

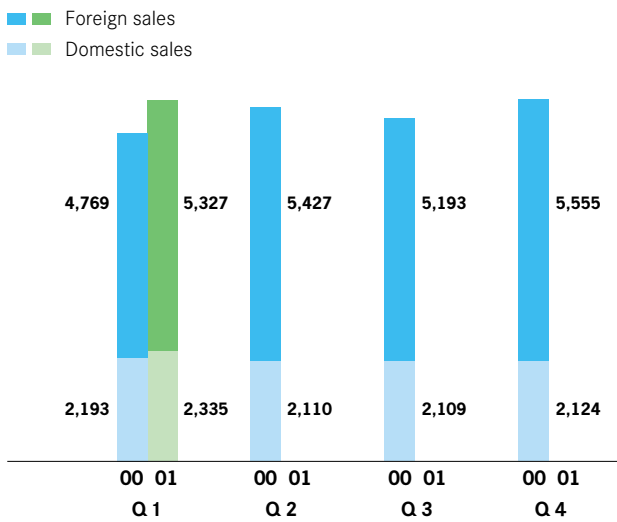
# Information for Stockholders 2001

Interim Report for the First Quarter

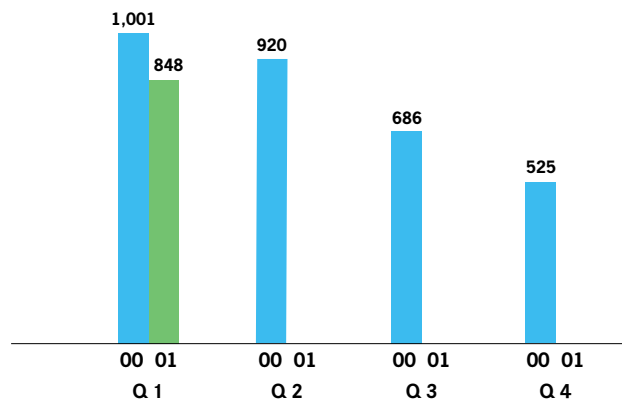
Confidence for the full year

# Modest start to 2001

Sales from Continuing Operations (€ million)



Operating Result from Continuing Operations (€ million)



The economy showed a significant loss of momentum in the first quarter of 2001, mainly because of the slowdown in North America. Growth rates declined slightly in Europe but were maintained in Asia, except in Japan.

Against this background we posted a 10 percent advance in sales from continuing operations, to €7.7 billion, while the operating result slipped by 7 percent before exceptional items, to €0.9 billion, and by 15 percent after exceptional items, to €0.8 billion. Including the discontinuing operations of the Fibers and EC Erdölchemie business groups, sales rose by 8 percent to €7.9 billion, and the operating result fell by 18 percent. The main reasons for the drop in earnings are the exceptionally strong first-quarter profits in 2000 and the persistently high level of raw material costs which we have not so far been able to offset through higher selling prices. Temporary production problems for biological products also had an adverse effect.

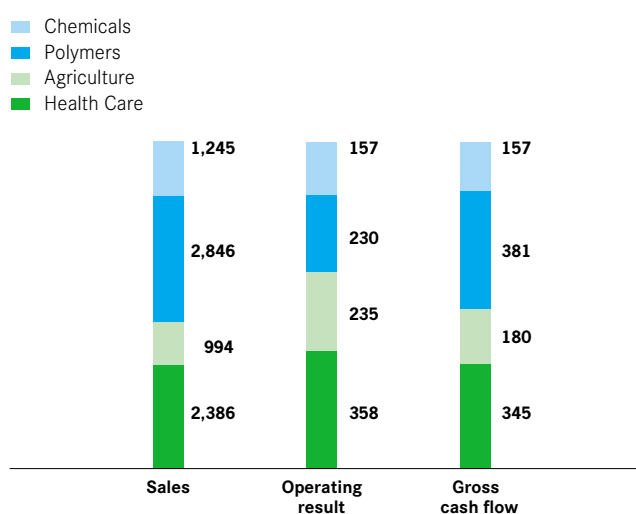
| Change in Sales              |                 |
|------------------------------|-----------------|
| Reported                     | + 7.8 %         |
| <b>Continuing operations</b> | <b>+ 10.1 %</b> |
| Volumes                      | - 3 %           |
| Prices                       | + 6 %           |
| Exchange rates               | + 1 %           |
| Portfolio changes            | + 6 %           |

The growth in sales from continuing operations amounted to €0.7 billion. Portfolio changes accounted for 6 percentage points of the increase, exchange rate fluctuations for 1 point and higher selling prices for 6 points; lower volumes had a 3-point negative effect.

