Werner Wenning on Bayer's first-half results:

"2002 is a year of transition in which we are creating the basis for future growth"

Sales and operating result depressed by continuing economic weakness and pharmaceutical product withdrawal / Divestment proceeds should mean higher net income for the full year

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Leverkusen – "2002 is a year of transition in which we are creating the basis for future growth in the Bayer Group." That was the comment of Werner Wenning, Chairman of the Board of Management of Bayer AG, when the first-half figures were released on Thursday, August 1. "Our priorities are the reorganization of the Bayer Group, the rapid integration of Aventis CropScience and improving the basis for our Health Care activities." According to Wenning, Bayer will press systematically ahead with the implementation of the cost structure programs announced last year which are intended to save a further €0.5 billion this year. "In the interests of our stockholders, customers and employees, we must ensure that our company returns to a path of sustained growth next year," emphasized Bayer's CEO.

In the first half of 2002, the continuing difficult business environment and the gap in sales resulting from the market withdrawal in August 2001 of Bayer's cholesterol-lowering drug Lipobay/Baycol had a strong adverse effect on the company's performance. Sales from continuing operations –without the activities the company plans to sell – declined by 7 percent to €14.3 billion. The operating result before exceptional items dropped by 44 percent to €0.8 billion, also due mainly to the Lipobay/Baycol withdrawal. After exceptional items, which included €0.5 billion in proceeds from the sale of company housing units and €0.3 billion in charges for restructuring and site consolidation, the operating result dropped by 20 percent to €1.0 billion. Net income, including a tax-free gain on the sale of Bayer's remaining 30 percent interest in Agfa, was down 19 percent year-on-year to €0.8 billion.

Wenning was pleased that net debt, which had increased as a result of the Aventis CropScience acquisition, had already been reduced substantially to €12.1 billion. This was due primarily to three factors: improved working capital management, which led to a 60 percent increase in net cash flow to €1.3 billion; a reduction in capital spending to €1.0 billion; and the €0.7 billion proceeds of the sale of Bayer’s remaining interest in Agfa.

With regard to the overall outlook for 2002, the Bayer CEO said: “We do not see any indication of a tangible recovery this year.” Despite the negative economic forecast, he anticipates that net income will be up over the previous year in light of the divestment proceeds already realized and those still expected.

Leverkusen, August 1, 2002

Forward-Looking Statements

This news release contains forward-looking statements based on current assumptions and forecasts made by Bayer Group management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Form 20-F).The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Stockholders' Newsletter

2002

Interim Report for the First Half

Forward-Looking Statements
This Interim Report contains forward-looking statements. These statements use words like "believes", "assumes", "expects" or similar formulations. Various known and unknown risks, uncertainties and other factors could lead to substantial differences between the actual future results, financial situation, development or performance of our company and those either expressed or implied by these statements. These factors include, among other things:

- downturns in the business cycle of the industries in which we compete;
- new regulations, or changes to existing regulations, that increase our operating costs or otherwise reduce our profitability;
- increases in the price of our raw materials, especially if we are unable to pass these costs along to customers;
- loss or reduction of patent protection for our products;
- liabilities, especially those incurred as a result of environmental laws or product liability litigation;
- fluctuation in international currency exchange rates as well as changes in the general economic climate; and
- other factors identified in this Interim Report.

These factors include those discussed in our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Form 20-F). In view of these uncertainties, we caution readers not to place undue reliance on these forward-looking statements. We accept no obligation to continue to report or update these forward-looking statements or adjust them to future events or developments.

First-half net income 19 percent below last year – Net operating cash flow greatly improved

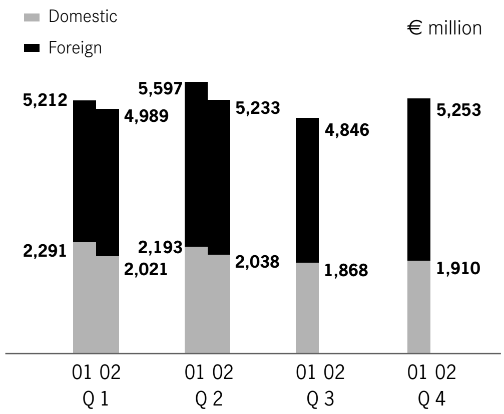
Business conditions remained difficult in the first half of 2002, with no sustained recovery in customer demand so far. Sales from continuing operations, at €14.3 billion, were down 7 percent, of which 2 percentage points were due to exchange rate fluctuations and 3 points to the withdrawal of Lipobay®/Baycol®.

The absence of this product was one of the main reasons for the 44 percent drop in the operating result before exceptional items to €0.8 billion, another major factor being continuing pressure on polymers and chemicals margins. The operating result after exceptional items fell by 20 percent to €1.0 billion. The exceptional items comprised €0.5 billion in income from the sale of housing units and €0.3 billion in charges for restructuring and site consolidation.

