was $48 million versus $38 million in 1984.) Selling prices for most products were lower in 1985 because of easing hydrocarbon prices and imports. Volumes improved in methanol and acetyls, in part because of competitors' operational problems early in the year. Vinyl acetate exports were also up compared to 1984. A favorable change in raw materials and energy costs (ethylene, natural gas and propylene) partially offset the selling price weakness.

Fibers - Net income was $57 million after a write-down of $21 million, principally related to polyester textile filament assets. (Net income before the non-recurring items was $78 million versus $84 million in 1984.) Selling prices for polyester staple, industrial filament and cigarette tow exports reduced income. Volumes were lower in the U.S. and Canadian markets for all fiber units. Textile demand, particularly for polyester staple, was sluggish because of imports and completely offset improvements in filament products. Polyester textile filament benefited from a firming in domestic and non-U.S. market demand and acetate yarn from industry rationalization. Industrial fiber demand for the sewing thread market was up, but weakness in replacement tires lowered volumes. A decline in domestic smoking product volumes was partially offset by increased exports. Favorable raw material and energy costs contributed to income and cost reductions lowered operating costs.

Specialties - Net income was $84 million after a $61 million gain on the sale of the structural composites operations and an $11 million write-down, mainly for water soluble polymers assets and $3 million provision for restructuring costs. (Net income before the non-recurring items was $37 million in both years.) Volumes were lower in the U.S. for engineering resins and water soluble polymers. Asset sales mentioned above also reduced volumes in 1985. Lower energy costs added to income.

Financial Review (Cont'd)

Product Group Results 1985 vs. 1984 Cont'd

Brazil/Mexico - Net income was $15 million compared to income of $5 million, before gains relating to sale of assets and certain non-recurring credits last year. Domestic volumes for fibers were higher in both countries, with volume improvements also in chemicals and plastics in the Mexican company. Export volumes declined in Mexico in 1985. Performance in Brazil in 1985 benefited from the sale of the filament operations in late 1984. Foreign exchange gains in Mexico contributed to income in 1985.

Liquidity

Celanese plans to finance its future growth within the chemical industry primarily through internally generated funds and available external sources, including coalitions.

The Corporation maintains committed bank credit facilities. Total U.S. facilities at December 31, 1985, were $100 million. Informal bank lines of up to $30 million are ready to fund short-term cash needs. At December 31, 1985, none of these credit facilities were utilized. Non-U.S. subsidiaries have facilities with U.S. and non-U.S. banks which currently permit borrowings of up to $164 million or the equivalent in local currency. The Corporation generally does not provide credit support for subsidiary or affiliate borrowings. In October 1985, Celanese filed a shelf registration statement with the Securities and Exchange Commission covering $100 million of debt securities. The filing permits the issuance of securities on a periodic basis (within a two-year period) in amounts and at rates that are set at the time of the offering . At year-end, the Corporation had not issued debt under the filing.

During 1985, Celanese sold several businesses (AgProducts business, Almatex Ltd., Stein Hall S.A. and structural composites operations) for $174 million. The proceeds were added to the Corporation's cash position. In November, the Corporation indicated that it will consider offers to sell its specialty resins and water soluble polymers businesses. The transactions are expected to be completed in 1986. In 1985, Celanese purchased 2.7 million shares of its common stock at a cost of $302 million. By year-end, the Corporation had outstanding authority to purchase 227,700 shares and in January 1986, the Corporation announced plans to repurchase an additional 600,000 shares. The Corporation completed the recovery of $389 million before taxes in excess funds from the pension plan. Cash and marketable securities were $359 million at year-end 1985 or $203 million above the prior year.

Financial Review (Cont'd)

Liquidity (Cont'd)

The debt-to-total capitalization ratio declined to 28% from 35% at year-end 1984, chiefly because of the early retirement of $100 million of 10-7/8 notes due 1987 and the conversion of $81 million of outstanding debt into 1.1 million common shares pursuant to original privileges. Consolidated capital spending decreased by $10 million in 1985 to $159 million. Capital outlays are projected to be about $550 million during 1986-88, with about $170 million in 1986. The Corporation believes it unlikely that capital spending in mature products will exceed depreciation levels. Celanese invested about $30 million in new business development and technology coalitions in 1985 and expects to spend about $60 million during 1986-88. The quarterly dividend on the common stock was increased by 10 cents per share in the fourth quarter of 1985.

Total dividends paid in 1985 were $61 million, down $2 million because of the share repurchase program. It is expected that cash from operations over the next three years will be sufficient to cover capital expenditures, share repurchases, dividends and working capital requirements.

Celanese liquidity is supported by a large internal cash flow. Net funds from operations totaled $1.9 billion for the 1981-85 period and financed 132% of the requirements for capital expenditures and dividends.

(millions)	1981	1982	1983	1984	1985
Net funds from operations	$363	$272	$413	$408	$449

In 1985, the $449 million of net funds from operations was $271 million greater than net income of $178 million. The difference is principally dueto the $246 million of depreciation expense. The high level of deprecia-tion reflects the Corporation's conservative policy with respect to asset lives (maximum estimated useful life for U.S. machinery and equipment of 9 1/2 years).

Capital Expenditures

Consolidated capital expenditures in 1985 were $159 million, down $10 million from 1984, and substantially below the peak of $414 million in 1981. (Included in the total was the acquisition of the vinyon staple fiber business.) Also included were capital projects for compliance with federal, state and local environmental control regulations amounting to $12 million. Expenditures were directed into new technology and projects that enhanced quality, lowered costs or increased productivity. Expansions occurred in products offering above-average opportunities, such as the completion of new polyester industrial yarn technology at Salisbury, NC which also increased capacity, and the completion of the first stage of an engineering resin expansion (acetal copolymer) at Bishop, TX. Consistent with the growth strategy, Celanese also made additional investments of about $30 million in new business development and technology coalitions. The table below details expenditures by category (see note D to the financial statements).

(millions)	1981	1982	1983	1984	1985
Consolidated:					
Expansion and new products	$261	$173	$ 19	$ 37	$ 62
Maintenance of business	113	71	69	105	85
Cost reduction	40	31	17	27	12
Total	$414	$275	$105	$169	$159

Affiliate company spending was $78 million in 1985. These outlays, plus the consolidated expenditures, totaled $237 million and are shown below as total enterprise expenditures. The major petrochemical and fiber projects of Celanese Mexicana, S.A. (40% owned) account for a significant portion of the affiliate expenditures in 1981-82, while the Saudi Arabian methanol project, (25% owned) was included in 1983-84. The engineering resins expansion by Polyplastics Co., Ltd. (45% owned) in Japan was a factor in 1984-85. Celanese Mexicana's new polyester bottle resin capacity and a

Capital Expenditures (Cont'd)

polyester staple expansion are included in 1985. The following table details consolidated, affiliates, total enterprise and Celanese share of total enterprise expenditures for the past five years:

(millions)	1981	1982	1983	1984	1985
Consolidated	$414	$275	$105	$169	**$159**
Affiliates	226	164	175	90	**78**
Total enterprise	$640	$439	$280	$259	**$237**
Memo:					
Celanese share	$411	$275	$145	$195	**$190**

The Celanese share of total enterprise expenditures, $190 million in 1985, consists of capital expenditures by the Corporation's wholly-owned units, plus its ownership-adjusted share of spending by subsidiaries, primarily Celanese Canada Inc. (56.2% owned) and by affiliates.

Depreciation

Depreciation expense increased sharply in 1985 to $246 million. The increase was caused chiefly by the $57 million write-down of assets taken in the second quarter, which partially offset a $61 million gain on the sale of the structural composites business. In 1986, depreciation expense is expected to be about $175 million. The average depreciation rate was 7.1%. Excluding fully-depreciated assets, the average rate was 10.5%. Accumulated depreciation was 68% of gross depreciable assets at year-end 1985, which is believed to be among the highest in the chemical industry.

Financial Review (Cont'd)

Depreciation (Cont'd)

	1981	1982	1983	1984	1985
Expense (millions)	$192	$211	$213	$214	$246
Average rate	6.3%	6.5%	6.0%	6.0%	7.1%
Accumulated depreciation as a percent of gross depreciable assets	62%	63%	63%	66%	68%

Working Capital Ratios	1981	1982	1983	1984	1985
Trade receivables					
Days sales outstanding	44	45	44	44	44
Past due over 90 days	3%	4%	3%	3%	2%
Inventories					
Days supply of finished goods....	47	47	42	45	43
Current ratio	2.0	1.9	1.7	1.7	1.3

This table summarizes several key working capital ratios for 1981-85. Successful emphasis on receivable and inventory control during this period has enabled Celanese to minimize its borrowing needs and related costs. The trade receivables level, as measured by days sales outstanding, remained at 44 days in 1985, while inventories of finished goods at year-end were at 43 days. The current ratio was 1.3 for 1985.

