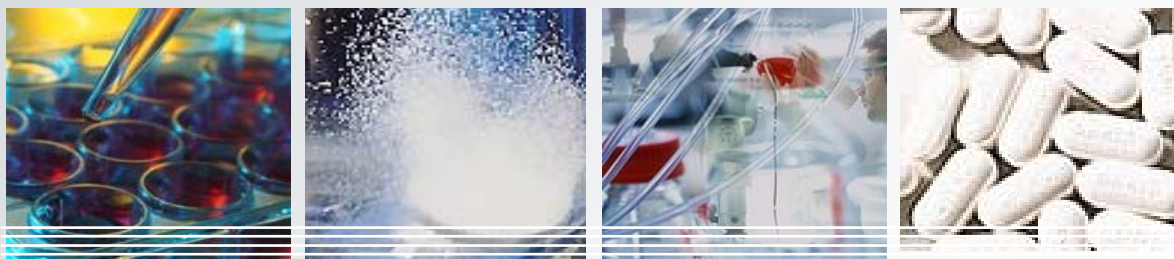


Working To Create Value



CSFB Field Trip
Leverkusen, September 22, 2004



HealthCare

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.



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1



Q2'04 Performance In Line With Expected Market Dynamics

- ▶ Portfolio and currency adjusted HealthCare sales slightly below last year (-1%)
- ▶ “Ex-Cipro” business portfolio growing at approx. 10%
- ▶ New products continue to drive sales growth (€250m contribution)
- ▶ Pharmaceuticals generated significant growth outside North America (EU +9%, LA +14%, FarE +8%)*
- ▶ Animal Health (+9%*) and Consumer Care/Diagnostics division (+10%*) continued to grow their business
- ▶ Underlying EBIT broadly as expected: Pharma/Biologicals -63%, Consumer/Diagnostics +47%, Animal Health +2%



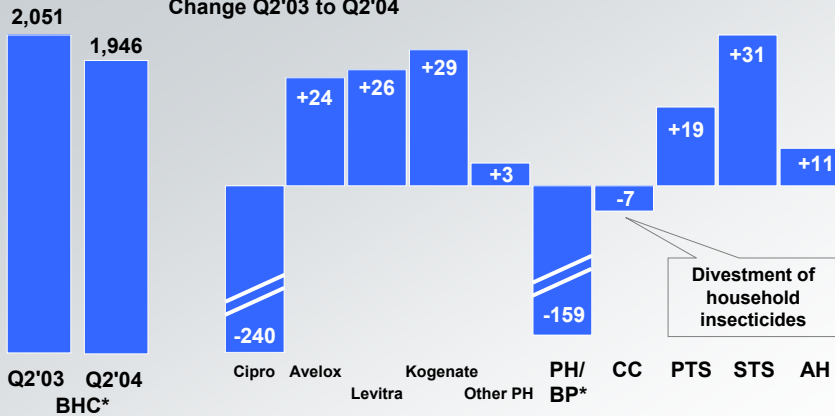
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*Currency adjusted growth rates



Q2'04 - Growth Momentum In The "Ex-Cipro" Portfolio

Sales in € million
Change Q2'03 to Q2'04



Divestment of household insecticides

Q2'03	Q2'04	Δ% yoy	Cipro	Avelox	Levitra	Kogenate	Other PH	PH/BP*	CC	PTS	STS	AH
2,051	1,946	-5.1	202	55	40	135	446	878	333	340	170	225
			-54.4	+77.4	•	+27.4	+0.5	-15.2	-2.1	+5.9	+22.3	+5.1