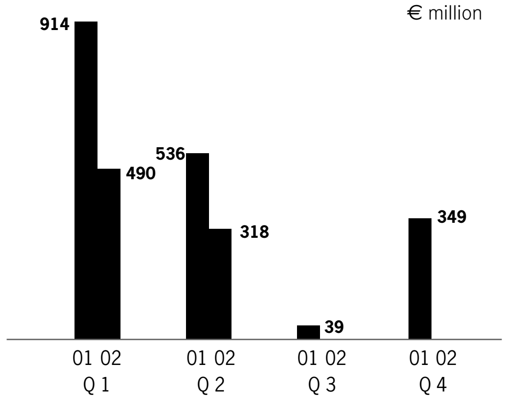
Haarmann & Reimer will be reported as a discontinuing operation until the date of its divestment. Including discontinuing operations, Group sales declined by 8 percent to €14.7 billion and the operating result fell 35 percent to €1.1 billion, the previous year's figure having been boosted by exceptional income from the sale of the interest in EC Erdölchemie. Group income after taxes for the first half of 2002 amounted to €0.8 billion, including €0.3 billion from the sale of the 30 percent interest in Agfa-Gevaert N.V.

Interim Report for the First Half

SALES FROM CONTINUING OPERATIONS



OPERATING RESULT FROM CONTINUING OPERATIONS BEFORE EXCEPTIONAL ITEMS



CHANGE IN SALES	1st HALF
Reported	– 8 %
Continuing operations	**– 7 %**
Volumes	– 2 %
Prices	– 4 %
Exchange rates	– 2 %
Portfolio changes	+ 1 %

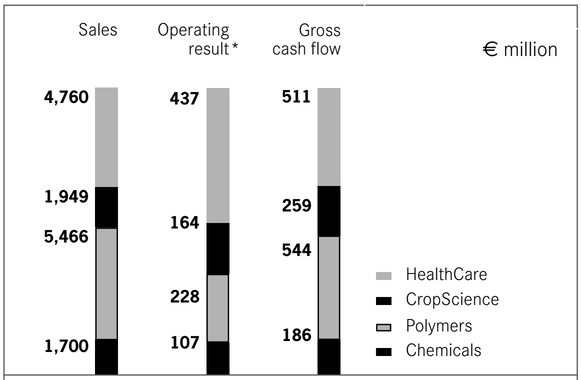
Performance by Business Area

In the first half of 2002 our four business areas recorded combined external sales of €13.9 billion, an operating result of €0.9 billion before exceptional items, and gross cash flow of €1.5 billion. Polymers accounted for the largest proportions of sales and gross cash flow (39 and 36 percent respectively), while HealthCare contributed the largest share – 47 percent – to the operating result.

Earnings for the second quarter of 2002 were significantly affected by the acquisition of Aventis CropScience as of June 1, which led to €0.1 billion of purchase accounting amortization. The increased level of net debt resulting from the acquisition was already reduced to €12.1 billion by June 30 through tight controls on spending and 60 percent growth in net cash flow.

PERFORMANCE BY BUSINESS AREA

(before reconciliation)



* before exceptional items

HealthCare

€ million	1st Half		Full Year
	2002	2001	2001
Sales	**4,760**	5,341	10,821
Operating result before exceptional items	**437**	523	943
Return on sales before exceptional items	**9.2 %**	9.8 %	8.7 %
Gross cash flow	**511**	544	926

CropScience

€ million	1st Half		Full Year
	2002	2001	2001
Sales	**1,949**	1,680	2,708
Operating result before exceptional items	**164**	375	453
Return on sales before exceptional items	**8.4 %**	22.3 %	16.7 %
Gross cash flow	**259**	351	550

Sales in the **Health Care** business area decreased by 11 percent in the first half to €4.8 billion, largely because of the withdrawal of the cholesterol-lowering drug Lipobay®/Baycol®. The operating result before exceptionals dropped by 16 percent to €0.4 billion, and gross cash flow was down 6 percent to €0.5 billion. Profitability in this business area is currently very unsatisfactory, and further cost savings have been initiated. Talks are already being held with a view to a possible alliance.

Top-selling Bayer Pharmaceutical and Biological Products in the First Half of 2002

	€ million	Change
Ciprobay®/Cipro®	775	+ 5 %
Adalat®	444	− 13 %
Kogenate®	176	+ 75 %
Gamimune® N	154	− 1 %
Glucobay®	145	− 6 %
Avalox®/Avelox®	112	+ 6 %
Prolastin®	82	+ 46 %
Nimotop®	65	+ 7 %
Trasylol®	64	− 4 %
Human albumin/Plasmubin®	44	− 13 %

Pharmaceutical sales in the first half of 2002 declined by 24 percent to €1.9 billion, mainly due to the absence of Lipobay®/Baycol®. The anti-infectives Ciprobay®/Cipro® and Avalox®/Avelox® posted sales increases. The antihypertensive Adalat® stood up well to increasing competition from generics, with second-quarter sales reaching nearly the previous year's level.