Financial Review (Cont'd)

Indexes				(1977 = 100)	
	1981	1982	1983	1984	1985
Celanese					
Selling price					
Chemicals	151	141	129	125	117
Fibers	137	137	134	138	127
Specialties	131	130	129	127	124
Brazil/Mexico	140	104	91	108	103
Total	139	130	125	127	120
Raw materials					
Chemicals	193	190	190	181	153
Fibers	168	161	152	150	136
Specialties	173	164	153	146	145
Brazil/Mexico	146	102	88	117	106
Total	169	153	143	145	131
Energy - U.S.					
Chemicals	167	197	198	194	173
Fibers	155	168	163	171	169
Specialties	199	237	238	232	211
Total	163	186	184	184	173
GNP price deflator	140	149	154	161	166
Crude oil (a)	295	266	242	239	224

(a) 1985 index preliminary.

The selling price indexes cover merchant sales and are based upon the current product mix for each year. The raw materials cost indexes represent approximately 85% of total raw material purchases. The energy indexes cover costs for major components of purchased energy in the United States.

For inflation comparison, the U.S. Department of Commerce GNP price deflator and a crude oil index (developed from U.S. Department of Energy data representing the refiner acquisition cost of crude oil) are shown.

Financial Review (Cont'd)

Total Capitalization

Debt-to-total capitalization dropped to 28%, the lowest ratio since 1979, the year preceding major funding programs to support the large capital expenditures in 1980-82. During 1985, long-term debt declined by $228 million chiefly because of the early retirement of $100 million in notes and the conversion of $81 million in outstanding debt into common stock, pursuant to original privileges. The decline in 1985 stockholders' equity was mainly the result of repurchasing 2.7 million shares of common stock. Interests of others was reduced in 1983 when Celanese acquired the minority share of Fiber Industries, Inc. In 1985, Celanese filed a shelf registration statement covering $100 million of debt securities. At year-end, no debt had been added as a result of the filing.

	December 31				
(millions)	1981	1982	1983	1984	1985
Long-term debt	$ 815	$ 808	$ 769	$ 662	$ 434
Interests of others	238	256	134	112	104
Stockholders' equity	1,233	1,131	1,169	1,099	1,017
Total	$2,286	$2,195	$2,072	$1,873	$1,555
Debt/total capitalization...	36%	37%	37%	35%	28%

Product Group Results

Celanese operations (except in Brazil and Mexico) have been organized in worldwide product groups since the fourth quarter of 1983. Prior results have been restated.

Sales by Product Group

(millions)				1984					1985				
	1981	1982	1983	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Chemicals......$	970	$ 811	$ 891	$233	$247	$230	$240	$ 950	$232	$249	$250	$233	$ 964
Fibers.........	1,876	1,477	1,617	411	416	392	406	1,625	350	378	362	377	1,467
Specialties....	741	636	667	181	172	160	157	670	150	139	132	137	558
Brazil/Mexico(a)	165	138	86	12	25	24	22	83	16	14	14	13	57
Total.......	$3,752	$3,062	$3,261	$837	$860	$806	$825	$3,328	$748	$780	$758	$760	$3,046

(a) Excludes sales of Celanese Mexicana, S.A.

Income per Share by Product Group

The following data reflect the allocation of administrative and financing costs and preferred dividends. Operating income and income before taxes for the different operations have varying tax rates that have a significant effect on product group profitability. In addition, minority interests and equity in affiliate income are not the same and, therefore, income before these items does not reflect each product group's contribution to the total income per share. For the same reasons, income per share data should not be related to product group sales, which do not reflect these varying tax rates, minority interests and the effect of affiliate income. An analysis of changes in net income to common for the past two years appears earlier in this section.

				1984(a)					1985(a)				
	1981	1982	1983	1Q	2Q	30	4Q	Year	1Q	2Q	3Q	4Q	Year
Chemicals......	$4.87	$ (.05)	$ .81	$ .41	$ .79	$ .86	$ .60	$ 2.65	$ .30	$(1.31)	$1.23	$1.29	$ 1.39
Fibers.........	3.84	1.93	4.67	1.72	1.66	1.09	.80	5.35	1.43	.37	1.26	1.47	4.50
Specialties....	.71	.18	1.06	.64	.71	.62	.30	2.30	.65	4.31	.74	.81	6.60
Brazil/Mexico..	(.41)	(4.51)	.35	(.03)	(.11)	.16	.61	.57	.22	(.02)	.50	.54	1.21
Total.......	$9.01	$(2.45)	$6.89	$2.74	$3.05	$2.73	$2.31	$10.87	$2.60	$ 3.35	$3.73	$4.11	$13.70

(a) As a result of the common stock repurchase program and its effect on the average number of shares outstanding for each interim period, the sum of the quarterly income per share amounts does not equal the annual amount.

Management Report

The management of Celanese has prepared and is responsible for the consolidated financial statements of Celanese Corporation. These statements have been presented in accordance with generally accepted accounting principles applied on a consistent basis. Other financial information contained in this report has been prepared on the same basis.

The information used in the preparation of the financial statements and other financial data is accumulated from the Corporation's accounting and administrative control systems. The related policies and procedures, including an overall plan of organization, are communicated to employees responsible for the processing of data and recording of transactions. Transactions are required to be properly authorized and recorded in a manner that maintains accountability for assets; only authorized personnel are permitted access to assets; and asset records are compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Business conduct policies, including compliance with applicable laws and observance of moral and ethical standards of society, are promulgated throughout the Corporation.

Product groups report on compliance with Celanese policies and procedures on a quarterly basis. The internal audit department is responsible for reviewing internal accounting controls and their application at all Celanese locations. Recommendations to improve internal controls and deviations or exceptions from established policies and procedures are reported to management. Management reviews such recommendations, deviations or exceptions and implements recommendations or takes other corrective actions as necessary.

Management believes that the Corporation's internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the financial statements are prevented or would be detected within a timely period by employees in the normal course of performing their assigned functions.

Peat, Marwick, Mitchell & Co., the independent certified public accountants whose appointment by the Board of Directors was ratified by the stockholders, are responsible for performing an independent examination of the consolidated financial statements in accordance with generally accepted auditing standards and for expressing an opinion as to whether the consolidated statements present fairly the Corporation's financial position and results of operations. Their report appears on the following page.

The Audit Committee of the Board of Directors reviews the independence, qualifications and activities of the independent certified public accountants and the activities of the internal auditors to satisfy itself that both are properly discharging their responsibilities.

Report of Independent Certified Public Accountants

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
345 Park Avenue
New York, N.Y. 10154

The Board of Directors and Stockholders
Celanese Corporation:

We have examined the consolidated balance sheets of Celanese Corporation as of December 31, 1984 and 1985, and the related consolidated statements of income, changes in financial position and changes in retained income for each of the years in the three-year period ended December 31, 1985. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In connection with our examinations of the aforementioned consolidated financial statements, we also examined the supporting schedules listed in Item 14 (a)(1)(b) as of and for each of the years in the three-year period ended December 31, 1985.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Celanese Corporation at December 31, 1984 and 1985, and the results of operations and changes in financial position for each of the years in the three-year period ended December 31, 1985, in conformity with generally accepted accounting principles consistently applied during the period. Also, in our opinion, the related supporting schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein as of and for each of the years in the three-year period ended December 31, 1985.

Peat, Marwick, Mitchell & Co.

PEAT, MARWICK, MITCHELL & CO.

February 12, 1986

CELANESE CORPORATION

Consolidated Financial Statements

Statements of Income

	Notes	1983	1984	1985
		(millions, except per share) For the years ended December 31		
Sales		$3,261	$3,328	$3,046
Operating expenses:(a)				
Cost of goods sold		2 683	2,696	2,555
Selling and administration		279	266	261
Research and development		85	94	103
Total operating expenses	A,T	3,047	3,056	2,919
Operating income		214	272	127
Equity in net income of affiliates	B	34	28	25
Interest expense		(77)	(74)	(52)
Other income and expense	T	17	36	140
Income before taxes		188	262	240
Income tax provision	C	67	101	60
Income before minority interest		121	161	180
Minority interest	D	9	-	2
Net income		$ 112	$ 161	$ 178
Per share of common stock	E			
Net income:				
Primary		$ 6.89	$10.87	$13.79
Fully diluted		6.52	10.07	13.18
Dividends		4.00	4.10	4.50

(a)Certain prior years' data restated.

The accompanying notes are an integral part of these financial statements.

CELANESE CORPORATION

Consolidated Financial Statements (Cont'd)

Balance Sheets

	Notes	(millions) December 31 1984	1985
Assets			
Current assets:			
Cash and marketable securities	F	$ 166	$ 369
Receivable from pension plan	O	370	-
Receivables	G	439	396
Inventories	H	428	389
Prepaid expenses		32	7
Total current assets		1,435	1,161
Investments in affiliates	B	200	228
Property, plant and equipment		3,624	3,545
Accumulated depreciation		(2,27[illegible])	(2,328)
Net property, plant and equipment	I	1,349	1,217
Other assets	J	120	203
Total assets		$ 3,104	$ 2,809
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities	K	$ 467	$ 507
Income taxes payable	C,O	319	304
Notes payable		6	15
Long-term debt due within one year	L	77	38
Total current liabilities		869	864
Long-term debt	L	662	434
Deferred pension gain	O	333	301
Deferred income taxes	C,O	29	89
Interests of others	D	112	104
Stockholders' equity:	M		
Capital stock - Cumulative preferred		89	88
- Common		306	387
Additional paid-in capital		27	28
Retained income		878	995
Cumulative translation adjustments	P	(29)	(15)
Treasury stock (at cost)		(172)	(466)
Total stockholders' equity		1,099	1,017
Total liabilities and stockholders' equity		$ 3,104	$ 2,809

The accompanying notes are an integral part of these financial statements.