* Continuing

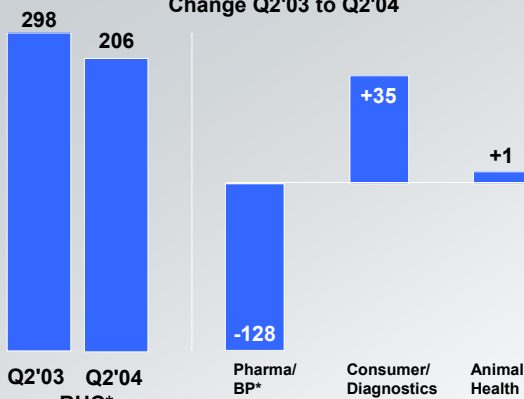


3



Q2'04 EBIT Decline Of Cipro Partly Compensated

Underlying EBIT in € million
Change Q2'03 to Q2'04



- ▶ Pharma broadly in line with expectations
- ▶ Diagnostics business momentum continues to improve driven by new products
- ▶ Consumer Care slightly improved operating margin
- ▶ Animal Health continues to generate benchmark margins (20% on sales)

Q2'03	Q2'04	Pharma/BP*	Consumer/Diagnostics	Animal Health
298	206	54	107	45
		-70.3	+48.6	+2.3

* Continuing



4



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5



Acquisition Of Roche OTC Business – Exploiting Consumer Health Opportunities

- ▶ Creating a world leading global OTC company
- ▶ Strengthening of Bayer's core healthcare activity with a track record of consistent market growth outperformance
- ▶ Strengthened position in four of the top five OTC categories
- ▶ Achieving critical mass in key OTC markets
- ▶ Inclusion of US joint-venture facilitates integration of the Roche Consumer Health business
- ▶ Ideally positioned for further expansions (e.g. Rx/OTC switches, growth platform Asia)

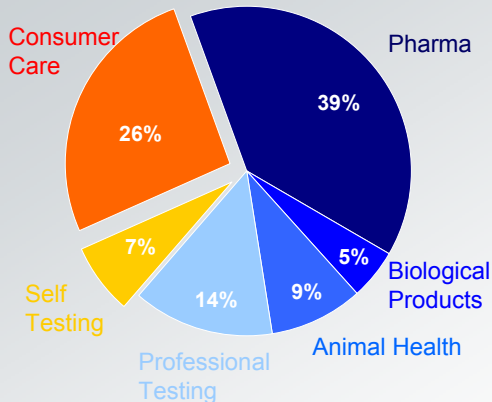


6



Increased Consumer Health Focus

Bayer HealthCare
2003 Sales*
€9,270m



- ▶ Share of Consumer Health significantly increased:
23 % pre acquisition of Roche Consumer Health
33 % after acquisition of Roche Consumer Health and exit of plasma
- ▶ Strengthened one of the Bayer's most successful franchises historically
- ▶ Basis for further expansion in Consumer Health

*) Pro forma 2003 figures excluding plasma (€613 m), including Roche Consumer Health (€1,012 m)



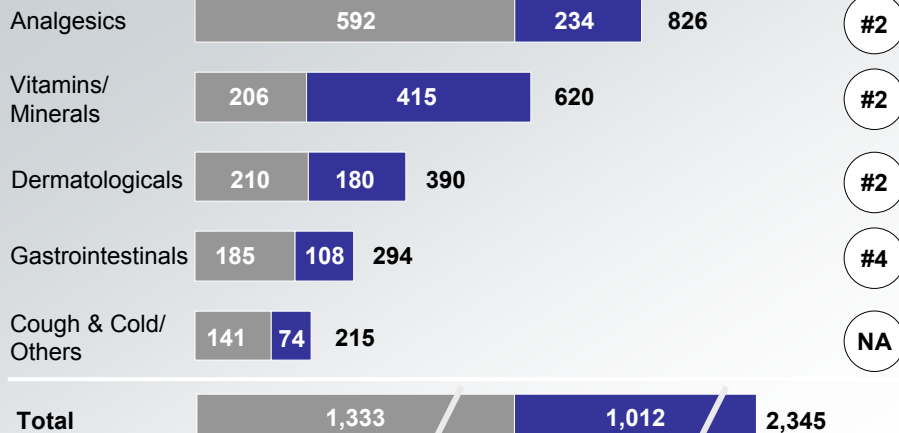
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Strengthened Position In Key Categories

2003 pro forma sales in € million

○ Global market position



■ Bayer ■ Roche Consumer Health



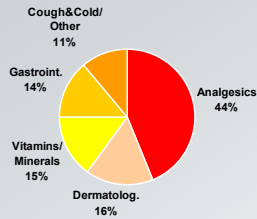
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Improved Portfolio Balance

Bayer OTC 2003 sales

€1,333m

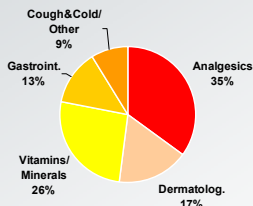


Balanced product portfolio ...

