
Bayer reaches agreement with U.S. authorities

Leverkusen – Bayer has reached an agreement in principle on the terms of a settlement with the U.S. Attorney’s Office for the District of Massachusetts in the context of an investigation into rebates for pharmaceutical products. Provisions of \$257,2 million have been established in this connection.

The U.S. subsidiary Bayer Corporation has been the subject of a joint civil and criminal investigation with respect to allegations that Bayer Corporation improperly underpaid rebates, particularly under the U.S. Medicaid Rebate Program, during a period from 1995 to 2000. Medicaid is a joint state-federal health-insurance program that provides drugs and treatment for people on low incomes or with disabilities.

The final terms of such agreement remain subject to negotiations. Bayer Corporation has cooperated very closely with the authorities throughout this process.

Leverkusen, December 20, 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.