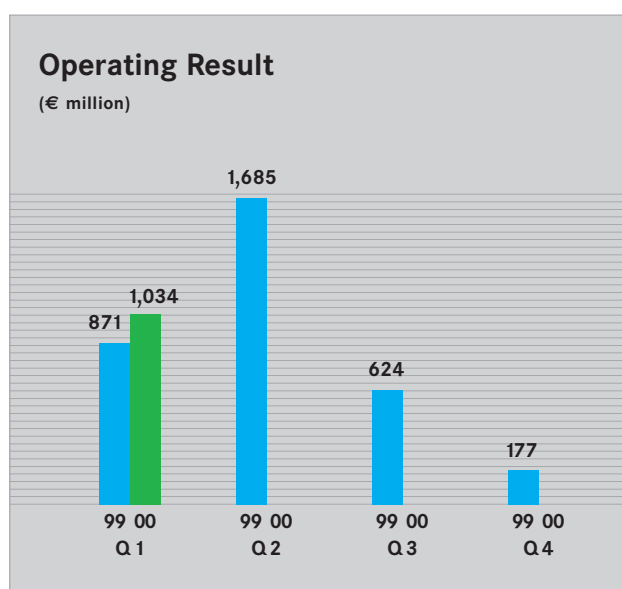
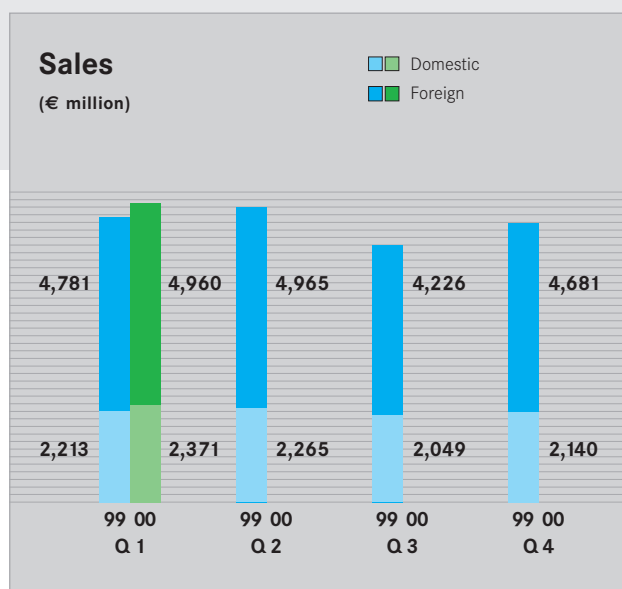


Information for Stockholders

2000

Interim Report for the First Quarter

Excellent start
to the year –
Pre-tax income
up 31 percent



The year 2000 got off to an excellent start at Bayer, with a very encouraging business trend in the first three months. Disregarding the Agfa-Gevaert group, which was divested effective June 1, 1999, and the DyStar group, sales from continuing operations grew by 23 percent.

Change in Sales

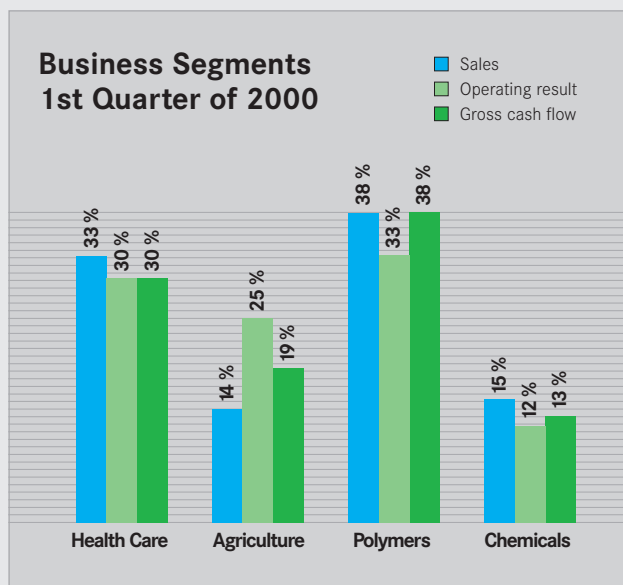
Total	+ 4.8 %
Continuing operations	+ 23.0 %
Volumes	+ 16.3 %
Prices	- 1.7 %
Exchange rates	+ 8.0 %
Other portfolio changes	+ 0.4 %

Overall economic conditions were favorable compared to the weak first quarter of 1999. The economy of the United States was robust, and the situation in Asia improved. Europe, too, benefited from the global economic recovery.