## Business trend by segment

The €7.5 billion in total sales of our business segments generated an operating result – before exceptional items and reconciliation (mainly corporate costs) – of €1.0 billion, and a gross cash flow of €1.1 billion. Of the four segments, Polymers had the highest sales, amounting to €2.8 billion, while Health Care recorded the highest earnings, with operating profit of €0.4 billion. These segments also had the largest cash flows, of €0.4 billion and €0.3 billion respectively.

### Performance by Business Segment (before reconciliation, € million)



## Health Care

| € million                                 | 1st Quarter<br>2001 | 1st Quarter<br>2000 | Full Year<br>2000 |
|---|---------------------|---------------------|-------------------|
| Sales                                     | <b>2,386</b>        | 2,305               | 10,028            |
| Operating result before exceptional items | <b>358</b>          | 340                 | 1,476             |
| Return on sales before exceptional items  | <b>15.0 %</b>       | 14.8 %              | 14.7 %            |
| Gross cash flow                           | <b>345</b>          | 309                 | 1,419             |

Sales in the **Health Care** segment rose by 4 percent to €2.4 billion, with Pharmaceuticals expanding by 2 percent. Avalox®/Avelox® again performed very well, showing strong growth in sales despite intense competition in the anti-infectives market. The expansion of our field force, especially in the United States, also led to a pleasing performance by our cholesterol-lowering agent Lipobay®/Baycol®. Sales of biological products are being hampered by a delay on product releases of Kogenate®. The impact of this on full-year earnings cannot be finally assessed until the matter has been clarified with the U.S. Food and Drug Administration. Consumer Care was the fastest-growing business group in the Health Care segment, with sales up 8 percent and particularly strong increases in Europe and Latin America. Sales of Diagnostics increased by 3 percent. The steps taken to improve this business group's profitability are starting to bear fruit.

The operating result of the segment advanced by 5 percent to €0.4 billion, boosting the return on sales to 15 percent. The cash flow improved by 12 percent to €0.3 billion.

We have further extended our pharmaceutical research platform by entering into an alliance with the U.S. biotech company CuraGen in the fields of metabolic diseases and genomics technologies.

The Diagnostics Business Group has signed an agreement with Innogenetics of Ghent, Belgium, to sell and market HIV and hepatitis C virus tests.

## Agriculture

| € million                                 | 1st Quarter<br>2001 | 1st Quarter<br>2000 | Full Year<br>2000 |
|---|---------------------|---------------------|-------------------|
| Sales                                     | <b>994</b>          | 1,025               | 3,455             |
| Operating result before exceptional items | <b>235</b>          | 271                 | 558               |
| Return on sales before exceptional items  | <b>23.6 %</b>       | 26.4 %              | 16.2 %            |
| Gross cash flow                           | <b>180</b>          | 198                 | 557               |

In the **Agriculture** segment, business declined by 3 percent to €1.0 billion, with Crop Protection sales down 2 percent. This was mainly the result of the economic slowdown in North America and weather-related sales delays in Europe. Sales in the Animal Health Business Group fell by 7 percent, mainly because of the BSE and FMD crises in Europe and the divestiture of the livestock vaccines business in the United States.

The operating result of the Agriculture segment decreased by 13 percent to €0.2 billion, and the gross cash flow was 9 percent lower, also at €0.2 billion. This segment remained an international leader in terms of profitability, with a 24 percent operating margin.

Acquisition of the fungicide FLINT® and the corn herbicide MIKADO® from Syngenta strengthens our crop protection activities at global level, and especially in Europe. These products have a combined annual sales potential of €350 million.

## Polymers

| € million                                 | 1st Quarter<br>2001 | 1st Quarter<br>2000 | Full Year<br>2000 |
|---|---------------------|---------------------|-------------------|
| Sales                                     | <b>2,846</b>        | 2,434               | 10,893            |
| Operating result before exceptional items | <b>230</b>          | 319                 | 1,077             |
| Return on sales before exceptional items  | <b>8.1 %</b>        | 13.1 %              | 9.9 %             |
| Gross cash flow                           | <b>381</b>          | 387                 | 1,596             |

Sales of the **Polymers** segment advanced by 17 percent to €2.8 billion, with the largest contributions to growth coming from the Polyurethanes and Plastics business groups.

Eight percentage points of the increase are due to the acquisition of the polyols business of Lyondell Chemical Company.

The 28 percent decline in the operating result, to €0.2 billion, was mainly attributable to the very much higher raw material costs compared with the first quarter of 2000 and to expenses for integrating the Lyondell polyols business. The return on sales fell by 5 points to 8 percent.