- ▶ Reduced dependency on single categories (e.g. analgesics)
- ▶ Top tier position in vitamins/minerals worldwide
- ▶ Strengthened position in dermatologicals

Pro forma 2003 combined sales

€2,345m



... reflects OTC market segmentation



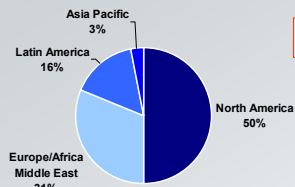
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Well Balanced Geographic Presence

Bayer OTC 2003 sales

€1,333 m

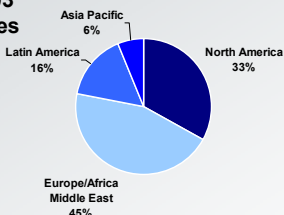


Achieving a sound regional presence ...

- ▶ No.1 in Europe: Strengthened position in 2nd largest European OTC market (France)
- ▶ Achieving No.1 position in Italy and Spain, No. 3 in Germany
- ▶ Latin America: No.1 position in the region
- ▶ Strengthened position in Australia and China

Pro forma 2003 combined sales

€2,345 m



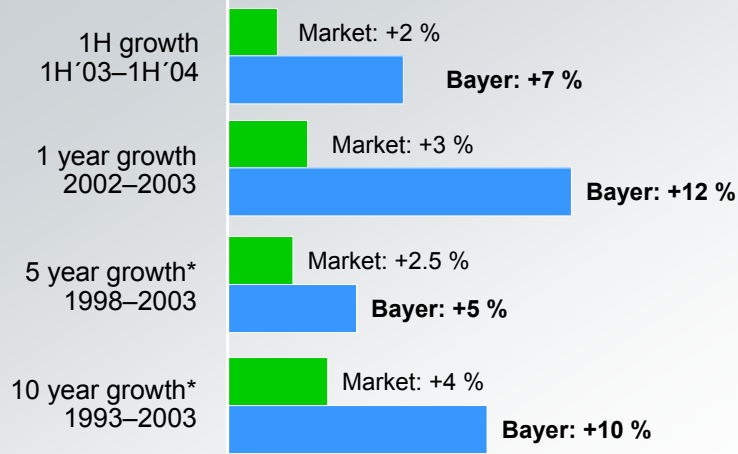
... through the combination of complementary businesses



10



Successful Track Record In OTC



*CAGR in local currencies



11



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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13



Focus Is The Key Strategic Driver For Pharma

- ▶ **Therapeutic Focus**
 - Concentration on therapeutic segments where commercial success can be secured.
 - Particular emphasis on cardiovascular risk management and oncology to build an appropriate platform for the novel RAF kinase/VEGFR inhibitor and Factor Xa inhibitor.
- ▶ **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/alliances to strengthen and fully maximize the potential of our portfolio
- ▶ **Profitability Focus**
 - Aligning structures, cost and behavior to be competitive and maximize profitability.



14



Bayer And Schering-Plough To Establish An Alliance For Their Pharmaceutical Activities

Core elements of the transaction

USA

- ▶ Schering-Plough will market and distribute Bayer's US primary care products Avelox, Cipro Oral and IV, Levitra, Adalat and some other smaller products

US & Key EU Markets

- ▶ Bayer will promote Schering-Plough's oncology products in the US and key European territories

Japan

- ▶ In Japan, Bayer will co-market Zetia, Schering-Plough's cholesterol absorption inhibitor

One-time costs are estimated in the range of €50-70m, the majority will occur in 2004. The agreement is expected to be accretive in subsequent years.



