

Bayer



Bayer AG
Investor Relations
51368 Leverkusen
Germany

Rita Flänger

Tel. (+49) 0214-30-81955

Fax (+49) 0214-30-41637

lr@bayer-ag.de

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Fax

Se convoca a los señores accionistas de nuestra sociedad a la

Junta General Extraordinaria

que se celebrará el viernes 17 de noviembre de 2004 a las 10.00 de la mañana en la Grugahalle, Norbertstraße 2, 45131 Essen (Alemania).

Orden del día

Aprobación del contrato de escisión y adquisición entre la sociedad y LANXESS Aktiengesellschaft (Leverkusen)

Deutsche Bank Sociedad Anónima Española, como Entidad de Enlace, facilitará a aquellos accionistas residentes en España que lo deseen, la documentación necesaria para que puedan asistir personalmente a la Junta General o bien para que puedan delegar su voto, el cual cuidaremos de representar a través de la entidad

depositaria en Alemania, Deutsche Bank AG. El plazo para la delegación de voto finaliza el 10 de noviembre de 2004.

Asimismo, la Entidad de Enlace pondrá a disposición de los accionistas que lo soliciten, a través de las entidades depositarias, la documentación relativa a esta Junta General.

La convocatoria completa se publica en Internet www.ebundesanzeiger.de el 06 de octubre de 2004.

Leverkusen, 06 de octubre de 2004

El Consejo de Dirección de
Bayer Aktiengesellschaft
Wenning KJhn



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www.investor.bayer.com

Investor News

This news release is not an offer for sale of the Securities in the United States. The Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. LANXESS AG and Bayer AG do not intend to register any securities of LANXESS AG in the United States or to conduct a public offering of Securities in the United States.

Spin-Off Report published:

Bayer sets allotment ratio for Lanxess shares at 10 to 1

- Stockholders to vote on the spin-off on November 17
- Lanxess issues EUR 200 million mandatory convertible bond to Bayer

Leverkusen / October 6, 2004 – In connection with the planned spin-off of new chemical company Lanxess, stockholders of Bayer AG will be granted one Lanxess share for every ten Bayer shares that they hold. This is provided for in the Spin-Off and Acquisition Agreement to be voted on at an Extraordinary Stockholders' Meeting in Essen on November 17. If the shareholders approve the plan by a majority of at least 75 percent of the capital stock represented, Lanxess AG will be listed on the stock market at the beginning of 2005. A total of 73,034,192 no-par bearer shares of Lanxess will be allotted to Bayer stockholders. The spin-off is intended to have retroactive economic effect from July 1, 2004. To bolster the financial condition and credit rating of Lanxess, Bayer has purchased a EUR 200 million mandatory convertible bond issued by Lanxess.

In the run-up to the Stockholders' Meeting, Bayer CEO Werner Wenning once again emphasizes the opportunities created by the spin-off: "Lanxess will be one of the

largest chemical companies in Europe,” he said. “As an independent enterprise, it will have more scope to improve its competitiveness in the future.” The spin-off would implement the strategic realignment of the Bayer Group as approved by the Board of Management and the Supervisory Board in November 2003 and confirmed by the Annual Stockholders’ Meeting in April 2004. Bayer will thus separate most of its chemicals activities and about one third of its polymers operations in order to concentrate on the primarily innovation- and technology-driven core businesses of health care, nutrition and high-tech materials, with the Bayer HealthCare, Bayer CropScience and Bayer MaterialScience subgroups holding responsibility for business operations. Lanxess, on the other hand, possesses an extensive portfolio of products with a higher level of market maturity – basic, specialty and fine chemicals as well as polymers. These more cost-driven businesses demand the establishment of leaner structures and the systematic optimization of production facilities and processes.

Detailed information about Lanxess and the planned spin-off is contained in the Spin-Off and Acquisition Agreement and the Spin-Off Report, which are published today. Based on combined financials that present Lanxess as if its future structure had already existed in the past, sales of the company in the first half of 2004 remained steady year-on-year at EUR 3,283 million (2003: EUR 3,247 million). By contrast, Lanxess’ operating result (EBIT) improved to EUR 80 million from minus EUR 39 million, while the net loss was just EUR 3 million compared with EUR 58 million for the same period of last year.