CELANESE CORPORATION

Consolidated Financial Statements (Cont'd)

Changes in Financial Position

	Notes	(millions) For the years ended December 31 1983	1984	1985
Funds from operations:				
Net income		$ 112	$ 161	$ 178
Depreciation		213	214	246
Gain on sale of structural composites operations		-	-	(61)
Amortization of deferred pension gain	O	-	(37)	(51)
Tax provision less taxes paid	C,O	53	65	20
Changes in: Receivables	G	16	(1)	38
Inventories	H	(25)	17	27
Accounts payable and accrued liabilities	K	87	13	45
Prepaid, other		(43)	(24)	7
Net funds from operations		413	408	449
Investments and other:				
Proceeds from sale of structural composites operations		-	-	135
Capital expenditures		(105)	(169)	(159)
Capitalized interest		(6)	([illegible])	(11)
Contributions of joint venturer	D	10	-	-
Purchase of minority interest of Fiber Industries, Inc.	D	(119)	-	-
Investments and advances		-	-	(32)
Cumulative translation adjustments	P	(12)	(17)	14
Other		6	55	(49)
Net investments and other		(226)	(140)	(102)
Financial transactions:				
Dividends		(67)	(63)	(61)
Notes payable		3	(8)	9
Long-term debt including current portion:	L			
Additions		8	4	10
Reductions		(42)	(80)	(277)
Capital stock (principally stock repurchase in 1984 and 1985)		3	(151)	(214)
Recovery of excess pension assets		-	-	389
Net financial transactions		(95)	(298)	(144)
Cash and marketable securities:				
At beginning of year		104	196	166
At end of year	F	$ 196	$ 166	$ 369

The accompanying notes are an integral part of these financial statements.

CELANESE CORPORATION

Consolidated Financial Statements (Cont'd)

Changes in Retained Income

	(millions) For the years ended December 31		
	1983	1984	1985
Net income	$112	$161	$178
Preferred dividends	(4)	(4)	(4)
Net income to common stockholders	108	157	174
Common dividends	(63)	(59)	(57)
Retained income:			
At beginning of year	735	780	878
At end of year	$780	$878	$995

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Financial statement presentation

The significant accounting policies followed by Celanese Corporation are underlined and are an integral part of the notes to which the policies relate.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and all significant subsidiaries and joint ventures in which the Corporation owns in excess of 50% of the voting rights, except insurance subsidiaries, which are carried at equity. All material intercompany transactions are eliminated.

Notes to Financial Statements (Cont'd)
(Millions)

A. Total operating expenses	1983	1984	1985
Raw materials and energy purchased........	$1,925	$1,881	$1,732
(Increase)/decrease in inventories........	(26)	17	5
Depreciation..............................	213	214	246
Salaries and wages........................	578	569	546
Retirement income plans...................	(4)	(13)	(22)
Other employee benefits...................	62	67	67
Taxes: Payroll...........................	38	39	38
Property and other................	29	29	26
Rent......................................	42	44	44
Advertising...............................	19	20	15
Royalties.................................	6	5	5
Other operating expenses..................	165	184	217
Total operating expenses...............	$3,047	$3,056	$2,919(a)

(a) Refer to Note T for a discussion of second quarter non-recurring items.

Notes to Financial Statements (Cont'd)
(Millions)

B. Investments and equity in net income of affiliates

	Celanese Mexicana, S.A. 1983	1984	1985	All affiliates 1983	1984	1985
Total:						
Sales	$ 396	$ 550	$ 497	$ 694	$ 898	$ 845
Operating income	87	101	63	134	149	141
Income before taxes	70(a)	59(a)	106(a)	115	101	180
Net income	63	44	92	84	49	125
Celanese share:						
Net income	$ 25	$ 18	$ 37	$ 34	$ 28	$ 25(b)
Dividends	1	–	2	6	6	9
Undistributed income	59	77	112	95	117	133
Current assets	$ 163	$ 216	$ 181	$ 292	$ 393	$ 366
Net property, plant and equipment	473	432	424	855	829	557
Other assets	110	164	271	121	188	294
Total assets	746	812	876	1,268	1,410	1,217
Current liabilities	(62)	(84)	(101)	(175)	(195)	(186)
Long-term debt	(336)	(331)	(324)	(510)	(566)	(358)
Other liabilities	(42)	(47)	(13)	(41)	(59)	(27)
Interests of others	(183)	(210)	(263)	(329)	(351)	(379)
Celanese equity	123	140	175	213	239	267
Special provision (c)	(39)	(39)	(39)	(39)	(39)	(39)
Celanese investment	$ 84	$ 101	$ 136	$ 174	$ 200	$ 228
Number of affiliates				12	13	13

(a) Includes foreign exchange translation gains of $63 million in 1983, $48 million in 1984, and $78 million in 1985.
(b) Includes a write-down of $21 million for certain assets in the second quarter 1985.
(c) The special provision was made because the Corporation believes that its investment in Mexico has been impaired by local economic conditions, and that it will be unable to recover fully its equity after absorbing fixed charges.

Notes to Financial Statements (Cont'd)
(Millions)

C. Income taxes	1983	1984	1985
Income before taxes:			
U.S.	$ 138	$ 204	$ 167
Non-U.S. subsidiaries and affiliates	50	58	73
Total	$ 188	$ 262	$ 240
Current: U.S. (federal and state)	$ 23	$ 221	$ (10)
Non-U.S.	7	9	10
Total current	30	230	-
Deferred: U.S.	34	(127)	58
Non-U.S.	3	(2)	2
Total deferred (a)	37	(129)	60
Income tax provision	$ 67	$ 101	$ 60
U.S. income taxes at 46%	$ 63	$ 94	$ 77
Less: Investment tax credits (ITC)	3	11	11
Export companies	9	7	8
State income taxes	(5)	(5)	(5)
Capital gains	-	-	15
Other book-tax differences	(1)	(13)	-
Provision for U.S. operations	57	54	48
Provision for non-U.S. operations	10	7	12
Income tax provision	$ 67	$ 101	$ 60
(a) Book-tax differences:			
Deferred pension gain	$ -	$(163)	$ 15
ITC	15	9	-
Depreciation	29	25	3
Capitalized interest	2	4	1
Inventories	4	8	2
Affiliate taxes	-	-	20
Other	(13)	(12)	19
Total deferred	$ 37	$(129)	$ 60

Certain income and expense items are calculated using different methods for income tax and financial statement purposes. The tax effect of these differences and the tax on undistributed income of affiliates are provided for as deferred income taxes.

The Corporation has not provided for taxes payable upon distribution of its equity in the undistributed income of certain subsidiaries, which at December 31, 1985, amounted to $85 million, because current financial plans indicate reinvestment for an indefinite period to meet the operating and capital requirements of these subsidiaries.

Investment tax credits are accounted for under the flow-through method.

Notes to Financial Statements (Cont'd)

The Celanese share of income or loss of companies in which the Corporation owns at least 20% and not more than 50% of the voting stock is included in the consolidated statements of income as "Equity in net income of affiliates."

Debt instruments of 40%-owned Celanese Mexicana, S.A. (Celmex), due principally in U.S. dollars, include various covenants that require maintenance of working capital and limit creation of funded debt and payment of dividends. Covenants under certain of these debt instruments precluded, without applicable lender consents, additional funded debt and dividend declarations at December 31, 1984. During 1985, lenders waived the restrictions in order to permit Celmex to pay a dividend. At year-end 1985, Celmex was current on all its peso and U.S. dollar principal and interest obligations.

Notes to Financial Statements (Cont'd)
(Millions)

D. Interests of others	1983	1984	1985
Minority interests in subsidiaries:			
Celanese Canada Inc....................	$ 53	$ 51	$ 51
Celanese do Brasil S.A.................	6	2	-
Other..................................	2	3	3
Total minority interests............	61	56	54
Joint venture interest....................	73	56	50
Total interests of others...........	$134	$112	$104
Minority share of: Income................	$ 9	$ -	$ 2
Dividends............	6	2	1

In June 1983, Celanese became the sole stockholder of Fiber Industries, Inc. (FII) by purchasing the 37 1/2% interest formerly owned by Imperial Chemical Industries plc for $119 million in cash. As of December 30, 1983, substantially all FII assets and liabilities were transferred to Celanese Corporation. The minority share of income and dividends of FII's operations prior to June 1, 1983, is included above.

E. Income per share of common stock	1983	1984	1985
Average common shares (thousands):			
Used in primary computation....................	15,608	14,431	12,706
Additions for: Convertible debentures........	1,693	1,629	524
Convertible preference stock..	29	26	21
Stock options.................	56	72	98
Used in fully diluted computation.............	17,386	16,158	13,349
Fully diluted income adjustment....................	$5.9	$5.8	$1.9

Fully diluted income per share reflects the addition of shares for convertible debentures and preference stock and the related reductions in interest expense and preferred dividends; and the addition of shares as calculated to recognize the potential effect of options outstanding at prices below market.

