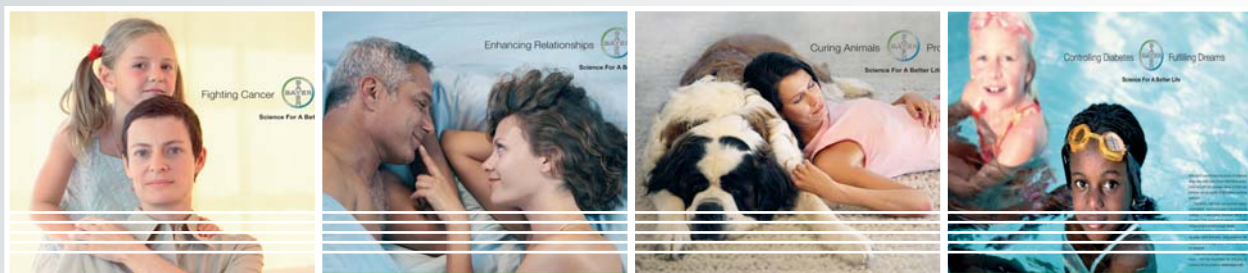


Working To Create Value

Goldman Sachs Annual Global Healthcare Conference
Laguna Niguel, June 14, 2005



HealthCare Update

**Dr. Wolfgang Plischke,
President of the
Pharmaceuticals Division**



Safe Harbor

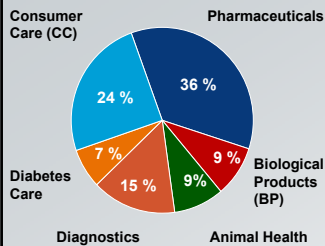


This presentation contains forward-looking statements based on current assumptions and forecasts made by Bayer Group management.

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 Q1'05 Sales €2.135 billion



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



1

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



2

Promising Late-Stage Pharma Pipeline

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

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



3

Sorafenib – A Promising Building Block Of Our Oncology Franchise

- ▶ Met surrogate endpoint **Progression-Free Survival (PFS)** in **largest-ever** randomized Phase III renal cell cancer (RCC) study
 - PFS appears to be the most reliable 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
 - Actively executing FDA's Pilot 1 program for rolling submission
 - Initiated expanded access program to Sorafenib for RCC patients
- ▶ **Well tolerated** with manageable side-effects
- ▶ Demonstrated **combinability** with 12 different anticancer agents
- ▶ Initiated Phase III trials in liver cancer and melanoma
- ▶ Evaluation in other tumor types in Phase I and II with 44 studies ongoing

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



4

Maximize The Value Of BAY 59-7939 As Convenient, Oral, Direct Factor Xa Inhibitor

- ▶ Excellent efficacy and safety results of Phase II studies in VTE prevention build basis for phase III trials
 - Not expected to require coagulation or safety monitoring
 - Favorable and competitive risk benefit profile compared to current oral anticoagulants and emerging competitors
 - Once-daily (OD) dose finding studies well underway to explore increased opportunity especially for extended and chronic indications
 - Final decision for BID or OD phase III studies is anticipated for Q4'05
 - On track for filing in late 2007 for prevention of VTE
- ▶ Explore improved treatment options in chronic indications with clinical program for stroke prevention in A'fib - filing anticipated in 1H'09
- ▶ Partnering under evaluation - decision intended before start of phase III

BAY 59-7939 has the potential to become a leading compound in the fast-growing antithrombotics market



5

2005 Pharma Pipeline Milestones To Watch



- Summer** Filing for FDA Approval of Sorafenib in renal cell carcinoma
- August** Phase II data for Factor Xa inhibitor in VTE prevention at the International Society for Thrombosis and Haemostasis (ISTH) congress
- Q4'05** Final decision for BID or OD phase III studies
Decision on possible partnership for Factor Xa inhibitor intended before start of phase III



6

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



7

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 |

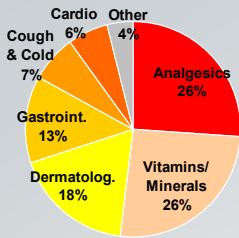
A new business paradigm secured for Bayer's US primary care business



