Stockholders’ Newsletter

Interim Report for the First Three Quarters

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➔ Performance by Region
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➔ Asset and capital structure
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➔ Bayer Group Consolidated Balance Sheets (Summary)
➔ Bayer Group Consolidated Statements of Changes in Stockholders’ Equity (Summary)
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€656 million net income for the third quarter

Further substantial growth in operating cash flow in a difficult business climate

Market expectations that the economy would improve this year have not yet materialized. In the third quarter the pace of growth slowed, especially in North America and Europe, partly due also to the crises in Latin America.

Group sales in the third quarter rose by €528 million, or 8 percent, to €7,459 million, while in the first three quarters as a whole they declined by €707 million, or 3 percent, to €22,196 million. Sales from continuing operations in the third quarter increased by 8 percent, mainly due to the acquisition of Aventis CropScience (ACS). Portfolio changes accounted for 12 and volume growth for 5 percentage points of the increase, while exchange rates had an 8 percent negative effect. Disregarding the ACS acquisition and the currency effects, sales expanded by 4 percent.

The operating result for the third quarter before exceptional items amounted to €54 million, due to cyclical factors and after €243 million in pro-rata depreciation and amortization expense due to the ACS acquisition. The operating result for the first three quarters before exceptional items fell by €627 million, or 42 percent, to €862 million. The decrease includes €329 million in charges resulting from the ACS acquisition.

Exceptional items in the third quarter amounted to €128 million, mainly for restructuring and site consolidations. After exceptional items there was thus a €74 million operating loss. In the first three quarters as a whole, exceptional charges of
Bayer Group Highlights

<table>
<thead>
<tr>
<th></th>
<th>3rd Quarter</th>
<th>First Three Quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2001</td>
</tr>
<tr>
<td>Sales (€ million)</td>
<td>7,459</td>
<td>6,931</td>
</tr>
<tr>
<td>Sales from continuing operations</td>
<td>7,249</td>
<td>6,714</td>
</tr>
<tr>
<td>Domestic companies</td>
<td>1,902</td>
<td>1,868</td>
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<tr>
<td>Foreign companies</td>
<td>5,347</td>
<td>4,846</td>
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</table>

Change in sales from continuing operations

<p>| | | | | | |</p>
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<tbody>
<tr>
<td>Volumes</td>
<td>+ 5%</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prices</td>
<td>− 1%</td>
<td>− 3%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Exchange rates</td>
<td>− 8%</td>
<td>− 4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portfolio changes</td>
<td>+ 12%</td>
<td>+ 5%</td>
<td></td>
<td></td>
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Operating result (€ million)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating result</td>
<td>848</td>
<td>(316)</td>
<td>•</td>
<td>1,936</td>
<td>1,355</td>
<td>+ 42.9%</td>
</tr>
<tr>
<td>Operating result from continuing operations</td>
<td>(74)</td>
<td>(335)</td>
<td>+ 77.9%</td>
<td>971</td>
<td>964</td>
<td>+ 0.7%</td>
</tr>
<tr>
<td>Operating result from continuing operations before exceptional items</td>
<td>54</td>
<td>39</td>
<td>+ 38.5%</td>
<td>862</td>
<td>1,489</td>
<td>− 42.1%</td>
</tr>
<tr>
<td>Return on sales before exceptional items</td>
<td>0.7%</td>
<td>0.6%</td>
<td>4.0%</td>
<td>6.8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net income (€ million)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>656</td>
<td>(183)</td>
<td>•</td>
<td>1,472</td>
<td>823</td>
<td>+ 78.9%</td>
</tr>
<tr>
<td>Earnings per share (€)</td>
<td>0.90</td>
<td>(0.25)</td>
<td></td>
<td>2.02</td>
<td>1.13</td>
<td></td>
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</tbody>
</table>

Gross cash flow (€ million)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross cash flow</td>
<td>601</td>
<td>440</td>
<td>+ 36.6%</td>
<td>2,192</td>
<td>2,276</td>
<td>− 3.7%</td>
</tr>
<tr>
<td>Gross cash flow per share (€)</td>
<td>0.82</td>
<td>0.60</td>
<td></td>
<td>3.00</td>
<td>3.12</td>
<td></td>
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</table>

Net cash flow (€ million)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flow</td>
<td>1,397</td>
<td>1,206</td>
<td>+ 15.8%</td>
<td>2,730</td>
<td>2,037</td>
<td>+ 34.0%</td>
</tr>
</tbody>
</table>

Capital expenditures (€ million)*

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic companies</td>
<td>319</td>
<td>342</td>
<td>− 6.7%</td>
<td>762</td>
<td>878</td>
<td>− 13.2%</td>
</tr>
<tr>
<td>Foreign companies</td>
<td>315</td>
<td>259</td>
<td>+ 21.6%</td>
<td>865</td>
<td>846</td>
<td>+ 2.2%</td>
</tr>
</tbody>
</table>

Number of employees (as of September 30)*

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses (€ million)</td>
<td>2,147</td>
<td>1,916</td>
<td>+ 12.1%</td>
</tr>
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</table>

* continuing operations

€427 million were offset by €536 million in income, mainly from the sale of the housing company Bayer Wohnungen GmbH. The operating result after exceptional items rose to €971 million.

The operating result from discontinuing operations for the first three quarters includes €56 million from the operations of the Haarmann & Reimer Business Group, which was divested at the end of the third quarter, and the provisional amount of €909 million gained on the sale. The previous year’s figure contained €17 million in operating income of EC Erdölchemie and the €316 million gain from the sale of Bayer’s interest.

The reported operating result for the first nine months rose by €581 million, or 43 percent, to €1,936 million. The figure for the third quarter was €848 million, representing a €1,164 million improvement over the same period of 2001.
Net income for the first three quarters increased by €649 million, or 79 percent, to €1,472 million, including €656 million for the third quarter.

