Results of the Segments

▸ Acetyl Products

For 2002, **net sales** for Acetyl Products declined by 11 % from € 2,155 million in 2001 to € 1,923 million in 2002. This drop was largely the result of lower selling prices (-12 %) and unfavorable currency effects (-3 %), partially offset by higher sales volumes (+4 %). Overall selling prices were lower year on year as a result of the trend in raw material costs, primarily natural gas and ethylene. However, pricing rose steadily throughout 2002 as a result of higher demand, temporarily tight supply conditions and a quarterly sequential increase in raw material costs. The increase in demand and the temporary supply-demand imbalances led to higher sales volumes of vinyl acetate monomer in the U.S. and Asia as well as for acetic acid and polyvinyl alcohol, particularly in Asia.

Acetyl Products recorded € 3 million of income in **special charges** in 2002, compared with special charges of € 125 million in 2001. The income of € 3 million resulted from favorable adjustments to restructuring reserves recorded in 2001 and lower than expected severance costs.

EBITDA excluding special charges increased by € 44 million to € 252 million in 2002.

The **operating profit** of € 145 million in 2002 improved from an operating loss of € 73 million the previous year. The main reasons were lower special charges and amortization expenses, higher sales volumes, improved margins resulting from lower raw material and energy costs, as well as positive effects of productivity and restructuring initiatives.

Acetyl Products
in € million

	2002	2001	CHANGE
Sales	1,923	2,155	-11 %
EBITDA excluding special charges	252	208	21 %
EBITDA excluding special charges/sales (%)	13.1 %	9.7 %	35 %
Operating profit (loss)	145	(73)	n.m.
Depreciation & amortization	110	156	-29 %
Capital expenditure	40	43	-7 %

The Acetyls Chain – The Backbone of Celanese AG

Integrated value chains are a common characteristic of the chemical industry. Like a tree with branches and twigs, a variety of chemical products are produced with the basic molecules contained in just a few raw materials. The Acetyls chain in particular plays a key role for Celanese. Acetic acid and vinyl acetate monomer are the basic molecules, constituting the feedstock for many products in the chemical, pharmaceutical and agricultural industry. Celanese started with acetic acid and vinyl acetate as roots for the acetyl tree, then integrated forward and backward along the value chain. Today it is a global market leader in a variety of products.

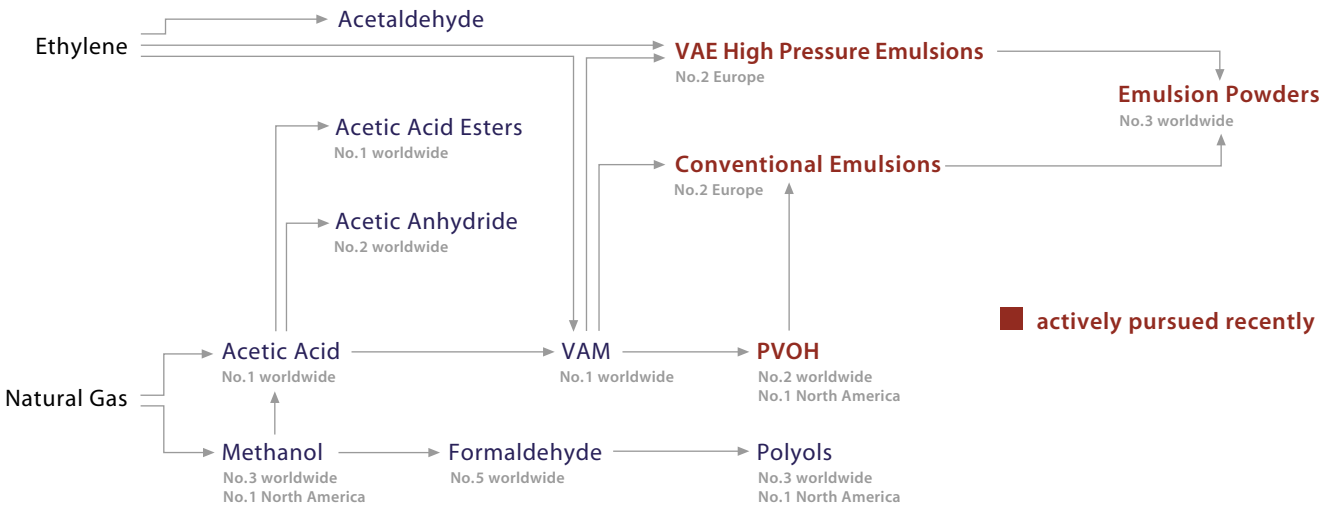
Celanese uses natural gas to synthesize methanol and acetic acid. Methanol is the primary raw material for our acetic acid plants in Clear Lake and Singapore. It serves as the feedstock for producing formaldehyde and polyols.

