

BAYER AKTIENGESELLSCHAFT
GEBÄUDE Q26 (RECHTSABTEILUNG)
KAISER-WILHELM-ALLEE
51368 LEVERKUSEN



Rhede, April 8, 2004

Ladies and gentlemen,

I hereby propose that a vote be taken on the following motions at the Annual Stockholders' Meeting on April 30, 2004:

The salaries of the managers (Board of Management) should be reduced by 30 percent.

The fixed annual remuneration of the members of the Supervisory Board should be reduced from 40,000 euros to 20,000 euros.

Reasons:

As part of cost containment, the Group management and the members of the Supervisory Board should set a good example. This is expected of the employees of Bayer AG and of the shareholders. The employees of Bayer AG have themselves made a number of sacrifices. Only if the Board of Management and the Supervisory Board do the same can workers be expected to show understanding for some of the cuts that are being made.

Yours sincerely,





April 6, 2004

Bayer Aktiengesellschaft
Gebäude Q 26 (Rechtsabteilung)
Kaiser-Wilhelm-Allee

51368 Leverkusen

Counter-motion for the Annual Stockholders' Meeting on April 30, 2004

Ladies and gentlemen,

For the Annual Stockholders' Meeting on April 30, 2004 I submit the following counter-motion regarding item 3 of the Agenda:

The Supervisory Board has failed to perform its supervisory function in determining the Board of Management's remuneration and therefore its actions should not be ratified.

Reasons:

The Bayer AG dividend has decreased more or less steadily since 2000, now amounting to 0.5 euro per share. It must be remembered here that no dividend was earned at all for 2003. However, the remuneration of the Board of Management, excluding share options, was increased.

It is remarkable that the reduction in the Board members' variable bonus due to the company's miserable earnings situation has been offset by the introduction of a fixed supplement with the result that the total remuneration of the individual Board members is actually somewhat greater than for the previous year.

The poor business performance of Bayer AG is reflected in the dividend but not in the remuneration of the Board of Management. It is incomprehensible that the Supervisory Board even approved an approximately 20 % increase in the total remuneration of the Chairman of the Board of Management for 2003.

Business performance should in principle be proportionately reflected in

the Board of Management's remuneration to create a real incentive for improvement.

I propose that the remuneration of the Board of Management should in future be calculated according to a model, yet to be defined, that appropriately takes into account the dividend, earnings per share, market price of the shares, and cash flow.

Remuneration should be determined by a committee that does not comprise members of the Board of Management or the Supervisory Board. The proposal thus developed should be submitted to the next Annual Stockholders' Meeting for approval.

I further propose that in future the remuneration of the Board of Management and the Supervisory Board should require the approval of the Annual Stockholders' Meeting and that the Articles of Association be amended accordingly.

Evidence of my share ownership is attached herewith.

Please confirm in writing that my proposal was submitted by the applicable deadline.

Sincerely,

Coordination gegen BAYER-Gefahren e.V.

For environmental protection and safe workplaces at BAYER worldwide

Coordination gegen BAYER-Gefahren e.V. – P.O. Box 15 04 18 – D-40081 Düsseldorf

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Kaiser Wilhelm Allee
51368 Leverkusen

Advance copy by fax: 0214-30-55817

March 18, 2004

Annual Stockholders' Meeting on April 30, 2004

Counter motions to items 2 and 3 of the agenda

Ladies and gentlemen,

We hereby give notice that we oppose the proposals of the Board of Management and the Supervisory Board regarding items 2 and 3 of the agenda and that we will urge the other stockholders to vote for the following counter motions. We request that these counter motions and the reasons given below be published in accordance with Articles 125 and 126 of the German Stock Corporation Act (Aktiengesetz).

Counter motion to Item 2: Ratification of the actions of the Board of Management to be refused

Reasons: BAYER was responsible for a number of abuses in the past fiscal year. These abuses were either caused by, or not prevented by, the Board of Management, which is why its actions should not be ratified.