We plan to divest the remaining activities of the Fibers Business Group, including the production facilities for Dorlastan® spandex fibers and Perlon® monofilaments.

Under the terms of a co-branding cooperation between the Plastics Business Group and the Dutch company MMore International BV, the latter will use Makrolon® for the production of its optical data storage media.

## Chemicals

| € million                                 | 1st Quarter<br>2001 | 1st Quarter<br>2000 | Full Year<br>2000 |
|---|---------------------|---------------------|-------------------|
| Sales                                     | <b>1,245</b>        | 1,016               | 4,275             |
| Operating result before exceptional items | <b>157</b>          | 128                 | 442               |
| Return on sales before exceptional items  | <b>12.6 %</b>       | 12.6 %              | 10.3 %            |
| Gross cash flow                           | <b>157</b>          | 143                 | 600               |

**Chemicals** segment sales gained 23 percent to €1.2 billion. Contributing prominently to the increase was the H.C. Starck Business Group, which grew sales by a very gratifying 78 percent, mainly as a result of the high demand for tantalum metal powder.

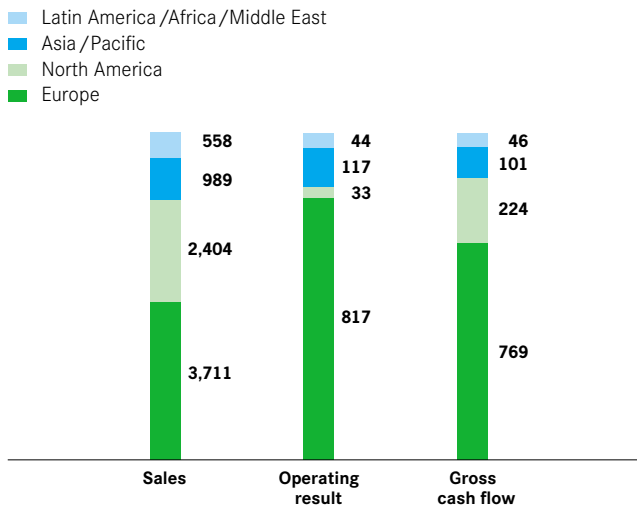
The operating result in this segment also rose by 23 percent, leaving the operating margin unchanged at 13 percent. The gross cash flow advanced by 10 percent to €0.2 billion.

To optimize its portfolio, Wolff Walsrode plans to sell its subsidiary Covexx Films Walsrode to Wipak, part of the Wihuri group of Finland, at the beginning of June subject to antitrust approvals.

The Basic and Fine Chemicals Business Group sold the H-acid production facilities in Brunsbüttel to Rütgers Elbechemie GmbH effective April 1, 2001.

This business group also plans to divest ChemDesign Corporation and its subsidiary SpecialtyChem Products Corporation.

## Performance by Region (by point of origin, before reconciliation, € million)



## Business trend by region

Sales by market increased in Europe by 12 percent to €3.3 billion, in Asia/Pacific by 20 percent to €1.2 billion and in Latin America/Africa/Middle East by 3 percent to €0.8 billion. In North American markets we had sales of €2.3 billion, which was only 5 percent more than in the same period last year on account of the economic slowdown in this region.

Our European companies posted €3.7 billion in sales and €0.8 billion in both operating profit and gross cash flow. They accounted for 81 percent of earnings and 67 percent of the Group's cash flow. The 22 percent return on sales was well above the Group average. Sales of our North American companies rose by 8 percent to €2.4 billion due to acquisitions. The operating result in this region before exceptional items fell by 76 percent to €33 million, while the gross cash flow dropped to €0.2 billion. In the Latin America/Africa/Middle East region, too, earnings and cash flow were down. By contrast, the trend in Asia/Pacific was favorable, with sales of our companies advancing by 18 percent and the operating result by 15 percent.

## Liquidity and capital resources

The consolidated financial statements for the first quarter of 2001 have been prepared as for the year 2000 according to the rules issued by the International Accounting Standards Committee, London. Reference should be made as appropriate to the notes to the 2000 statements. The only change arises from the application of IAS 39 (Financial Instruments: Recognition and Measurement) to the accounting treatment of primary and derivative financial instruments; this is explained in the section on asset and capital structure.

The gross cash flow, which is the cash flow from operating activities before changes in working capital, improved by 3 percent to €1.1 billion. The net operating cash flow declined by €0.1 billion, or 20 percent, mainly because of a €0.4 billion increase in inventories.

The net cash outflow for investing activities amounted to €0.7 billion, with €0.4 billion relating to property, plant and equipment, and €0.3 billion to investments.

Financing activities provided net cash of €0.4 billion, with net borrowings amounting to €0.5 billion and interest payments to €0.1 billion.

