

Bidding process concluded:

Bayer plans to sell Haarmann & Reimer to EQT

Intended merger of H&R with competitor Dragoco

Leverkusen – Bayer plans to sell its subsidiary Haarmann & Reimer (H&R) for €1.66 billion to the EQT Northern Europe Private Equity Funds, which are sponsored by investor AB of Sweden. The Holzminden, Germany-based fragrances and flavors manufacturer would be bought by an acquirer company into which H&R's current competitor Dragoco, also of Holzminden, would be integrated. The merger would give rise to a leading fragrances and flavors company with a global presence and the ability to offer an outstanding product range. This new company would have 5,800 employees and pro forma sales of €1,245 million based on 2001 figures. Closing of the acquisition is expected to take place in the fourth quarter of 2002 subject to the approval of the antitrust authorities.

Explained Werner Wenning, Chairman of the Bayer AG Board of Management: "We welcome this outcome. It marks a further step in the streamlining of our Group portfolio." He said the proceeds – like those of the recent sales of company housing units, the interest in Agfa and the generics business in France and Spain – would be used to reduce debt. Wenning remains confident that the other divestments announced can also be accomplished on schedule. He believes that "The new company has every chance of a highly prosperous future in this fast-growing but consolidating industry."

Bayer carried out the sale of Haarmann & Reimer as an open bidding process. Several of the numerous potential investors were invited to examine the company in detail and make a binding offer. Both strategic and financial investors remained in the running right up to the end.

EQT (www.eqt.se) is a group of private equity funds with equity commitments exceeding €3 billion. The EQT funds are sponsored by Investor AB, the publicly listed industrial holding company of the Wallenberg foundations, Sweden.

Leverkusen, July 17, 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.