

EUR 7.25 billion acquisition

### **Bayer acquires Aventis CropScience**

Separate legal entity will be a world leader

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**Leverkusen/Strasbourg** – Bayer will greatly expand its crop protection business with the acquisition of Aventis CropScience (ACS). The purchase agreement has now been signed, marking the successful completion of negotiations with current owners Aventis (76 percent) and Schering (24 percent). The acquisition price of EUR 7.25 billion, including the assumption of debt, makes this the largest acquisition in Bayer's history. The crop science activities will be organized as a separate legal entity named "Bayer CropScience" in keeping with its new, broader strategic alignment.

"Acquiring Aventis CropScience will make us a world leader in crop science and substantially boost Bayer's earning power," commented Dr. Manfred Schneider, Chairman of the Board of Management of Bayer AG. "This acquisition again evidences our strategy of investing for the long term in core businesses and growth markets. For this activity, Bayer intends to form an independent unit within the Group. We are convinced that this is the best way to integrate the two businesses and that this will best meet market demands and competitive challenges." Schneider is expecting a synergy potential of around EUR 500 million a year. One-time restructuring charges are expected to reach the same amount.

The new company will be headed by Dr. Jochen Wulff, currently General Manager of Bayer's Crop Protection Business Group. Bertrand Meheut, Chairman and CEO of Aventis CropScience, will partner with Dr. Wulff in leading the integration process.

For Dr. Wulff, the acquisition and the integration of Aventis CropScience is a milestone in Bayer's history: "We are combining two very successful leaders of our industry with complementary strengths and ideal fit. And we are creating a new

enterprise with all the essentials for sustainable growth and leadership in crop science.”

The combined sales are expected to total between EUR 6.5 and 7 billion in 2001, putting Bayer close behind the market leader. The business will cover all agrochemical activities as well as biotechnology and seeds. “We will unite the existing strengths of the two companies to achieve an outstanding product offering to our customers on a global level. The return on sales is planned to reach 20 percent by 2005,” Wulff continued. Preparations for the integration have been started.

Bayer CropScience will be headquartered in Monheim, Germany, and the two principal ACS sites at Lyons, France, and Frankfurt, Germany, will continue to play significant roles in the new company.

The StarLink technology and all potential related liabilities will be excluded from the transaction and remain only with Aventis, so Bayer will not be liable for any potential claims.

Duly observing the rights of the employee representatives and subject to the approval of the relevant authorities, closing – the legal transfer of ownership – is expected for the first quarter of 2002. Bayer plans to finance the purchase through new borrowings without increasing equity capital.

Bayer is an international, research-based group with major businesses in health care, agriculture, polymers and specialty chemicals. With some 122,000 employees worldwide at the end of 2000, the Group recorded net income for the year of EUR 1.8 billion on sales of EUR 31 billion. Capital expenditures in 2000 amounted to EUR 2.6 billion, R&D expenses to EUR 2.4 billion.

Leverkusen, October 2, 2001