## Cash Flow Statements (Summary, € million)

|   | 1st Quarter<br>2001 | 1st Quarter<br>2000 |
|---|---------------------|---------------------|
| Cash and cash equivalents at beginning of year                | <b>491</b>          | 2,812               |
| Gross operating cash flow                                     | <b>1,067</b>        | 1,037               |
| Changes in working capital                                    | <b>(770)</b>        | (666)               |
| <b>Net cash provided by operating activities</b>              | <b>297</b>          | <b>371</b>          |
| <i>of which discontinuing operations</i>                      | (39)                | 31                  |
| <b>Net cash used in investing activities</b>                  | <b>(740)</b>        | <b>(2,864)</b>      |
| <i>of which discontinuing operations</i>                      | (5)                 | (39)                |
| <b>Net cash provided by financing activities</b>              | <b>415</b>          | <b>799</b>          |
| <i>of which discontinuing operations</i>                      | (1)                 | 2                   |
| Exchange rate movements and changes in companies consolidated | <b>12</b>           | (31)                |
| Change in cash and cash equivalents                           | <b>(16)</b>         | (1,725)             |
| Cash and cash equivalents at end of first quarter             | <b>475</b>          | 1,087               |

The net cash inflows of €0.3 billion from operating activities and €0.4 billion from financing activities were offset by the €0.7 billion net cash outflow for investing activities.

Cash and cash equivalents amounted to €0.5 billion, and marketable securities and other instruments to €0.2 billion, giving total liquid assets of €0.7 billion.

## Earnings (€ million)

|  | 1st Quarter<br>2001 | 1st Quarter<br>2000 | Full Year<br>2000 |
|--|---------------------|---------------------|-------------------|
| Operating result                         | <b>848</b>          | 1,034               | 3,287             |
| <i>of which discontinuing operations</i> | 0                   | 33                  | 155               |
| Non-operating result                     | <b>(126)</b>        | (82)                | (297)             |
| Income before income taxes               | <b>722</b>          | 952                 | 2,990             |
| Net income                               | <b>442</b>          | 556                 | 1,816             |

## Earnings performance

The operating result – including the discontinuing operations of the Fibers and EC Erdölchemie business groups – dropped by 18 percent to €0.8 billion. The operating result from continuing operations was down by 15 percent after exceptional items of €0.1 billion; before exceptionals it diminished by €0.1 billion, or 7 percent, to €0.9 billion.

The non-operating result decreased by €44 million because of higher net interest expense, to minus €0.1 billion. Income taxes amounted to €0.3 billion, and the effective tax rate was down 2 points at 39 percent. Net income declined by 21 percent from the excellent first quarter of 2000, to €0.4 billion.

## Balance Sheet Structure (€ million)

|                      | March 31,<br>2001 | March 31,<br>2000 | Dec. 31,<br>2000 |
|----------------------|-------------------|-------------------|------------------|
| Noncurrent assets    | <b>21,656</b>     | 18,173            | 20,344           |
| Current assets       | <b>16,631</b>     | 15,367            | 16,107           |
| Stockholders' equity | <b>16,430</b>     | 15,091            | 16,377           |
| Liabilities          | <b>21,857</b>     | 18,449            | 20,074           |
| <b>Total assets</b>  | <b>38,287</b>     | <b>33,540</b>     | <b>36,451</b>    |

## Asset and capital structure

Total assets increased during the first three months of 2001 by €1.8 billion, or 5 percent, to €38.3 billion.

Noncurrent assets grew by a total of €1.3 billion. Intangibles rose by €0.2 billion to €5.1 billion, with €0.1 billion of the increase coming from the acquisition of MIKADO®.

Property, plant and equipment showed a moderate increase of €0.2 billion. Capital expenditures amounted to €0.5 billion, while depreciation reduced the net carrying value of property, plant and equipment by €0.4 billion.

Of the increase in investments, €0.6 billion is due to the first-time application of IAS 39, which requires securities to be measured at fair value, while €0.2 billion is attributable to the DyStar group's switch to at-equity status.

Current assets grew by €0.5 billion, or 3 percent, compared with the end of 2000, with inventories and receivables each accounting for half of the increase.

Stockholders' equity remained almost unchanged from December 31, 2000. Income after taxes and the valuation of financial instruments contributed €0.4 billion each, while translation differences added €0.3 billion. The proposed dividend payment for 2000 and the changes in minority interests diminished stockholders' equity by €1.1 billion. The equity-to-assets ratio amounted to 43 percent, down from 45 percent at the end of 2000.