A selection of recent problems is given below. Further information will be found on the homepage of *Coordination gegen Bayer-Gefahren* at www.CBGNETWORK.de
Further information can be requested at CBGNETWORK@aol.com

- The study published by *Coordination gegen Bayer-Gefahren (CBG)* entitled “Child Labor in the Indian Cotton-Growing Industry” exposes how international seed companies profit from child labor. The Indian market for cotton seed is dominated by five companies, including a BAYER subsidiary. Suppliers to these companies employ tens of thousands of children, mostly girls between the ages of 6 and 14. They do not receive a school education and thus remain caught in the poverty trap for their entire lives. The seed companies inspect the farms several times a year. They could easily solve the problem by paying higher prices, imposing a contractual ban on child labor and monitoring compliance with the ban. As a result of *CBG*'s campaign, representatives of BAYER took responsibility for conditions existing on the suppliers' premises and promised to take remedial action. As yet it is unclear whether the children really have been replaced by adult workers – regardless of this, the actions of

a Board of Management that has tolerated its suppliers' use of child labor for years must not be ratified.

- In the Philippines BAYER is attempting to force elected labor union representatives out of its manufacturing sites. Several labor unionists have been dismissed and existing collective bargaining agreements have not been observed. Despite a number of court decisions, union dues have not been paid over to the legitimate representatives of the EMPLOYEES UNION OF BAYER PHILIPPINES for several years.
- In the southern Indian cotton belt, a large number of fatal poisoning cases are caused by BAYER pesticides. BAYER dominates the Indian pesticides market and produces large amounts of agrottoxins that are no longer approved in Europe, such as monocrotophos, through subcontractors. Due to a lack of safety standards, accidents are a daily occurrence and the groundwater in large tracts of land is contaminated. The pesticides marketed by BAYER also make their way into textile production through the cotton. The workers employed there breathe in the toxins in large amounts. For this reason, life expectancy at the textile production location of Tripur is only 35 years.
- The magazine *Multinational Monitor*, published by U.S. consumer advocate Ralph Nader, has placed BAYER on its list of the "Ten Worst Corporations 2003". This is a list of companies that deceive consumers, contaminate the environment and disregard labor laws. Several scandals led to the company's inclusion in this list: for many years, BAYER overcharged for its drug products and thus cheated the U.S. health care program *Medicaid* out of millions of dollars. In May 2003 BAYER pleaded guilty to fraud in this connection. The company was additionally ordered by a civil court to pay roughly US\$ 250 million in damages. Last summer an investigation by the *New York Times* discovered that BAYER exported untested blood plasma to Asia in the 1980s at a time when safe products were already on the market in the United States and Europe. Many Asian hemophiliacs contracted HIV. Last year the *New York Times* also exposed internal documents stating that BAYER employees knew about the risks of the cholesterol-lowering drug Lipobay at an early stage and had warned the company's management. The drug was launched onto the market despite this knowledge. Lipobay is believed to be responsible for at least 100 deaths.
- The planned divestiture of the NewCo chemicals division will result in considerable disadvantages for the employees. Thousands of employees are facing a reduction in their incomes or even the loss of their jobs. The Board of Management had already eliminated thousands of jobs following the Lipobay disaster. *Coordination gegen BAYER-Gefahren* demands a lasting guarantee of employment for all employees of the company.
- 80 percent of consumers are opposed to genetically modified food products. Despite the constant repetition of assurances by industry that genetically modified food is safe and has been "tested thousands of times", the long-term risks remain completely unclear. In the United States, for example, the number of food-induced diseases and allergies has doubled since the introduction of genetically modified crops. Bayer's application for the registration of genetically modified canola in Belgium was rejected this spring due to incalculable risks to the environment. Nonetheless, BAYER maintains its commitment to this high-risk technology and has applied for marketing authorization for genetically modified plants in various European countries.

Countermotion to Item 3: Ratification of the actions of the Supervisory Board to be refused

Reasons: The Supervisory Board does not adequately perform its monitoring function and its actions thus should not be ratified. The following are examples of environmentally hostile company policies that are supported by the Supervisory Board.