Following receipt of an "approvable" letter from the U.S. Food and Drug Administration, we now expect the U.S. launch of our new erectile dysfunction drug to be delayed until 2003.

The Biological Products Business Group performed well, with substantially higher output of the factor VIII product Kogenate® boosting sales by 21 percent to €0.5 billion.

Consumer Care sales were down 10 percent to €0.9 billion, due especially to lower demand for our cold and pain remedies in the United States. Business was also hurt by the economic crisis in Argentina, which is an important market for this business group.

Diagnostics sales rose by 3 percent to €1.0 billion, with the ADVIA® Centaur laboratory analyzer and the Glucometer® Elite blood glucose meter contributing particularly to growth.

Animal Health sales matched the previous year's level of €0.4 billion.

Polymers

€ million	1st Half 2002	1st Half 2001	Full Year 2001
Sales	**5,466**	5,792	11,020
Operating result before exceptional items	**228**	428	417
Return on sales before exceptional items	**4.2 %**	7.4 %	3.8 %
Gross cash flow	**544**	779	1,193

Chemicals

€ million	1st Half 2002	1st Half 2001	Full Year 2001
Sales	**1,700**	2,050	3,749
Operating result before exceptional items	**107**	255	271
Return on sales before exceptional items	**6.3 %**	12.4 %	7.2 %
Gross cash flow	**186**	237	379

CropScience sales rose by 16 percent, or €0.3 billion, to €1.9 billion, due to the first-time inclusion of the business acquired from Aventis CropScience (ACS). Good growth was achieved in Europe by our Stratego® and Folicur® fungicides. Business in Latin America, however, was impaired by the adverse economic situation in some of our major markets.

The operating result and gross cash flow were down by 56 and 26 percent, respectively, to €0.2 billion and €0.3 billion. Since the ACS business was not actually acquired until June 1, 2002, the amounts provisionally reflected in the consolidation as at June 30 are taken from the pro forma financial statements of the Bayer CropScience subgroup and include the €0.1 billion amortization of the difference between the purchase price and the net equity acquired.

Sales in the **Polymers** business area in the first half of 2002 decreased by 6 percent to €5.5 billion. Fierce competition for market share led to further price erosion and substantially lower operating profit and cash flow, which were down by 47 and 30 percent, respectively.

Sales of the Plastics Business Group declined by 12 percent to €1.6 billion, and those of the Rubber Business Group by 4 percent to €1.1 billion. Polyurethanes sales edged up 1 percent to €1.6 billion, while business in Coatings and Colorants slipped 5 percent to €1.0 billion.

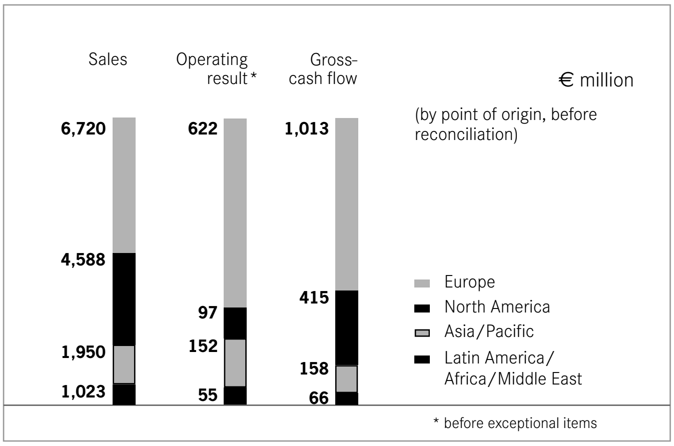
The **Chemicals** business area recorded a 17 percent, or €350 million, decline in sales to €1.7 billion. Demand from major customer industries remained unsatisfactory, with prices continuing to decline – a trend that particularly affected H.C. Starck. As a consequence, the operating result fell by 58 percent and gross cash flow receded by 22 percent.

Sales in the Basic and Fine Chemicals Business Group dropped by 12 percent due to the divestment of ChemDesign and the sharp drop in the price of caustic soda solution. Business in Specialty Products was down 6 percent to €0.7 billion. Sales of Wolff Walsrode were 25 percent lower, at €0.2 billion, because of this business group's strategic realignment and the associated divestiture.