Liabilities (excluding provisions) rose by €1.8 billion during the first three months to €14.7 billion, due primarily to an increase of €0.7 billion in financial obligations and the dividend of €1.0 billion for 2000 that is scheduled for payment in the second quarter of 2001.

Net indebtedness grew by €0.7 billion compared with December 31, 2000, to €6.6 billion, and was therefore €2.5 billion greater than at March 31, 2000. Of this year-on-year increase, higher financial obligations – due mainly to utilization of the commercial paper program – accounted for €1.8 billion, while liquid assets were reduced by €0.6 billion.

## Capital expenditures

In the first quarter we spent €541 million for intangible assets, property, plant and equipment. Europe accounted for 58 percent of this, North America for 21 percent, Asia/Pacific for 16 percent and Latin America/Africa/Middle East for 5 percent. Our German sites received 78 percent of the European total.

Our capital spending budget for the full year 2001 is €3.1 billion.

## Employees

On March 31, 2001 the Bayer Group had 118,600 employees in its continuing operations, which was 600 more than at the start of the year. Headcount rose by 700 in North America and 200 in Asia/Pacific, but declined by 300 in Europe; in the Latin America/Africa/Middle East region it was unchanged at 12,000. Personnel expenses increased by 7 percent compared with the first quarter of 2000, to €1.9 billion.



## Outlook

In the Health Care segment, we expect to overcome the temporary production difficulties for biologicals in the course of the year. Given the structure of our product portfolio, growth in the other businesses should at least keep pace with the world market. The operating margin will move closer to our target as the benefits of the ongoing restructuring programs are felt.

Our Agriculture segment will again outperform the market this year, remaining an industry leader in terms of profitability. The business harbors further substantial potential for the future, and we will capitalize on the enabling technologies to develop new products. We have reinforced our biotechnology research platform through alliances.

In Polymers, we are continuing to strengthen our market position. We are adding new capacities and opening up new markets, especially in Asia. Our short-term goal is to significantly improve the return on sales.

We will further optimize our portfolio in the Chemicals segment to achieve more favorable cost structures. A highlight here is the acquisition of CSM Industries, which provides us with an excellent base to benefit from a fast-growing and highly profitable market.

Global economic growth weakened rather more than we expected in the first quarter of 2001, with North America the worst affected region. We anticipate a recovery there in the second half of the year, with our biologicals business back to normal. We also predict a stable trend in western Europe and Asia. Against this background we are confident of surpassing last year's record earnings.

## Highlights

|   | 1st Quarter<br>2001 | 1st Quarter<br>2000 | Full Year<br>2000 |
|---|---------------------|---------------------|-------------------|
| <b>Sales (€ million)</b>  | <b>7,901</b>        | <b>7,331</b>        | <b>30,971</b>     |
| <i>of which discontinuing operations</i>                                    | 239                 | 369                 | 1,491             |
| <b>Sales from continuing operations</b>                                     | <b>7,662</b>        | <b>6,962</b>        | <b>29,480</b>     |
| Change  | 10.1%               | 22.1%               | 21.1%             |
| Domestic companies  | 2,335               | 2,119               | 8,441             |
| Change  | 10.2%               | 13.6%               | 11.8%             |
| Foreign companies   | 5,327               | 4,843               | 21,039            |
| Change  | 10.0%               | 23.2%               | 25.3%             |
| <b>Operating result (€ million)</b>   | <b>848</b>          | <b>1,034</b>        | <b>3,287</b>      |
| <i>of which discontinuing operations</i>                                    | 0                   | 33                  | 155               |
| <b>Operating result from continuing operations</b>                          | <b>848</b>          | <b>1,001</b>        | <b>3,132</b>      |
| Change  | - 15.3%             | 25.6%               | 43.6%             |
| <b>Operating result from continuing operations before exceptional items</b> | <b>936</b>          | <b>1,005</b>        | <b>3,340</b>      |
| Change  | - 6.9%              | 27.1%               | 29.7%             |
| <b>Return on sales before exceptional items</b>                             | <b>12.2%</b>        | <b>14.4%</b>        | <b>11.3%</b>      |
| <b>Net income (€ million)</b>   | <b>442</b>          | <b>556</b>          | <b>1,816</b>      |
| Change  | - 20.5%             | 26.4%               | - 9.3%            |
| <b>Gross cash flow (€ million)</b>  | <b>1,067</b>        | <b>1,037</b>        | <b>4,164</b>      |
| Change  | 2.9%                | 23.3%               | 30.5%             |
| <b>Capital expenditures (€ million)*</b>                                    | <b>527</b>          | <b>452</b>          | <b>2,545</b>      |
| Domestic companies  | 238                 | 222                 | 1,162             |
| Foreign companies   | 289                 | 230                 | 1,383             |
| <b>Number of employees*</b>   |                     |                     |                   |
| as of March 31  | 118,600             | 115,500             | 118,000           |
| Personnel expenses (€ million)  | 1,891               | 1,767               | 7,518             |
| Change  | 7.0%                | 8.3%                | 11.4%             |