8

Create A World Leading Consumer / OTC Business

CC Q1'05 Sales €523 million



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

Successful integration of Roche OTC business on track

- ▶ Forecasted additional €900+m revenues in 2005
- ▶ 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



9

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

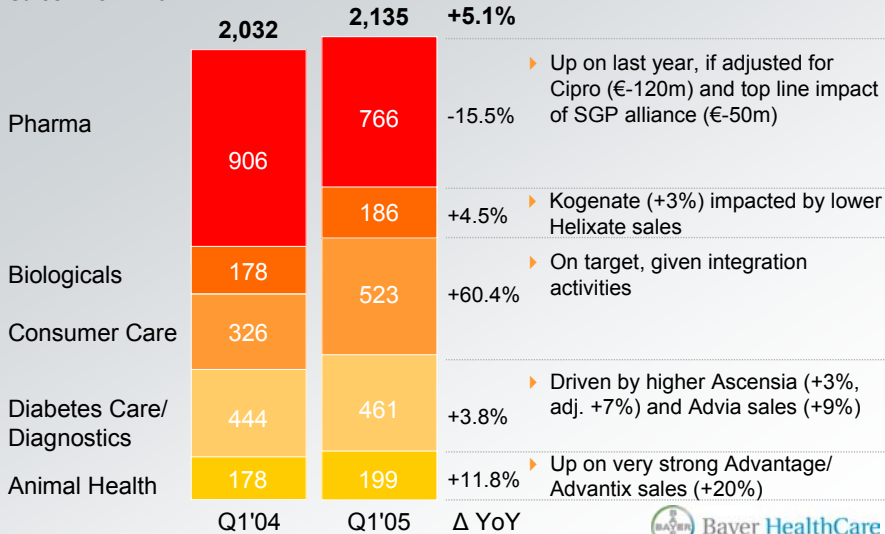
- ▶ Consultancy on prevention, wellness, detection of risk factors
- ▶ Increased attention to consumer preferences
- ▶ Active management of severe and advanced diseases



10

HealthCare – Q1'05 Sales Up 5% On Acquisition Of Roche OTC

Sales in € million



11

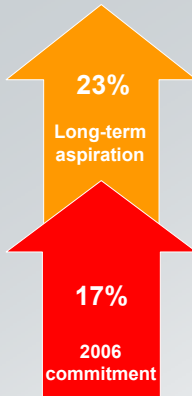
Best-Selling Bayer HealthCare Products Q1'05

Product (Division) in € million	Q1'05	Δ% yoy	Δ% yoy in local currencies
Ciprobay®/Cipro® (Pharmaceuticals)	158	- 43.8%	- 43.0%
Adalat® (Pharmaceuticals)	153	- 8.9%	- 8.3%
Ascensia® product line (Diabetes Care)	140	+ 2.9%	+ 6.7%
Aspirin® (Consumer Care / Pharmaceuticals)	140	- 4.8%	- 4.2%
Kogenate® (Biological Products)	125	+ 3.3%	+ 4.2%
ADVIA Centaur® System (Diagnostics)	113	+ 8.7%	+ 8.7%
Avalox® / Avelox® (Pharmaceuticals)	103	- 1.0%	+ 0.2%
Glucobay® (Pharmaceuticals)	71	- 2.7%	- 1.7%
Levitra® (Pharmaceuticals)	60	- 9.1%	- 6.9%
Advantage® / Advantix® (Animal Health)	54	+ 20.0%	+ 25.4%
Trasylol® (Pharmaceuticals)	45	+ 4.7%	+ 8.9%
Baytril® (Animal Health)	40	+ 2.6%	+ 2.8%
Rapidlab® / Rapidpoint® (Diagnostics)	37	+ 2.8%	+ 5.2%
Canesten® (Consumer Care)	33	- 2.9%	- 1.1%
Clinitek Urinalysis® (Diagnostics)	33	+ 10.0%	+ 11.5%
Total	1,305	- 8.5%	- 7.2%
Proportion of Bayer HealthCare sales	61%		



12

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 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