With an annual capacity of over 2 million metric tons, Celanese is a global market leader in acetic acid. Internally we process acetic acid into key feedstocks for the chemical industry: acetic acid esters, acetic acid anhydride and particularly vinyl acetate monomer (VAM). We are also a global market leader in VAM, with six production sites and an annual capacity of around 1.2 million metric tons.

Until 2000, we sold our entire VAM production on the market. The acquisition of the polyvinyl alcohol business from Air Products in 2000 and of the European emulsions and global emulsion powders business from Clariant at the end of 2002 provides a captive market for some of our VAM. At the same time, we are moving forward in the acetyl chain to reduce cyclicality and also to become much closer to the ultimate consumer of our products.

Celanese expects to extend its Acetyls chain in the future. This will be primarily achieved through cost and technology leadership, excellent marketing relationships and by further extending the value chain.

Acetyl chain – The Backbone of Celanese



▸ Chemical Intermediates

At € 907 million, **net sales** for Chemical Intermediates for 2002 decreased by 11 % compared to net sales in 2001. This is primarily the result of an 8 % decrease in sales prices and unfavorable currency effects (-3 %). Selling prices in all product lines were below those of the previous year due to lower energy and raw material costs, primarily propylene and competitive pressure, mainly in acrylates. Volumes in the Acrylates business were lower due to reduced merchant market opportunities. Volumes in Oxo Products and Specialties increased slightly.

In 2002, the Chemical Intermediates segment recorded **special charges** of € 3 million compared to € 328 million the previous year. The 2002 special charges were associated with restructuring measures.

EBITDA excluding special charges decreased to € 22 million in 2002 from € 30 million in the previous year.

The **operating loss** amounted to € 29 million in 2002 compared to a loss of € 374 million in 2001. The improvement was primarily due to lower special charges, productivity improvements and cost saving effects from restructuring initiatives. This development was partially offset by a decline in Acrylate margins due to overcapacities and a decline in merchant market demand.

Chemical Intermediates
in € million

	2002	2001	CHANGE
Sales	907	1,020	-11 %
EBITDA excluding special charges	22	30	-27 %
EBITDA excluding special charges/sales (%)	2.4 %	2.9 %	-17 %
Operating profit (loss)	(29)	(374)	n.m.
Depreciation & amortization	48	76	-37 %
Capital expenditure	70	30	n.m.

Business Line Specialties serves special needs

The Chemical Intermediates segment consists of the Oxo products, Acrylates and Specialities business lines. For Oxo products and Acrylates large volumes of oxo alcohols and aldehydes, as well as acrylates – chemical intermediates that are essential for many chemical reactions – are produced. Our customers are mainly other chemical companies.

Broad product portfolio of the Business Line Specialities

Product line	Main areas of application
Amines *33 products*	Agrochemicals, solvents, animal feed, and rubber processing
Carboxylic acids *13 products*	Solvents, plasticizers, paints and coatings, tensides, and pharmaceuticals
Olefin derivatives *30 different aldehydes, alcohols, esters and special solvents*	Aromas, fragrances, pharmaceuticals, plasticizers, lubricants, cosmetics, drilling fluids, detergents, paints and coatings, adhesives

This is different for the business line Specialties, because it produces a large number of specialty chemicals starting with comparatively small quantities from a few tons to thousands of tons per product, which customers use for the production of their end products in application areas, such as fine fragrances, fragrances for detergents, aromas for cheeses and desserts or carboxylic acids for synthetic lubricants. Specialty coatings and plastic additives are other main markets for the products of this business line.