The cash-flow-based indicators of operating performance that are important for steering the business showed a very positive trend despite the drop in operating profit. Gross cash flow improved in the third quarter by 37 percent to €601 million, and net cash flow (net cash provided by operating activities) by 16 percent to €1,397 million. While gross cash flow in the first three quarters was 4 percent below the previous year, net cash flow rose by 34 percent to €2,730 million due to a €538 million cash inflow from changes in working capital. This is the highest net operating cash flow ever generated by Bayer in the first nine months of a year.

**Performance by Business Area**

**Healthcare**

Sales of the HealthCare business area declined by €118 million, or 5 percent, in the third quarter of 2002, to €2,279 million. This was due mainly to negative currency effects. The operating result, gross cash flow and net cash flow improved to €175 million, €285 million and €350 million, respectively.

Sales in the first nine months dropped by 9 percent, or €699 million. Disregarding the short-fall caused by the withdrawal of the cholesterol-lowering drug Lipobay®/Baycol®, sales were down 4 percent, or €315 million. Nevertheless, our efficiency-improvement measures enabled us to...
boost the operating result. Net cash flow grew by a gratifying €285 million.

Sales of the Pharmaceuticals Business Group fell in the third quarter by €56 million, or 6 percent, to €846 million. This was due in part to lower sales of Ciprobay®/Cipro® and Adalat®.

By contrast, a considerable increase in volumes for the Factor VIII product Kogenate® led to a 12 percent, or €29 million boost in third-quarter sales of the Biological Products Business Group, to €270 million. The United States Food and Drug Administration (FDA) has approved a further expansion of Kogenate® production, which lays the foundations for further growth.

Sales of Consumer Care moved back by 13 percent, or €71 million, to €457 million. Business was impeded primarily by adverse shifts in exchange rates and continuing weak demand in North and Latin America.

Sales of the Diagnostics Business Group dipped by 3 percent, or €13 million, to €483 million, due mainly to declines in the self-testing and near-patient testing product segments. On the other hand, the ADVIA® Centaur laboratory diagnostic system achieved further good growth in the third quarter.

Sales of the Animal Health Business Group also declined by 3 percent, or €7 million, to €223 million.

Bayer AG and Boehringer Ingelheim have signed a letter of intent to jointly market the active ingredient telmisartan in Germany, Scandinavia and Switzerland. The planned cooperation agreement will supplement the Pharmaceuticals Business Group’s cardiovascular portfolio.

The Consumer Care Business Group plans to streamline its portfolio by selling its line of household insecticides to SC Johnson. The transaction is intended to be closed prior to year end for the majority of countries, subject to regulatory approvals.

To further strengthen its diagnostics business, Bayer acquired Canadian-based Visible Genetics Inc. effective October 11, 2002, for US$ 61.4 million.
CropScience

Sales of the CropScience business area expanded to €1,313 million in the third quarter through the acquisition of Aventis CropScience (ACS). Without the ACS business, CropScience sales were down by 9 percent, due mainly to the economic problems in Latin America that have affected our business all year long. The appreciation of the euro against the U.S. dollar and the Latin American currencies also had a negative effect. The strong 46 percent growth in sales over the first nine months was also due to the ACS acquisition.

The operating result fell by €210 million in the third quarter, having been diminished by €243 million of additional depreciation/amortization of remeasured assets and of goodwill following the ACS acquisition. By contrast, net cash flow grew by €130 million to €541 million. Although the operating result for the first nine months declined by €421 million to minus €52 million, also due mainly to charges resulting from the ACS acquisition, net cash flow rose by €459 million to €870 million.

The divestitures mandated by the antitrust authorities in connection with the ACS acquisition are proceeding as planned. Pending the approval of the European Commission and the U.S. Federal Trade Commission (FTC), we will divest certain insecticides and fungicides to BASF AG. The proceeds of the sale, taking into account the back-licenses for non-agricultural applications, are expected to amount to €1,185 million. We have also signed an agreement with Israel-based Makhteshim-Agan Industries Ltd. concerning the sale of a number of crop protection products and distribution licenses. The individual agreements require the approval of the European Commission and various national antitrust authorities. We also plan to divest the wheat herbicide Everest® to U.S.-based Arvesta Corporation, subject to the approval of the U.S. and Canadian antitrust authorities.

### CropScience

<table>
<thead>
<tr>
<th></th>
<th>3rd Quarter</th>
<th>First Three Quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2001 Change</td>
</tr>
<tr>
<td>Sales</td>
<td>1,313</td>
<td>+ 135.7 %</td>
</tr>
<tr>
<td>Proportion of Group sales</td>
<td>18.1 %</td>
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<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Operating result</td>
<td>(216)</td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>before exceptional items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on sales</td>
<td>(16.5) %</td>
<td>(1.1) %</td>
<td>(1.6) %</td>
</tr>
<tr>
<td>before exceptional items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross cash flow</td>
<td>(43)</td>
<td>67</td>
<td></td>
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<tr>
<td>Net cash flow</td>
<td>541</td>
<td>411</td>
<td>+ 31.6 %</td>
</tr>
</tbody>
</table>
### Polymers

<table>
<thead>
<tr>
<th>€ million</th>
<th>3rd Quarter</th>
<th>Change</th>
<th>First Three Quarters</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,694</td>
<td>2,713</td>
<td>−0.7 %</td>
<td>8,160</td>
</tr>
<tr>
<td>Proportion of Group sales</td>
<td>37.2 %</td>
<td>40.4 %</td>
<td></td>
<td>37.9 %</td>
</tr>
</tbody>
</table>

| Operating result before exceptional items | 152 | 75 | + 102.7 % | 380 | 503 | −24.5 % |
| Return on sales before exceptional items | 5.6 % | 2.8 % | 4.7 % | 5.9 % |
| Gross cash flow | 376 | 235 | + 60.0 % | 920 | 1,014 | −9.3 % |
| Net cash flow | 412 | 552 | −25.4 % | 830 | 1,103 | −24.8 % |

**Polymers**

Sales of the Polymers business area dipped by 1 percent, or €19 million, in the third quarter of 2002, to €2,694 million. This was due largely to continuing low prices and negative currency effects. The operating result improved to €152 million, which was the best quarterly performance so far in 2002, with successful restructuring measures playing a key role. Sales for the first nine months were down by 4 percent to €8,160 million, while the operating result declined by 24 percent to €380 million and the net cash flow by 25 percent to €830 million.

