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To: All Eurex members and vendors

Date: Frankfurt, 17th September 1999

Treatment of the Hoechst/Celanese Spin-off

Dear Sir or Madam,

At an extraordinary general meeting on 16th July 1999 the shareholders of Hoechst AG approved a resolution to spin off the industrial chemical activities. The spin-off would be achieved by founding a new exchange-quoted company (Celanese AG) with registered offices in Frankfurt. The exchange listing of Celanese AG is scheduled for October 1999.

With the spin-off of Celanese AG, Hoechst shareholders will receive 1 Celanese share for every 10 Hoechst shares held. An adjustment to the Hoechst option is also necessary when the spin-off comes into force. The form of the adjustment has been chosen so that the result at the time of the adjustment is value-neutral. A description of the required steps is given below:

- From the time of the spin-off the underlying security of the Hoechst option is a basket consisting of Hoechst-ex and Celanese
- Exercise prices and contract size of Hoechst options will remain unchanged
- On exercise, a basket (100 Hoechst shares and 10 Celanese shares) will be delivered

In order to be able to settle the basket, the Hoechst option will be converted into a dummy option, and the Hoechst share will be converted into a dummy underlying which represents the basket of Hoechst and Celanese. Following the conversion of the former Hoechst option on the day of the spin-off, only these 'Dummy' Hoechst options will exist. The procedure is explained in detail below:

Day X (Day of the spin-off/last trading day cum)

Required ISINs/Exchange symbols

DE0005758007 / HOE	Product ISIN (Hoechst option) Underlying ISIN (Hoechst share)
DE0005753008 / CZZ	Underlying ISIN (Celanese share)
DE0009673921 / HOEC	Dummy Product ISIN (Dummy Hoechst Option) Dummy Underlying ISIN (Basket)

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DE0009673939 / XHKY Dummy Underlying ISIN (Dummy Hoechst share)*

* Generation of a dummy Hoechst share security is necessary as the original Hoechst share will be converted into a basket. The Hoechst share will be necessary for later delivery as a component of the basket .

On day X-1 the Celanese share (DE0005753008) and the dummy Hoechst share (DE0009673939) will be set up.

On day X the following operations will be carried out on Eurex:

- After the close of trading, the security symbol and the ISIN of the Hoechst option will be renamed from HOE/5758007 to the basket identified by HOEC/9673921.
- The dummy Hoechst share will be renamed from XHKY/9673939 to the original Hoechst share (HOE/5758007).

This procedure is the same as that carried out in the past for other products which have changed their ISIN code/exchange symbol. On this day, in all of the Eurex reports, the theoretical price file and all back office messages transmitted during the batch, the old codes will apply.

During the conversion no back office messages will be transmitted to the members' systems. With the start of the trading day on the following day only the new data will be valid throughout all parts of the Eurex system.

After the spin-off the value of a contract will be calculated according to the following formula:

C*S1 = C*SB = C*S2 + C* (n/m) *S3

C = Contract size
S1 = HOE cum
S2 = HOE ex
S3 = CZZ
SB = Basket price
m/n = Spin-off ratio 10:1

This formula is always applicable for the valuation of option series after a spin-off. After the day of the spin-off, no new series will be introduced for reasons of price movements.

On exercise of an existing option series after the spin-off two trades will automatically be generated.

Trade 1: Delivery of 100 Hoechst shares against payment of (C* the exercise price)
Trade 2: Delivery of 10 Celanese shares against payment of 0 euro.

After the spin-off, for technical reasons, Hoechst shares cannot be pledged as cover for Short Call positions. In addition, you should note that for the dummy underlying HOEC there will be no price information delivered

in the underlying zone, in the ticker, nor in the Pricing Model Interface file. Only price information of the basket components Hoechst and Celanese will be reported in the ticker. For valuation of the options the basket price must be calculated manually according to the formula given above.

Capital Market Transactions after the Spin-off

Under the assumption that the merger with Rhone-Poulenc proceeds according to plan, a further adjustment (special dividend/consideration of conversion ratio) of the Hoechst option will be required after the spin-off. An adjustment by the usual procedure (adjustment of exercise price **and** contract size) is not possible, however, due to the spin-off, because an adjustment to the basket via this procedure would result in an adjustment of both components. The further adjustment should be made exclusively on the Hoechst share.

In order to ensure a value-neutral treatment the adjustment of the basket will be applied only to the contract size of the affected securities. The exercise prices will therefore remain unchanged until the expiry of the Hoechst options

The procedure for an adjustment after the spin-off is explained below.

The formula already given above for valuation of the value of a contract is extended as follows:

C*S1 = C*SB = C*K2*S2 + C*K3*(n/m)*S3

K2 and K3 are capital adjustment factors through which compensation is calculated as a number of shares of the affected underlying when a capital adjustment takes place, and added to the basket.

Example: (Special dividend)

Special dividend	= 2.61
S1 =Price of HOE before the spin-off	= 40.00
S2 = Price of HOE after the spin-off	= 36.00
S3 = Price of CZZ	= 40.00
Price of HOE ex-dividend	= 33.39
R-Factor = 33.39/36	= 0.9275
K-factor = 1/R-factor = 1/0.9275	= 1.0782

Contract value before payment of special dividend:
100 * 40 = (100 * 36) + (100 * (1/10) * 40)

Contract value after payment of special dividend:
100 * 40 = (100 * 1.0782 * 3.39) + (100 * (1/10) * 40)

On exercise, fractions of contracts will be multiplied by the current share price and the receiver will be credited with the new shares. They are therefore subtracted from the total purchase price.

For exercise of a series with an exercise price of 40.00 the total purchase price is calculated as follows:

100 HOE *40.00	= 4000.00
7.82*33.39	= 261.11
10 CZZ * 0.00	= 0.00
Total price	= 3738.89

The beneficiary receives:

100 HOE * 33.39	= 3339.00
10 CZZ * 40	= 400.00
Value of position	= 3739.00

Further information on the adjustment of Hoechst options will be provided in a separate circular as soon as details of the timing of the procedure are available.

If you have any questions our Equity Products Help-desk on Tel. +49 (0)69-2101-1210 will be pleased to assist you.

Yours sincerely,

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Hartmut Klein

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