Starting with the process of hydroformylation, special hydrocarbons called olefins are reacting with syngas to form aldehydes. Based on these aldehydes, the business line produces a large portfolio of amines, carboxylic acids and olefin derivatives (aldehydes, alcohols, esters and acetals) at four sites in Germany, Mexico and the U.S. The business line Specialties is also very active in New Business Development offering a wide range of technical capabilities to add other products to the current portfolio.

Acetate Products
in € million

	2002	2001	CHANGE
Sales	670	762	-12 %
EBITDA excluding special charges	81	91	-11 %
EBITDA excluding special charges/sales (%)	12.1 %	11.9 %	2 %
Operating profit (loss)	24	(32)	n.m.
Depreciation & amortization	57	73	-22 %
Capital expenditure	31	35	-11 %

▶ Acetate Products

2002 **net sales** for Acetate decreased by 12 % to € 670 million compared to the previous year due to declining volumes (-7 %) and unfavorable currency effects (-5 %). Pricing was stable in 2002 as higher tow prices offset lower filament prices. Acetate products volumes declined in 2002. This is mainly due to lower demand for acetate filament from the U.S. and European textile industries and ongoing substitution of other fibers. Volumes of acetate tow were slightly lower in 2002. The merchant sales of acetate flake, the primary raw material for the production of acetate filament and tow declined, also contributing to lower sales volume.

Acetate recorded no **special charges** in 2002, compared with € 50 million in special charges in 2001.

EBITDA excluding special charges decreased to € 81 million in 2002 from € 91 million in 2001.

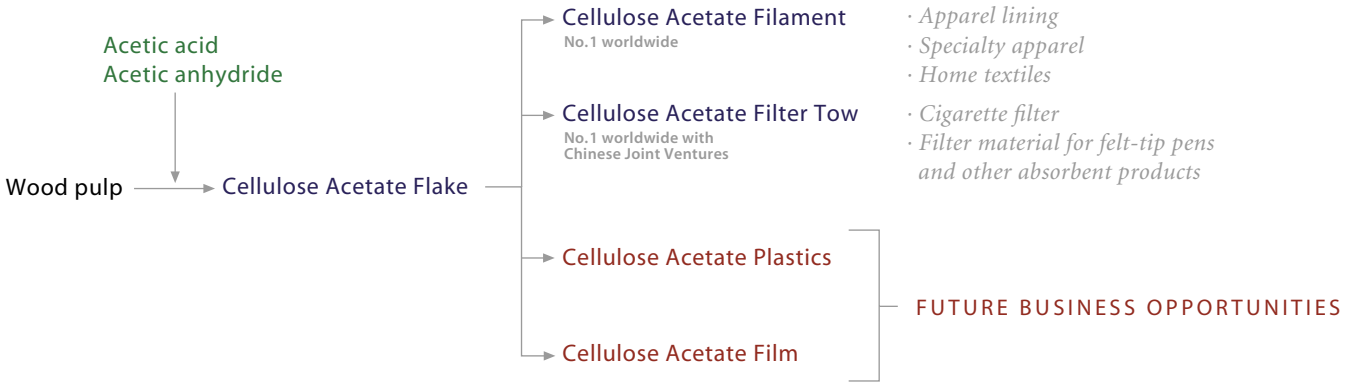
In 2002, Acetate recorded a positive **operating profit** of € 24 million compared with an operating loss of € 32 million the previous year. The improvement was the result of the absence of special charges, lower amortization expense, as well as cost savings from Project Forward and other initiatives.

Cellulose Acetate – a "classic"

At the beginning of the twentieth century, cellulose acetate was Celanese's first product and also gave the company its name. The first major area of application was wing covering for aircraft. In order to improve the process and make it more cost-effective, the company's founders soon started to manufacture the essential intermediates acetic acid and acetic acid anhydride themselves, thus creating the foundation for Celanese Chemicals today.

Today Celanese Acetate is a global leader in filaments and filter tow made from cellulose acetate. This can be traced back to the company's extensive value added chain, its continuous improvement of production processes for flake,

The Acetate value chain



fiber and tow as well as the intense partnership with customers it has maintained over a period of many years. The development department is also working on new application areas for cellulose acetate, for example in absorbent products, as a polymer and as a film to partially offset the long-term decline in sales volume for textile filaments.