It is not yet possible to predict the future dividend policy of Lanxess AG. The Board of Management and Supervisory Board of Lanxess will decide on this at the appropriate time, taking into account the company’s earnings situation. However, the possibility cannot be ruled out that Lanxess AG will not pay a dividend for the 2004 and 2005 fiscal years.

Lanxess net debt EUR 1.5 billion

Lanxess will have net debt of approximately EUR 1.5 billion, including pension commitments, when the spin-off takes effect. The financial liabilities to the Bayer Group are to be redeemed by drawing on a syndicated credit line. This EUR 1.0 to 1.5 billion credit line will consist of a short-term and a long-term tranche.

In addition, Bayer is bolstering the financial position of Lanxess through the purchase

was issued on September 15, 2004, and acquired in its entirety by Bayer. Its terms reflect going market rates, with a three-year maturity and an interest rate of 6 percent. Conversion to Lanxess shares is possible on July 20, 2005 at the earliest, but will take place on maturity of the bond at the latest. This does not alter the Bayer Group's goal of wholly divesting Lanxess through the planned spin-off. Neither company will hold shares of the other immediately following the spin-off, nor does Bayer intend to hold the shares acquired through the bond conversion for the long term or use them to influence the policy of Lanxess AG. Rather, Bayer intends to divest these shares with the smallest possible impact on the market price.

Bayer expects the bond to favorably influence Lanxess' credit rating. The company is striving for an investment-grade – or “BBB” – rating. Since rating agencies generally regard a mandatory convertible bond as having primarily the character of stockholders' equity, this instrument is expected to strengthen the balance-sheet structure of Lanxess and its position on the capital market. “In the context of the spin-off, this convertible bond is an innovative financing instrument that offers equal advantages to both Lanxess and Bayer,” explains Bayer CFO Klaus Kühn. The amount by which Lanxess' capital stock increases as a result of the conversion will depend on the share price. Bayer expects to hold an interest of less than 20 percent in Lanxess after the bond is converted.

Additional financial details are provided in the Spin-Off Report. The placement of chemicals and polymers activities into Lanxess and the spin-off of this subgroup will result in external one-time charges of approximately EUR 75 million, which are to be borne by Bayer and recognized in fiscal 2004.

Trading relationship will continue

Bayer and Lanxess will continue to trade with each other despite their separation, with supply and service agreements running for between one and seven years. Some of these agreements include exclusive supply relationships, especially for strategically important products. On the basis of the agreements, the companies of the Lanxess Group are expected to supply goods and services to the value of approximately EUR 0.7 billion to Bayer in 2005. For its part, Bayer is expected to supply approximately EUR 0.5 billion worth of goods and other services to Lanxess next year. This figure includes mainly product shipments and also services provided by Bayer Business Services (BBS) and Bayer Technology Services (BTS). Furthermore, Lanxess is expected to purchase approximately EUR 0.5 billion worth of site-specific

services from Bayer Industry Services GmbH & Co. OHG (BIS) in 2005. While BBS and BTS will remain wholly owned subsidiaries of Bayer AG, Lanxess will own a 40 percent interest in BIS.

Bayer and Lanxess will also jointly operate the chemical park sites in the future. Lanxess will use large sections of Bayer's main site in Leverkusen, where approximately 5,200 people work for the company. Lanxess has approximately 2,000 employees in Krefeld-Uerdingen and about 1,200 in Dormagen. The company has roughly 20,000 employees in all, about half of whom are based in Germany. Following the spin-off, the Bayer Group will have about 93,500 employees worldwide, including 37,800 in Germany.

Complete information on the spin-off of the Lanxess subgroup (comprising some 400 pages) is available on the Internet at www.stockholdersmeeting.bayer.com

Leverkusen, October 6, 2004

Bayer AG, Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)

Dr. Juergen Beunink (+49-214-30-65742)

Peter Dahlhoff (+49-214-30-33022)

Ute Krippendorf (+49-214-30-33021)

Ilia Kürten (+49-214-30-35426)

Judith Nestmann (+49-214-30-66836)

Forward-looking Statements

This news release contains forward-looking statements based on current assumptions and forecasts made by the managements of Bayer AG and LANXESS AG. 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 Bayer AG or LANXESS AG and the estimates given here. These factors include those discussed in Bayer AG's annual and interim reports to the Frankfurt Stock Exchange and in its reports filed with the U.S. Securities and Exchange Commission (including its Form 20-F). Bayer AG and LANXESS AG assume no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.