Sales of the Plastics Business Group rose by 3 percent in the third quarter to €836 million, due mainly to higher volumes.

Sales of the Rubber Business Group receded by 2 percent, or €11 million, to €523 million. While sales increased in the Asia/Pacific region, business development was subdued in Europe and North America.

Polyurethanes kept pace with the third quarter of the previous year, with sales of €806 million. Price increases were successfully implemented for all major products.

**The Coatings and Colorants Business Group**

Saw sales fall by 4 percent, or €18 million, to €480 million. The declines affected primarily Europe and North America, while pleasing growth was again recorded in the Greater China region.

Sales of the Fibers Business Group fell by 22 percent in the third quarter to €49 million.
### Chemicals

Sales of the Chemicals business area, too, were hampered in the third quarter by negative currency effects and unsatisfactory demand in key downstream industries. Third-quarter sales fell by 8 percent. By contrast, we registered an improvement in the operating result, which in the previous year had been depressed by write-downs of inventories at H.C. Starck. Sales in the first nine months declined by 14 percent year on year to €2,496 million. Operating profit fell by 39 percent to €159 million, due to the earnings situation at H.C. Starck. Net cash flow, however, grew by €42 million, or 17 percent.

Third-quarter sales of the Basic and Fine Chemicals Business Group moved back by 8 percent to €221 million. The previous year’s figure included sales of the U.S. affiliate ChemDesign Corporation, which has since been divested. In addition, continuing price declines for sodium hydroxide solution negatively affected sales of our electrolysis products.

Sales of Specialty Products dropped by 4 percent to €340 million, while sales of Wolff Walsrode were down by 10 percent to €94 million, due to the transfer of certain business activities to the Plastics Business Group.

Continuing weak demand from the electronics industry led to a 16 percent decline in sales of H.C. Starck to €141 million.

### Performance by Region

Our European companies grew sales by 13 percent, or €376 million, in the third quarter to €3,310 million, due mainly to the ACS acquisition. The operating result fell to minus €129 million, however, largely as a result of charges from that acquisition. Sales in the first nine months remained steady, while the operating result for that period dropped by 65 percent.

Third-quarter sales in North America were down by 5 percent to €2,167 million due to currency effects, while the operating result im-

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### Chemicals

<table>
<thead>
<tr>
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<th>3rd Quarter</th>
<th>First Three Quarters</th>
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<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2001</td>
</tr>
<tr>
<td>Sales</td>
<td>796</td>
<td>866</td>
</tr>
<tr>
<td>Proportion of Group sales</td>
<td>11.0 %</td>
<td>12.9 %</td>
</tr>
<tr>
<td>Operating result before exceptional items</td>
<td>52</td>
<td>7</td>
</tr>
<tr>
<td>Return on sales before exceptional items</td>
<td>6.5 %</td>
<td>0.8 %</td>
</tr>
<tr>
<td>Gross cash flow</td>
<td>107</td>
<td>163</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>67</td>
<td>197</td>
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</table>
proved to €24 million. Sales in the first nine months were down 8 percent to €6,755 million. The operating result was up by €161 million compared to the previous year’s figure, which was affected by production problems in Biological Products and the withdrawal of Lipobay®/Baycol®.

There was a positive third-quarter business trend in Asia/Pacific, where sales grew by 15 percent and the operating result improved considerably to €55 million. Between January and September, sales in that region grew by 3 percent to €2,967 million, while the operating result declined by 5 percent to €207 million.

Business in the Latin America/Africa/Middle East region also improved in the third quarter due to the ACS acquisition. While sales grew 26 percent to €755 million, the operating result climbed by 125 percent to €151 million. Over the first nine months of 2002, sales in this region increased by 3 percent to €1,778 million, while the operating result was up by 13 percent to €206 million.
### Cash Flow Statements (Summary)

<table>
<thead>
<tr>
<th>€ million</th>
<th>3rd Quarter</th>
<th>First Three Quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross cash flow</td>
<td>601</td>
<td>440</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>796</td>
<td>766</td>
</tr>
<tr>
<td>Net cash provided by operating activities (net cash flow)</td>
<td>1,397</td>
<td>1,206</td>
</tr>
<tr>
<td>of which discontinuing operations</td>
<td>62</td>
<td>34</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(2,729)</td>
<td>(558)</td>
</tr>
<tr>
<td>of which discontinuing operations</td>
<td>(35)</td>
<td>(20)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>1,190</td>
<td>61</td>
</tr>
<tr>
<td>of which discontinuing operations</td>
<td>(21)</td>
<td>0</td>
</tr>
<tr>
<td>Change in cash and cash equivalents due to business activities</td>
<td>(142)</td>
<td>709</td>
</tr>
<tr>
<td>Cash and cash equivalents beginning of period</td>
<td>840</td>
<td>608</td>
</tr>
<tr>
<td>Exchange rate movements and changes in scope of consolidation</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of third quarter</td>
<td>709</td>
<td>1,327</td>
</tr>
<tr>
<td>Marketable securities and other instruments</td>
<td>27</td>
<td>44</td>
</tr>
<tr>
<td>Liquid assets as per balance sheets</td>
<td>736</td>
<td>1,371</td>
</tr>
</tbody>
</table>

### Liquidity and capital resources

The consolidated financial statements for the first three quarters of 2002 have been prepared as for the year 2001 according to the rules issued by the International Accounting Standards Board, London. Reference should be made as appropriate to the notes to the 2001 statements.

Gross cash flow for the period was down by 4 percent to €2,192 million. After a €538 million cash inflow from changes in working capital, net cash flow rose by 34 percent to €2,730 million.

Net cash of €7,135 million was used in investing activities. Expenditures for acquisitions amounted to €7,748 million. Cash outflow of €1,601 million for additions to property, plant and equipment was more than offset by inflow of €2,192 million from the sale of noncurrent assets. The proceeds of the sale of the Haarmann & Reimer group were not received in the accounting period since the payment date was October 1.