▸ Technical Polymers Ticona

In 2002, **net sales** for Technical Polymers Ticona declined by 2 % to € 757 million, as a result of unfavorable currency effects (-3 %) and lower selling prices (-3 %), although these effects were largely offset by higher sales volumes (4 %). The increase in sales volumes was the result of a slight improvement in demand from the automotive industry and other end-consumer industries, particularly in Europe. The average selling prices for polyacetal and most of the other products declined slightly.

Ticona had **special charges** of € 8 million in 2002, after recording income of € 9 million in 2001. The special charges were taken for the consolidation of production capacities in Europe and the U.S.

EBITDA excluding special charges improved in 2002 to € 87 million compared to € 52 million the year before.

In 2002, the **operating profit** amounted to € 22 million, compared to an operating loss of € 15 million the previous year. This increase was largely due to higher sales volumes and lower raw material and energy costs. The positive developments were partially offset by maintenance-related plant shutdowns, start-up costs for the new GUR® plant, plant expansions, higher special charges and the market introduction costs for Topas®/COC.

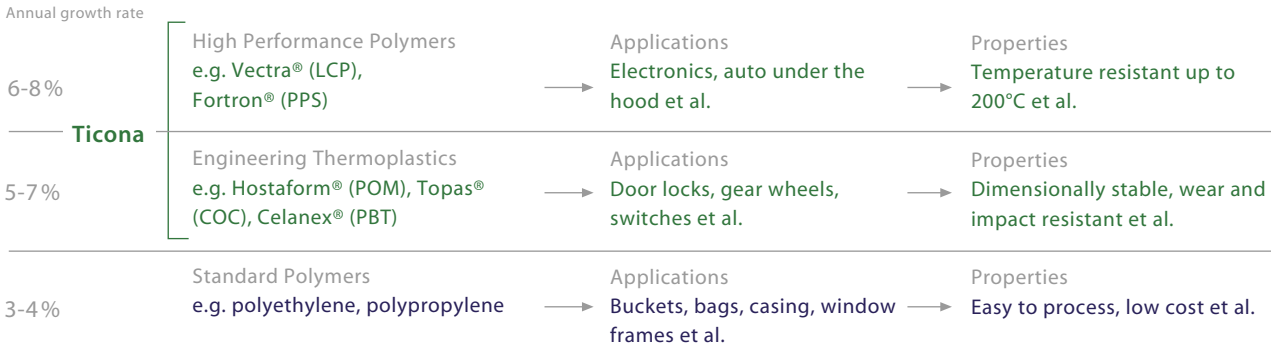
Technical Polymers Ticona
in € million

	2002	2001	CHANGE
Sales	757	773	-2 %
EBITDA excluding special charges	87	52	67 %
EBITDA excluding special charges/sales (%)	11.5 %	6.7 %	72 %
Operating profit (loss)	22	(15)	n.m.
Depreciation & amortization	57	76	-25 %
Capital expenditure	66	97	-32 %

Where technical polymers come into play

Since plastics were introduced on the market in the 1950s in great quantities, they have become the material of choice for many applications. They are inexpensive, light, easy to process and ideal for mass production. However, for some applications toughness, form and heat resistance, or certain functionalities such as optical transparency, flame retardance and bio-compatibility

High performance with Ticona polymers



are required. Polymers such as polypropylene, polyethylene and PVC easily reach their limits in these areas. Manufacturers of electrical appliances, cars and planes must then turn to conventional materials such as steel or glass, or to high-performance polymers.

Ticona has a wide range of technical and high-performance polymers and offers its customers solutions for many problems. This is also reflected in its sales volumes. Ticona almost doubled its sales volumes from 1994 to 2002. With an annual growth rate of 6 to 8 %, Ticona lies well above the average economic growth rate, and also 3 to 4 % above the growth rate for the polymer industry.

There are marked differences in regional growth rates. For the next few years, Europe and the U.S. will remain the most important markets for technical polymers and continue to yield interesting growth rates. However, we expect a particularly high growth rate for technical polymers in China. Ticona hopes to profit from this boom with its new polyacetal plant planned for 2005.

The demand for technical polymers continues to increase. Makers of cars and planes, and electronics and telecommunication companies are looking for innovative materials which can combine light weight, stability and functionality with inexpensive production, for example, injection molding. In partnership with its customers, Ticona is constantly improving its polymers to meet the growing demands and capture new areas of application. Current examples are Hostaform® product types that are acid-proof, odorless or optically matt, or types of Vectra® which are resistant to high temperature.