\* continuing operations

## Bayer Group Statements for the First Quarter (Summary)

| Consolidated Statements of Income (€ million)         | 1st Quarter<br>2001 | 1st Quarter<br>2000 | Change<br>%    |
|---|---------------------|---------------------|----------------|
| <b>Net sales</b>                                      | <b>7,901</b>        | <b>7,331</b>        | <b>7.8%</b>    |
| <i>Net sales from discontinuing operations</i>        | (239)               | (369)               | - 35.2%        |
| Net sales from continuing operations                  | 7,662               | 6,962               | 10.1%          |
| Cost of goods sold                                    | (3,990)             | (3,561)             | 12.0%          |
| <b>Gross profit</b>                                   | <b>3,672</b>        | <b>3,401</b>        | <b>8.0%</b>    |
| Selling expenses                                      | (1,723)             | (1,489)             | 15.7%          |
| Research and development expenses                     | (577)               | (543)               | 6.3%           |
| General administration expenses                       | (262)               | (205)               | 27.8%          |
| Other operating expenses – net                        | (262)               | (163)               | 60.7%          |
| <b>Operating result from continuing operations</b>    | <b>848</b>          | <b>1,001</b>        | <b>- 15.3%</b> |
| <i>Operating result from discontinuing operations</i> | 0                   | 33                  | - 100.0%       |
| <b>Operating result</b>                               | <b>848</b>          | <b>1,034</b>        | <b>- 18.0%</b> |
| <b>Non-operating result</b>                           | <b>(126)</b>        | <b>(82)</b>         | <b>- 53.7%</b> |
| <b>Income before income taxes</b>                     | <b>722</b>          | <b>952</b>          | <b>- 24.2%</b> |
| Income taxes  | (284)               | (392)               | - 27.6%        |
| <b>Income after taxes</b>                             | <b>438</b>          | <b>560</b>          | <b>- 21.8%</b> |
| Minority stockholders' interest                       | (4)                 | 4                   | .              |
| <b>Net income</b>                                     | <b>442</b>          | <b>556</b>          | <b>- 20.5%</b> |
| <b>Earnings per share (€)</b>                         | <b>0.61</b>         | <b>0.76</b>         | <b>- 19.7%</b> |

| Consolidated Balance Sheets (€ million)     | March 31, 2001 | March 31, 2000 | Dec. 31, 2000 |
|---|----------------|----------------|---------------|
| <b>Assets</b>                               |                |                |               |
| <b>Noncurrent assets</b>                    | <b>21,656</b>  | <b>18,173</b>  | <b>20,344</b> |
| Inventories                                 | 6,454          | 5,151          | 6,095         |
| Receivables                                 | 9,312          | 8,491          | 8,895         |
| Liquid assets                               | 677            | 1,309          | 704           |
| <b>Current assets</b>                       | <b>16,443</b>  | <b>14,951</b>  | <b>15,694</b> |
| <b>Deferred taxes</b>                       | <b>188</b>     | <b>416</b>     | <b>413</b>    |
|   | <b>38,287</b>  | <b>33,540</b>  | <b>36,451</b> |
| <i>of which discontinuing operations</i>    | 673            | 979            | 1,156         |
| <b>Stockholders' Equity and Liabilities</b> |                |                |               |
| Capital stock and reserves                  | 4,812          | 4,812          | 4,812         |
| Retained earnings                           | 10,257         | 9,036          | 9,047         |
| Net income                                  | 442            | 556            | 1,816         |
| Translation differences                     | 811            | 505            | 465           |
| Minority stockholders' interest             | 108            | 182            | 237           |
| <b>Stockholders' equity</b>                 | <b>16,430</b>  | <b>15,091</b>  | <b>16,377</b> |
| Long-term liabilities                       | 8,934          | 8,198          | 8,461         |
| Short-term liabilities                      | 11,311         | 9,036          | 10,018        |
| <b>Liabilities</b>                          | <b>20,245</b>  | <b>17,234</b>  | <b>18,479</b> |
| <i>of which discontinuing operations</i>    | 240            | 470            | 574           |
| <b>Deferred taxes</b>                       | <b>1,612</b>   | <b>1,215</b>   | <b>1,595</b>  |
|   | <b>38,287</b>  | <b>33,540</b>  | <b>36,451</b> |

2000 figures restated

The first-quarter statements are unaudited.

