Working To Create Value

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HealthCare Update

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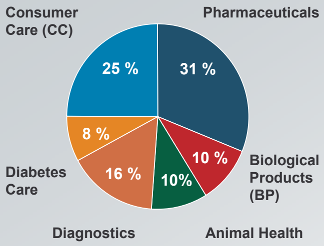
Safe Harbor

This presentation contains forward-looking statements based on current assumptions and forecasts made by Bayer Group management.
Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Form 20-F). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Bayer HealthCare - Agenda To Action

BHC Q2'05 Sales €2,370 million



	Market Rank 2004
CC (incl. Roche OTC)	TOP3
Pharmaceuticals	#19
BP (Kogenate)	#2
Animal Health	#4
Diagnostics	#4
Diabetes Care	#3

- **Transform Pharma into specialty company with differentiated regional focus**
  - A new business paradigm secured for Bayer's US primary care business through Schering-Plough marketing alliance
  - Focus of R&D on oncology and cardiovascular risk management
- **Exploit potential of promising late-stage pipeline**
  - Novel RAF kinase and VEGFR inhibitor - Sorafenib
  - An innovative oral, direct Factor Xa inhibitor - BAY 59-7939
- **Create world leading consumer/OTC business**
  - Successful integration of Roche Consumer Health
  - Benefit from increasing trend toward self-medication
  - Partner of choice for Rx/OTC switches
- **Benchmark performance targeted for all divisions**
  - Plasma divestiture completed
  - New management in place at Diabetes Care, Diagnostics
  - Continue to outperform the market in Animal Health business

Transform Pharma Into Specialty Company With Differentiated Regional Focus

Therapeutic focus	• Concentration on therapeutic segments where commercial success can be secured • Focus of R&D on oncology and cardiovascular risk management
Channel focus	• Increasing focus on specialty products with lower investment requirements • Driving promising products Kogenate, Trasylol and preparing for global oncology market entry
Regional focus	• Adaptation of business alignment according to regional strengths and market needs • Differentiated regional cooperations to strengthen and fully maximize the potential of our portfolio
Profitability focus	• Aligning structures, cost and behavior to be competitive and maximize profitability

Promising Late-Stage Pharma Pipeline

Project	Indication	Status	Anticipated Timeline
Sorafenib (Raf Kinase and VEGFR Inhibitor)	Renal Cell Carcinoma	NDA submitted	1H'06 Launch
	Melanoma	Phase III	2007 Launch
	Hepatocellular Carcinoma	Phase III	2008 Launch
	Other cancers*	Phase II	
BAY 59-7939 (Factor Xa Inhibitior)	VTE prevention	Phase II	Late 2007 Submission
	VTE treatment	Phase II	2009 Submission
	Stroke prevention in A'fib	Phase II	2009 Submission
11 Projects		Phase I	> 2008
16 Projects		Pre-clinical	> 2008

* Chronic Myeloid Leukemia, Breast, Non-Small-Cell-Lung, Pancreatic, Colorectal, other

As of June 2005

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Sorafenib: A Promising Oncology Project

- Met surrogate endpoint Progression-Free Survival (PFS) in largest-ever randomized controlled Phase III renal cell cancer (RCC) study
  - PFS appears to be a predictor of overall survival
  - Doubling of PFS to a median of 24 weeks compared with placebo
  - 74% of the Sorafenib patients had some degree of tumor shrinkage
  - Initiated expanded access program to Sorafenib for RCC patients
- Generally well tolerated with manageable side-effects
- Demonstrated combinability with a variety of different anticancer agents
- Filing for RCC completed (US in July '05, EU in September '05)
- Initiated Phase III trials in liver cancer and melanoma
- Evaluation in other tumor types in Phase I and II with a large clinical program ongoing

New paradigm in treatment options for cancer with anticipated launch of Sorafenib in RCC 1H'06 (pending a favorable review by the FDA)

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BAY 59-7939:
Convincing Phase IIb Study Results

Impressive results from two randomized, double-blind phase IIb studies in VTE prevention after elective total hip or knee replacement:

More than 1,300 patients involved
Oral bid treatment 5 to 9 days after surgery
12-fold dose range tested (BAY 59-7939 2.5 – 30mg bid)
Active-comparator enoxaparin