15



Bayer Will Focus On Segments And Regions Where Commercial Success Can Be Secured

- ▶ US activities will be focused on high growth / high margin specialty and biotech pharmaceuticals, including a new global oncology unit
- ▶ Bayer's new business paradigm for the US will facilitate necessary infrastructure adjustments post genericization of Cipro (Reduction of primary care sales and marketing organization by 1,800 positions, significant part to be transferred to Schering-Plough)
- ▶ Strengthening of Japanese business as a market leading cardiovascular products company
- ▶ Bayer's strong presence in Europe will benefit from promoting Schering-Plough's cancer products



A major step in our goal to create a best in class mid-size Pharma company



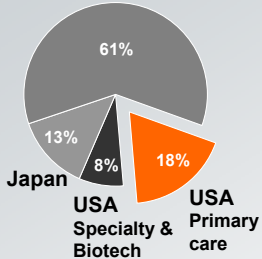
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A New Business Paradigm for Bayer's US Primary Care Business

1H'04 Sales
Pharma + Kogenate:
€1,906m

EU & ROW



- ▶ Schering-Plough will undertake all sales and marketing activities for Bayer's US primary care products including Avelox, Cipro, Levitra and Adalat
- ▶ Schering-Plough will purchase these products from Bayer at negotiated, sales-volume dependant rates, and will record US market sales
- ▶ Bayer to receive a substantial portion of US product revenues
- ▶ Bayer and Schering-Plough will share Bayer's portion of the profits on US sales of Levitra
- ▶ Bayer products will continue to be sold under the Bayer brand names and remain property and legal responsibility of Bayer
- ▶ Agreement does not cover products in development

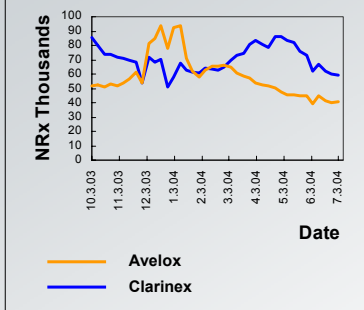


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US Primary Care Sales Will Be Maximized Through Use Of Competitive And Highly Complementary Sales Force

Seasonal complementary script trend of Avelox and Clarinex



- ▶ Complementary detailing from a highly competitive US sales organization in terms of both, size and national coverage
 - Avelox needs heavy promotion in Autumn/ Winter
 - Schering-Plough's Clarinex and Nasonex need heavy promotion in Spring/Summer
 - High overlap between physicians prescribing Levitra and Schering-Plough's Vytroin/Zetia
- ▶ A new paradigm for mid-size companies to compete with big Pharma (Win/Win)



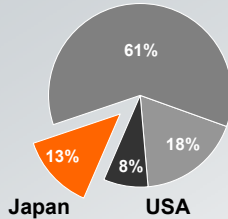
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Bayer's Strong Japanese Cardiovascular Business Will Be Strengthened

1H'04 Sales
Pharma + Kogenate:
€1,906m

EU & ROW



- ▶ Bayer holds a strong position in the Japanese cardiovascular market
- ▶ Adalat CR is patent protected until 2008
- ▶ Zetia, Schering-Plough's new, high potential cholesterol lowering agent, will be co-marketed with both parties recording sales from their distribution channels
- ▶ Zetia profits will be shared between both companies
- ▶ Leveraging Bayer sales force and fix cost base in Japan



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Bayer Pharma Will Jump-Start Its Oncology Business Through Promoting Schering-Plough's Oncology Portfolio

- ▶ Promotion of certain Schering-Plough cancer products in key global markets offers "jump-start" opportunity to enter the cancer market
- ▶ Development of marketing expertise ahead of anticipated launch of the novel RAF kinase and VEGFR inhibitor BAY 43-9006
- ▶ No marketing agreement for BAY 43-9006
- ▶ Promotion agreement limited to a certain period of time
- ▶ Bayer to receive fixed promotion fee for promoted products