F. Cash and marketable securities	1984	1985
Cash on hand and demand deposits...........................	$(23)	$(28)
Marketable securities, at cost (approximates market)(a)...	189	397
Total cash and marketable securities....................	$166	$369

(a)Primarily time deposits, commercial paper, and U.S. government agency securities.

Notes to Financial Statements (Cont'd)
(Millions)

G. Receivables	1984	1985
Trade	$394	$365
Affiliates	9	7
Other	60	41
Subtotal	463	413
Less: Allowance for doubtful accounts	(24)	(17)
Total receivables	$439	$396

H. Inventories	1984	1985
Finished goods	$307	$277
Work-in-process	61	38
Raw materials	137	112
Supplies	43	44
Subtotal	548	471
Excess of current costs over stated values	120	82
Total inventories	$428	$389

Last-in, first-out (LIFO) is the principal valuation method in the United States, and for all significant non-U.S. subsidiaries and affiliates. Other inventories are valued at standard costs that approximate current production costs. Inventory values are not in excess of market, and do not include depreciation of property, plant and equipment.

Notes to Financial Statements (Cont'd)
(Millions)

I. Net property, plant and equipment; and maintenance and repairs

	1984	1985
Machinery and equipment	$ 2,781	$ 2,749
Buildings and improvements	460	455
Rolling stock	91	88
Furniture and fixtures	27	29
Other assets	28	28
Capitalized interest	79	78
Depreciable assets	3,466	3,427
Land	27	26
Construction in progress	131	92
Total	3,624	3,545
Accumulated depreciation	(2,275)	(2,328)
Net property, plant and equipment	$ 1,349	$ 1,217
Maintenance and repairs expense ($186 million in 1983)	$ 194	$ 194

Property, plant and equipment includes the cost of land, buildings, equipment, significant improvements of existing plant and equipment, and capitalized interest.

Additions, improvements, renewals and expenditures for maintenance that add materially to productive capacity or extend the life of an asset are capitalized. Other maintenance expenditures are charged to income.

Generally, assets are grouped and depreciated on a composite basis. When facilities are sold or retired in the normal course of business, the original cost of the asset adjusted by any net proceeds is charged or credited to the accumulated depreciation account. Depreciation is provided over the estimated useful lives of the assets on the straight-line method, except that the sum-of-the-years-digits method is used for U.S. machinery and equipment acquired from 1974 to 1977.

The maximum estimated useful life for all U.S. machinery and equipment is 9-1/2 years. Capitalized interest is amortized over 10 years.

J. Other assets	1984	1985
Proceeds of pollution control obligations	$ 9	$ 13
Investment in Elwood Insurance, at equity	42	47
Funded and prepaid pension cost	20	60
Long-term receivables	19	23
Investment in New Business/Technology	7	26
Other investments and advances	3	17
Other	20	17
Total other assets	$120	$203

Preoperating costs are expensed as incurred. Intangibles are amortized over their estimated economic lives.

Notes to Financial Statements (Cont'd)
(Millions)

K. Accounts payable and accrued liabilities	1984	1985
Accounts payable	$231	$216
Salaries, wages and employee benefits	125	141
Taxes: Other than income taxes	17	14
Withheld	7	6
Interest payable	18	12
Other accrued liabilities	69	118
Total accounts payable and accrued liabilities	$467	$507

L. Long-term debt and related restrictions

With the exception of certain pollution control bonds, substantially all long-term debt matures serially. Total maturities and sinking fund requirements for the next five years are: 1986, $38 million; 1987, $33 million; 1988, $23 million; 1989, $22 million; and 1990, $33 million.

Holders of $16 million of certain long-term pollution control obligations of the Corporation exercised their right to redemption at par plus accrued interest on April 30, 1985. On December 31, 1984, the Corporation reclassified $28 million of long-term debt as current, in anticipation of holders exercising this redemption right. The Corporation has redeemed the $16 million and reclassified the remaining $12 million as long-term.

On July 25, 1985, the Corporation called for redemption and retired the $100 million 10 7/8% debt due in July, 1987.

The Corporation has Revolving Credit Agreements with several banks, until June 30, 1988, providing for loans of up to $100 million. Interest on outstanding borrowings is to be adjusted periodically based on the bank prime lending rate, the London interbank borrowing rate, or the CD basis interest rate, at the Corporation's option. These credit lines were unused during 1985.

The Corporation's debt instruments include various covenants that require maintenance of working capital and limit creation of funded debt and payment of dividends. Additional funded debt may be created only if immediately thereafter consolidated net tangible assets are at least twice consolidated funded debt, as those terms are defined in the debt instruments. Under the most restrictive of these restrictions and covenants at December 31, 1985, the Corporation's consolidated working capital exceeded

Notes to Financial Statements (Cont'd)
(Millions)

The required minimum of $160 million by $137 million, and $262 million of stockholders' equity was available for dividend or other restricted payments.

Due		1984	1985
	Celanese Corporation		
7/87	10 7/8% notes	$ 100	$ -
12/87	9.1% first mortgage bonds	14	7
4/90	4 3/4% notes	22	18
4/90	4% convertible subordinated debentures	20	10
11/96	9 1/4% notes	114	105
9/97	8.45% notes	82	76
7/05	11 7/8% sinking fund debentures	100	100
6/06	9 3/4% convertible subordinated debentures	100	29
87-12	5 3/8% to 11% pollution control obligations	38	51
-	Other	4	2
	Total Celanese Corporation	594	398
	U.S. Subsidiaries		
	Virginia Chemicals Inc.		
87-91	10 5/8% senior notes and other	6	5
88-99	6 1/4% to 8 1/8% industrial revenue and pollution control obligations	5	4
	Total U.S. subsidiaries	1	9
	Non-U.S. Subsidiaries (a)		
	Celanese Canada Inc.		
91-93	Revolving credit obligations	38	18
2/86	6 1/2% debentures, Series C	2	-
12/86	7 1/2% mortgage bonds, Series A	3	-
	Celanese do Brasil S.A.		
88-89	Floating rate notes	11	7
-	Other	3	2
	Total non-U.S. subsidiaries	57	27
	Total	$ 662	$434

(a) Generally payable in local currency.

M. Stockholders' equity

	December 31, 1985		Shares issued and outstanding at December 31		
	Balance	Shares authorized	1983	1984	1985
	(millions)		(thousands, except 1985)		
Cumulative preferred—					
Series A, 4 1/2%					
($100 par value)............	$85	908,602	850.9	850.9	850,902
Convertible preference,					
$3 (without par value)......	-	29,908	42.2	37.4	29,908
7% second ($100 par value)...	3	32,398	25.6	25.6	25,638
Total (a)..................	$88				
Common (without par value)(b)		50,000,000	15,680.7	13,523.8	12,020,620

(a) Preference in liquidation: $89 million.
(b) Treasury shares were 285,477 in 1983, 2,511,019 in 1984 and 5,124,411 in 1985.

	Activity in 1983	Activity in 1984	Activity in 1985	Reserved at year-end 1985
Common shares:				
Beginning of year...............	15,578,997	15,680,744	13,523,759	-
Stock options - 1974 plan.......	19,000	16,886	800	2,800
- 1980 plan.......	111,223	70,628	125,213	133,123
- 1985 plan.......	-	-	-	343,095
Convertible - Debentures........	1.140	48,324	1,104,282	524,222
- Preference stock..	2,384	3,347	5,171	20,795
Innovation program..............	-	30	40	-
Restricted shares - 1985 plan...	-	-	5,655	-
Treasury stock..................	(32,000)	(2,296,200)	(2,744,300)	-
End of year..................	15,680,744	13,523,759	12,020,620	1,024,035

The preferred stock, Series A, may be redeemed at the option of the Corporation at par plus accrued dividends. Each share of convertible preference stock may be redeemed at the option of the Corporation at $65 plus accrued dividends, and is convertible at the option of the stockholder into 0.6953 shares of common stock and cash of $1.15, subject to adjustment in certain events.

Upon liquidation or dissolution, the Series A and convertible preference stock are entitled, in preference to the 7% second preferred and common stock, to $100 and $55 per share, respectively, both plus accrued dividends.

There is no provision for redemption of the 7% second preference stock, which has a preference over the common in liquidation or dissolution of $100 per share plus accrued dividends.

The conversion rates of the 4% and 9 3/4% convertible subordinated debentures (Note L) are one Celanese common share for each $92 and $71, respectively, of principal amount of the debentures.

In 1983 and 1984, the Corporation purchased 32,000 and 96,200 treasury shares intended for use upon exercise of stock options granted under the 1980 Stock Option Plan. Also in 1984, the Corporation purchased 2.2 million shares of Celanese common stock for general corporate purposes under various repurchase programs. In 1985, the Corporation announced plans to repurchase an additional 2,972,000 shares of which 2,744,300 had been purchased at December 31, 1985. In January 1986, the Corporation announced plans to purchase an additional 600,000 shares. All acquired shares are being held for general corporate purposes.

N. Stock options and appreciation rights

The Corporation has three stock option award plans as adopted in April 1974, April 1980, and April 1985.

1974 plan--This plan permitted options to be granted to employees for the purchase of 600,000 shares of common stock of the Corporation at the market price of the stock on the date of grant. Options become exercisable, in whole or in part, at any time following the first anniversary of the date of grant, and must be exercised no later than ten years from the date of grant.