▸ Performance Products

The Performance Products segment consists of the food ingredients business Nutrinova, with its high intensity sweetener Sunett®, its Sorbates preservative, and its health-promoting food ingredients – the cholesterol-reducing dietary fiber Caromax™ and the Omega-3 fatty acid DHActive™.

Net sales increased by 1 % from € 159 million in 2001 to € 161 million in 2002. This was due to an increase of 10 % in sales volumes, which was largely offset by an 9 % decrease in sales prices. The increase in volumes reflects strong growth in the high-intensity sweetener Sunett® due to applications in new products, primarily in the beverages and confectionary industry in the U.S. and Europe. Overall pricing declined mainly in connection with higher Sunett® volumes to major customers. The high pressure on prices in the sorbates business, which was characterized by global overcapacities, resulted in a reduction in average selling prices, and was partially offset by cost savings.

EBITDA excluding special charges increased by € 5 million, from € 50 million in 2001 to € 55 million in 2002.

The **operating profit** increased from € 44 million in 2001 to € 48 million in 2002 primarily due to new applications for Sunett® and lower costs resulting from initiatives to increase earnings by improving processes and reducing costs. However, this was largely offset by lower selling prices.

Sunett® – the standard for sugar-like sweetness

Over the past few years, Sunett's sales volume has increased considerably. This success is partly due to a general trend towards low-calorie beverages, confectionary, baked goods and dairy products. Since developing Sunett's Multi-Sweetener Concept, Nutrinova has been a pioneer of modern sweetening blends. The Sunett® Multi-Sweetener Concept convinces customers with its taste, stability, and economic efficiency in all applications, even those in which individual sweeteners' limits are tested. This is a concept that today sets global quality standards for sugar-like sweetness in thousands of low-calorie foods and beverages.

Divestiture of Trespaphan

At the end of 2002, Celanese AG concluded the divestiture of Trespaphan, the global business in oriented polypropylene films (OPP), to a consortium consisting of Dor-Moplefan and Bain Capital, for € 209 million. Trespaphan, which had been part of Celanese's Performance Products segment, has 1,400 employees and achieved a sales volume of € 281 million in 2001. In this report, Trespaphan has been recorded as a discontinued operation.

Performance Products
in € million

	2002	2001	CHANGE
Sales	161	159	1
EBITDA excluding special charges	55	50	10 %
EBITDA excluding special charges/sales (%)	34.2 %	31.4 %	9 %
Operating profit (loss)	48	44	9 %
Depreciation & amortization	7	6	17 %
Capital expenditure	4	2	100 %

▸ Other Activities

Other Activities primarily includes Celanese's captive insurance companies, Celanese Ventures GmbH, and Celanese Advanced Materials, Inc. as well as ancillary businesses and service companies, which do not have significant sales. Celanese Ventures promotes research projects that cannot be operated by the principal businesses alone, due to their long-term perspective and widely-spread application possibilities. Celanese Ventures is presently active in developing membrane electrode assemblies (MEAs) for high temperature PEM-fuel cells, and it inaugurated the world's first pilot plant for such MEAs at the Celanese's Frankfurt-Höchst site in the third quarter of 2002. Celanese Ventures is also developing new catalysts for high performance polymers. Celanese Advanced Materials produces and sells the polymer polybenzimidazole (PBI) and Vectran® fibers. The flame-resistant high-performance polymer PBI is used for firefighting protection gear as well as for the fuel cell membrane. High strength Vectran® polymer fibers can be found in air and spacecraft, as well as on yachts and sporting equipment. Other Activities also includes Group administration costs.

Net sales decreased from the previous year by 18 % to € 68 million. This decrease is primarily due to the divestiture of an InfraServ subsidiary and the expiration of some service and licensing contracts of Celanese Ventures GmbH.

Other Activities recorded € 9 million of income in **special charges** in 2002, compared to special charges of € 2 million in 2001, mainly due to the partial adjustment of reserves for environmental protection measures.

EBITDA excluding special charges for the year under review widened to a loss of € 57 million from a loss of € 33 million the previous year.

