Sept. 30, '97

PLAINTIFF'S EXHIBIT

CEL-1239

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PUBLIC DOCUMENT COUNT: 3
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FILER:

COMPANY DATA:
COMPANY CONFORMED NAME: HOECHST CELANESE CORP
CENTRAL INDEX KEY: 0000812427
STANDARD INDUSTRIAL CLASSIFICATION: PLASTIC MAIL, SYNTH RESIN/
IRS NUMBER: 135568434
STATE OF INCORPORATION: DE
FISCAL YEAR END: 1231

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SEC FILE NUMBER: 033-13326
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CITY: BRIDGEWATER
STATE: NJ
ZIP: 08876
BUSINESS PHONE: 9082312000

MAIL ADDRESS:
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STREET 2: PO BOX 2500
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STATE: NJ
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report under Section 13 or 15(d) of the Securities Exchange

Act of 1934

For the quarterly period ended September 30, 1997

[ ] Transition report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period from __________ to __________

Commission File Number 33-13326

HOECHST CELANESE CORPORATION
(Exact name of Registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	13-5568434 (I.R.S. Employer Identification No.)
30 INDEPENDENCE BOULEVARD WARREN, NEW JERSEY (Address of principal executive offices)	07059 (Zip Code)

Registrant's telephone number, including area code: (908) 231-2000

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______

All outstanding shares of Hoechst Celanese Corporation stock are owned by its parent, Hoechst Corporation.
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NOTE : The Registrant is referred to in this Form 10-Q as the Company or Hoechst Celanese.

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Part I - Financial Information
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

HOECHST CELANESE CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

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ASSETS

Current assets:
  Cash and cash equivalents..........
  Marketable securities..........
  Net receivables..........
  Inventories..........
  Deferred income taxes..........
  Prepaid expenses..........

    Total current assets..........

Investments in affiliates..........
Property, plant and equipment, net..........
Deferred income taxes..........
Long-term receivable from parent..........
Other assets..........
Excess of cost over fair value of net assets of businesses acquired, net..........
Net assets held for distribution..........

    Total assets..........

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:
  Commercial paper, notes payable and current installments of long-term debt..........
  Accounts payable and accrued liabilities..........
  Dividend payable to parent..........
  Income taxes payable..........

    Total current liabilities..........

Long-term debt..........
Deferred income taxes..........
Minority interests..........
Other liabilities..........

Stockholder's equity:
  Common stock..........
  Additional paid-in capital..........
  Retained earnings..........
  Cumulative translation and other adjustments..........

    Total stockholder's equity..........

Total liabilities and stockholder's equity...................................

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See accompanying notes to consolidated financial statements.

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PART I - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

HOECHST CELANESE CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

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	THREE MONTHS E SEPTEMBER 30	
	1997	1
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Net sales	$1,517	$1
Cost of sales	1,214	1
Selling, general and administrative expenses	129	
Research and development expenses	38	
Special charges	17	
Operating income	119	
Equity in net earnings of affiliates	3	
Interest expense	(17)	
Interest and other income, net	24	
Earnings before income taxes, minority interests and discontinued operations	129	
Income tax expense	34	
Earnings before minority interests and discontinued operations	95	
Minority interests	26	
Earnings from continuing operations	69	
Earnings from discontinued operations, net of tax	-	
Net earnings	$ 69	$

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See accompanying notes to consolidated financial statements.

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PART I - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

HOECHST CELANESE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

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Operating activities:
Earnings from continuing operations..
Adjustments to reconcile earnings from continuing operations to net cash provide
operating activities:
Special charges, net of amounts used.......................................
Change in equity of affiliates...
Depreciation and amortization..
Deferred income taxes..
Issuances of note receivable from Parent...................................
Collections of note receivable from Parent.................................
Changes in operating assets and liabilities:
Net receivables..
Inventories..
Accounts payable and accrued liabilities...................................
Income taxes payable...
Other, net...
Net cash provided by operating activities of discontinued operations.......

Net cash provided by operating activities..............................