The 1974 plan included an appreciation distribution feature that permits an optionee to elect, subject to the consent of the committee that administers the plan, to surrender options, in whole or in part, in exchange for cash equal to the appreciation between the option price and the market value on the date of election. At December 31, 1985, options for 2,800 shares were outstanding, all of which were exercisable. No further options may be granted for the 1974 plan.

Notes to Financial Statements (Cont'd)

1980 plan as amended in 1982—Options may be granted to employees for the purchase of 500,000 shares of common stock of the Corporation at the market price of the stock on the date of grant. The plan also authorizes 500,000 Stock Appreciation Rights (SARs) to be granted. Like the options, SARs are granted at the market price of the common stock of the Corporation at the date of grant. An SAR entitles a participant to a cash payment from the Corporation equal to the excess of the fair market value of a share of common stock on the date of exercise over the initial value of the SAR. Options and SARs become exercisable, in whole or in part, at any time following the first anniversary of the date of grant, and must be exercised no later than ten years from that date.

At December 31, 1985, there were outstanding options covering an aggregate of 133,123 shares and 34,200 SARs, all expiring at various dates from 1990 to 1994 and exercisable at an average option price of $58.78 per share and an average initial value of $62.87 per SAR. There were 48,750 shares available for future grants at the beginning of the year, and none available at year-end. In addition, there were 47,550 SARs available for future grants at the beginning of the year, and none available at year-end.

1985 plan—Options and restricted stock may be granted to employees for 300,000 shares of common stock of the Corporation, an additional 48,750 shares representing the number of shares previously subject to grant under the 1980 plan, and up to 25,000 shares representing options already outstanding under the 1980 plan to the extent that they expire without exercise. Options are awarded at the market price of the stock at the date of grant; restricted stock awards are valued at the market price of the stock at the date of grant. The plan also authorizes 300,000 SARs or restricted units an additional 47,550 SARs or units representing SARs previously subject to grant under the 1980 plan, and up to 25,000 SARs or units representing SARs already outstanding under the 1980 plan to the extent that they expire without exercise. SARs and restricted units are valued at the market price of the Corporation's common stock at the date of grant. Options and SARs become exercisable, in whole or in part, after the first anniversary of the date of grant. Restricted stock and units vest evenly over a three-year period following the date of grant. All awards must be exercised no later than ten years from the date of grant.

At December 31, 1985, there were outstanding options and awards of restricted stock covering an aggregate 59,230 shares, and an equivalent number of awards for SARs and restricted units, all expiring in 1995, and exercisable at an average price or initial value of $94.95. There were 289,520 shares available for grant at year-end, and 288,320 SARs or units available for grant.

Notes to Financial Statements (Cont'd)

The Corporation provides for the estimated liability under the appreciation feature of the 1974 plan, the 1980 plan, and the 1985 plan from the date of grant and for the estimated liability for restricted stock awards over the vesting period. The Corporation makes no charge against income with respect to the options under the 1980 and 1985 plans.

Stock options:	Number of Shares 1983	1984	1985
Outstanding at January 1..........	489,050	322,350	282,550
Granted(a)........................	51,700	58,600	53,575
Exercised(b)......................	133,500	90,900	127,527
Surrendered for appreciation......	81,100	5,000	19,100
Terminated or cancelled...........	3,800	2,500	-
At December 31: Outstanding(c)....	322,350	282,550	189,498
Exercisable.......	272,250	224,550	135,923

Option price ranges of shares:

(a) $59.38 for 1983, $68.00 and $71.88 for 1984 and $104.38 and $120.63 for 1985.
(b) $37.94 to $62.31 for 1983, $31.63 to $62.31 for 1984, and $41.13 to $71.88 for 1985.
(c) $29.25 to $66.69 for 1983, $41.13 to $71.88 for 1984, and $41.13 to $120.63 for 1985.

Notes to Financial Statements (Cont'd)
(Millions)

O. Retirement benefit plans

The Corporation has various retirement benefit plans covering substantially all employees.

In 1985, Celanese completed the restructuring of its pension plan by recovering excess assets of $389 million (before taxes) from the plan. The restructuring was announced in 1983 and effective January, 1984. The resulting gain from restructuring of the plan was deferred and is being amortized against pension expense.

During 1984, the Corporation improved benefits in the plan and changed the investment return assumption from 8 1/4% to 10%. The effect of these changes on net income was not significant.

Principal assumptions, and amortization periods and actuarial methods for both expense and funding for most U.S. plans for the last three years were as follows:

	1983	1984-5
Investment return...............	8.25%	10.00%
Pay increase....................	7.50%	7.50%
Average retirement age..........	63 years	63 years
Turnover........................	Current experience	
Amortization period - expense...	10 years	10 years
- funding...	15-30 years	Average remaining service
Actuarial method - expense......	Modified Unit Credit	
- funding......	Entry Age	Projected Unit Credit

Pension expense was a credit of $4 million in 1983, $13 million in 1984, and $22 million in 1985, after amortization of deferred gain.

Notes to Financial Statements (Cont'd)
(Millions)

A comparison of plan assets with the present value of accumulated benefits for substantially all funded U.S. plans at December 31, based on the investment return assumptions above, follows. The 1984 plan assets and accumulated benefits are shown after the purchase of annuities for active and retired participants' benefits accrued through January 23, 1984, and after giving effect to the recovery of the excess assets.

	1984	1985
Plan assets..........................	$ 60(a)	$ 73
Accumulated benefits:		
Vested............................	26	54
Non-vested........................	2	4
Total benefits.................	28	58
Assets over benefits.........	$ 32	$ 15

(a) Restated to conform to 1985 presentation.

The assets of the non-U.S. plans and one domestic plan not included in the table above exceeded the present value of their vested benefits as of their most recent valuation dates.

The Corporation and its subsidiaries provide certain health care and life insurance benefits for retired employees. Substantially all of the Corporation's U.S. and Canadian employees may become eligible for those benefits. Those benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. Celanese recognizes the cost of providing the life (non-U.S. only) and health insurance benefits by expensing the annual insurance premiums. The U.S. retired life insurance cost is provided for by amortizing over a ten-year period the present value of projected insurance benefits. The Corporation expensed $6 million in 1985 and 1984 for retired health and life insurance benefits.

Notes to Financial Statements (Cont'd)
(Millions)

P. Non-U.S. subsidiaries

	Sales: Inside area-trade	Sales: Exports: Trade	Sales: Exports: Interco.	Sales: Total	Operating income	Depreciation	Capital expenditures	Total assets
1985: Canada	$ 204	$ 57	$ 66	$ 327	$ 10	$ 32	$12	$306
Europe	255	2	8	265	5	3	2	142
South America	53	4	–	57	6	4	1	57
Total non-U.S.	569	6	56	631	$ 21	$ 39	$15	$505
Memo: U.S.	$2,122	$349	$247	$2,718	$306	$207		
1984: Canada	$ 256	$ 58	$ 70	$ 384	$ 10	$ 33	$12	$342
Europe	247	2	5	254	12	3	3	113
South America	72	11	–	83	(4)	7	1	72
Total non-U.S.	635	11	54	700	$ 18	$ 43	$16	$527
Memo: U.S.	$2,332	$350	$197	$2,879	$254	$171		
1983: Canada	$ 276	$ 57	$ 55	$ 388	$ 11	$ 35	$12	$398
Europe	253	1	2	256	21	3	2	128
South America	82	4	–	86	(10)	19	1	99
Total non-U.S.	665	8	45	718	$ 22	$ 57	$15	$625
Memo: U.S.	$2,315	$273	$217	$2,805	$192	$156		

In general, local currencies have been designated as the functional currencies for the Corporation's foreign operations, except in Brazil and Mexico, where the U.S. dollar is the functional currency.

Notes to Financial Statements (Cont'd)
(Millions)

Q. Product group information

	Chemicals	Fibers	Specialties	Brazil/ Mexico (a)	Inter-product line eliminations and corporate income, expenses and assets	Totals as shown in consolidated financial statements
1985						
Sales: Total.............	$1,234	$1,500	$565	$ 57	$(310)	$3,046
Inter-product line	270	33	7	-	(310)	-
Operating income..........	57	83	2	4	(19)	127
Depreciation..............	95	82	54	4	11	266
Capital expenditures......	44	71	41	1	2	159
Assets....................	876	831	504	44	554	2,809
1984						
Sales: Total.............	1,081	1,646	676	83	(158)	3,328
Inter-product line	131	21	6	-	(158)	-
Operating income..........	93	157	42	(4)	(16)	272
Depreciation..............	82	61	59	7	5	214
Capital expenditures......	51	66	38	1	13	169
Assets....................	946	854	597	56	651	3,104
1983						
Sales: Total.............	1,015	1,633	667	86	(140)	3,261
Inter-product line	124	16	-	-	(140)	-
Operating income..........	37	162	27	(11)	(1)	214
Depreciation..............	88	66	38	19	2	213
Capital expenditures......	24	49	29	1	2	105
Assets....................	933	897	670	84	285	2,869

(a) Excludes Celanese Mexicana, S.A. and Brazilian affiliates, Metanor S.A. and Copenor S.A., which are included in "Investments and equity in net income of affiliates" (Note B).