The effects of currency translations were positive in the first quarter, adding €0.5 billion, or 8 percent, to the value of sales. Demand for our products jumped by 16 percent, which more than made up for further declines in selling prices.

If discontinuing operations are included, Group sales advanced by 5 percent to €7.3 billion, and the operating result improved by 19 percent, to €1 billion.

Income from continuing operations climbed by 28 percent.



Business trend by segment

Strong demand led to double-digit growth rates in all four business segments – Health Care, Agriculture, Polymers and Chemicals. Polymers, the largest segment, accounted for 38 percent of sales, 33 percent of operating profit and 38 percent of the cash flow. Health Care made gains over 1999, contributing 33 percent to sales and 30 percent each to the cash flow and the operating result. With a 14 percent share of sales, Agriculture earned 25 percent of the operating result and 19 percent of the cash flow. The Chemicals segment accounted for 15 percent of sales, 12 percent of operating profit and 13 percent of the cash flow.

Health Care

Health Care increased its sales to €2.3 billion, exceeding the previous year's figure by 22 percent. The Pharmaceuticals Business Group did particularly well with a 27 percent sales gain thanks to expanding demand for our blockbusters Ciprobay® and Adalat® in the North American and Japanese markets. Sales of Baycol®/Lipobay® doubled. Our new antibiotic Avelox®/Avalox®, which is now available in 22 countries, continues to experience excellent sales growth. The Diagnostics Business Group saw sales advance

by 16 percent. The Consumer Care Business Group achieved sales growth of 17 percent.

The operating result of the Health Care segment increased by 99 percent to €0.3 billion, boosting the return on sales by 6 percentage points to 15 percent. These figures demonstrate that we have made significant progress toward a sustained improvement in performance. The Health Care segment incurred net exceptional charges of €25 million, mainly for the integration of Chiron. The gross cash flow climbed by 38 percent to €0.3 billion.

Agriculture

Agriculture also had a good quarter, with sales up 17 percent to €1.0 billion. The Crop Protection and Animal Health business groups contributed equally to this growth. Crop Protection benefited primarily from the success of the insecticide Confidor®. Last year's acquisition of pbi Home & Garden Ltd. in the United Kingdom contributed 2 percentage points to the increase in segment sales. The Animal Health Business Group scored further market success with its flagship product Advantage®.

Health Care

(€ million)	1st Quarter		Full year 1999
	2000	1999	
Sales	2,305	1,882	8,367
Operating result before exceptional items	340	171	1,095
Return on sales before exceptional items	14.8 %	9.1 %	13.1 %
Gross cash flow	333	242	1,138

Polymers

(€ million)	1st Quarter		Full Year 1999
	2000	1999	
Sales	2,660	2,169	9,307
Operating result before exceptional items	348	299	1,164
Return on sales before exceptional items	13.1 %	13.8 %	12.5 %
Gross cash flow	423	302	1,395

Agriculture

(€ million)	1st Quarter		Full Year 1999
	2000	1999	
Sales	1,025	874	3,094
Operating result before exceptional items	271	249	520
Return on sales before exceptional items	26.4 %	28.5 %	16.8 %
Gross cash flow	212	198	549

Chemicals

(€ million)	1st Quarter		Full Year 1999
	2000	1999	
Sales	1,075	853	3,704
Operating result before exceptional items	129	130	414
Return on sales before exceptional items	12.0 %	15.2 %	11.2 %
Gross cash flow	146	116	447

The segment's operating result rose by 9 percent to €0.3 billion and the gross cash flow by 7 percent to €0.2 billion. The return on sales of 26 percent is an outstanding figure by international standards.

In the United States, the Crop Protection Business Group brought a new facility for formulating herbicidal active ingredients on stream in Kansas City, Missouri. To enhance our position in South Korea, we acquired the remaining shares of the Korean company Misung Ltd. from Aventis CropScience.