Investing activities:
Proceeds from sale of businesses and assets, net...........................
Proceeds from sale of marketable securities................................
Purchases of marketable securities...
Capital expenditures...
Net cash used in investing activities of discontinued operations...............

Net cash provided by (used in) investing activities..................

Financing activities:
Proceeds from long-term debt...
Payments on long-term debt...
Net proceeds from (payments on) short-term borrowings.........................
Net (payments on) proceeds from short-term borrowings from Parent and affiliates
Dividends paid...

Net cash used in financing activities..................................

Exchange rate changes on cash..

Net change in cash and cash equivalents....................................

Cash and cash equivalents at beginning of period...............................

Cash and cash equivalents at end of period.................................

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Cash paid during the period for: Interest, net of amounts capitalized...........
Income taxes paid..............................

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See accompanying notes to consolidated financial statements.

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PART I - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

HOECHST CELANESE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

Hoechst Celanese Corporation (the "Company") is wholly owned by Hoechst Corporation ("Parent"), a holding company, itself a wholly owned subsidiary of Hoechst Aktiengesellschaft ("Hoechst AG"). The Company manufactures and sells, principally to industrial customers, a diversified line of products including textile and technical fibers; acetate cigarette filter tow; specialty and bulk chemicals and bulk pharmaceuticals; engineering plastics; and polyester film.

The consolidated financial statements are unaudited and are subject to year-end audit and adjustments. In the opinion of management, the financial statements include all adjustments (consisting only of normal accruals) which are necessary to present fairly the results for the interim periods reported. Results for the nine-month period ended September 30, 1997 are not necessarily indicative of the results that will be realized for the full year. All significant intercompany balances and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The consolidated financial statements include the accounts of the Company and its majority-owned or controlled subsidiaries, including two wholly owned captive insurance companies, joint ventures and partnerships. Certain reclassifications have been made in the 1996 consolidated financial statements to conform to the classifications used in 1997.

Substantially all of the Company's minority interests are comprised of Grupo Celanese, S.A. and Celanese Canada Inc. The Company, in conjunction with an investment by its Parent, owns 51% of the outstanding voting shares of Grupo Celanese, S.A. and exercises management control. The Company owns approximately 56% of Celanese Canada Inc.

As part of a worldwide strategy, Hoechst AG formally became a strategic management holding company as of July 1, 1997. Thus, the Company is undergoing an internal review to align its businesses under this new global approach. Under this approach, the Cellulosics business was transferred from the Trevira (formerly Fibers and Film) segment to the Celanese (formerly Chemicals) segment at the end of 1996. The Company has renamed its segments to conform to the new global alignment. Accordingly, Chemicals is now known as Celanese; Fibers and Film is now known as Trevira; and Specialties and Technical Polymers is now known as Specialties and Ticona.

During the second quarter of 1997, the Company's management, the shareholders of Hoechst AG, and the shareholders of Clariant AG, Switzerland ("Clariant") approved a formal plan to sell the Company's interests in its specialty chemicals business to Clariant. During the third quarter of 1997, the Company sold substantially all of the assets and transferred substantially all of the related liabilities of its U.S. and Canadian specialty chemicals businesses to Clariant. Accordingly, the operating results and net assets of these businesses have been reflected as discontinued operations in the accompanying financial statements. The third quarter operating results of these businesses were not material and, therefore, were not included in the Company's consolidated statements of earnings for the third quarter of 1997. The accounting for this transaction will be finalized in the fourth quarter of 1997. No significant gain or loss is expected on this transaction.

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PART I - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

HOECHST CELANESE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) BASIS OF PRESENTATION (CONTINUED)

Included in earnings from discontinued operations, net of tax are net sales of $182 million for the three months ended September 30, 1996 and $405 million and $535 million for the nine months ended September 30, 1997 and 1996, respectively. Operating income for discontinued operations is $6 million for the three months ended September 30, 1996 and $17 million and $14 million for the nine months ended September 30, 1997 and 1996, respectively.