Cash Flow Statements (Summary)

€ million	1st Half	
	2002	2001
Gross operating cash flow	**1,591**	1,836
Changes in working capital	**(258)**	(1,005)
Net cash provided by operating activities	**1,333**	831
of which discontinuing operations	*38*	*45*
Net cash used in investing activities	**(4,406)**	(666)
of which discontinuing operations	*(34)*	*(9)*
Net cash provided by (used in) financing activities	**3,204**	(71)
of which discontinuing operations	*20*	*(6)*
Change in cash and cash equivalents	**131**	94
Cash and cash equivalents at beginning of year	**719**	491
Exchange rate movements and changes in scope of consolidation	**(10)**	23
Cash and cash equivalents at end of first half	**840**	608

Performance by Region



Performance by Region

Sales of our companies in **Europe** receded by 6 percent, or €0.4 billion, compared with the same period of 2001, to €6.7 billion. The Lipobay®/ Baycol® withdrawal and the divestments made accounted for €0.2 billion of the decline. The operating result dropped by 53 percent to €0.6 billion, and gross cash flow was down 21 percent to €1.0 billion. The return on sales, however, at 9 percent, was well above the Group average.

In **North America** business was down by 8 percent, or €0.4 billion, to €4.6 billion, with €0.3 billion of the decrease accounted for by the Lipobay®/Baycol® withdrawal and by divestments. Operating profit and gross cash flow, however, each improved by €0.1 billion.

Business of our companies in the **Asia/Pacific** region improved over last year in local currencies despite the absence of Lipobay®/Baycol®. They recorded sales of €2.0 billion, with the operating result and gross cash flow each amounting to €0.2 billion. Figures for China were particularly encouraging.

In the **Latin America/Africa/Middle East** region, sales were down 10 percent to €1.0 billion, with shifts in exchange rates having an 18 percent negative effect. The economic crisis worsened in recent months, especially in Argentina. Against this background, the operating result and gross cash flow each dropped to €0.1 billion.

Interim Report for the First Half

EARNINGS

€ million	1st Half		Full Year
	2002	2001	2001
Operating result	**1,088**	1,671	1,611
of which discontinuing operations	*43*	*372*	*406*
Non-operating result	**(109)**	(230)	(496)
Income before income taxes	**979**	1,441	1,115
Net income	**816**	1,006	965

Liquidity and capital resources

The consolidated financial statements for the first half of 2002 have been prepared as for the year 2001 according to the rules issued by the International Accounting Standards Board, London. Reference should be made as appropriate to the notes to the 2001 statements.

Gross cash flow declined by €0.2 billion to €1.6 billion. However, the cash outflow resulting from changes in working capital was only €0.3 billion, compared with €1.0 billion in the first half of 2001. The net operating cash flow therefore rose by 60 percent to €1.3 billion.

Net cash of €4.4 billion was used in investing activities. Expenditures for acquisitions came to €5.4 billion, and net additions to property, plant and equipment were €0.2 billion. Cash inflow from investments and dividends amounted to €1.2 billion.

Financing activities provided net cash of €3.2 billion. Net borrowings were €4.3 billion, consisting mainly of a ten-year and a five-year bond issued by Bayer AG and carrying a 6 percent and a 5.375 percent coupon, respectively.
Of the €5.0 billion total issue volume, 38 percent has been swapped from fixed into floating interest. Cash disbursements totaling €1.1 billion were made for dividend and interest payments.

Cash and cash equivalents increased compared to June 30, 2001 by €0.2 billion to €0.8 billion. Including marketable securities and other instruments, the Group had liquid assets of €0.9 billion on June 30, 2002.

Earnings performance

The operating result – including discontinuing operations – for the first half of 2002 declined by 35 percent to €1.1 billion. This includes a €0.5 billion one-time gain from the sale of company-owned housing units and net restructuring charges of €0.3 billion.

The non-operating result improved by €121 million to minus €109 million, mainly due to the €0.3 billion gain from the sale of the remaining shares we held in Agfa-Gevaert N.V. Income tax expense amounted to €0.2 billion. The tax-free income from the divestments brought the effective tax rate down to 16 percent.

Net income fell by 19 percent, or €0.2 billion, to €0.8 billion.

Balance Sheet Structure

€ million

	June 30, 2002	June 30, 2001	Dec. 31, 2001
Noncurrent assets	**25,728**	22,305	21,702
Current assets	**18,969**	17,010	15,337
Stockholders' equity	**15,648**	17,296	16,922
Minority stockholders' interest	**149**	103	98
Liabilities	**28,900**	21,916	20,019
Total assets	**44,697**	**39,315**	**37,039**

Asset and capital structure

Total assets increased during the first six months of 2002 by €7.7 billion to €44.7 billion due to the acquisition of Aventis CropScience. Noncurrent assets rose by €4.0 billion to €25.7 billion, now amounting to 58 percent of the total. Current assets grew by €3.7 billion to €19.0 billion, with inventories accounting for €0.9 billion of the increase and trade accounts receivable for €1.6 billion.