The nature of the business and the products offered by the Corporation and its subsidiaries and affiliates appear in the Description of Business. Inter-product line and inter-area sales generally are priced with reference to prevailing market prices.

Corporate assets, primarily investments and in 1984 a receivable related to the Corporation's recovery of excess pension assets included in the next-to-last column in the table are: $314 million in 1983, $713 million in 1984, and $613 million in 1985.

Notes to Financial Statements (Cont'd)
(Millions)

R. Leases, commitments and pledged assets

Lease rentals:	1983	1984	1985
Minimum	$38	$39	$38
Contingent	4	5	6
Sublease income	(5)	(6)	(6)
Net rentals	$37	$38	$33

Certain laboratory and office premises, terminal facilities and rolling stock are leased under operating leases for various periods up to 2006, and it is expected that the leases will be extended or replaced.

The aggregate of future minimum lease payments is $205 million, and of sublease income is $54 million. Minimum lease payments for 1986-90 are: $33 million; $27 million; $19 million; $17 million; and $14 million, respectively.

At December 31, 1985, there were commitments of approximately $51 million, primarily for additions to property, plant and equipment.

Assets of Celanese Corporation and certain consolidated subsidiaries of approximately $430 million are pledged to secure long-term debt.

Notes to Financial Statements (Cont'd)
(Millions)

S. Inflation-adjusted information (unaudited)

Current accounting rules require the presentation of financial results and investment based on a constant unit of value, using current cost/constant dollar, which makes adjustments to historical amounts using cost indexes that are specific to a company's lines of business.

Under this method, the principal income statement adjustments are to cost of goods sold, unless the financial statements already reflect such costs on a current basis because of the use of the last-in, first-out (LIFO) inventory valuation method, and to depreciation expense. There is no corresponding adjustment to income taxes because they are based on historical costs and do not recognize the changing value of the dollar.

The principal adjustments needed in balance sheet values are in inventory (especially when LIFO is used) and property, plant and equipment values. These values, however, may not be in excess of net recoverable amounts as of any of the dates presented.

As the value of the dollar declines, assets and liabilities fixed in dollar terms will be realized in or liquidated with dollars of lower value. Therefore, one further adjustment is required with respect to the change in the value of such items. This results in an unrealized gain or loss, depending upon whether the net balance of such items is a liability or an asset. If a net liability exists, there is a gain that increases stockholders' equity.

If the specific assets held by a company increase in value more or less rapidly than the general rate of inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U), there is a further gain or loss that is reflected for the difference that arises from using specific indexes rather than a general CPI-U index.

The current accounting rules referred to earlier also do not permit indexing of the assets of companies purchased prior to the acquisition date. Generally, these assets can be valued no higher than the market value of the shares given (plus any cash) at the time of acquisition. Inasmuch as the marketplace does not generally value common stocks at inflation-adjusted values, the dilutive effect of acquisitions for stock is magnified in inflation-adjusted information.

The table below shows changes in stockholders' equity per common share for 1981-85 using historical dollar amounts adjusted to average 1985 dollar values by the use of indexes specific to the Corporation's various businesses.

Notes to Financial Statements (Cont'd)
(Millions, except per share)

Inflation-adjusted net income was below historical amounts in all five years, principally because of depreciation expense adjustments. The depreciation methods and useful life estimates are unchanged from those used in the historical financial statements. No adjustments were made with respect to the Corporation's interests in the net assets or results of affiliates.

The reduction in stockholders' equity per common share during 1981 due to acquisitions for stock is principally related to Virginia Chemicals Inc.

Stockholders' equity per common share:	Expressed in average 1985 dollars as calculated by use of changes in specific indexes					
	1981	1982	1983	1984	1985	1981-85
Net income/(loss)	$ 3.94	$(10.40)(a)	$ 3.01	$ 6.74	$ 11.24	$ 14.53(a)
Gain on net liabilities and preferred stock	4.06	1.98	2.22	2.54	2.69	13.49
Companies acquired for stock	(6.45)	-	-	-	-	(6.45)
Increase in assets over/(under) increase in CPI-U	(.50)	.28	(3.27)	(4.15)	(5.04)	(12.68)
Purchase of treasury shares and other	.10	.14	(.35)	4.28	(4.78)	(.61)
Total increase/(decrease)	1.15	(8.00)(a)	1.61	9.41	4.11	8.28(a)
Dividends	(4.33)	(4.23)	(4.17)	(4.16)	(4.50)	(21.39)
Net increase/(decrease)	(3.18)	(12.23)(a)	(2.56)	5.25	(.39)	(13.11)(a)
Equity —beginning of year	116.30	113.12	100.89	97.51	101.56	116.30
Cumulative translation adjustments	-	-	(.82)	(1.20)	1.07	(.95)
—end of year	$113.12	$100.89	$97.51	$101.56	$102.24	$102.24

(a) Includes special provision for Celanese Mexicana, S.A. (Note B).

The tables that follow present additional historical and inflation-adjusted information.

Notes to Financial Statements (Cont'd)
(Millions, except per share)

Selected financial data:	Expressed in average 1985 dollars as calculated by use of changes in specific indexes				
	1981	1982	1983	1984	1985
Cost of goods sold -excluding depreciation.......	$3,255	$2,634	$2,605	$2,547	$2,330
Depreciation..................	298	278	278	267	274
Net income/(loss).............	61	(162)(a)	47	97	143
Effective tax rate............	43%	(b)	54%	51%	29%
Gain on net liabilities and preferred stock..........	69	36	37	37	35
Common stockholders' equity at year-end...........	1,765	1,572	1,530	1,373	1,229
Increase in assets over/(under) CPI-U...........	(11)	5	(54)	(61)	(65)
Per financial statements:					
Inventories at year-end....	443	420	445	428	389
Net property, plant and equipment at year-end.....	1,518	1,608	1,445	1,349	1,217
Adjusted to 1985 year-end dollars:					
Inventories at year-end....	744	647	592	551	471
Net property, plant and equipment at year-end.....	1,975	2,138	1,899	1,703	1,465

(a) Includes special provision for Celanese Mexicana, S.A. (Note B).
(b) Effective tax rate is negative.

Supplementary financial data:(a)			Per share of common stock					
	Sales		Dividends		Market price at year-end		Memo: CPI-U	
	As reported	Average 1985 dollars	As reported	Average 1985 dollars	As reported	Average 1985 dollars	Average	Year-end
1981	$3,752	$4,438	$3.85	$4.55	$ 55.88	$ 63.96	272.4	281.5
1982	3,062	3,413	4.00	4.46	45.25	49.86	289.1	292.4
1983	3,261	3,521	4.00	4.32	69.00	73.25	298.4	303.5
1984	3,328	3,447	4.10	4.25	81.13	82.85	311.1	315.5
1985	3,046	3,046	4.50	4.50	150.25	147.86	322.2	327.4

(a) Average 1985 dollars are calculated by use of changes in the CPI-U.

(Millions, except per share)

T. Quarterly information (unaudited)

	1984				1985			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales..................	$837	$860	$806	$825	$748	$780	$758	$760
Cost of goods sold....	666	683	647	700	606	707(c)	630	612
Operating income......	82	89	71	30	56	(21)(c)	41	51
Income–Net............	44	47	38(a)	32(a)(b)	36	45(c)	47	50
–Per common share	2.74	3.05	2.73(a)	2.31(a)(b)	2.60	3.35(c)	3.73	4.11

(a) Termination costs of 48¢ per share, or $6 million, related to the consolidation of polyester textile filament capacity were provided for over the third and fourth quarters.

(b) Includes a net charge of 31¢ per share, or $4 million, to reduce the carrying value of certain water-soluble polymers fixed assets. This charge was largely offset by a gain of 26¢ per share, or $3 million, relating to the sale of assets and certain non-recurring credits for Brazil/Mexico.

(c) Operating results in the second quarter of 1985 were affected by three non-recurring items that reduced net income by $4 million: a gain of $61 million on the sale of structural composites operations; a write-down of certain assets by $57 million and a provision of $8 million to cover the cost of restructuring programs. The effect was to reduce operating income by $93 million, to increase other income by $86 million, and to reduce equity in net income of affiliates by $21 million, income tax provision by $23 million and minority interest by $1 million.