(2) INVENTORIES

<TABLE>
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	SEPTEMBER 30, 1997 (IN M
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Finished goods	$565
Work-in-process	81
Raw materials and supplies	161
Subtotal	807
Excess of current costs over stated values	(38)
Total inventories	$769

</TABLE>

(3) COMMITMENTS AND CONTINGENCIES

The Company is a defendant in a number of lawsuits, including environmental, product liability and personal injury actions. Certain of these lawsuits purport to be or have been preliminarily certified as class actions. In some of these cases, claimed damages are substantial. While it is impossible at this time to determine with certainty the ultimate outcome of the lawsuits, management believes, based on the advice of legal counsel, that adequate provisions have been made and that the ultimate outcome will not have a material adverse effect on the financial position of the Company, but may have a material adverse effect on the results of operations or cash flows in any given year.

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PART I - FINANCIAL INFORMATION

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

As part of a worldwide strategy, Hoechst AG formally became a strategic management holding company as of July 1, 1997. Thus, the Company is undergoing an internal review to align its businesses under this new global approach. Under this approach, the Cellulosics business was transferred from the Trevira (formerly Fibers and Film) segment to the Celanese (formerly Chemicals) segment at the end of 1996. It is unknown at this time when other realignments, if any, will be made and the effect they will have on the Company. The Company has renamed its segments to conform to the new global alignment. Accordingly, Chemicals is now known as Celanese; Fibers and Film is now known as Trevira; and Specialties and Technical Polymers is now known as Specialties and Ticona.

During the second quarter of 1997, the Company's management, the shareholders of Hoechst AG, and the shareholders of Clariant AG, Switzerland ("Clariant") approved a formal plan to sell the Company's interests in its specialty chemicals business to Clariant. During the third quarter of 1997, the Company sold substantially all of the assets and transferred substantially all of the related liabilities of its U.S. and Canadian specialty chemicals businesses to Clariant. Accordingly, the operating results and net assets of these businesses have been reflected as discontinued operations in the accompanying financial statements. The third quarter operating results of these businesses were not material and, therefore, were not included in the Company's consolidated statements of earnings for the third quarter of 1997. The accounting for this transaction will be finalized in the fourth quarter of 1997. No significant gain or loss is expected on this transaction.

Sales for the first nine months of 1997 decreased by 3% to $4,539 million from $4,686 million for the comparable 1996 period and increased by 2% for the third quarter to $1,517 million from $1,492 million. The Trevira segment experienced sales decreases of $205 million and $38 million for the nine months and the third quarter, respectively, when compared to the prior year. For the nine-month period, Trevira experienced a negative price variance of $222 million, partially offset by a positive volume variance of $17 million. The negative price variance was primarily in PET packaging resins, $94 million for nine months, due to oversupply in the marketplace. Also, intermediates, textile staple, and PET film experienced negative price variances of $28 million, $72 million, and $28 million, respectively, due to lower raw material costs, which drove selling prices down. For the third quarter, Trevira experienced a negative price variance of $22 million, mostly in polyester staple. In the Celanese segment, sales increased by $53 million for the first nine months and increased by $29 million for the third quarter 1997 versus 1996 mainly due to favorable prices. Volumes were unfavorable in Cellulosics for both the third quarter and the nine months, due to quarterly timing of tow and flake shipments to China. In the remainder of the Celanese segment, both volume and pricing were favorable for the third quarter and year-to-date versus 1996. Sales volumes increased across all business units with strong results from acetyls and favorable methanol pricing. In addition, sales volumes improved due to tight North American markets and production outages in the industry. In the Specialties and Ticona segment, sales decreased by $9 million for the nine months and increased $15 million for the third quarter over the comparable 1996 period. The decrease for the nine months was mainly due to the transfer of the fluoropolymers business to Dyneon, a Hoechst-3M joint venture, effective August 1, 1996. The increase for the three months was due to higher export sales volumes for Celcon.

Selling, general and administrative expenses increased by $3 million for the first nine months of 1997 versus 1996. The increase is mostly attributed to increased spending for reengineering, new computer software and consultants. For the third quarter 1997, selling, general and administrative expenses decreased by $7 million from the comparative 1996 period. This is mainly due to the timing of spending for various reengineering and new computer software projects throughout the company.