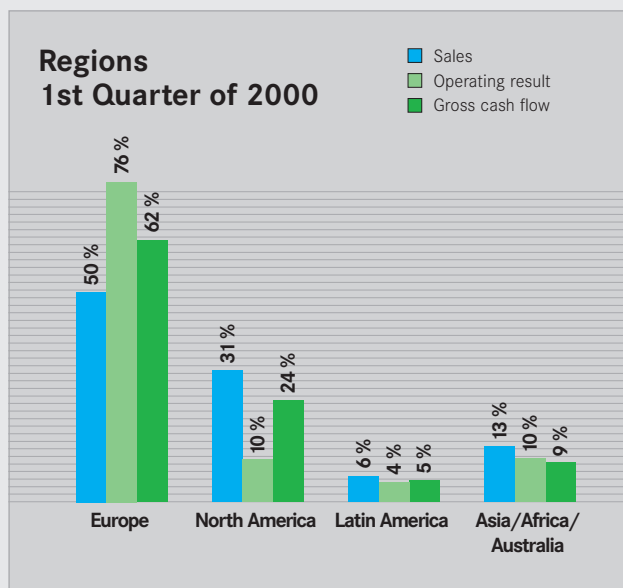
Polymers

Due to continuing strong demand in Asia and the good business climate in Europe, sales of the Polymers segment advanced by 23 percent to €2.7 billion, with the most significant growth coming from the Plastics Business Group. Our thermoplastics, in particular our Makrolon® polycarbonate, made the largest gains. Since the rate of increase in operating profit, at 16 percent, did not match sales gains, the return on sales dipped by one point to 13 percent. This was caused by sharply increasing raw material costs that could not yet be fully passed on to the market. The gross cash flow advanced by 40 percent to €0.4 billion.

After receiving the approval of the relevant authorities, Bayer acquired the polyols business of Lyondell Chemical Company of the United States effective March 31, 2000. The move represents a long-term enhancement of Bayer's core polyurethanes business, as it makes us a single-source supplier for a complete range of products. Additional capacities and new cost-cutting technologies will allow further profitable growth. Bayer and Lyondell are also committed to future cooperation in the construction of new manufacturing facilities for propylene oxide.

Chemicals

Particularly, strong growth was recorded by the Chemicals segment, where sales expanded by 26 percent to €1.1 billion. The gains were due to buoyant demand for the products of all business groups, especially our subsidiary H.C. Starck, which benefited from continuing high demand in the electronics industry. While the segment's operating result was virtually the same as the previous year at €129 million, the gross cash flow advanced by a gratifying 26 percent, to €146 million. The return on sales dipped 3 points compared to the strong first quarter of 1999, to 12 percent.



Business trend by region / companies

We performed strongly in our key **markets** in the first quarter of 2000. This is especially true for the Asia/Africa/Australia region, where sales climbed by 39 percent, building on the positive trend that was already apparent at the end of 1999. Business in North America and Latin America was robust, with gains of 27 and 26 percent, respectively, although exchange rates accounted for 15 percentage points. In the important North American market, sales in local currencies increased by 11 percent.

Europe

Our companies in Europe benefited from the improved economic situation, with sales rising by 14 percent to €3.6 billion. This represents a 50 percent share of Group sales from continuing operations. Europe contributed 76 percent of Group operating profit and accounted for 62 percent of the Group cash flow. The return on sales, at 22 percent, was considerably higher than the group average.

North America

Sales of our North American companies climbed by €0.5 billion, or 31 percent, to €2.3 billion. Their operating

result, at €141 million, was up 152 percent year-on-year. The return on sales improved by 3 points to 6 percent. The gross cash flow advanced by 38 percent, to €0.3 billion.

Latin America

Our Latin American companies recovered from the setbacks experienced in 1999, growing sales by 22 percent to €425 million. This positive trend was reflected in the operating result and gross cash flow, which improved considerably to €46 million and €55 million, respectively.

Asia/Africa/Australia

Our companies in the Asia/Africa/Australia region expanded their sales by 46 percent to €0.9 billion. The effects of foreign currency translation accounted for 19 percentage points of this increase. The expansion at our companies in Japan, Thailand and Hong Kong was particularly encouraging. The region's operating result and cash flow more than doubled to €0.1 billion each.