Financing activities provided net cash of €4,394 million, the major factor here being net borrowings of €5,509 million. Cash disbursements for dividend and interest payments amounted to €1,115 million.

Cash and cash equivalents declined only slightly during the first three quarters, to €709 million.

### Earnings performance

In the first three quarters of 2002 the operating result from continuing operations before exceptional items declined by €627 million, or 42 percent, to €862 million. Of this decrease, €329 million is attributable to the pro-rata depreciation and amortization expense following the ACS acquisition.

Exceptional items recognized for continuing operations included €427 million in charges for restructuring and the consolidation of facilities and sites. These charges were offset by €536 million in income, mainly from the sale of the housing company Bayer Wohnungen GmbH, resulting in net exceptional income of €109 million. The operating result from continuing operations after exceptionals increased by €7 million, or 1 percent, to €971 million.

Of the €965 million operating result from discontinuing operations, €56 million is attributable to business operations in the accounting period and €909 million to the provisional amount of the gain on the sale of the Haarmann & Reimer group. The previous year’s figure contained €17 million in operating income of EC Erdölchemie along with the €316 million gain from the divestment of the interest in that company.

The total reported operating result of €1,936 million was €581 million, or 43 percent, above the same period of 2001.

The non-operating result improved by €77 million to minus €340 million, due to a €186 million...
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**Earnings**

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>3rd Quarter</th>
<th>Change</th>
<th>First Three Quarters</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating result</td>
<td>848</td>
<td>(316)</td>
<td>•</td>
<td>1,936</td>
<td>1,355</td>
</tr>
<tr>
<td>of which discontinuing operations</td>
<td>922</td>
<td>19</td>
<td></td>
<td>965</td>
<td>391</td>
</tr>
<tr>
<td>Non-operating result</td>
<td>(231)</td>
<td>(187)</td>
<td>– 23.5 %</td>
<td>(340)</td>
<td>(417)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>617</td>
<td>(503)</td>
<td>•</td>
<td>1,596</td>
<td>938</td>
</tr>
<tr>
<td>Net income</td>
<td>656</td>
<td>(183)</td>
<td>•</td>
<td>1,472</td>
<td>823</td>
</tr>
</tbody>
</table>

Improvement in income from affiliated companies, which totaled €214 million. This increase was in turn attributable to the €269 million gain from the sale of the remaining shares we held in Agfa-Gevaert N.V. Net interest expense rose by €28 million to €310 million, while the net of other non-operating income and expenses declined by €86 million to minus €40 million. The interest portion of the allocation to pension provisions was similar to last year, at €204 million.

Income before income taxes rose by €658 million, or 70 percent, to €1,596 million.

Income tax expense amounted to €115 million, which was €1 million less than in the same period last year. Tax-free income from the divestments of company housing, the Agfa-Gevaert shares and the Haarmann & Reimer group brought the effective tax rate down to 7 percent. Disregarding tax-free income, the tax rate was 37 percent.

Net income improved by €649 million, or 79 percent, to €1,472 million.

**Asset and capital structure**

Total assets expanded during the first nine months of 2002 by €7,444 million to €44,483 million, mainly due to the acquisition of ACS. This purchase led to an increase in intangible assets, in particular, which grew by €5,498 million to €10,512 million. Property, plant and equipment decreased by €839 million, mainly due to currency fluctuations. Here, capital expenditures and acquisitions totaled €2,080 million, while depreciation and write-downs amounted to €1,536 million and retirements to €581 million.

Current assets grew by €3,799 million, or 25 percent, particularly due to the inclusion of ACS. The total of inventories and receivables rose by €3,468 million, or 25 percent, with inventories higher by 15 percent and receivables showing a 33 percent increase. This marked growth in receivables is partly due to an account receivable from EQT at the closing date in connection with the sale of Haarmann & Reimer, since the purchase price was not due until October 1.

Stockholders’ equity declined by €791 million. While €1,472 million was allocated out of net income, the dividend payment for 2001 diminished equity by €657 million. Reductions in stockholders’ equity not recognized in income amounted to €1,606 million, comprising €1,065 million in currency translation adjustments and €541 million from the measurement of financial instruments.

Equity covered 36 percent of total assets, 9 percentage points less than at the end of 2001.

Liabilities grew by €8,181 million to €28,200 million. Provisions increased by €773 million, mainly as a result of acquisitions, and financial obligations grew by €4,871 million to €12,179 million, of which bond issues account for €7,195 million and short-term borrowings under CP and EMTN programs for €2,491 million.
**Balance Sheet Structure**

€ million  

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Noncurrent assets</td>
<td>25,337</td>
<td>20,794</td>
<td>21,702</td>
</tr>
<tr>
<td>Current assets</td>
<td>19,146</td>
<td>16,542</td>
<td>15,337</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>16,131</td>
<td>16,305</td>
<td>16,922</td>
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<tr>
<td>Minority stockholders’ interest</td>
<td>152</td>
<td>102</td>
<td>98</td>
</tr>
<tr>
<td>Liabilities</td>
<td>28,200</td>
<td>20,929</td>
<td>20,019</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>44,483</strong></td>
<td><strong>37,336</strong></td>
<td><strong>37,039</strong></td>
</tr>
</tbody>
</table>

Net debt increased during the first nine months by €4,906 million to €11,443 million. This figure does not take into account the proceeds of the sale of the Haarmann & Reimer group, received in October 2002.

**Capital expenditures**

In the first three quarters of 2002 we spent €1,627 million for intangible assets, property, plant and equipment. In line with our strategic objective, this amount was fully financed out of the €2,024 million amortization and depreciation charge.

Europe accounted for €988 million and North America for €489 million of our capital expenditures.

We continue to expect our capital spending in 2002 as a whole to be below the level of amortization and depreciation and well short of the €2.4 billion budget.

**Employees**

On September 30, 2002 the Bayer Group had 123,500 employees, compared with 113,000 at the start of the year. The first-time inclusion of the ACS group increased headcount by 12,700. Personnel expenses rose by €276 million compared with the same period of 2001. Without ACS, they would have declined by €114 million.