- On February 13, 2004, an explosion occurred in the TDA production facility at BAYER's site in Baytown, Texas, United States. BAYER also produces toluene diamine on an industrial scale in Germany. Only four months ago, the world's largest TDA facility was inaugurated at the Dormagen site. Despite this, the company failed to reply to a letter from *Coordination gegen BAYER-Gefahren* in which the organization inquired about the causes of the incident and the risks to residents living in the vicinity of the Dormagen site.
- The BAYER Group on several occasions has met with Chancellor Schröder and Economics Minister Clement in an attempt to prevent the reform of the E.U. chemicals policy. BAYER also disseminated far-fetched studies claiming that the reform would result in the loss of hundreds of thousands of jobs. In response, E.U. Environment Commissioner Margot Wallström accused the German chemical industry of lying: She said industry's claim that the new law would lead to job losses was tantamount to admitting that numerous substances would have to be withdrawn from the market due to the hazards they present, although the companies had always denied this. "I particularly dislike the efforts of the German chemical industry to spread panic," said Wallström. The BAYER Group produces a long list of highly dangerous chemicals: plasticizers, chloro-organics, the hormone-active substance bisphenol A and hundreds of pesticides. In the past many BAYER products have had to be withdrawn from the market due to the poisoning of thousands of people. These products include PCBs, wood preservatives and pentachlorophenol.
- Under pressure from the *Verband forschender Arzneimittelhersteller (VFA)* (*Association of Research-Based Pharmaceutical Companies*) the German government decided against introducing a "Positive list of drug products" and an "Institute for Quality Assurance in Medicine". The "positive list" would have allowed useless and risky drugs to be removed from the list of products reimbursed by the statutory health insurance system. This in turn could have resulted in improved care and billions in cost savings. The VFA was founded in 1994 on BAYER's initiative and is headed by Cornelia Yzer, a former BAYER lawyer.
- The BAYER Group participated in illegal, secret discussions between the U.S. Environmental Protection Agency and pesticide producers. The companies' objective is the lowering of threshold limits for pesticides.
- The *Comité Scientifique et Technique* appointed by the French government released an investigative report shortly before Christmas according to which "seed treatment with the pesticide Gaucho represents a significant risk for bees." In addition, magistrates in France conducted investigations of *Bayer CropScience* and its Chairman Franck Garnier regarding the alleged sale of "toxic agricultural products that are harmful to the health of people and animals." In response, the BAYER Group claimed that a study by the French food authority AFSSA refuted the allegations against Gaucho. An AFSSA spokesman rejected this claim, however: "Our study shows that the active ingredient imidacloprid can lead to the death of bees under certain conditions." Nearly half of all bee colonies in central Europe have fallen victim to the mass bee deaths of recent years. Yet BAYER still refuses to withdraw from the market the insecticide that is partially responsible for this.

- A confidential strategy paper of the chemical industry has surfaced in the United States. According to this paper, the companies belonging to the *American Chemistry Council* (including BAYER) plan to resort to a “dirty tricks” campaign in order to prevent prophylactic safety testing of chemicals. An advertising agency specializing in smear campaigns is to hire former agents to spy on environmental activists, set up bogus citizens’ initiatives, buy the support of organizations with no background in the issue (for example minority and women’s rights organizations) to serve as “independent” allies, and “stigmatize” the prophylaxis principle through publicity campaigns. – A prime example of large companies abusing their power.
- At the beginning of the year, BAYER was forced to discontinue dishonest advertising campaigns for pesticides in Canada. One of the products concerned was the BAYER insecticide *Admire*. In addition to mandating that the campaign be discontinued, the *Pest Management Regulatory Agency* imposed a fine. BAYER has a tradition of playing down the immense dangers of pesticides. For example, the company for years has violated the code of the world nutrition organization FAO, which states that pesticide advertising must generally mention environmental and health risks.

For the Executive Committee of COORDINATION GEGEN BAYER-GEFAHREN e.V.