SCHEDULE II
AMOUNTS RECEIVABLE ON NOTES FROM DIRECTORS, OFFICERS AND EMPLOYEES
for years ended December 31, 1983, 1984 and 1985(a)
(thousands, except notes)

Officers/directors at December 31, 1985	1983 Beginning of year	1983 Additions in year(b)	1984 Beginning of year	1984 Additions in year(b)	1985 Beginning of year	1985 Additions in year(b)	End of '85 on loans under financial assistance programs approved by stockholders on April 10 1974(c)	April 9 1980(d)
John D. Macomber........	$646	$ 65	$528	$470	$969	[illegible]	$469('91) 257('94)	$226('95) -
Robert L. Mitchell......	462	-	-	314	314	[illegible]	-	528('95)
C. Robert Tully.........	649	111	719	144	[illegible]	[illegible]	456('91) 64('92) 23('93)	70('93) 50('94) 85('95)
Other officers								
Kenneth C. Anderson.....	362	46	389	[illegible]	452	181	515('91) 42('93)	- 181('95)
Harry B. Bartley, Jr....	-	23	23	-	22	181	-	181('95)
James J. Zigham.........	104	83	181	-	171	203	52('87) 34('92) 42('93)	33('93) 203('95) -
Richard H. Clarke.......	-	-	-	132	[illegible]	124	- -	126('94) 124('95)
Arthur A. Coulbury......	177	127	276	-	135	97	63('92)	97('95)
Ernest H. Drew..........	39	-	37	373	408	90	33('92) -	354('94) 90('95)
John A. Pennie..........	-	200	200	-	190	165	-	165('95)
David W. Lodge..........	-	52	52	-	48	97	- -	44('93) 97('95)
Robert A. Langman.......	-	445	445	-	235	-	-	280('93)
Richard S. Payne........	86	59	141	72	205	38	- -	68('94) 39('95)
H. Dow Sellers..........	-	320	328	-	-	-	-	-
Other								
Robin D. Andrews........	59	-	-	348	-	-	-	-
Sam U. Bahl.............	83	-	80	-	76	42	71('91)	42('95)
Thomas C. Bohrer........	59	-	56	-	53	86	50('92)	86('95)
James P. Casey..........	-	59	59	79	79	73	- -	75('94) 73('95)
Antony E. Champ.........	-	-	-	69	69	73	-	73('95)
Richard A. Daniel.......	203	83	60	-	60	-	-	-
Barry M. Davis..........	-	-	-	-	-	111	-	111('95)
Allen R. Dragman........	254	-	-	-	-	-	-	-
R. Wayne Galvin.........	86	148	230	-	141	144	-	-
Kenneth E. Graham.......	59	39	95	-	98	73	50('92)	39('95)
David A. Jenkins........	-	42	42	23	61	32	- - -	56('93) 21('94) 32('95)
Richard A. Lemery.......	-	-	-	168	168	48	-	-
John K. Lamar...........	-	42	42	34	34	78	- -	32('94) 78('95)
Jerome C. Link..........	-	-	-	262	282	32	63('94) -	82('94) 32('95)
E. David Manley.........	-	183	183	-	30	75	-	32('95)
Bobby L. Miller.........	-	60	60	-	57	55	-	55('95)
Joseph E. Portuese......	-	42	42	45	77	52	- - -	39('93) 43('94) 52('95)
Paul C. Pearson......... (deceased)	335	-	-	-	-	-	-	-
Manuel Schultz..........	45	125	167	-	-	-	-	-
Robert L. Stultz, Jr....	-	-	-	-	-	143	-	143('95)
Max E. Webb.............	-	-	-	-	-	130	-	130('95)
Paul E. Williams........	79	-	-	-	-	136	-	111('95)
Robert P. Wilson........	107	-	93	-	67	42	11('89) 17('90)	42('95) -

Notes

(a) All loans are in connection with the Corporation's common stock and have an interest rate as indicated below. Accrued interest is due at the end of each quarter. Balances at December 31 are included in the balance sheets as "Other assets" and "Other receivables," as appropriate.
(b) There were no write-offs in 1983, 1984 or 1985.
(c) Under provisions of the 1974 Stock Option Award Plan, five percent of the original principal is due yearly on the anniversary date of the loan for nine years; the balances are due in 1987 through 1994 as indicated. These loans have an interest rate of either 6% or 9%.
(d) As provided by the 1980 Stock Option and Long Term Award Plan, balances are due in 1993 through 1995 as indicated. The rates for the loans outstanding at December 31, 1985 ranged from 9% to 13%. Effective January 1, 1986, all rates were set at 9%.

Sched(3-5.1)10K
2/20/86

Schedule V
1983, 1984 and 1985

CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT
(millions)

YEARS ENDED DECEMBER 31	Beginning of year	Additions at cost	Retirements	Other additions/ (deductions)	End of year
1983-Machinery and equipment	$2,633	$273	$ 47	$ 7	$2,866
Buildings and improvements	468	25	4	(1)	488
Rolling stock	82	1	5	4	82
Furniture and fixtures	30	1	2	-	29
Other assets	47	2	5	(5)	39
Capitalized interest	66	6	-	1	73
Land	26	5	-	(4)	27
Construction in progress	329	(202)	2	(13)	112
Total	$3,681	$111	$ 65	$(11)	$3,716
1984-Machinery and equipment	$2,866	$111	$181	$(15)	$2,781
Buildings and improvements	488	12	20	(20)	460
Rolling stock	82	12	2	(1)	91
Furniture and fixtures	29	2	2	(2)	27
Other assets	39	1	-	(12)	26
Capitalized interest	73	9	1	(2)	79
Land	27	1	1	-	27
Construction in progress	112	30	-	(11)	131
Total	$3,716	$178	$207	$(63)	$3,624
1985-Machinery and equipment	$2,781	$137	$142	$(27)	$2,749
Buildings and improvements	460	15	20	-	455
Rolling stock	91	1	4	-	88
Furniture and fixtures	27	4	3	1	29
Other assets	28	[illegible]	4	1	28
Capitalized interest	79	11	2	(10)	78
Land	27	-	2	1	26
Construction in progress	131	(1)	23	(15)	92
Total	$3,624	$170	$200	$(49)	$3,545

Schedule VI
1983, 1984 and 1985

CONSOLIDATED ACCUMULATED DEPRECIATION
OF PROPERTY, PLANT AND EQUIPMENT
(millions)

YEARS ENDED DECEMBER 31	Beginning of year	Additions charged to costs & expenses	Retirements	Other additions/ (deductions)	End of year
1983–Machinery and equipment	$1,812	$180	$ 42	$ 24	$1,97[illegible]
Buildings and improvements	199	17	2	–	214
Rolling stock	34	6	5	5	40
Furniture and fixtures	17	2	2	–	17
Other assets	20	2	2	(4)	16
Capitalized interest	4	6	–	–	10
Total	$2,086	$213	$ 53	$ 25	$2,271
1984–Machinery and equipment	$1,974	$182	$163	$(16)	$1,977
Buildings and improvements	214	15	11	(13)	205
Rolling stock	40	6	2	–	44
Furniture and fixtures	17	2	2	(1)	16
Other assets	16	1	–	–	17
Capitalized interest	10	8	–	(2)	16
Total	$2,271	$214	$178	$(32)	$2,275
1985–Machinery and equipment	$1,977	$208	$140	$(30)	$2,015
Buildings and improvements	205	15	6	(1)	213
Rolling stock	44	7	3	2	50
Furniture and fixtures	16	2	2	–	16
Other assets	17	1	3	(1)	14
Capitalized interest	16	13	–	(9)	20
Total	$2,275	$246	$154	$(39)	$2,328

Schedule IX
1983, 1984 and 1985

CONSOLIDATED SHORT-TERM BORROWINGS
(millions)

Category of aggregate short-term borrowings(a)	Balance at end of period	Weighted average interest rate	Maximum amount outstanding during the period	Average amount outstanding during the period	Weighted average interest rate during the period(b)
YEARS ENDED DECEMBER 31					
1983					
Bank borrowings	$14	37%	$17	$12	21%
1984					
Bank borrowings	$ 6	17%	$14	$14	37%
1985					
Bank borrowings	$14	9%	$22	$11	17%

(a) Bank borrowings are comprised of short-term borrowings from foreign and domestic banks.
(b) Calculated by relating appropriate interest expense to monthly aggregate bank borrowings.

9. Disagreements on Accounting and Financial Disclosure

There has been no change of accountants or reported disagreement on any matter of accounting principles or procedures or financial statement disclosure in 1985.

PART III

10. Directors and Executive Officers of the Registrant

This information is incorporated herein by reference to pages 4 to 8 of the 1986 Proxy Statement. Also see Item 1a.

11. Management Remuneration

This information is incorporated herein by reference to pages 10 to 16 of the 1986 Proxy Statement.

12. Security Ownership of Certain Beneficial Owners and Management

This information is incorporated herein by reference to pages 1 and 2 and page 9 of the 1986 Proxy Statement.

13. Certain Relationships and Related Transactions

This information is incorporated herein by reference to pages 4 and 14 of the 1986 Proxy Statement.

PART IV

14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) List of documents filed as part of this report.

(1) Financial statements and financial statement schedules.

(a) The Consolidated Financial Statements of Celanese and the Independent Certified Public Accountants' Report of Peat, Marwick, Mitchell & Co. are set forth at Item 8.

(b) The following additional financial information is filed as part of this 10-K and should be read in conjunction with the consolidated financial statements. Schedules not included with this additional financial information have been omitted either because they are not applicable or because the required information is shown in the financial statements or notes thereto.

Schedule		10-K Page
	Independent Certified Public Accountants' Report	
II	Amounts receivable on notes from directors, officers and employees......................	67
V	Consolidated property, plant and equipment..................	68
VI	Consolidated accumulated depreciation of property, plant and equipment..................	69
IX	Consolidated short-term borrowings......................	70

(2) Exhibits

3.1 Composite Certificate of Incorporation of Celanese as amended to May 12, 1981 (filed as an Exhibit to the Celanese Quarterly Report on Form 10-Q for the interim period ended June 30, 1981, and incorporated herein by reference).