- Efficacy and safety demonstrated in a wide, 4-fold dose range (2.5 -10mg bid) to be comparable to gold standard anticoagulation treatment (enoxaparin s.c.), with advantage of easy oral administration
- At present no indication that coagulation or safety monitoring will be necessary
- Current clinical data suggest: Wide therapeutic window, dose-adjustment unlikely to be necessary
- No indication of specific contraindications (above those expected with an anticoagulant treatment)

BAY 59-7939:
The Novel, Oral, Direct Factor Xa Inhibitor

- Explore improved treatment options with BAY 59-7939 in prevention and treatment of chronic and acute thrombotic disorders:

VTE prevention **(major orthopedic surgery)**	Final decision for BID or OD phase III studies anticipated for Q4'05 Filing anticipated in late 2007
VTE treatment	Filing anticipated in 2009
Stroke prevention in A'fib	Filing anticipated in 2009

- Once-daily (OD) dose finding studies well underway to explore opportunity with potential added benefits especially for extended and chronic indications
- Partnering under evaluation - decision intended in Q4'05

BAY 59-7939 is a promising candidate for establishing a new gold standard in anticoagulation therapy

2005 Pharma Pipeline Milestones To Watch

✓ Summer	Filing for approval of Sorafenib in renal cell carcinoma: US in July, EU in September 2005
✓ August	Phase II data for Factor Xa inhibitor in VTE prevention presented at the ISTH congress
Q4'05	Sorafenib: Presentation of results from multiple studies in various tumor types at ECCO and AACR-NCI-EORTC
Q4'05	Factor Xa inhibitor: Final decision for BID or OD phase III studies Decision on possible partnership
December	R&D Day

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Biological Products - Driving The Kogenate Franchise

- Plasma business divestiture completed
- Double-digit growth rates expected for Kogenate in 2005
- BIO-SET (self-contained, needle-free reconstitution system) launch started in Europe
- Agreement with Zilip-Pharma involving application of breakthrough liposome technology may allow new treatment paradigm of once weekly dosing
- Evaluation of five new protein variants for development of next-generation Kogenate

Gain market share by focusing on patient needs

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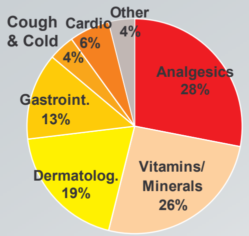
Bayer And Schering-Plough Established Alliance For Their Pharmaceutical Activities

Focus	Repositioning of Bayer's US pharma operations as a high growth, high profit specialty and biotech business
Reduce cost	Efficient adaptation of US sales and marketing infrastructure to the post Cipro case
Accelerate growth	Maximizing the future potential of the Bayer primary care brands in the US
Access new products	Unique opportunity to bridge the portfolio gap ahead of anticipated launch of promising pipeline projects
Strengthen Japan	Strengthening of Japanese business as a market leading cardiovascular company
Enter cancer market	Offering immediate access to the cancer market and building the foundation for a global oncology franchise

A new business paradigm secured for Bayer's US primary care business

Create A World Leading Consumer / OTC Business

CC Q2'05 Sales €592 million



	Market Rank 2004
Analgesics	#2
Vitamins/Minerals	#2
Dermatologicals	#2
Gastrointestinals	#4
CC (incl. Roche OTC)	**TOP3**

Successful integration of Roche OTC business ahead of schedule
- Synergies of €100 - 120m targeted by end of 2006
- Expected to be earnings accretive in 2006

Improved portfolio balance
- Broadened presence in four of the top five OTC categories

Achieving critical mass in key OTC markets
- Strengthened position in Europe and Latin America

Ideally positioned for further expansions
- Partner of choice for Rx/OTC switches
- Asia

Well-positioned to compete in OTC arena, benefit from trend toward self-medication

Future Trends In Consumer Health

Consumers will manage their health more efficiently

- Management of risk factors for prevention
- Focus on wellness and lifestyle
- Increased brand orientation

The role of the physician will change

- Consultancy on prevention, wellness, detection of risk factors
- Increased attention to consumer preferences
- Active management of severe and advanced diseases

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Diabetes Care / Diagnostics - Dedicated Business Units Reflect Different Market Needs

- Attractive growth rate of ~8+% expected in consumer oriented glucose monitoring market
- Portfolio covering full range of meters targeting specific consumer needs