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PART I - FINANCIAL INFORMATION

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS (CONTINUED)

Research and development expenses decreased $2 million for both the nine months and the third quarter of 1997 when compared to the same periods of the prior year. The decrease for the quarter is primarily in the Trevira segment, partially offset by an increase in the Corporate Research and Technology segment.

The Company recorded special charges of $104 million in the first nine months of 1997, of which $17 million was recorded in the third quarter of 1997. These special charges are mostly due to the announced restructuring of the Trevira and Corporate Research and Technology segments. In addition, the bulk pharmaceutical and intermediates business recorded a special charge for ending product development for the generic bulk actives market.

Operating income was $267 million for the first nine months of 1997, compared to $378 million for 1996, and was $119 million for the third quarter 1997, compared to $99 million in 1996. Trevira's operating income declined $32 million for the nine months due to the special charge recorded in 1997 as well as lower prices for PET packaging resins, intermediates and textile staple. Trevira's third quarter operating income increased $13 million mainly due to cost containment measures and lower spending for new software and systems projects. In the Celanese segment, operating income decreased $23 million and $3 million for the nine months and the third quarter, respectively. Higher raw material prices and additional sourcing costs in the chemicals business resulted in lower operating income for the nine-month period. In the third quarter, raw material pricing pressures and sourcing costs continued to ease, resulting in slightly higher earnings in the chemicals business, which was more than offset by lower operating income in Cellulosics due to lower sales volumes. The operating income for Specialties and Ticona decreased $8 million for the first nine months of 1997 and increased $2 million for the third quarter. The decrease for the nine months was due mostly to the special charge relating to restructuring in the bulk pharmaceutical and intermediates business. Operating income was also reduced by the special charge relating to restructuring in the Corporate Research and Technology segment.

Equity in net earnings of affiliates increased $2 million for both the nine months and the third quarter when compared to the prior year periods due to increased earnings in most of the Company's equity investments.

The increase of $14 million in interest and other income, net for the first nine months of 1997 and the $11 million increase for the third quarter is primarily due to increased interest income on loans to parent and affiliates.

The effective tax rate increased to 34% in 1997 from 31% in 1996 for the nine months results. The effective tax rate increased to 26% from 24% for the third quarter. These increases are primarily attributable to the effect of lower earnings and the non-deductibility of goodwill amortization and the higher tax rates of Mexican entities, offset by a change in a prior year's estimate in 1997 which resulted in a tax benefit.

Effective January 1, 1997, the Mexican economy has been deemed hyperinflationary; thus, the Company switched from the peso to the U.S. dollar as the functional currency for its Mexican entities. The first nine months results and the third quarter 1997 results were favorably impacted by approximately $3 million and $5 million, respectively.

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ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for the third quarter and nine months of 1997 was 5.4 and 4.0, respectively, compared to 3.8 and 5.0 for the 1996 periods. The decrease for the nine months was primarily due to weaker earnings from continuing operations. The increase for the three months was primarily due to strong earnings in the third quarter of 1997. For purposes of calculating the ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before fixed charges, minority interests and income taxes. Fixed charges consist of interest and debt expense, capitalized interest and the estimated interest portion of rents under operating leases.

LIQUIDITY AND CAPITAL RESOURCES

During 1996, the Company began pooling its cash with its Parent and the Company's excess cash is loaned to its Parent under a revolving credit agreement. Accordingly, the Company had no cash and cash equivalents at September 30, 1997 and December 31, 1996. Under this revolving credit agreement, the outstanding receivable balance from Parent was $296 million as of September 30, 1997 and $191 million as of December 31, 1996.

Cash provided by operations for the first nine months of 1997 was $521 million, compared to $535 million for the 1996 period. Cash provided by operations was more than sufficient to finance the Company's capital expenditures.

In 1997, investing activities include proceeds of $422 million relating to the sale of the Company's U.S. and Canadian specialty chemicals businesses to Clariant.

During the first nine months of 1997, the Company repaid $3 million under its commercial paper program. There was no commercial paper outstanding at September 30, 1997. In the third quarter of 1997, the Company redeemed all of the $250 million 9.625% notes outstanding and repaid $360 million short-term borrowings to Hoechst AG.

