

DEPOSITARY RECEIPTS

FROM THE BANK OF NEW YORK

Global Investor and Issuer Services Depositary Receipts

January 12, 2005

ATTENTION: International Research, Sales, Trading and Operations Staff

DETAILS OF SPIN-OFF

BAYER AG

Country: GERMANY
Symbol: BAY
CUSIP Number: 072730302
Exchange: NYSE
Ratio: 1:1

Pursuant to a notice we sent to holders of Bayer ADRs dated October 18, 2004, in connection with the spin-off of LANXESS from Bayer, holders of Bayer ADRs are entitled to elect to receive either the LANXESS shares distributed with respect to Bayer ADRs or the cash proceeds of the sale of such shares.

ADR holders who elect to receive LANXESS shares must complete the attached Electronic Delivery Instructions and mail them to us at the following address:

The Bank of New York
Reorganization Services
P.O. Box 11248
Church Street Station
New York, NY 10286-1248

These Electronic Delivery Instructions, properly completed, **must be received by us prior to 5 p.m. New York time on January 27, 2005.** ADR holders who elect to receive LANXESS shares must continue to hold their Bayer ADRs over the Anticipated Effective Date. Fractional shares will not be delivered. Elections to receive LANXESS shares must be made in integral multiples of 10 Bayer ADRs. For ADR holders who are entitled to receive a fraction of a LANXESS share, such fractions will be aggregated with other fractional shares to which other holders would otherwise be entitled, and the whole amount of LANXESS shares resulting from such

TO LEARN MORE ABOUT ADRs & ISSUER PROGRAMS, PLEASE CALL OUR MARKETING DESKS
NEW YORK

Sell-Side

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Buy-Side

Joseph Flannery
Assistant Treasurer

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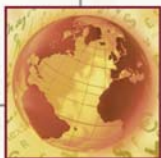
LONDON

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Assistant Treasurer

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44 20 7964 6419





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aggregation will be sold (in the manner described below) together with the LANXESS shares for which we may have received, or are deemed to have received, sale elections, and the proceeds of these sales will be remitted to the appropriate holders. **For ADR holders who elect to receive the cash proceeds of the sale of the LANXESS shares distributed with respect to their Bayer ADRs, no action is necessary.** ADR holders who continue to hold Bayer ADRs over the Anticipated Effective Date and from whom we have not received the Electronic Delivery Instructions, properly completed, at the address listed above prior to 5 p.m. New York time on January 27, 2005, **will be deemed to have elected to receive the cash proceeds of the sale of the LANXESS shares distributed with respect to their Bayer ADRs.** Any such LANXESS shares, any LANXESS shares in regard to which we may have received instructions for sale prior to the Anticipated Effective Date, as well as the fractional shares (aggregated as stated above) will be sold, and proceeds from such sale will be remitted to the relevant holders as promptly as practicable, consistent with prevailing market conditions. We expect that such sale, which may be effected in one or more tranches, will occur, subject to market conditions, within four Frankfurt Stock Exchange trading days after the Anticipated Effective Date. As LANXESS anticipates its shares to be listed only on the Frankfurt Stock Exchange, any such sale will be made on that exchange. We will distribute cash in an amount per share corresponding to the arithmetic average sale price per share of all of the shares sold on our behalf.

Bayer may delay the distribution of LANXESS shares for up to five Trading Days after the Anticipated Effective Date without causing us to seek a new Election from ADR holders. If the distribution does not occur within five Trading Days after the Anticipated Effective Date, we will deem any Election received with respect to such date null and void and will solicit a new Election prior to completing any distribution.

Bayer has agreed to pay our fees associated with the distribution and sale of LANXESS shares.

Holders of Bayer ADRs holding their ADRs through brokers or other financial intermediaries are advised to consult their broker or intermediary to ensure that they are not subject to election procedures or deadlines deviating from those described in this letter.

Bayer has the right to establish additional or different procedures and determinations governing the validity of the election form and the issuance and delivery of shares. Such procedures and determinations will be final and binding on all holders of Bayer ADRs.

Please contact us at 1-888 BNY-ADRS with any questions you may have about this letter.

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ELECTRONIC DELIVERY INSTRUCTIONS

To be sent to: The Bank of New York
Reorganization Services
P.O. Box 11248
Church Street Station
New York, NY 10286-1248

FACSIMILE: 212 815-6433
ATTENTION REORG SERVICES:LANXESS

Receiving Broker Details

Receiving Broker Contact Name: _____

Clearstream Participant Number _____

For Benefit of Instructions:

Name: _____

Acct # _____

Requesting Party Name: _____

Contact Person: _____

Telephone Number _____

DTCC VOI # _____
(if applicable)

Signature Guarantee: _____

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