Summary Cash Flow Statements

(€ million)	1st Quarter	
	2000	1999
Cash and cash equivalents at beginning of year	2,812	1,184
Gross operating cash flow	1,058	841
Changes in working capital	(661)	(539)
Net cash provided by operating activities	397	302
<i>of which discontinuing operations</i>	<i>11</i>	<i>118</i>
Net cash used in investing activities	(2,864)	(323)
<i>of which discontinuing operations</i>	<i>(5)</i>	<i>(1)</i>
Net cash provided by financing activities	773	718
<i>of which discontinuing operations</i>	<i>0</i>	<i>14</i>
Exchange rate movements and changes in companies consolidated	(31)	1
Change in cash and cash equivalents	(1,725)	698
Cash and cash equivalents at end of first quarter	1,087	1,882

Earnings Performance

(€ million)	1st Quarter		Full Year 1999
	2000	1999	
Operating result	1,034	871	3,357
<i>of which discontinuing operations</i>	<i>3</i>	<i>66</i>	<i>1,109</i>
Non-operating result	(82)	(145)	(521)
Income before income taxes	952	726	2,836
Net income	556	440	2,002

Liquidity and capital resources

The consolidated financial statements for the first quarter of 2000 have been prepared as for the year 1999 according to the rules issued by the International Accounting Standards Committee, London. Reference should be made as appropriate to the notes to the 1999 statements.

Group liquidity declined by €1.7 billion compared with the end of 1999, to €1.1 billion, mainly because of the cash outflow for the Lyondell acquisition.

The gross operating cash flow improved by 26 percent to €1.1 billion. The net operating cash flow after changes in working capital was 31 percent up on the same period of last year, at €0.4 billion.

The net cash outflow for investing activities amounted to €2.9 billion, including €2.5 billion for the Lyondell acquisition. Disbursements of €0.1 billion for other acquisitions and an aggregate €0.5 billion cash outflow related to property, plant, equipment and investments were partly offset by €0.2 billion in received interest and cash inflows from marketable securities.

Financing activities provided net cash of €0.8 billion, which came mainly from the utilization of commercial paper programs.

Earnings performance

Gross profit increased by 22 percent. The ratios of the cost of goods sold and of R&D expenses to sales remained more or less constant at 52.2 and 7.5 percent respectively.

Group operating income for the first quarter improved by 19 percent year-on-year. The result of continuing operations was up 28 percent, to €1 billion.

The non-operating result improved by 43 percent to minus €82 million thanks to lower net interest expense.

Pre-tax income climbed by 31 percent to €952 million. Income tax expense increased by 35 percent to €0.4 billion due to higher income from domestic companies, pushing up the effective tax rate by 1 percentage point to 41 percent. Group net income rose 26 percent to €0.6 billion; earnings per share for the first quarter improved by 16 cents to €0.76.



Asset and Capital Structure

(€ million)	March 31, 2000	March 31, 1999	Dec. 31, 1999
Noncurrent assets	18,173	14,451	15,614
Current assets	15,367	17,308	15,665
Stockholders' equity	15,091	12,938	15,182
Liabilities	18,449	18,821	16,097
Total assets	33,540	31,759	31,279

Asset and capital structure

Total assets of the Group rose by €2.3 billion, or 7 percent, during the first quarter of 2000 to €33.5 billion, half of the increase being due to exchange rate movements. The Lyondell acquisition, which was financed out of liquidity, had little effect on total assets but did alter the asset structure. It was the principal reason for the growth of €2.6 billion in **noncurrent assets** and the decrease of €1.8 billion in **liquid assets**.

Stockholders' equity decreased only slightly after deducting the proposed dividend payment of €0.9 billion for 1999, since this was largely offset by the first-quarter net income of €0.5 billion and positive translation differences of €0.3 billion. The equity-to-assets ratio was 45 percent.

Of the €2.4 billion growth in **liabilities**, some €1 billion resulted from borrowings under the commercial paper program and another €1 billion from the allocation to liabilities of the proposed dividend payment for 1999.

Capital expenditures and acquisitions

We spent €0.5 billion for intangible assets, property, plant and equipment, which was 12 percent more than in the same period of last year. 50 percent of our capital spending took place in Germany, 14 percent in the rest of Europe and 26 percent in North America. Our capital spending budget for the full year 2000 is €2.4 billion.

The acquisition of the polyols business of the U.S. manufacturer Lyondell at a purchase price of €2.5 billion took effect on March 31, 2000.

We plan to collaborate with Deutsche Telekom and Infracore Höchst to assemble an Internet marketplace for the chemical and related industries which will considerably reduce the ordering costs of our chemical production operations.

We will also join with four other suppliers to create the world's largest neutral electronic marketplace for thermoplastics. The move will simplify business transactions and reduce costs while better meeting the needs of our customers. The new joint venture will go online on October 1, 2000, subject to any required regulatory approvals.