3.2 By-laws of Celanese as amended to May 30, 1984 (filed as an Exhibit to the Celanese Quarterly Report on Form 10-Q for the interim period ended June 30, 1984, and incorporated herein by reference).

4.1 Form of Indenture between Celanese and Trustee relating to the 4% Convertible Subordinated Debentures due 1990, including the form of the Debentures (filed as an Exhibit to Form S-1 Registration Statement No. 2-23179 filed February 17, 1965, and Amendments 1 and 2 thereto and incorporated herein by reference).

4.2 Form of Indenture between Celanese and Trustee relating to the 11 7/8% Sinking Fund Debentures, due 2005, including in Section 2.01 and 2.02 thereof, the form of the Debentures (filed as an Exhibit to Form S-16 Registration Statement No. 2-68454 filed July 21, 1980, and Amendment No. 1 thereto and incorporated herein by reference).

4.3 Form of Indenture between Celanese and Trustee relating to the 9 3/4% Convertible Subordinated Debentures due 2006, including in Section 2.02 thereof, the form of the Debentures (filed as an Exhibit to Form S-16 Registration Statement No. 2-71119 filed March 4, 1981, and Amendment No. 1 thereto and incorporated herein by reference).

4.4 Celanese agrees to furnish to the Commission upon request a copy of any other instrument with respect to long-term debt of Celanese and any subsidiary for which consolidated or unconsolidated financial statements are required to be filed and as to which the amount of securities authorized thereunder does not exceed 10% of the total assets of Celanese and its subsidiaries on a consolidated basis.

10.1 Employment Agreement between Celanese and John D. Macomber dated June 1, 1973 (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1984, and incorporated herein by reference.)

10.2 Employment Agreements between Celanese and (i) John W. Brooks dated July 29, 1977; and (ii) R.L. Mitchell as amended as of October 28, 1977 (filed as Exhibits to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1977, and incorporated herein by reference).

10.3 Amendment as of November 1, 1977 to Employment Agreement previously filed between Celanese and John D. Macomber (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1977, and incorporated herein by reference).

10.4 Amendments to Employment Agreements previously filed between Celanese and (i) John W. Brooks as of December 1, 1978; (ii) John D. Macomber as of October 1, 1978; and (iii) R.L. Mitchell as of December 1, 1978 (filed as Exhibits to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1978, and incorporated herein by reference).

10.5 Amendment as of January 1, 1981 to Employment Agreement previously filed between Celanese and John D. Macomber (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1980, and incorporated herein by reference).

10.6 Amendments to Employment Agreements previously filed between Celanese and (i) John D. Macomber as of July 15, October 28 and November 25, 1981; and (ii) R.L. Mitchell as of October 28, 1981 (filed as Exhibits to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1981, and incorporated herein by reference).

10.7 Employment Agreement as of October 28, 1981, between Celanese and C.R. Tully (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1981, and incorporated herein by reference).

10.8 Amendment as of August 15, 1982 to Employment Agreement previously filed between Celanese and John W. Brooks (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1982, and incorporated herein by reference).

10.9 Employment Agreement dated December 1, 1985 between Celanese and Richard M. Clarke.

10.10 Employment Agreement dated December 1, 1985 between Celanese and Ernest H. Drew.

10.11 Amendments to Employment Agreements previously filed between Celanese and (i) John D. Macomber as of May 27, 1985; (ii) R.L. Mitchell as of November 27, 1985; and (iii) C.R. Tully as of November 27, 1985.

10.12 Celanese 1974 Stock Option Award Plan, as amended, as of January 27, 1982 (filed as an Exhibit to Post-Effective Amendment No. 11 to Form S-8 Registration Statement No. 2-53082 filed April 30, 1982, and incorporated herein by reference).

10.13 Celanese 1980 Stock Option and Long-Term Award Plan, as amended, as of February 1, 1985 (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1984, and incorporated herein by reference).

10.14 Celanese 1985 Stock Option and Long-Term Award Plan.

10.15 The Executive Pension Plan of Celanese, as amended, as of January 1, 1986.

10.16 Celanese Supplemental Pension Plan to Retirement Income Pension Plan (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1977, and incorporated herein by reference).

10.17 Grantor Trust Agreement, between Celanese and Bankers Trust Company, dated December 27, 1985, for payment of benefits under the Executive Pension Plan.

10.18 The Celanese Executive Medical Plan, effective January 1, 1984 (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1984, and incorporated herein by reference.)

10.19 Rider covering additional coverage for officers under the Celanese Life and Accidental Death and Dismemberment Insurance Plan, as of January 1, 1981 (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1981, and incorporated herein by reference).

10.20 A description of the Celanese Executive Homeowner, Automobile and Excess Liability Insurance Program, as of January 1, 1985 (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1984, and incorporated herein by reference.)

10.21 A description of the Celanese Tax Return Preparation and Tax Counseling Program for selected key executives (filed as an Exhibit to Form S-15 Registration Statement No. 2-70320 filed December 19, 1980, and incorporated herein by reference).

10.22 A description of Executive Dining Room privileges for selected key executives (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1982, and incorporated herein by reference).

10.23 A description of the Cardio-Fitness Program for selected key executives, as of January 1, 1984 (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1984, and incorporated herein by reference).

10.24 A description of the Financial Counseling Program for selected key executives, as of April 6, 1984 (filed as an Exhibit to the Celanese Annual Report on Form 10-K for the fiscal year ended December 31, 1984, and incorporated herein by reference).

10.25 Reference is made to page 14 of the Celanese 1986 Proxy Statement for a description of the stock option loan program for directors, officers and other key employees. (Incorporated herein by reference is the section entitled "Loans Relating to Options" on page 14 of the Celanese 1986 Proxy Statement.)

10.26 Reference is made to page 3 of the Celanese 1986 Proxy Statement for a description of the deferred compensation plan and the pension plan applicable only to non-employee directors. (Incorporated herein by reference is the section entitled "Director Compensation" on page 3 of the 1986 Celanese Proxy Statement).

22.1 Subsidiaries

Name	Where Incorporated
Celanese Chemical Company, Inc.	Texas
Celanese International Holding Company	Delaware
Celanese Mexicana, S.A.	Mexico
FII International Co., Inc.	Delaware

24.1 Consent of Independent Certified Public Accountants.

25.1 Powers of attorney, dated in February 1986, for directors and officers of Celanese authorizing Robert A Longman to sign this 10-K on their behalf.

25.2 Certified copy of resolution adopted by the Board of Directors of Celanese on January 29, 1986, authorizing officers to sign this 10-K on behalf of Celanese pursuant to powers of attorney.

(b) Reports on Form 8-K

During the quarter ended December 31, 1985, no reports on Form 8-K were filed.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, Celanese has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Celanese Corporation

By David A. Jenkins
(David A. Jenkins, Secretary)

February 27, 1986

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on February 27, 1986, by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Title
Principal Executive Officer: John D. Macomber*	Director, Chairman, President and Chief Executive Officer
Principal Financial Officer: C. Robert Tully	Director, Vice President and Chief Financial Officer
Principal Accounting Officer: Arthur A. Cooksey	Vice President and Controller
Directors:	
Robert Anderson*	Director
B.A. Bridgewater, Jr.*	Director
John W. Brooks*	Director
Ida Larkin Clement*	Director
Eleanor T. Elliott*	Director

Frederic C. Hamilton*	Director
Vernon E. Jordan, Jr.*	Director
Howard C. Kauffmann*	Director
Paul L. Miller*	Director
Robert L. Mitchell*	Director and Vice Chairman
J. Paul Sticht*	Director

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*Robert A. Longman, by signing his name hereto, does sign this document on behalf of each of the persons indicated above pursuant to powers of attorney duly executed by such persons, filed with the Securities and Exchange Commission.

By Robert A. Longman
(Robert A. Longman, Attorney-in-Fact)

CELANESE CORPORATION

EXHIBITS TO 1985 ANNUAL REPORT ON FORM 10-K

EXHIBITS TO 1985 ANNUAL REPORT ON FORM 10-K

Attached exhibits are as follows:

10.9	Employment agreement dated December 1, 1985 between Celanese and Richard M. Clarke.
10.10	Employment agreement dated December 1, 1985 between Celanese and Ernest E. Drew.
10.11	Amendments to Employment Agreements previously filed between Celanese and (i) John D. Macomber as of May 27, 1985; (ii) R. L. Mitchell as of November 27, 1985; and (iii) C. R. Tully as of November 27, 1985.
10.14	Celanese 1985 Stock Option and Long-Term Award Plan.
10.15	The Executive Pension Plan of Celanese, as amended, as of January 1, 1986.
10.17	Grantor Trust Agreement, between Celanese and Bankers Trust Company, dated December 27, 1985, for payment of benefits under the Executive Pension Plan.
24.1	Consent of Independent Certified Public Accountants.
25.1	Powers of attorney, dated in February 1986, for directors and officers of Celanese authorizing Robert A. Longman to sign this 10-K on their behalf.
25.2	Certified copy of resolution adopted by the Board of Directors of Celanese on January 29, 1986, authorizing officers to sign this 10-K on behalf of Celanese pursuant to powers of attorney.

EXHIBIT 10.9