**Outlook**

The HealthCare business area is currently affected by the weak business trend in Pharmaceuticals, although the Biological Products and Diagnostics divisions have substantially improved their performance. While Animal Health is expected to match last year’s earnings, Consumer Care profits will be lower than in 2001 due to declines in demand in Latin America and North America.

We assume that CropScience will report a loss for the full year, partly because market conditions remain difficult and partly because of the one-time amortization and depreciation charges following the ACS acquisition and the expenses for integrating the business.

Market conditions for Polymers and Chemicals are unlikely to improve in the short term. Our cost structure programs, however, are starting to bear fruit, and we will continue to implement these measures systematically. We are also focusing on structural improvements and portfolio optimization.

Both the reorganization of the Bayer Group and the integration of ACS are going to schedule. Moreover, our actions to reduce working capital and selectively streamline capital spending should continue to enhance our financial structure. We expect net debt to drop to below €10 billion by the end of the year.

For Bayer, 2002 is a transition year marked by portfolio adjustments, organizational realignment and measures to increase efficiency. Accordingly, fourth-quarter results will be affected by further non-recurring charges. In light of divestment proceeds, however, net income for the full year should exceed last year’s level. Despite the difficult economic environment, we anticipate an improvement in operating performance next year.
# Bayer Group Consolidated Statements of Income (Summary)

<table>
<thead>
<tr>
<th></th>
<th>3rd Quarter</th>
<th>First Three Quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€ million</strong></td>
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<td>2001</td>
</tr>
<tr>
<td>Net sales</td>
<td>7,459</td>
<td>6,931</td>
</tr>
<tr>
<td>Net sales from discontinuing operations</td>
<td>(210)</td>
<td>(217)</td>
</tr>
<tr>
<td>Net sales from continuing operations</td>
<td>7,249</td>
<td>6,714</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(4,426)</td>
<td>(4,181)</td>
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<tr>
<td>Gross profit</td>
<td>2,823</td>
<td>2,533</td>
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<tr>
<td>Selling expenses</td>
<td>(1,710)</td>
<td>(1,767)</td>
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<tr>
<td>Research and development expenses</td>
<td>(626)</td>
<td>(622)</td>
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<tr>
<td>General administration expenses</td>
<td>(352)</td>
<td>(291)</td>
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<tr>
<td>Other operating expenses – net</td>
<td>(209)</td>
<td>(188)</td>
</tr>
<tr>
<td><strong>Operating result from continuing operations</strong></td>
<td>(74)</td>
<td>(335)</td>
</tr>
<tr>
<td><strong>Operating result from discontinuing operations</strong></td>
<td>922</td>
<td>19</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>848</td>
<td>(316)</td>
</tr>
<tr>
<td>Non-operating result</td>
<td>(231)</td>
<td>(187)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>617</td>
<td>(503)</td>
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<tr>
<td>Income taxes</td>
<td>44</td>
<td>321</td>
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<td><strong>Income after taxes</strong></td>
<td>661</td>
<td>(182)</td>
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<tr>
<td>Minority stockholders’ interest</td>
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<td>(1)</td>
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<tr>
<td><strong>Net income</strong></td>
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<td>(183)</td>
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<tr>
<td><strong>Earnings per share (€)</strong></td>
<td>0.90</td>
<td>(0.25)</td>
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## Bayer Group Consolidated Balance Sheets (Summary)

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<thead>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td>€ million</td>
<td>€ million</td>
<td>€ million</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>25,337</td>
<td>20,794</td>
<td>21,702</td>
</tr>
<tr>
<td>Inventories</td>
<td>6,706</td>
<td>6,098</td>
<td>5,818</td>
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<tr>
<td>Receivables</td>
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<td>8,573</td>
<td>8,140</td>
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<td>Liquid assets</td>
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<td>1,371</td>
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<td>Current assets</td>
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<td>14,729</td>
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<td>Deferred taxes</td>
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<td><em>of which discontinuing operations</em></td>
<td>0</td>
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<td>820</td>
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<td><strong>STOCKHOLDERS’ EQUITY AND LIABILITIES</strong></td>
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<td></td>
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<td>Capital stock and reserves</td>
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<td>4,812</td>
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<tr>
<td>Retained earnings</td>
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<td>9,910</td>
<td>9,841</td>
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<td>Net income</td>
<td>1,472</td>
<td>823</td>
<td>965</td>
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<tr>
<td>Other comprehensive income</td>
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</tr>
<tr>
<td>Currency translation adjustment</td>
<td>(284)</td>
<td>532</td>
<td>759</td>
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<tr>
<td>Miscellaneous items</td>
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<td>228</td>
<td>545</td>
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<tr>
<td>Stockholders’ equity</td>
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<td>16,305</td>
<td>16,922</td>
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<td>Minority stockholders’ interest</td>
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<td>98</td>
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<td>Long-term liabilities</td>
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<td>8,906</td>
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<td><em>of which discontinuing operations</em></td>
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<td>233</td>
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<td>1,238</td>
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<td></td>
<td>44,483</td>
<td>37,336</td>
<td>37,039</td>
</tr>
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</table>

The statements for the first three quarters are unaudited.
## Bayer Group Consolidated Statements of Changes in Stockholders’ Equity (Summary)

