

Bayer CEO Werner Wenning:

“A partnership in pharmaceuticals will not be prevented by rigid insistence on a certain shareholding”

Leverkusen – Bayer is breaking new ground in its search for a partner for its pharmaceuticals business: “A possible partnership will not be prevented by rigid insistence on Bayer having a certain shareholding,” Bayer CEO Werner Wenning said at the company’s Fall Financial News Conference on Tuesday in Leverkusen. “We will proceed pragmatically and attempt to achieve the optimum scenario for our business and our stockholders. One thing has become clear, however: we can no longer realistically expect Bayer to have a majority interest in a partnership that would at the same time benefit our business. Therefore, the pursuit of this option is currently no longer a priority.”

In order to maximize Bayer’s influence in such a partnership, the company must exhaust the full potential of its own business, press on with restructuring and fully support the market launch of new products, Wenning explained. The restructuring initiative launched in Pharmaceuticals in May of this year should save Bayer EUR 400 million by the end of 2004. All the related projects are proceeding on schedule.

The Bayer CEO also announced that Bayer would focus its research on therapeutic fields in which it possesses expertise all the way along the value chain. All of these measures are primarily aimed at maximizing the value of Bayer’s pharmaceuticals business, and thus also the company’s influence in a future partnership. Wenning also commented on the status of Bayer’s search for a partner: “We are currently involved in very good and constructive discussions along the lines I’ve mentioned, and we’re confident that these discussions will lead to a value-enhancing solution for our pharmaceuticals business.”

Leverkusen, November 12, 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.

Major items affecting Q3 performance



- General economic weakness
- Decreasing but ongoing pressure on selling prices
- € 570m sales (cont.) lost through Fx
- € 280m charges following the ACS acquisition
- Significant restructuring charges (€ 140m in Q3)
- Increasing raw material costs



- Significant volume growth (+ 5% in Q3)
- Major savings achieved due to tight cost management
- € 909m gain from H&R divestment
- Strong working capital performance (€ 2.5bn since project start)

2002 Financial Highlights



€ million

	Q3'02	Δ %	3/4'02	Δ %
● Sales	7,459	+ 7.6	22,196	- 3.1
● Sales (cont.)	7,249	+ 8.0	21,530	- 2.2
● Operating income	848	.	1,936	+ 42.9
● Operating income (cont.)	- 74	+ 77.9	971	+ 0.7
● Operating income pre-exceptionals (cont.)	54	+ 38.5	862	- 42.1
● Non-operating result	- 231	- 23.5	- 340	+ 18.5
● Pre-tax income	617	.	1,596	+ 70.1
● After-tax income	661	.	1,481	+ 80.2
● Net income	656	.	1,472	+ 78.9
● Earnings/share (Euro)	0.90	.	2.02	+ 78.9

2002 Quarterly Sales Development



€ million

	2002	2001	Δ %
3/4 Year*	22,196	22,903	-3.1
• H & R	666	663	
• EC	•	233	
Continuing operations	21,530	22,007	- 2.2
3rd quarter*	7,459	6,931	7.6
• H & R	210	217	
• EC	•	•	
Continuing operations	7,249	6,714	8.0
2nd quarter*	7,504	8,071	- 7.0
• H & R	233	224	
• EC	•	57	
Continuing operations	7,271	7,790	- 6.7
1st quarter	7,233	7,901	- 8.5
• H & R	223	222	
• EC	•	176	
• Fibers	53	63	
Continuing operations	6,957	7,440	- 6.5

*) restated, Fibers in cont. operations

Components of Q3 Sales Trend



€ million

	2001	2002	Δ %	
Sales	6,931	7,459	+ 7.6	
• Discontinuing	217	210		
• Continuing	6,714			
+ Acquisitions/ Divestitures		+ 794	+ 11.8	• Aventis CropScience + 804 • Others - 10
+ Currencies		- 570	- 8.5	
+ Prices		- 35	- 0.5	
+ Volumes		+ 346	+ 5.2	
• Continuing		7,249	+ 8.0	

2002 Quarterly OPI Development



€ million

	2002	2001	Δ %
3rd quarter*	848	(316)	•
• H & R (OPI & Sale)	922	20	
• EC (OPI + Sale)	•	•	
• Exceptional items	(128)	(374)	
OPI underlying - continuing operations	54	39	38.5
2nd quarter*	248	823	- 69.9
• H & R	21	14	
• EC (OPI + Sale)	•	319	
• Exceptional items	(91)	(46)	
OPI underlying - continuing operations	318	536	- 40.7
1st quarter	840	848	- 0.9
• H & R	22	24	
• EC	•	15	
• Fibers	(3)	2	
• Exceptional items	328	(105)**	
OPI underlying - continuing operations	493	912	- 45.9

*) restated, Fibers in cont. operations

***) incl. (17) from Fibers

Q3 Exceptional Items



€ million

	2002			2001			Δ
	Charge	Gain	Net	Charge	Gain	Net	
HealthCare	-50	+2	-48	-307	0	-307	+259
CropScience	-6	0	-6	0	0	0	-6
Polymers	-75	+6	-69	-65	0	-65	-4
Chemicals	-2	0	-2	-2	0	-2	0
Reconciliation	-3	0	-3	0	0	0	-3
Continuing	-136	+8	-128	-374	0	-374	+246
Discontinuing	0	+909	+909	-1	0	-1	+910
Total	-136	+917	+781	-375	0	-375	+1.156

Pharmaceuticals/Biologicals – Top 10 Products



€ million	Q3 '02	Δ %	3/4 Year '02	Δ %
(1) Ciprobay	338	- 30	1,113	- 9
(2) Adalat	181	- 24	625	- 17
(3) Kogenate*	96	+ 123	272	+ 90
(4) Gamimune	77	- 27	231	- 11
(5) Glucobay	64	- 14	209	- 8
(6) Avelox	50	+ 163	162	+ 31
(7) Prolastin*	34	+ 3	116	+ 30
(8) Nimotop	24	- 17	89	- 1
(9) Trasylol	35	+ 46	99	+ 8
(10) Fraction V*	17	- 37	61	- 21

*) Biological Products