Stockholders' equity declined by €1.3 billion to €15.6 billion. While €0.1 billion was allocated out of net income after payment of the dividend for 2001, currency translations and the measurement of financial instruments according to IAS 39 diminished equity by €1.4 billion.

Liabilities, including deferred taxes and deferred income, grew by €8.9 billion to €28.9 billion. The main factor here was a €6.0 billion increase in financial obligations, due primarily to the bonds issued in connection with the acquisition of Aventis CropScience.

Capital expenditures

In the first half of 2002 we spent €1.0 billion for intangible assets, property, plant and equipment. This amount was fully financed out of the €1.3 billion amortization and depreciation charge. Investment focused on Europe and North America, which accounted for €0.5 billion and €0.4 billion, respectively.

Our €2.4 billion capital spending budget for the full year 2002 is not expected to be fully utilized.

Employees

On June 30, 2002 the Bayer Group had 127,800 employees. Of these, 124,200 worked in continuing operations, compared with 113,000 at the start of the year. The first-time inclusion of the Aventis CropScience group increased headcount by 13,200. Personnel expenses rose by €45 million compared with the first half of 2001.

Outlook

The strategic realignment of the Bayer Group, involving the creation of four independent operating units, has reached an advanced stage.

HealthCare covers the broad product portfolio of the Pharmaceuticals, Biological Products, Consumer Care, Diagnostics and Animal Health business groups. We expect this new constellation will contribute to more favorable cost structures, a stronger market focus and much greater flexibility, especially with a view to possible alliances.

CropScience should quickly integrate the business acquired from Aventis. The conditions under which the acquisition was approved by the European Commission and the U.S. Federal Trade Commission mean we will divest or outlicense products with a sales volume totaling €650 million to €700 million. This year's earnings will be impaired by integration charges and purchase accounting amortization.

In **Polymers** and **Chemicals** we do not anticipate a sustained business improvement in the second half in view of the economic situation, so the only way we can increase efficiency in the short term is through cost containment. We are seeking alliances for our chemicals business in light of the ongoing industry consolidation. We expect the antitrust authorities to consent to our sale of the Haarmann & Reimer group to EQT Northern Europe Equity Funds by the end of this year. A debt-free purchase price of €1.66 billion has been agreed.

Despite the poor economic prospects, we expect net income to exceed last year's level due to the divestments.

Bayer Group Highlights

	2nd Quarter 2002	2nd Quarter 2001	1st Half 2002	1st Half 2001
Sales (€ million)	**7,504**	**8,071**	**14,737**	**15,972**
of which discontinuing operations	*233*	*281*	*456*	*679*
Sales from continuing operations	**7,271**	**7,790**	**14,281**	**15,293**
Change	– 6.7 %	+ 3.0 %	– 6.6 %	+ 6.8 %
Domestic companies	2,038	2,193	4,059	4,484
Change	– 7.1 %	– 7.1 %	– 9.5 %	+ 1.8 %
Foreign companies	5,233	5,597	10,222	10,809
Change	– 6.5 %	+ 7.5 %	– 5.4%	+ 9.0 %
Operating result (€ million)	**248**	**823**	**1,088**	**1,671**
of which discontinuing operations	*21*	*333*	*43*	*372*
Operating result from continuing operations	**227**	**490**	**1,045**	**1,299**
Change	– 53.7 %	– 47.4 %	– 19.6 %	– 32.3 %
Operating result from continuing operations before exceptional items	**318**	**536**	**808**	**1,450**
Change	– 40.7 %	– 42.5 %	– 44.3 %	– 25.3 %
Return on sales before exceptional items	**4.4 %**	**6.9 %**	**5.7 %**	**9.5 %**
Net income (€ million)	**293**	**564**	**816**	**1,006**
Change	– 48.0 %	+ 18.2 %	– 18.9 %	– 2.6 %
Gross cash flow (€ million)	**757**	**769**	**1,591**	**1,836**
Change	– 1.6 %	– 32.1 %	– 13.3 %	– 15.4 %
Capital expenditures (€ million)*	**463**	**602**	**993**	**1,123**
Domestic companies	259	300	443	536
Foreign companies	204	302	550	587
Number of employees* as of June 30			124,200	114,400
Personnel expenses (€ million)	1,957	1,943	3,845	3,800
Change	+ 0.7 %	+ 8.4 %	+ 1.2 %	+ 7.8 %

* continuing operations

Bayer Group Consolidated Statements of Income (Summary)