The **operating loss** of Other Activities widened to € 55 million in 2002 from € 38 million in 2001. This was primarily the result of an adjustment to loss reserves for Celanese's captive insurance companies and from the lower results recorded by Celanese Ventures.

▸ Research and Development

To satisfy markets in the future, Celanese invests about 2 % of its net sales to renew its technologies, processes, products and services. In 2002, Celanese spent € 74 million for R&D. The two segments Acetyl products and Technical Polymers Ticona account for nearly 60 % of these expenditures. We mainly operate research and development, as well as technical support to our customers, from six sites in the U.S. and Germany.

Due to the transfer of all Celanese Chemicals research activities to the production sites and due to various cost savings, research expenditures went down by 15 % compared to 2001.

Improving production processes

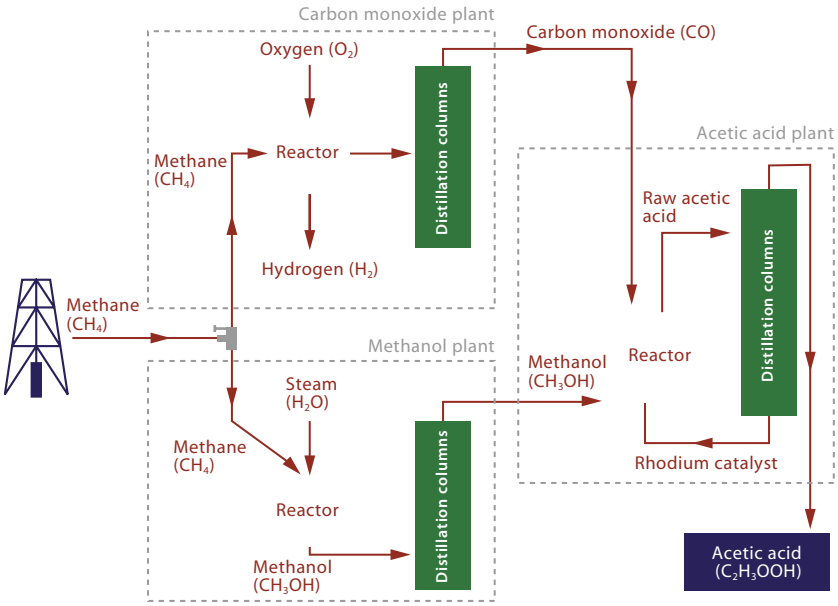
Celanese attaches a great deal of importance to the continuous improvement of energy and raw material efficiency in all production processes and at all plants. Technology and cost leadership play a particularly important role in market success in our businesses. The continuous improvement of the methanol-carbonylation process to produce acetic acid is a strong example of how Celanese maintains cost leadership over time.

Opening up new applications and developing new products

Particularly Ticona, Nutrinova and high value chemicals with PVOH, Emulsions and Specialties are searching for new market applications through their development partnerships with customers. The business line Specialties of Celanese Chemicals is a leading producer of TCD alcohol DM, which is primarily used for the manufacture of special polymers for resins and plastics, lacquers and coatings. TCD alcohol's properties also makes it irreplaceable as a protective coating for CDs and binding adhesives for DVDs.

Together with its customers, Ticona introduced the temperature-resistant and robust polymer Fortron® PPS for aircraft construction – particularly in the new wide-bodied jets. The liquid crystal polymer Vectra® LCP is used by our customers in electronics and telecommunica-

Acetic acid production process



In 2001, we increased capacity by an additional 20 % to 1.2 million tons per year at the world's largest acetic acid plant, in Clear Lake, Texas, using the AO Plus™ technology (acid optimization). The acetic acid plant we started up in Singapore in 2000 also works with the same technology, that is, carbonylation of methanol.

tions technology, particularly in the manufacture of high-precision, robust microcomponents. Additional application areas will be opened up in the future with the development of new, particularly high temperature-resistant Vectra® types.

Opening up future markets

We are developing new, value-creating options for the company's portfolio based on our competencies in organic and polymer chemistry, process technology and new materials. Examples include the development and manufacture of membrane electrode assemblies (MEA) for high-temperature PEM fuel cells, the joint venture with Hatco to become the leading provider of high-performance lubricants for turbines, power trains and motors, as well as the market introduction of the new cycloolefin copolymer Topas® in special applications where high transparency and excellent barrier properties are required. Celanese Ventures has developed a process to produce the omega-3 fatty acid DHActive™ out of micro algae. In summer 2002, the project was sold to Nutrinova which introduces this health promoting food ingredient into the market.