Employees

The Bayer Group had 118,100 employees on March 31, 2000. Labor turnover led to 1,000 people leaving the Group's employment in the first quarter, while portfolio changes added 300. The workforce shrank by 800 in Europe, increased by 100 in the Asia/Africa/Australia region and remained virtually the same size in North and Latin America.

When adjusted to reflect portfolio changes, personnel expenses increased by 8 percent to €1.8 billion, of which 6 percentage points were due to foreign currency translation.

Outlook

After the excellent start to 2000, we are optimistic about business developments over the rest of the year. The favorable economic environment and strong demand for our products should create a solid framework for further growth. We therefore anticipate double-digit growth rates in sales and earnings from continuing operations for the full year.

We expect this growth to come primarily from the Health Care segment, particularly the Pharmaceuticals Business Group. The demand for our new products Baycol® and Avelox® has increased sharply and the temporary difficulties we experienced with our biological products have been rectified. We see considerable growth potential for this segment.

In the Agriculture segment, we want to build on our outstanding operating margin and exceed last year's excellent figure.

We have significantly expanded our polymers activities with the acquisition of Lyondell's polyols business. We will also go on adding to our plastics capacities – which currently are fully utilized – to meet the increased demand.

We also achieved a gratifying increase in volumes in the Chemicals segment. However, margins are being squeezed by high raw material costs, and we continue to have little scope for adjusting selling prices.

In all of our segments, we will take advantage of the improved economic conditions to continue growing the business, spurred by the success of the portfolio adjustments and streamlining measures we have undertaken in recent years.

Highlights

	1st Quarter		Full Year
	2000	1999	1999
Sales (€ million)	7,331	6,994	27,320
<i>Discontinuing operations</i>	84	1,103	2,126
Sales from continuing operations	7,247	5,891	25,194
Change	23.0%	- 4.9%	7.9%
Domestic companies	2,355	2,029	8,304
Change	16.1%	- 10.7%	- 0.3%
Foreign companies	4,892	3,862	16,890
Change	26.7%	- 1.5%	12.4%
Operating result (€ million)	1,034	871	3,357
<i>Discontinuing operations</i>	3	66	1,109
Result of continuing operations	1,031	805	2,248
Change	28.1%	4.3%	-22.1%
Return on sales before exceptional items	14.3%	13.6%	11.2%
Net income (€ million)	556	440	2,002
Change	26.4%	1.6%	24.0%
Gross cash flow (€ million)	1,058	841	3,252
Change	25.8%	- 8.3%	- 4.2%
Capital expenditures (€ million)*	459	409	2,622
Domestic companies	229	180	1,180
Foreign companies	230	229	1,442
Number of employees at closing date*	118,100	120,500	118,800
Personnel expenses (€ million)	1,801	1,668	6,895
Change	8.0%	- 0.8%	3.7%

*continuing operations



Bayer Group Statements for the First Quarter (Summary)

Consolidated Statements of Income (€ million)

	First Quarter		Change %
	2000	1999*	
Net sales	7,331	6,994	4.8
<i>Discontinuing operations</i>	(84)	(1,103)	-92.4
Continuing operations	7,247	5,891	23.0
Cost of goods sold	(3,785)	(3,057)	23.8
Gross profit	3,462	2,834	22.2
Selling expenses	(1,512)	(1,294)	16.8
Research and development expenses	(546)	(496)	10.1
General administration expenses	(211)	(193)	9.3
Other operating expenses – net	(162)	(46)	.
Result of continuing operations	1,031	805	28.1
<i>Result of discontinuing operations</i>	3	66	-95.5
Operating result	1,034	871	18.7
Non-operating result	(82)	(145)	43.4
Income before income taxes	952	726	31.1
Income taxes	(392)	(290)	35.2
Income after taxes	560	436	28.4
Minority stockholders' interest	(4)	4	.
Net income	556	440	26.4
Earnings per share (€)	0.76	0.60	26.7

Consolidated Balance Sheets (€ million)

	March 31, 2000	March 31, 1999*	Dec. 31, 1999
ASSETS			
Noncurrent assets	18,173	14,451	15,614
Inventories	5,151	5,981	4,992
Receivables	8,491	8,548	7,126
Liquid assets	1,309	2,346	3,140
Current assets	14,951	16,875	15,258
Deferred taxes	416	433	407
	33,540	31,759	31,279
STOCKHOLDERS' EQUITY AND LIABILITIES			
Capital stock and reserves	4,812	4,812	4,812
Retained earnings	9,036	8,013	7,965
Net income	556	440	2,002
Translation differences	505	(506)	227
Minority stockholders' interest	182	179	176
Stockholders' equity	15,091	12,938	15,182
Long-term liabilities	8,372	8,589	7,961
Short-term liabilities	8,862	9,370	6,979
Deferred taxes	1,215	862	1,157
	33,540	31,759	31,279