	2nd Quarter 2002 € million	2nd Quarter 2001 € million	1st Half 2002 € million	1st Half 2001 € million
Net sales	**7,504**	**8,071**	**14,737**	**15,972**
Net sales from discontinuing operations	*(233)*	*(281)*	*(456)*	*(679)*
Net sales from continuing operations	7,271	7,790	14,281	15,293
Cost of goods sold	(4,359)	(4,393)	(8,474)	(8,320)
Gross profit	**2,912**	**3,397**	**5,807**	**6,973**
Selling expenses	(1,614)	(1,819)	(3,192)	(3,498)
Research and development expenses	(618)	(619)	(1,171)	(1,183)
General administration expenses	(291)	(286)	(511)	(539)
Other operating income (expenses) – net	(162)	(183)	112	(454)
Operating result from continuing operations	**227**	**490**	**1,045**	**1,299**
Operating result from discontinuing operations	*21*	*333*	*43*	*372*
Operating result	**248**	**823**	**1,088**	**1,671**
Non-operating result	**48**	**(104)**	**(109)**	**(230)**
Income before income taxes	**296**	**719**	**979**	**1,441**
Income taxes	0	(153)	(159)	(437)
Income after taxes	**296**	**566**	**820**	**1,004**
Minority stockholders' interest	(3)	(2)	(4)	2
Net income	**293**	**564**	**816**	**1,006**
Earnings per share (€)	**0.40**	**0.77**	**1.12**	**1.38**

Bayer Group Consolidated Balance Sheets (Summary)

	June 30, 2002 € million	June 30, 2001 € million	Dec. 31, 2001 € million
ASSETS			
Noncurrent assets	**25,728**	**22,305**	**21,702**
Inventories	6,727	6,640	5,818
Receivables	10,463	9,657	8,140
Liquid assets	872	666	771
Current assets	**18,062**	**16,963**	**14,729**
Deferred taxes	**907**	**47**	**608**
	44,697	**39,315**	**37,039**
of which discontinuing operations	*778*	*869*	*820*
STOCKHOLDERS' EQUITY AND LIABILITIES			
Capital stock and reserves	4,812	4,812	4,812
Retained earnings	10,151	9,913	9,841
Net income	816	1,006	965
Other comprehensive income			
Currency translation adjustment	(206)	1,106	759
Miscellaneous items	75	459	545
Stockholders' equity	**15,648**	**17,296**	**16,922**
Minority stockholders' interest	**149**	**103**	**98**
Long-term liabilities	13,332	8,853	8,906
Short-term liabilities	12,820	11,582	9,875
Liabilities	**26,152**	**20,435**	**18,781**
of which discontinuing operations	*224*	*241*	*233*
Deferred taxes	**2,748**	**1,481**	**1,238**
	44,697	**39,315**	**37,039**

The half-year statements are unaudited.

Bayer Group Consolidated Statements of Changes in Stockholders' Equity (Summary)

	Capital stock and reserves	Retained earnings	Net income	Currency translation adjustment	Miscel-laneous items	Total
	€ million	€ million	€ million	€ million	€ million	€ million
December 31, 2000	**4,812**	**9,047**	**1,816**	**465**	**0**	**16,140**
Dividend payment			(1,022)			(1,022)
Allocation to retained earnings		866	(794)			72
Exchange differences				641		641
Other changes in stockholders' equity					459	459
Income after taxes			1,006			1,006
June 30, 2001	**4,812**	**9,913**	**1,006**	**1,106**	**459**	**17,296**
December 31, 2001	**4,812**	**9,841**	**965**	**759**	**545**	**16,922**
Dividend payment			(657)			(657)
Allocation to retained earnings		310	(308)			2
Exchange differences				(965)		(965)
Other changes in stockholders' equity					(470)	(470)
Income after taxes			816			816
June 30, 2002	**4,812**	**10,151**	**816**	**(206)**	**75**	**15,648**