## Changes in Stockholders' Equity (Summary, € million)

|                                 | Capital stock and reserves | Retained earnings and minority interest | Net income   | Translation differences | Total         |
|---------------------------------|----------------------------|---|--------------|-------------------------|---------------|
| <b>December 31, 1999</b>        | <b>4,812</b>               | <b>8,141</b>                            | <b>2,002</b> | <b>227</b>              | <b>15,182</b> |
| Income after taxes              |                            |   | 560          |                         | 560           |
| Dividend payments               |                            |   | (949)        |                         | (949)         |
| Exchange differences            |                            |   |              | 278                     | 278           |
| Allocation to retained earnings |                            | 1,071                                   | (1,053)      |                         | 18            |
| Minority stockholders' interest |                            | 6                                       | (4)          |                         | 2             |
| <b>March 31, 2000</b>           | <b>4,812</b>               | <b>9,218</b>                            | <b>556</b>   | <b>505</b>              | <b>15,091</b> |
| <b>December 31, 2000</b>        | <b>4,812</b>               | <b>9,284</b>                            | <b>1,816</b> | <b>465</b>              | <b>16,377</b> |
| Income after taxes              |                            |   | 438          |                         | 438           |
| Dividend payments               |                            |   | (1,022)      |                         | (1,022)       |
| Exchange differences            |                            |   |              | 346                     | 346           |
| Special item                    |                            | 346                                     |              |                         | 346           |
| Allocation to retained earnings |                            | 796                                     | (794)        |                         | 2             |
| Minority stockholders' interest |                            | (61)                                    | 4            |                         | (57)          |
| <b>March 31, 2001</b>           | <b>4,812</b>               | <b>10,365</b>                           | <b>442</b>   | <b>811</b>              | <b>16,430</b> |

