

Bayer CropScience becomes first legally independent subgroup

Bayer Group CEO Werner Wenning: "A milestone in our reorganization"

Leverkusen – The Bayer Group has taken a major step forward in its reorganization program: Bayer CropScience becomes the first legally independent operating subgroup upon its entry in the trade register on October 1, 2002. The new company – created by combining Bayer's former Crop Protection Business Group with the activities of Aventis CropScience, which Bayer acquired in early June 2002 – is the world's number two agchem supplier with about 22,000 employees and some EUR 6.5 billion in sales.

"We have now reached an important milestone in the reorganization of the Bayer Group into four operating subsidiaries and three service companies under the umbrella of a management holding company," said Werner Wenning, Chairman of the Board of Management of Bayer AG. "In the short time since the decision was made in September 2001 to form an independent crop protection subsidiary, excellent work has been done, and done quickly – on top of the obvious necessity of looking after our day-to-day operations." According to Wenning, Bayer CropScience has a number of advantages as a new corporate entity. For example, it is an agile unit that can operate flexibly and independently in the market, and its creation has greatly facilitated the integration of Aventis CropScience.

Wenning said that the experience gained by Bayer CropScience along its path to legal independence is also benefiting the other three future operating subgroups – Bayer Chemicals, Bayer HealthCare and Bayer Polymers – and the service companies Bayer Business Services, Bayer Technology Services and Bayer Industry Services. Pending the approval of the Annual Stockholders' Meeting in April 2003, these companies are scheduled to become legally independent thereafter during the course of the year.

“We have created a modern company that aims to fully exploit its strengths in crop protection, the seed business and biotechnology, as well as in non-agricultural pest control, for the benefit of its customers,” explained Dr. Jochen Wulff, Management Board Chairman of Bayer CropScience AG. “With an innovative and research-oriented focus, we intend to grow considerably faster than the market and thus to increase our sales to more than EUR 7 billion over the next three to four years.”

Following the successful integration of Aventis CropScience, the company aims to achieve a return on sales of 20 percent by 2006, said Wulff. Estimated one-time integration charges of EUR 500 million are offset by a similar volume of synergies expected to be fully realized as of 2005.

Leverkusen, October 1, 2002

Forward-Looking Statements

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