Interim Report for the First Half

Key Data by Segment

2nd Quarter	HealthCare						CropScience		Polymers				Chemicals	
	Pharmaceuticals & Biological Products		Consumer Care & Diagnostics		Animal Health		CropScience		Plastics & Rubber		Polyurethanes & Coatings and Colorants & Fibers		Chemicals	
	2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter	
€ million	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**
Net sales (external)	1,167	1,510	971	1,033	212	232	1,083	866	1,415	1,467	1,350	1,416	853	1,027
• Change in €	– 22.7 %	+ 2.9 %	– 6.0 %	+ 5.9 %	– 8.6 %	– 5.3 %	+ 25.1 %	+ 5.2 %	– 3.5 %	+ 1.4 %	– 4.7 %	–10.8%	– 16.9 %	+ 18.6 %
• Change in local currencies	– 18.1 %	+ 0.9 %	– 0.1 %	+ 3.1%	– 3.6 %	– 7.8 %	+ 28.4 %	+ 3.3 %	– 1.4 %	– 1.1 %	– 1.2 %	–13.1%	– 10.6 %	+ 17.1 %
Intersegment sales	9	9	1	15	1	4	9	31	35	31	10	41	93	134
Operating result before exceptional items	38	30	112	57	43	56	20	162	98	131	41	65	30	123
Return on sales before exceptional items	3.3 %	2.0 %	11.5 %	5.5 %	20.3 %	24.1 %	1.8 %	18.7 %	6.9 %	8.9 %	3.0 %	4.6 %	3.5 %	12.0 %
Exceptional items	64	12	(9)	(2)	0	0	0	0	(67)	(11)	(61)	(9)	(17)	(22)
Operating result	102	42	103	55	43	56	20	162	31	120	(20)	56	13	101
Return on sales	8.7 %	2.8 %	10.6 %	5.3 %	20.3 %	24.1 %	1.8 %	18.7 %	2.2 %	8.2 %	(1.5 %)	4.0 %	1.5 %	9.8 %
Gross cash flow	71	21	123	111	51	46	152	191	104	200	215	209	71	113

2nd Quarter	Reconciliation		Continuing Operations		Discontinuing Operations		Bayer Group	
	2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter	
€ million	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**
Net sales (external)	220	239	7,271	7,790	233	281	7,504	8,071
• Change in €			– 6.7 %	+ 3.0 %			– 7.0 %	+ 2.1 %
• Change in local currencies			– 2.6 %	+ 0.8 %			– 3.0 %	+ 0.0 %
Intersegment sales	(158)	(265)						
Operating result before exceptional items	(64)	(88)	318	536	21	16	339	552
Return on sales before exceptional items			4,4 %	6.9 %			4.5 %	6.8 %
Exceptional items	(1)	(14)	(91)	(46)	0	317	(91)	271
Operating result	(65)	(102)	227	490	21	333	248	823
Return on sales			3.1 %	6.3 %			3.3 %	10.2 %
Gross cash flow	(59)	(138)	728	753	29	16	757	769

2001 figures restated

Interim Report for the First Half

Key Data by Segment

1st Half	HealthCare						CropScience		Polymers				Chemicals	
	Pharmaceuticals & Biological Products		Consumer Care & Diagnostics		Animal Health		CropScience		Plastics & Rubber		Polyurethanes & Coatings and Colorants & Fibers		Chemicals	
	1st Half		1st Half		1st Half		1st Half		1st Half		1st Half			
€ million	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**
Net sales (external)	2,424	2,932	1,921	1,997	415	412	1,949	1,680	2,723	2,989	2,743	2,803	1,700	2,050
• Change in €	– 17.3 %	+ 2.5 %	– 3.8 %	+ 5.9 %	+ 0.7 %	– 6.6 %	+ 16.0 %	+ 1.7 %	– 8.9 %	+ 6.3 %	– 2.1 %	+ 5.5 %	– 17.1 %	+ 22.7 %
• Change in local currencies	– 15.5 %	+ 0.8 %	– 0.9 %	+ 3.7 %	+ 3.1 %	– 8.3 %	+ 18.0 %	+ 0.8 %	– 8.4 %	+ 4.1 %	– 0.7 %	+ 3.5 %	– 13.3 %	+ 21.5 %
Intersegment sales	17	17	2	15	1	4	26	77	64	61	42	79	188	245
Operating result before exceptional items	169	315	175	130	93	78	164	375	122	316	106	112	107	255
Return on sales before exceptional items	7.0 %	10.7 %	9.1 %	6.5 %	22.4 %	18.9 %	8.4 %	22.3 %	4.5 %	10.6 %	3.9 %	4.0 %	6.3 %	12.4 %
Exceptional items	56	8	(15)	(12)	0	0	0	0	(76)	(22)	(154)	(33)	(23)	(73)
Operating result	225	323	160	118	93	78	164	375	46	294	(48)	79	84	182
Return on sales	9.3 %	11.0 %	8.3 %	5.9 %	22.4 %	18.9 %	8.4 %	22.3 %	1.7 %	9.8 %	(1.7) %	2.8 %	4.9 %	8.9 %
Gross cash flow	185	252	234	225	92	67	259	351	213	429	331	350	186	237

1st Half	Reconciliation		Continuing Operations		Discontinuing Operations		Bayer Group	
	1st Half		1st Half		1st Half		1st Half	
€ million	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**
Net sales (external)	406	430	14,281	15,293	456	679	14,737	15,972
• Change in €			– 6.6 %	+ 6.8 %			– 7.7 %	+ 4.8 %
• Change in local currencies			– 4.8 %	+ 5.0 %			– 5.8 %	+ 3.1 %
Intersegment sales	(340)	(498)						
Operating result before exceptional items	(128)	(131)	808	1,450	43	55	851	1,505
Return on sales before exceptional items			5.7 %	9.5 %			5.8 %	9.4 %
Exceptional items	449	(19)	237	(151)	0	317	237	166
Operating result	321	(150)	1,045	1,299	43	372	1,088	1,671
Return on sales			7.3 %	8.5 %			7.4 %	10.5 %
Gross cash flow	35	(136)	1,535	1,775	56	61	1,591	1,836