<table>
<thead>
<tr>
<th></th>
<th>Capital stock and reserves</th>
<th>Retained earnings</th>
<th>Net income</th>
<th>Currency translation adjustment</th>
<th>Miscellaneous items</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
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<tr>
<td><strong>December 31, 2000</strong></td>
<td>4,812</td>
<td>9,047</td>
<td>1,816</td>
<td>465</td>
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<td>16,140</td>
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<td></td>
<td></td>
<td>(1,022)</td>
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<td>863</td>
<td>(794)</td>
<td></td>
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<td>69</td>
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<td>Exchange differences</td>
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<td>67</td>
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<td>67</td>
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<td>Income after taxes</td>
<td></td>
<td>823</td>
<td></td>
<td></td>
<td></td>
<td>823</td>
</tr>
<tr>
<td><strong>September 30, 2001</strong></td>
<td>4,812</td>
<td>9,910</td>
<td>823</td>
<td>532</td>
<td>228</td>
<td>16,305</td>
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<tr>
<td>Dividend payment</td>
<td></td>
<td>(657)</td>
<td></td>
<td></td>
<td></td>
<td>(657)</td>
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<tr>
<td>Allocation to retained earnings</td>
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<td>286</td>
<td>(308)</td>
<td></td>
<td></td>
<td>(22)</td>
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<tr>
<td>Exchange differences</td>
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<td></td>
<td></td>
<td>(1,043)</td>
<td></td>
<td>(1,043)</td>
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<td>Other changes in stockholders’ equity</td>
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<td></td>
<td>(541)</td>
<td></td>
<td>(541)</td>
</tr>
<tr>
<td>Income after taxes</td>
<td></td>
<td>1,472</td>
<td></td>
<td></td>
<td></td>
<td>1,472</td>
</tr>
<tr>
<td><strong>September 30, 2002</strong></td>
<td>4,812</td>
<td>10,127</td>
<td>1,472</td>
<td>(284)</td>
<td>4</td>
<td>16,131</td>
</tr>
</tbody>
</table>
## Key Data by Segment (1)

<table>
<thead>
<tr>
<th>3rd Quarter</th>
<th>Pharmaceuticals &amp; Biological Products</th>
<th>Health Care</th>
<th>Consumer Care &amp; Diagnostics</th>
<th>Animal Health</th>
<th>CropScience</th>
<th>Plastics &amp; Rubber</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (external)</td>
<td>1,116</td>
<td>1,143</td>
<td>940</td>
<td>1,024</td>
<td>223</td>
<td>230</td>
</tr>
<tr>
<td>• Change in €</td>
<td>– 2.4%</td>
<td>– 25.1%</td>
<td>– 8.2%</td>
<td>+ 3.3%</td>
<td>– 3.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>• Change in local currencies</td>
<td>+ 5.5%</td>
<td>– 23.3%</td>
<td>+ 2.8%</td>
<td>+ 3.5%</td>
<td>+ 6.2%</td>
<td>+ 0.6%</td>
</tr>
<tr>
<td>Intersegment sales</td>
<td>8</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Operating result before exceptional items</td>
<td>(3)</td>
<td>(100)</td>
<td>126</td>
<td>124</td>
<td>52</td>
<td>53</td>
</tr>
<tr>
<td>Return on sales before exceptional items</td>
<td>(0.3)%</td>
<td>(8.7)%</td>
<td>13.4%</td>
<td>12.1%</td>
<td>23.3%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(31)</td>
<td>(301)</td>
<td>(16)</td>
<td>(6)</td>
<td>(1)</td>
<td>0</td>
</tr>
<tr>
<td>Operating result</td>
<td>(34)</td>
<td>(401)</td>
<td>110</td>
<td>118</td>
<td>51</td>
<td>53</td>
</tr>
<tr>
<td>Return on sales</td>
<td>(3.0)%</td>
<td>(35.1)%</td>
<td>11.7%</td>
<td>11.5%</td>
<td>22.9%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Gross cash flow</td>
<td>41</td>
<td>194</td>
<td>196</td>
<td>174</td>
<td>48</td>
<td>49</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>88</td>
<td>(85)</td>
<td>204</td>
<td>170</td>
<td>58</td>
<td>76</td>
</tr>
</tbody>
</table>

## 3rd Quarter Polymers | Chemicals | Reconciliation | Continuing Operations | Discontinuing Operations | Bayer Group

| Net sales (external) | 1,335 | 1,370 | 796   | 866   | 167   | 181   | 7,249 | 6,714 | 210   | 217   | 7,459 | 6,931 |
| • Change in € | – 2.6% | – 6.4% | – 8.1% | + 3.5% | + 8.0% | – 6.9% | + 7.6% | – 9.8% |
| • Change in local currencies | + 3.9% | – 6.1% | + 0.9% | + 4.6% | + 16.1% | – 6.2% | + 15.6% | – 9.2% |
| Intersegment sales | 13    | 32    | 103   | 103   | (166) | (199) |
| Operating result before exceptional items | 53    | 31    | 52    | 7     | (109) | (114) | 54    | 39    | 13    | 20    | 67    | 59    |
| Return on sales before exceptional items | 4.0%  | 2.3%  | 6.5%  | 0.8%  | 0.7%  | 0.6%  | 0.9%  | 0.9%  |
| Exceptional items | (69)  | (43)  | (2)   | (2)   | (3)   | 0     | (128) | (374) | 909   | (1)   | 781   | (375) |
| Operating result | (16)  | (12)  | 50    | 5     | (112) | (114) | (74)  | (335) | 922   | 19    | 848   | (316) |
| Return on sales | (1.2)% | (0.9)% | 6.3%  | 0.6%  | (1.0)% | (5.0)% | (1.0)% | (5.0)% | 11.4% | (4.6)% |
| Gross cash flow | 164   | 91    | 107   | 163   | 573   | 409   | 573   | 409   | 28    | 31    | 601   | 440   |
| Net cash flow | 239   | 260   | 67    | 197   | (35)  | (149) | 1,335 | 1,172 | 62    | 34    | 1,397 | 1,206 |

2001 figures restated
# Key Data by Segment (2)