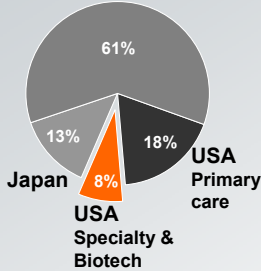
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Bayer Pharma Will Focus Its US Activities On Fast Growing Specialty & Biotech Business

1H'04 Sales
Pharma + Kogenate:
€1,906m

EU & ROW



- ▶ **Kogenate**
Second generation recombinant Factor VIII for treatment of hemophilia
- ▶ **Trasylo1**
Indicated for prophylactic use to reduce peri-operative blood loss and the need for blood transfusion in patients undergoing coronary artery bypass graft surgery
- ▶ **Viadur**
Innovative, controlled release leuprolide delivery system for palliative treatment of prostate cancer
- ▶ **BAY 43-9006**
Novel RAF kinase and VEGFR inhibitor intended for treatment of cancer, currently in phase III development for renal cell cancer



21



The Alliance Accelerates The Transformation To A Best In Class Mid-Size Pharmaceutical Company

- | | |
|------------------------------|--|
| ▶ 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 |



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Promising Late Stage Pipeline

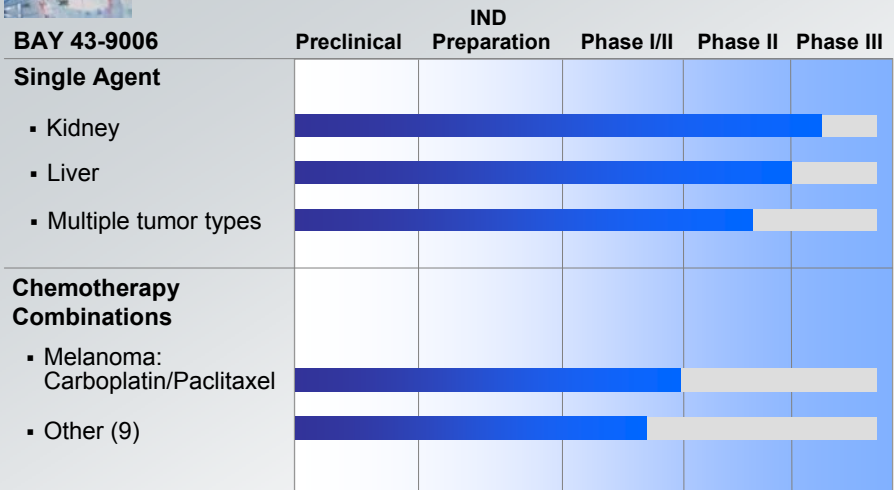
- ▶ BAY 43-9006 – A novel RAF kinase and VEGFR inhibitor combines two anticancer activities
 - Fast-track status with FDA in the US
 - Orphan drug status granted in EU
 - Promising data presented at ASCO 2004
- ▶ BAY 59-7939 (Factor Xa inhibitor) meets major unmet medical needs for anticoagulant treatment
 - Offers rapid, predictable anticoagulation without signs of increased risk of bleeding
- ▶ Repinotan, a novel, highly potent neuroprotective agent developed for treatment of stroke



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BAY 43-9006 - Novel RAF Kinase And VEGFR Inhibitor: Clinical Development Portfolio



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BAY 43-9006 - Novel RAF Kinase And VEGFR Inhibitor - Conclusions

- ▶ Preclinical data and early clinical trials findings support value of combined RAF kinase and VEGFR kinase inhibition using BAY 43-9006
- ▶ Favorable early safety experience with few or no additive effects when BAY 43-9006 is combined with chemotherapy agents
- ▶ We remain encouraged by the activity observed in kidney cancer , melanoma, liver cancer and other settings
- ▶ Phase I-II studies suggest BAY 43-9006 activity in various tumor types as monotherapy or combined with chemotherapy
- ▶ Phase III randomized controlled trial is underway in kidney cancer and additional phase III trials are planned for other indications, including melanoma