Diabetes Care aiming to outperform market growth

- Focus on high value assays - infectious diseases/oncology
- Most comprehensive, automated hepatitis testing portfolio available

Grow Diagnostics business through further system enhancements and continued menu expansion

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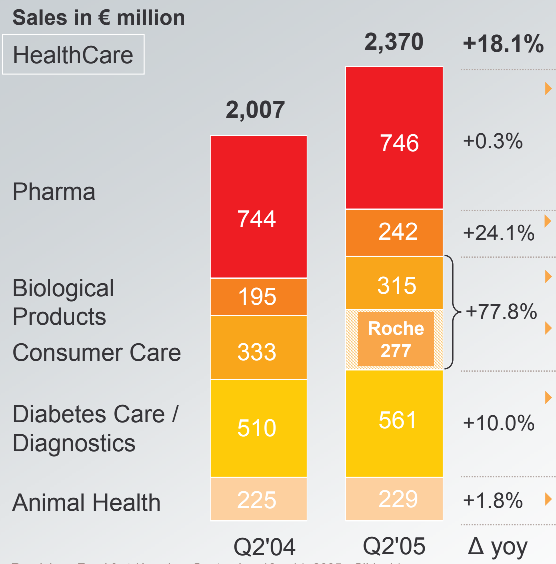
Successfully Enhance Existing Core Animal Health Products

- Launch of Advocate in Europe adds to impressive performance of Advantage family
- Enhance de-wormer portfolio with launch of Profender in 2005
- Build on our position on parasiticides and continue to improve strong anti-infectives profile in companion animals
- Exploit life-cycle management opportunities

Leverage our strong position in the attractive Companion Animals market

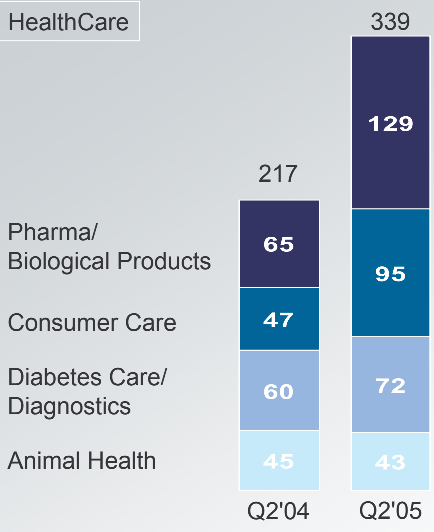
Q2'05 Growth Momentum Regained



- Strong Trasylol, Levitra and Avelox sales were able to compensate for Cipro loss (-€88m) and impact of SGP alliance
- Kogenate increased market share in Europe
- Acquired Roche OTC brands showed favorable growth
- Aleve still impacted by NSAID debate
- Diagnostics with improvement in all units; Diabetes Care with strong growth in US and Europe
- Advantage sales increased by 15%

Q2'05 Strong Performance Driven by Top-Line Growth

EBIT underlying in € million



Δ YoY	
+ 56.2%	
+ 98.5%	Strong top-line growth of key products offsetting Cipro decline Heavy flu season Positive effects from Schering-Plough alliance Kogenate growing continuously
+102.1%	Strong performance of acquired brands Step-up inventory Roche OTC Synergies ahead of schedule
+ 20.0%	Ascensia strong in Europe and US All business areas contributing positively
- 4.4%	Seasonal marketing spend

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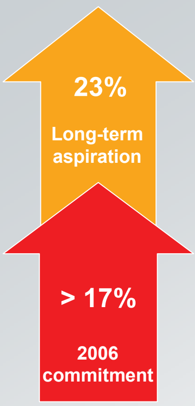
Bayer HealthCare - Setting Out For Benchmark Performance Goal Now



EBITDA margin

- On track towards our mid-term financial objectives.
  Outlook for 2005:
  - Underlying EBIT in HealthCare at least 10% above 2004 level
  - Underlying EBIT margin in Pharma/BP in the low double-digits
- Focus is the key strategic driver for Pharma
- Successful integration of Roche OTC business
  Expected to be earnings accretive in 2006
- Diabetes Care aiming to outperform market growth
- Grow Diagnostics business through further system enhancements and continued menu expansion
- Successfully enhance existing core Animal Health products

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