<table>
<thead>
<tr>
<th>Segment</th>
<th>First Three Quarters</th>
<th>HealthCare</th>
<th>Animal Health</th>
<th>CropScience</th>
<th>Polymers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ million</td>
<td>2002</td>
<td>2001</td>
<td>2002</td>
<td>2001</td>
</tr>
<tr>
<td><strong>Net sales (external)</strong></td>
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<td>3,540</td>
<td>4,075</td>
<td>2,861</td>
<td>3,021</td>
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<tr>
<td>• Change in €</td>
<td>−13.1 %</td>
<td>−7.1 %</td>
<td>−5.3 %</td>
<td>+5.0 %</td>
<td>−0.6 %</td>
</tr>
<tr>
<td></td>
<td>+45.8 %</td>
<td>+4.3 %</td>
<td>+51.4 %</td>
<td>+4.0 %</td>
<td>−5.8 %</td>
</tr>
<tr>
<td>• Change in local curren</td>
<td>−9.3 %</td>
<td>−7.8 %</td>
<td>+0.4 %</td>
<td>+3.6 %</td>
<td>+4.3 %</td>
</tr>
<tr>
<td></td>
<td>+15.8 %</td>
<td>+1.2 %</td>
<td>+5.1 %</td>
<td>+4.0 %</td>
<td>+0.8 %</td>
</tr>
<tr>
<td>Intersegment sales</td>
<td></td>
<td>25</td>
<td>32</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td></td>
<td>166</td>
<td>215</td>
<td>301</td>
<td>254</td>
</tr>
<tr>
<td>before exceptional items</td>
<td></td>
<td>4.7 %</td>
<td>5.3 %</td>
<td>10.5 %</td>
<td>8.4 %</td>
</tr>
<tr>
<td>Exceptional items</td>
<td></td>
<td>25</td>
<td>(293)</td>
<td>(31)</td>
<td>(18)</td>
</tr>
<tr>
<td>Operating result</td>
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<td>(78)</td>
<td>270</td>
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<tr>
<td>before exceptional items</td>
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<td>5.4 %</td>
<td>(1.9) %</td>
<td>9.4 %</td>
<td>7.8 %</td>
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<td>Return on sales</td>
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<td>58</td>
<td>430</td>
<td>399</td>
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<tr>
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<td>4.7 %</td>
<td>5.3 %</td>
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<tr>
<td>Intersegment sales</td>
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<td>32</td>
<td>2</td>
<td>15</td>
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<tr>
<td><strong>Operating result</strong></td>
<td></td>
<td>166</td>
<td>215</td>
<td>301</td>
<td>254</td>
</tr>
<tr>
<td>before exceptional items</td>
<td></td>
<td>4.7 %</td>
<td>5.3 %</td>
<td>10.5 %</td>
<td>8.4 %</td>
</tr>
<tr>
<td>Exceptional items</td>
<td></td>
<td>25</td>
<td>(293)</td>
<td>(31)</td>
<td>(18)</td>
</tr>
<tr>
<td>Operating result</td>
<td></td>
<td>191</td>
<td>(78)</td>
<td>270</td>
<td>236</td>
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<tr>
<td>before exceptional items</td>
<td></td>
<td>5.4 %</td>
<td>(1.9) %</td>
<td>9.4 %</td>
<td>7.8 %</td>
</tr>
<tr>
<td>Gross cash flow</td>
<td></td>
<td>226</td>
<td>58</td>
<td>430</td>
<td>399</td>
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<tr>
<td>Net cash flow</td>
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<td>246</td>
<td>57</td>
<td>368</td>
<td>260</td>
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2001 figures restated
### Key Data by Region (1)

<table>
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<tr>
<th>3rd Quarter</th>
<th>Europe</th>
<th>North America</th>
<th>Asia/Pacific</th>
<th>Latin America/Africa/Middle East</th>
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<tr>
<td>€ million</td>
<td>3rd Quarter</td>
<td>3rd Quarter</td>
<td>3rd Quarter</td>
<td>3rd Quarter</td>
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<tr>
<td>Net sales (external) – by point of origin</td>
<td>3.310</td>
<td>2.934</td>
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<tr>
<td>• Change in €</td>
<td>+ 12.8 %</td>
<td>- 9.2 %</td>
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<tr>
<td>• Change in local currencies</td>
<td>+ 13.0 %</td>
<td>- 9.3 %</td>
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<td>Interregional sales</td>
<td>735</td>
<td>724</td>
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<td>459</td>
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<td>93</td>
<td>24</td>
<td>(7)</td>
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<td>Return on sales before exceptional items</td>
<td>(3.9) %</td>
<td>3.2 %</td>
<td>1.1 %</td>
<td>(0.3) %</td>
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<tr>
<td>Exceptional items</td>
<td>(19)</td>
<td>(201)</td>
<td>(86)</td>
<td>(166)</td>
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<tr>
<td>Operating result</td>
<td>(148)</td>
<td>(108)</td>
<td>(62)</td>
<td>(173)</td>
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<tr>
<td>Return on sales</td>
<td>(4.5) %</td>
<td>(3.7) %</td>
<td>(2.9) %</td>
<td>(7.5) %</td>
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<tr>
<td>Gross cash flow</td>
<td>161</td>
<td>258</td>
<td>260</td>
<td>123</td>
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### 3rd Quarter Reconciliation

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<th>€ million</th>
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<th>3rd Quarter</th>
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<tbody>
<tr>
<td>Net sales (external) – by market</td>
<td>7,249</td>
<td>6,714</td>
<td>210</td>
<td>217</td>
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<tr>
<td>Net sales (external) – by point of origin</td>
<td>7,249</td>
<td>6,714</td>
<td>210</td>
<td>217</td>
</tr>
<tr>
<td>• Change in €</td>
<td>+ 8.0 %</td>
<td>- 6.9 %</td>
<td>+ 7.6 %</td>
<td>- 9.8 %</td>
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<tr>
<td>• Change in local currencies</td>
<td>+ 16.1 %</td>
<td>- 6.2 %</td>
<td>+ 15.6 %</td>
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<tr>
<td>Interregional sales</td>
<td>(1,274)</td>
<td>(1,258)</td>
<td></td>
<td></td>
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<tr>
<td>Operating result before exceptional items</td>
<td>(47)</td>
<td>(123)</td>
<td>54</td>
<td>39</td>
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<td>Return on sales before exceptional items</td>
<td>0.7 %</td>
<td>0.6 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptional items</td>
<td>0</td>
<td>0</td>
<td>(128)</td>
<td>(374)</td>
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<tr>
<td>Operating result</td>
<td>(47)</td>
<td>(123)</td>
<td>(74)</td>
<td>(335)</td>
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<td>Return on sales</td>
<td>0.7 %</td>
<td>0.6 %</td>
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<td></td>
</tr>
<tr>
<td>Gross cash flow</td>
<td>(49)</td>
<td>(72)</td>
<td>573</td>
<td>409</td>
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2001 figures restated
Interim Report for the First Three Quarters 2002

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Key Data by Region (2)