The Company paid its Parent a $90 million dividend in the first quarter of 1997 and a $130 million dividend in the first quarter of 1996. The Company intends to continue its practice of paying a dividend to its Parent at the discretion of the Company's Board of Directors.

The Company had an aggregate of $175 million medium-term notes outstanding as of September 30, 1997. The Company may sell from time to time up to an additional $250 million of such notes. The proceeds from the sale of any medium-term notes will be used for general corporate purposes.

The Company expects that its capital expenditures, investments and working capital requirements will continue to be met primarily from cash generated from operations. However, the Company may, due to the timing of funding requirements, supplement its liquidity from external or affiliated sources. Such sources include the Company's medium-term note shelf registration, commercial paper program and loans from its Parent or Hoechst AG and affiliates.

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PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

10.15 Description of the Hoechst AG Stock Appreciation Rights (SAR) Plan 1997, which covers certain executive officers of the Company

27 Financial Data Schedule (included in electronic filing only)

(b) FORM 8-K

During the quarter ended September 30, 1997, no reports on Form 8-K were filed.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-Q has been signed on behalf of the Registrant by its Chief Accounting Officer who is authorized to sign on behalf of the Registrant.

Hoechst Celanese Corporation

November 14, 1997

/s/ R. W. Smedley

R. W. Smedley
Vice President and Controller

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EXHIBIT 10.15

DESCRIPTION OF THE HOECHST AG
STOCK APPRECIATION RIGHTS (SAR) PLAN 1997

October 15, 1997

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Hoechst [LOGO]

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Hoechst [LOGO]

INTRODUCTION

As a further step in Hoechst AG's continuing efforts to add sustained long-term value to Hoechst AG, the management board (Vorstand) has approved the introduction of a Stock Appreciation Rights (SAR) Plan for selected key executives. The Plan is effective as of September 9, 1997.

PLAN SUMMARY

TYPE OF PLAN

Each of the Plan participants receives a certain number of SAR units. Each of these units entitles the Plan participant to receive the appreciation amount of one Hoechst share above the grant price. There is no entitlement for the underlying shares themselves. The number of SAR units granted relates to the total cash compensation of the participant, means; the market value of the underlying Hoechst shares at the date of grant equals each participant's total annualized cash compensation for 1997.

PLAN ELIGIBILITY

Selected executives of top management worldwide participate.

DURATION AND EXERCISE RIGHTS

The SAR Plan has a total duration of five years. During the first two years, exercise is not allowed. Similarly, exercise is not possible during the two weeks prior to the announcement of the Company's quarterly financial results.

EXERCISE THRESHOLD

At the time of exercise, the stock price (since Plan commencement in September 1997) must be at least 25% above the grant price.

PLAN PAYMENTS AT EXERCISE

The Plan payment equals the stock appreciation since Plan commencement (i.e., stock price at exercise less stock price at Plan commencement). Plan payments are made through the payroll system.

<PAGE>

Hoechst [LOGO]

EXERCISE AMOUNTS

Partial exercise is possible with a minimum exercise of 500 units, and higher amounts in increments of 100 units.

PLAN ADMINISTRATION

Plan participants exercise units through the bank that administers the Plan.

PLAN ELIGIBILITY

The 1997 SAR Plan is intended for top management worldwide. Key executives who have been nominated by Hoechst AG or its subsidiaries for participation and whose participation has been approved by the management board (Vorstand) of Hoechst AG are participants in the 1997 SAR Plan.

TYPE OF PLAN

The Plan is a Stock Appreciation Rights (SAR) Plan. The Plan allows each participant to participate in the future appreciation of Hoechst AG shares, based on the size of the grant received by each participant.

1997 SAR GRANT

Each participant will receive a certain number of SAR units on the effective date of the Plan. Each of these units entitles each participant to receive the appreciation of one Hoechst share above the grant price during the duration of the Plan. There is no entitlement for the underlying shares themselves. The number of SAR units granted relates to each participant's total cash compensation, means; the market value of the underlying Hoechst shares at the date of grant equals the total annualized cash compensation for 1997 for each participant.