* restated in line with the accounting policies applied in the Consolidated Financial Statements for 1999

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
December 31, 1998	4,812	7,332	1,614	(979)	12,779
Income after taxes			436		436
Dividend payments		(20)	(747)		(767)
Exchange differences				473	473
Allocation to retained earnings		916	(867)		49
Minority stockholders' interest		(36)	4		(32)
March 31, 1999	4,812	8,192	440	(506)	12,938
December 31, 1999	4,812	8,141	2,002	227	15,182
Income after taxes			560		560
Dividend payments		(1)	(949)		(950)
Exchange differences				278	278
Allocation to retained earnings		1,068	(1,053)		15
Minority stockholders' interest		10	(4)		6
March 31, 2000	4,812	9,218	556	505	15,091

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

BUSINESS SEGMENTS	Health Care		Agriculture		Polymers		Chemicals		Reconciliation		Bayer Group	
	First Quarter		First Quarter		First Quarter		First Quarter		First Quarter		First Quarter	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Sales	2,305	1,882	1,025	874	2,660	2,169	1,075	853	266	1,216	7,331	6,994
<i>Discontinuing operations</i>									84	1,103	84	1,103
Sales from continuing operations	2,305	1,882	1,025	874	2,660	2,169	1,075	853	182	113	7,247	5,891
Change in €	22.5%	10.6%	17.3%	-2.2%	22.6%	-6.5%	26.0%	-17.2%			23.0%	-4.9%
Change in local currencies	11.1%	13.9%	8.1%	-0.1%	16.5%	-4.5%	20.4%	-16.0%			15.0%	-2.7%
Operating result before exceptional items	340	171	271	249	348	299	129	130	(50)	16	1,038	865
<i>Discontinuing operations</i>									3	66	3	66
Result of continuing operations before exceptional items	340	171	271	249	348	299	129	130	(53)	(50)	1,035	799
Change	98.8%	-35.5%	8.8%	-2.0%	16.4%	0.7%	-0.8%	-18.8%			29.5%	-9.8%
Return on sales before exceptional items	14.8%	9.1%	26.4%	28.5%	13.1%	13.8%	12.0%	15.2%			14.3%	13.6%
Operating result	315	149	266	285	341	293	128	128	(16)	16	1,034	871
REGIONS	Europe		North America		Latin America		Asia/Africa/ Australia		Reconciliation		Bayer Group	
	First Quarter		First Quarter		First Quarter		First Quarter		First Quarter		First Quarter	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Sales by market	3,162	2,763	2,218	1,749	513	407	1,354	972	84	1,103	7,331	6,994
Change	14.4%	-9.1%	26.8%	4.3%	26.0%	-20.7%	39.3%	0.6%			4.8%	-4.6%
Sales by point of origin	3,615	3,162	2,271	1,740	425	348	936	641	84	1,103	7,331	6,994
<i>Discontinuing operations</i>									84	1,103	84	1,103
Sales from continuing operations	3,615	3,162	2,271	1,740	425	348	936	641			7,247	5,891
Change in €	14.3%	-9.2%	30.5%	4.3%	22.1%	-19.4%	46.0%	4.7%			23.0%	-4.9%
Change in local currencies	13.7%	-8.6%	14.8%	9.6%	7.0%	-14.6%	26.8%	6.5%			15.0%	-2.7%
Operating result before exceptional items	805	782	141	56	46	22	115	28	(69)	(23)	1,038	865
<i>Discontinuing operations</i>									3	66	3	66
Result of continuing operations before exceptional items	805	782	141	56	46	22	115	28	(72)	(89)	1,035	799
Change	2.9%	1.0%	151.8%	-60.6%	109.1%	-43.6%	.	-6.7%			29.5%	-9.8%
Return on sales before exceptional items	22.3%	24.7%	6.2%	3.2%	10.8%	6.3%	12.3%	4.4%			14.3%	13.6%
Operating result	834	777	108	36	46	22	115	59	(69)	(23)	1,034	871