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BAY 59-7939 - Major Unmet Medical Need For Anticoagulant Treatment

Medical need	Current Therapy			Potential benefits
	Warfarin	LMW heparin	Ximelagatran (Exanta)	BAY 59-7939*
Safety concerns	Narrow therapeutic window (bleeding vs risk of stroke)	✓	Liver test abnormalities	<ul style="list-style-type: none"> • well tolerated • low bleeding risk
Monitoring	Need for regular liver monitoring	✓	Need for regular liver monitoring	<ul style="list-style-type: none"> • no need for routine anticoagulation monitoring • predictable pharmacodynamic effects • dose-dependent inhibition of Factor Xa
Convenience	✓ oral	inject.	✓ oral (bid)	• oral, small easy to swallow tablet
Interactions	Drug/food interactions	✓	✓	• reduced risk of drug-drug and food interactions (compared to warfarin)

“One of the greatest unmet medical needs is for an oral anticoagulant that overcomes the interactions, safety concerns and need for monitoring that have limited the use of warfarin” Nature, Vol. 2, Jan. 2003 p. 11

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* Source: based on findings of clinical studies completed to date



BAY 59-7939 - An Innovative Oral, Direct Factor Xa Inhibitor

- ▶ As a direct and selective Factor Xa inhibitor, BAY 59-7939 acts at a critical point in the coagulation cascade
- ▶ BAY 59-7939 produces rapid and predictable anticoagulation across a wide range of doses
- ▶ No signs or symptoms of bleeding, or alterations in standard laboratory measures were seen in over 170 subjects treated with BAY 59-7939
- ▶ In animal models, BAY 59-7939 demonstrated potent anticoagulant and antithrombotic properties
- ▶ In dogs and rats, BAY 59-7939 demonstrated high oral bioavailability and rapid excretion via both the renal and fecal routes
- ▶ BAY 59-7939 was safe and well tolerated across a wide range of oral doses in healthy volunteer studies

Pre-clinical and Phase I data presented since December 2003 show the promising profile of BAY 59-7939

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Promising Late Stage Pipeline

Project	Indication	Status	Expected Launch
Novel RAF kinase and VEGFR inhibitor	Cancer	Phase III	2006
Repinotan	Stroke	Phase IIb	> 2007
Factor Xa inhibitor	Cardiovascular	Phase IIb	2008
11 Projects		Phase I	> 2008
17 Projects		Pre-clinical	> 2008

As of July 2004



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Strong Commitment To Deliver On Objectives

Q3/Q4 2004

- ▶ Liver cancer data (phase II) for BAY 43-9006 in September/October at EORTC and ESMO

Q4 2004

- ▶ Agreement on Plasma disposal
- ▶ Factor Xa data (phase I) at ASH in December
- ▶ Accelerating the Pharma business refocus

Q1 2005

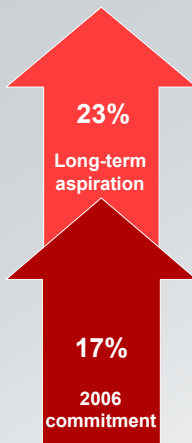
- ▶ Closing of Roche OTC acquisition
- ▶ Phase III decision for Factor Xa inhibitor.

▶ Targeting benchmark performance

EORTC (European Organisation for Research and Treatment of Cancer): September 28 to October 1, 2004
 ESMO (European Society for Medical Oncology): October 29 to November 2, 2004
 ASH (American Society of Hematology): December 4, 2004



HealthCare: Setting Out For Benchmark Performance Goal Now



HealthCare is developing a Consumer Health business and managing the Pharma refocus

- ▶ Building a world leading OTC business
- ▶ A sustainable business model for Pharma, concentrating on segments where commercial success can be secured
- ▶ Dedicated self- and professional testing units will increase focus on market and customer needs
- ▶ Exit of low margin plasma business
- ▶ R&D resources will be concentrated on high priority projects with biggest commercial potential

EBITDA margin