For SAR Plan purposes, each participant's total annualized compensation means annualized base salary - base salary in the month preceding the grant - times 12 months plus target bonus in the year of grant.

<PAGE>

Hoechst [LOGO]

GRANT PRICE

The grant price of each 1997 SAR unit equals 73.80 DM, the volume weighted average of the Hoechst share price on the Frankfurt Stock Exchange between September 1 and September 8, 1997.

DURATION OF AWARDS

Awards made under the 1997 SAR Plan will have a term of five years.

EXERCISE RIGHTS

SAR units can be exercised in the last three years of the Plan. However, SAR units cannot be exercised for a period of two weeks prior to the release of the Company's quarterly financial results during this period.

EXERCISE THRESHOLD

For Plan participants to exercise SAR units, the stock price of Hoechst shares on the Frankfurt Stock Exchange must have increased by 25% or more. That is to say, the stock price on the day of exercise must be at least 25% higher than the grant price. This threshold must be achieved whenever SAR units are exercised. It is not sufficient that, during the 5-year duration of the award, the stock price exceeded the threshold on only one day and then fell below the threshold.

EXERCISE PERIODS AND AMOUNTS

SAR units may be exercised during specified exercise periods. The exercise period for grants awarded on September 9, 1997 begins on September 9, 1999 and ends on September 9, 2002. However, as stated earlier, no exercise is possible during the two week period prior to the release of quarterly corporate financial results.

At the time of exercise, a participant must exercise a minimum of 500 SAR units or more (in increments of 100 units). Remaining amounts of less than 500 units are automatically included in the last exercise.

If the Plan's duration ends and exercise is possible, the Plan will automatically exercise any outstanding units each participant may have.

<PAGE>

DETERMINATION OF PLAN PAYMENTS AT EXERCISE

Plan payments at the time of exercise are determined in accordance with the following formula:

(EXERCISE PRICE MINUS GRANT PRICE)
X NUMBER OF SAR UNITS BEING EXERCISED

The exercise price is equal to the closing stock price of Hoechst AG on the Frankfurt Stock Exchange at 13:30 hours (1:30 p.m.) on the day of exercise.

PLAN ADMINISTRATION AND PLAN PAYMENT AT EXERCISE

When each participant wishes to exercise SAR units, such participant must complete an exercise form. All participants will receive exercise forms, together with other Plan documentation, within the next few months. The administrative procedures are as follows:

- Each participant sends a completed exercise form via fax or e-mail to the bank that has been appointed by Hoechst as the Plan administrator.
- The bank acknowledges receipt of such directive to exercise.
- The bank determines the exercise price and notifies the company of such Plan payment, expressed in the local currency of the country of such participant.
- Each participant's employer calculates the net Plan payment (i.e., after tax and other required deductions). The net Plan payment will be paid to such participant as a special award via local payroll. The payment will be in local currency.

CURRENCY EXCHANGE PROCEDURES

Each participant's total compensation will be converted into Deutsch Marks based upon the published currency exchange rate for purchases of foreign currency according to the "Frankfurt Fixing" on August 29, 1997. The amount of such payment shall be converted back into the local currency of each participant based upon the published currency exchange rate for purchases of the foreign currency of each participant, according to the "Frankfurt Fixing" on the date of exercise.

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IF ACTIVE SERVICE ENDS

If active service for a participant ends for any reason during the first 12 months from the date of the grant of SAR units, such participant will have no entitlement to exercise the grant.

If active service for a participant ends 12 or more months after the date of the grant of SAR units, entitlement to the grant and exercise period for such participant differs depending on the event causing termination.

TAX TREATMENT

Income taxes and other required deductions will be withheld from Plan payments. The deductions will be made at the time of exercise. We suggest that each participant seek tax counsel in this matter.

LEGAL DISCLAIMER

The Plan documents contain the legal provisions that govern this Plan and they provide the technical details for Plan administration. If there is a conflict between this Plan description and the Plan documents, the provisions of the Plan documents apply. Although the Company intends to install similar Plans in the future, each participant has no legal right to future Plan participation. Furthermore, the management board reserves the right to change or revoke this Plan at any time.

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