## Sales and Operating Result by Business Segment and Region (€ million)

| Business Segments  | Health Care  |              | Agriculture   |              | Polymers     |              | Chemicals                        |              | Reconciliation |             | Bayer Group  |              |
|--|--------------|--------------|---------------|--------------|--------------|--------------|----------------------------------|--------------|----------------|-------------|--------------|--------------|
|  | 1st Quarter  |              | 1st Quarter   |              | 1st Quarter  |              | 1st Quarter                      |              | 1st Quarter    |             | 1st Quarter  |              |
|  | 2001         | 2000         | 2001          | 2000         | 2001         | 2000         | 2001                             | 2000         | 2001           | 2000        | 2001         | 2000         |
| <b>Sales</b>   | <b>2,386</b> | <b>2,305</b> | <b>994</b>    | <b>1,025</b> | <b>2,846</b> | <b>2,434</b> | <b>1,245</b>                     | <b>1,016</b> | <b>430</b>     | <b>551</b>  | <b>7,901</b> | <b>7,331</b> |
| <i>of which discontinuing operations</i>                         |              |              |               |              |              |              |                                  |              | 239            | 369         | 239          | 369          |
| <b>Sales from continuing operations</b>                          | <b>2,386</b> | <b>2,305</b> | <b>994</b>    | <b>1,025</b> | <b>2,846</b> | <b>2,434</b> | <b>1,245</b>                     | <b>1,016</b> | <b>191</b>     | <b>182</b>  | <b>7,662</b> | <b>6,962</b> |
| Change in €  | 3.5%         | 22.5%        | -3.0%         | 17.3%        | 16.9%        | 23.0%        | 22.5%                            | 18.7%        |                |             | 10.1%        | 22.1%        |
| Change in local currencies                                       | 2.0%         | 11.1%        | -3.1%         | 8.1%         | 15.1%        | 16.9%        | 21.5%                            | 13.1%        |                |             | 8.8%         | 14.1%        |
| <b>Operating result</b>  | <b>344</b>   | <b>315</b>   | <b>235</b>    | <b>266</b>   | <b>212</b>   | <b>312</b>   | <b>106</b>                       | <b>126</b>   | <b>(49)</b>    | <b>15</b>   | <b>848</b>   | <b>1,034</b> |
| <i>of which discontinuing operations</i>                         |              |              |               |              |              |              |                                  |              | 0              | 33          | 0            | 33           |
| <b>Operating result from continuing operations</b>               | <b>344</b>   | <b>315</b>   | <b>235</b>    | <b>266</b>   | <b>212</b>   | <b>312</b>   | <b>106</b>                       | <b>126</b>   | <b>(49)</b>    | <b>(18)</b> | <b>848</b>   | <b>1,001</b> |
| <b>Operating result from cont. ops. before exceptional items</b> | <b>358</b>   | <b>340</b>   | <b>235</b>    | <b>271</b>   | <b>230</b>   | <b>319</b>   | <b>157</b>                       | <b>128</b>   | <b>(44)</b>    | <b>(53)</b> | <b>936</b>   | <b>1,005</b> |
| Change   | 5.3%         | 98.8%        | -13.3%        | 8.8%         | -27.9%       | 9.6%         | 22.7%                            | -1.5%        |                |             | -6.9%        | 27.3%        |
| <b>Return on sales before exceptional items</b>                  | <b>15.0%</b> | <b>14.8%</b> | <b>23.6%</b>  | <b>26.4%</b> | <b>8.1%</b>  | <b>13.1%</b> | <b>12.6%</b>                     | <b>12.6%</b> |                |             | <b>12.2%</b> | <b>14.4%</b> |
| Regions  | Europe       |              | North America |              | Asia/Pacific |              | Latin America/Africa/Middle East |              | Reconciliation |             | Bayer Group  |              |
|  | 1st Quarter  |              | 1st Quarter   |              | 1st Quarter  |              | 1st Quarter                      |              | 1st Quarter    |             | 1st Quarter  |              |
|  | 2001         | 2000         | 2001          | 2000         | 2001         | 2000         | 2001                             | 2000         | 2001           | 2000        | 2001         | 2000         |
| Sales by market  | 3,314        | 2,948        | 2,299         | 2,196        | 1,232        | 1,027        | 817                              | 791          | 239            | 369         | 7,901        | 7,331        |
| Change   | 12.4%        | 12.7%        | 4.7%          | 26.6%        | 20.0%        | 44.9%        | 3.3%                             | 22.8%        |                |             | 7.8%         | 4.8%         |
| <b>Sales by point of origin</b>                                  | <b>3,711</b> | <b>3,379</b> | <b>2,404</b>  | <b>2,222</b> | <b>989</b>   | <b>839</b>   | <b>558</b>                       | <b>522</b>   | <b>239</b>     | <b>369</b>  | <b>7,901</b> | <b>7,331</b> |
| <i>of which discontinuing operations</i>                         |              |              |               |              |              |              |                                  |              | 239            | 369         | 239          | 369          |
| <b>Sales from continuing operations</b>                          | <b>3,711</b> | <b>3,379</b> | <b>2,404</b>  | <b>2,222</b> | <b>989</b>   | <b>839</b>   | <b>558</b>                       | <b>522</b>   |                |             | <b>7,662</b> | <b>6,962</b> |
| Change in €  | 9.8%         | 12.9%        | 8.2%          | 29.0%        | 17.9%        | 50.4%        | 6.9%                             | 21.7%        |                |             | 10.1%        | 22.1%        |
| Change in local currencies                                       | 9.7%         | 12.3%        | 2.8%          | 13.3%        | 22.2%        | 23.8%        | 3.8%                             | 7.4%         |                |             | 8.8%         | 14.1%        |
| <b>Operating result</b>  | <b>793</b>   | <b>810</b>   | <b>(22)</b>   | <b>102</b>   | <b>113</b>   | <b>102</b>   | <b>44</b>                        | <b>59</b>    | <b>(80)</b>    | <b>(39)</b> | <b>848</b>   | <b>1,034</b> |
| <i>of which discontinuing operations</i>                         |              |              |               |              |              |              |                                  |              | 0              | 33          | 0            | 33           |
| <b>Operating result from continuing operations</b>               | <b>793</b>   | <b>810</b>   | <b>(22)</b>   | <b>102</b>   | <b>113</b>   | <b>102</b>   | <b>44</b>                        | <b>59</b>    | <b>(80)</b>    | <b>(72)</b> | <b>848</b>   | <b>1,001</b> |
| <b>Operating result from cont. ops. before exceptional items</b> | <b>817</b>   | <b>781</b>   | <b>33</b>     | <b>135</b>   | <b>117</b>   | <b>102</b>   | <b>44</b>                        | <b>59</b>    | <b>(75)</b>    | <b>(72)</b> | <b>936</b>   | <b>1,005</b> |
| Change   | 4.6%         | 0.9%         | -75.6%        | 141.1%       | 14.7%        | •            | -25.4%                           | 103.4%       |                |             | -6.9%        | 27.3%        |
| <b>Return on sales before exceptional items</b>                  | <b>22.0%</b> | <b>23.1%</b> | <b>1.4%</b>   | <b>6.1%</b>  | <b>11.8%</b> | <b>12.2%</b> | <b>7.9%</b>                      | <b>11.3%</b> |                |             | <b>12.2%</b> | <b>14.4%</b> |

2000 figures restated

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