▸ Environment, Health and Safety

Environmental, Health and Safety affairs are an important basis for long-term economic success. For Celanese, well above average performance in these areas, combined with efficient usage of raw materials and energy, as well as the production of environmentally friendly, safe products are as much a part of sustainability as good relations between the sites and their neighboring communities and society at large.

In the past, sizeable investments in environmental protection facilities, such as water treatment plants and filters, were necessary to reduce emissions. Today we have reached a high level of environmental protection. Process improvements have enabled us to further reduce our operative costs and impact on the environment. Many investments which have positive impacts on the environment, e.g. improving energy usage, are no longer treated as environmental protection investments since they are aimed at increasing capacity and improving efficiency.

In 2002, Celanese had a total of € 102 million in environmental protection expenses, 4 % less than the previous year. € 4 million of this amount was used for investment projects compared to € 8 million in 2001. These expenses enabled Celanese to meet legal obligations, implement further environmental protection initiatives, and remediate or ensure against residual waste.

Environmental protection

Environmental protection and safety are an integral part of the supply chain which extends from the procurement of raw materials through chemical production to sales and marketing and waste disposal. We have defined and optimized those processes which have particularly strong impacts on the environment and safety. These efforts include Integrated EHS management systems to improve standardization and coordination and best practices that can be adopted across the company and optimized processes in order to avoid duplications. Integrated management systems have already been introduced in Europe and at most U.S. sites. They will be implemented at the remaining sites in the near future.

Energy efficiency can be enhanced by improving the processes, through technical improvements and innovative products. Celanese is constantly engaged in increasing the energy efficiency of its plants, processes and products. The company's aim is to reduce the consumption of energy and specific emissions per ton of product.

Safety in the plant and the workplace

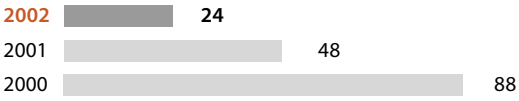
One of the company's main objectives is the constant improvement of safety in the workplace along with a reduction in the number of

accidents and operational disruptions. Using a variety of programs, Celanese AG's businesses attempt to achieve excellent performance in workplace and plant safety, and to maintain this high level on a long-term basis. Their ultimate goal is to have no accidents or operational interruptions of any kind.

Celanese constantly monitors the individual businesses' performance in workplace and plant safety using global performance metrics (GPM). This system compiles data on those incidents related to environment, health and safety, using standardized definitions and criteria. It has been introduced in all the businesses. Depending on how serious an incident is, it is assigned to one of three GPM categories. Category I incidents are the more serious and Category III the least serious. Employee and contractor injuries are also assigned to categories based on these criteria.

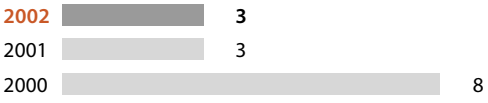
Investigations of accidents or near-miss incidents help the company to use the knowledge and experience gained to improve worker and workplace safety.

Accidents involving injuries GPM I+II

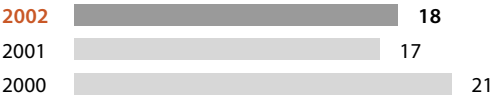


In 2002, there were 24 Category I and II injuries at the Celanese AG businesses, compared to 48 incidents in 2001 and 88 in 2000. This marked improvement encourages us to continue our efforts to reduce the number of accidents.

Fire and explosions GPM I+II



Accidents with an environmental impact GPM I+II



The number of incidents involving fire and explosions or with other environmental impacts, such as leakages, has also declined in the past few years.

Celanese's success in reducing the number of incidents is based on technical improvements, additional safety facilities and organizational improvements, quickly implementing measures that proved successful in one business in the other businesses, integrated environmental protection and safety management systems, as well as a clear commitment to safety and environmental protection on the part of company management and employees. The businesses' performance in incidents with an environmental impact, accidents at the workplace, and operational disturbances is a factor used to calculate the bonuses paid to exempt salaried employees and company management; it figures in the bonus payments for all employees in the U.S.