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<th>First Three Quarters</th>
<th>€ million</th>
<th>Europe</th>
<th>First Three Quarters</th>
<th>North America</th>
<th>First Three Quarters</th>
<th>Asia/Pacific</th>
<th>First Three Quarters</th>
<th>Latin Amerika/Africa/Middle East</th>
<th>First Three Quarters</th>
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<tbody>
<tr>
<td>Net sales (external) – by market</td>
<td>8,934</td>
<td>9,034</td>
<td>6,657</td>
<td>7,041</td>
<td>3,545</td>
<td>3,538</td>
<td>2,394</td>
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<tr>
<td>Net sales (external) – by point of origin</td>
<td>10,030</td>
<td>10,084</td>
<td>6,755</td>
<td>7,307</td>
<td>2,967</td>
<td>2,883</td>
<td>1,778</td>
<td>1,733</td>
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<tr>
<td>• Change in €</td>
<td>-0.5 %</td>
<td>+1.2 %</td>
<td>-7.6 %</td>
<td>+1.9 %</td>
<td>+2.9 %</td>
<td>+4.6 %</td>
<td>+2.6 %</td>
<td>+5.3 %</td>
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</tr>
<tr>
<td>• Change in local currencies</td>
<td>-0.5 %</td>
<td>+1.1 %</td>
<td>-4.1 %</td>
<td>-2.6 %</td>
<td>+7.1 %</td>
<td>+1.9 %</td>
<td>+26.2 %</td>
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<td>Interregional sales</td>
<td>2,181</td>
<td>2,400</td>
<td>1,465</td>
<td>1,425</td>
<td>136</td>
<td>184</td>
<td>82</td>
<td>89</td>
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<tr>
<td>Operating result before exceptional items</td>
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<td>1,413</td>
<td>121</td>
<td>(40)</td>
<td>207</td>
<td>216</td>
<td>206</td>
<td>182</td>
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<tr>
<td>Return on sales before exceptional items</td>
<td>4.9 %</td>
<td>14.0 %</td>
<td>1.8 %</td>
<td>(0.5) %</td>
<td>7.0 %</td>
<td>7.5 %</td>
<td>11.6 %</td>
<td>10.5 %</td>
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<tr>
<td>Exceptional items</td>
<td>458</td>
<td>(243)</td>
<td>(325)</td>
<td>(256)</td>
<td>(22)</td>
<td>(4)</td>
<td>(2)</td>
<td>(3)</td>
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<tr>
<td>Operating result</td>
<td>951</td>
<td>1,170</td>
<td>(204)</td>
<td>(296)</td>
<td>185</td>
<td>212</td>
<td>204</td>
<td>179</td>
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<tr>
<td>Return on sales</td>
<td>9.5 %</td>
<td>11.6 %</td>
<td>(3.0) %</td>
<td>(4.1) %</td>
<td>6.2 %</td>
<td>7.4 %</td>
<td>11.5 %</td>
<td>10.3 %</td>
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<tr>
<td>Gross cash flow</td>
<td>1,174</td>
<td>1,538</td>
<td>675</td>
<td>404</td>
<td>243</td>
<td>231</td>
<td>182</td>
<td>186</td>
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<tr>
<th>First Three Quarters</th>
<th>Reconciliation</th>
<th>Continuing Operations</th>
<th>Discontinuing Operations</th>
<th>Bayer Group</th>
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<tr>
<td></td>
<td>£ million</td>
<td>First Three Quarters</td>
<td>First Three Quarters</td>
<td>First Three Quarters</td>
</tr>
<tr>
<td>Net sales (external) – by market</td>
<td>21,530</td>
<td>22,007</td>
<td>666</td>
<td>896</td>
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<tr>
<td>Net sales (external) – by point of origin</td>
<td>21,530</td>
<td>22,007</td>
<td>666</td>
<td>896</td>
</tr>
<tr>
<td>• Change in €</td>
<td>-2.2 %</td>
<td>+2.2 %</td>
<td>+0.9 %</td>
<td>+1.2 %</td>
</tr>
<tr>
<td>• Change in local currencies</td>
<td>+1.9 %</td>
<td>+1.2 %</td>
<td>+0.9 %</td>
<td>+1.2 %</td>
</tr>
<tr>
<td>Interregional sales</td>
<td>(3,864)</td>
<td>(4,098)</td>
<td>1,489</td>
<td>56</td>
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<tr>
<td>Operating result before exceptional items</td>
<td>(165)</td>
<td>(282)</td>
<td>862</td>
<td>(525)</td>
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<tr>
<td>Return on sales before exceptional items</td>
<td>4.0 %</td>
<td>6.8 %</td>
<td>4.1 %</td>
<td>6.8 %</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>0</td>
<td>(19)</td>
<td>109</td>
<td>525</td>
</tr>
<tr>
<td>Operating result</td>
<td>(165)</td>
<td>(301)</td>
<td>964</td>
<td>391</td>
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<tr>
<td>Return on sales</td>
<td>4.5 %</td>
<td>4.4 %</td>
<td>8.7 %</td>
<td>5.9 %</td>
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<tr>
<td>Gross cash flow</td>
<td>(166)</td>
<td>(175)</td>
<td>2,108</td>
<td>84</td>
</tr>
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</table>

2001 figures restated
Interim Report for the First Three Quarters 2002

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51368 Leverkusen

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This Stockholders’ Newsletter contains forward-looking statements. These statements use words like “believes,” “assumes,” “expects” or similar formulations. 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 our company and those either expressed or implied by these statements. These factors include, among other things:

• downturns in the business cycle of the industries in which we compete;
• new regulations, or changes to existing regulations, that increase our operating costs or otherwise reduce our profitability;
• increases in the prices of our raw materials, especially if we are unable to pass these costs along to customers;
• loss or reduction of patent protection for our products;
• liabilities, especially those incurred as a result of environmental laws or product liability litigation;
• fluctuation in international currency exchange rates as well as changes in the general economic climate; and
• other factors identified in this Stockholders’ Newsletter.

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).

In view of these uncertainties, we caution readers not to place undue reliance on these forward-looking statements. We assume no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.