2001 figures restated

Interim Report for the First Half

Key Data by Region

2nd Quarter	Europe		North America		Asia/Pacific		Latin America/ Africa/Middle East		Reconciliation		Continuing Operations		Discontinuing Operations		Bayer Group	
	2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter	
€ million	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**
Net sales (external) – by market	3,026	3,168	2,271	2,544	1,238	1,258	736	820			7,271	7,790	233	281	7,504	8,071
Net sales (external) – by point of origin	3,390	3,519	2,303	2,637	1,049	1,033	529	601			7,271	7,790	233	281	7,504	8,071
• Change in €	– 3.7 %	+ 4.5 %	– 12.7 %	+ 3.9 %	+ 1.5 %	+ 4.0 %	– 12.0 %	+ 10.5 %			– 6.7 %	+ 3.0 %			– 7.0 %	+2.1 %
• Change in local currencies	– 3.8 %	+ 4.3 %	– 12.5 %	– 2.3 %	+ 4.5 %	+ 8.3 %	+ 5.7 %	+ 6.2 %			– 2.6 %	+ 0.8 %			– 3.0 %	+ 0.0 %
Interregional sales	686	800	506	511	41	67	27	36	(1,260)	(1,414)						
Operating result before exceptional items	149	510	103	(64)	82	97	18	77	(34)	(84)	318	536	21	16	339	552
Return on sales before exceptional items	4.4 %	14.5 %	4.5 %	(2.4) %	7.8 %	9.4 %	3.4 %	12.8 %			4.4 %	6.9 %			4.5 %	6.8 %
Exceptional items	50	(1)	(141)	(35)	0	4	0	0	0	(14)	(91)	(46)	0	317	(91)	271
Operating result	199	509	(38)	(99)	82	101	18	77	(34)	(98)	227	490	21	333	248	823
Return on sales	5.9 %	14.5 %	(1.7) %	(3.8) %	7.8 %	9.8 %	3.4 %	12.8 %			3.1 %	6.3 %			3.3 %	10.2 %
Gross cash flow	455	538	239	58	88	103	17	76	(71)	(22)	728	753	29	16	757	769

1st Half	Europe		North America		Asia/Pacific		Latin America/ Africa/Middle East		Reconciliation		Continuing Operations		Discontinuing Operations		Bayer Group	
	1st Half		1st Half		1st Half		1st Half		1st Half		1st Half		1st Half		1st Half	
€ million	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**
Net sales (external) – by market	6,024	6,423	4,498	4,814	2,338	2,462	1,421	1,594			14,281	15,293	456	679	14,737	15,972
Net sales (external) – by point of origin	6,720	7,150	4,588	5,014	1,950	1,996	1,023	1,133			14,281	15,293	456	679	14,737	15,972
• Change in €	– 6.0 %	+ 6.2 %	– 8.5 %	+ 5.9 %	– 2.3 %	+ 10.4 %	– 9.7 %	+ 8.7 %			– 6.6 %	+ 6.8 %			– 7.7 %	+ 4.8 %
• Change in local currencies	– 6.1 %	+ 6.0 %	– 8.3 %	– 0.3 %	+ 0.7 %	+ 14.7 %	+ 8.0 %	+ 4.4 %			– 4.8 %	+ 5.0 %			– 5.8 %	+ 3.1 %
Interregional sales	1,446	1,676	1,007	966	88	134	49	64	(2,590)	(2,840)						
Operating result before exceptional items	622	1,320	97	(33)	152	207	55	115	(118)	(159)	808	1,450	43	55	851	1,505
Return on sales before exceptional items	9.3 %	18.5 %	2.1 %	(0.7) %	7.8 %	10.4 %	5.4 %	10.2 %			5.7 %	9.5 %			5.8 %	9.4 %
Exceptional items	477	(42)	(239)	(90)	0	0	(1)	0	0	(19)	237	(151)	0	317	237	166
Operating result	1,099	1,278	(142)	(123)	152	207	54	115	(118)	(178)	1,045	1,299	43	372	1,088	1,671
Return on sales	16.4 %	17.9 %	(3.1) %	(2.5) %	7.8 %	10.4 %	5.3 %	10.2 %			7.3 %	8.5 %			7.4 %	10.5 %
Gross cash flow	1,013	1,280	415	281	158	200	66	117	(117)	(103)	1,535	1,775	56	61	1,591	1,836

2001 figures restated