HealthCare

Bayer R&D Investor Day 2005

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Kogenate – Advances in Treatment Options through Life Cycle Management

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Forward Looking Statements

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

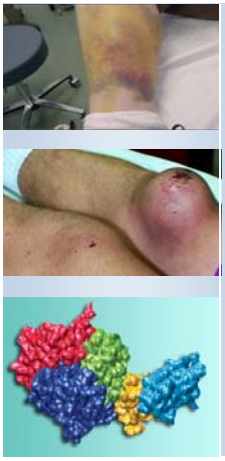
Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our public reports filed with the 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.

Key Messages

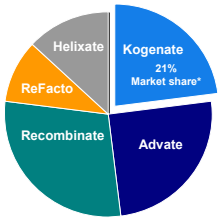
- The hemophilia market expected to grow 7 - 9% with recombinant factor VIII remaining the cornerstone
- Kogenate life cycle management offers attractive growth opportunities
- Addressing prophylactic use through longer acting product
- Continuous life cycle management for Kogenate to achieve estimated peak sales of > € 1 billion

Factor VIII Remains the Cornerstone of Hemophilia Treatment

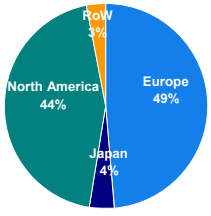
- Hemophilia is a hereditary bleeding disorder characterized by prolonged blood clotting time
- Hemophilia A epidemiology: 1/10,000 male births, only ~25% of worlds patients are presently diagnosed and treated
- Approx. 350,000 people are afflicted with hemophilia A worldwide, thereof 30,000 in the U.S.
- Afflicted individuals have substantially reduced or no clotting factor VIII
- Therapeutic option: replacement of factor VIII protein
  - Large, highly complex protein molecule
  - Requires frequent iv infusion to treat/prevent bleeding episodes



Recombinant Factor VIII is Driving the Hemophilia A Market



Global recombinant factor VIII market 2004: €1.9bn



*) w/o sales to ZLB Behring

- Recombinant factor VIII representing 74% of the 2004 global factor VIII market
- Biotech production process providing improved product availability and safety
- Heading towards complete substitution of plasma derived factor VIII in North America and Europe
- Plasma derived product still utilized in Eastern Europe and emerging countries, providing additional conversion opportunities
- Kogenate gaining market share with regional focus on Europe

Kogenate Growth Drivers

- Increasing and older patient population
- Expansion into new markets including conversions from plasma derived product (eg, Eastern Europe, Middle East, Asia, South America, UK)
- Consistent supply and market focused patient support
- Exploiting future life cycle management opportunities
- Switch from "on demand" to prophylactic use driven by clinical benefit and improved product availability

Future Growth Opportunities from Ongoing Life Cycle Management of Kogenate

Near term

- BioSet needle free reconstitution device
- Room temperature stability
- Prolonged shelf life
- Additional vial size

Mid term

- Prophylactic use
- Long acting liposome formulation

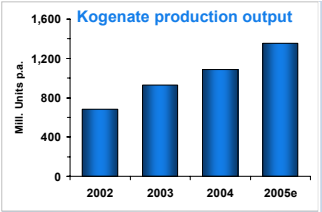
Long term

- Modified factor VIII molecule through recombinant technology

Maximizing the value through continuous innovation in Kogenate

Why Prophylactic Treatment Now?

- Consistent, safe product supply permits expansion from "on demand" treatment to prophylaxis
  - Continuous increase in Kogenate production output to 1.3bn units (2005e) in order to meet market dynamics and gain market share
- Expanding clinical experience demonstrating medical benefits of prophylactic treatment of hemophilia A
- Long acting Kogenate formulation as pipeline opportunity to address specific needs of prophylaxis



Clinical Evidence Supporting Prophylactic Treatment of Hemophilia A

- Large body of retrospective and anecdotal data on benefits in reducing primary morbidities
- Bayer-sponsored clinical study to be presented at ASH in December 2005:

First large, randomized long-term (>5 years) trial in children (65 patients)
Significantly "improved joint function and decreased bone and cartilage damage by age 6 years in children on early every other day prophylaxis in comparison to an aggressive program of multiple infusions administered promptly at the time of joint hemorrhage."

	On demand Therapy	Prophylactic Treatment
Mean number of joint hemorrhages per year	**4.9**	**0.47**
Bone or cartilage damage	**7 / 22**	**2 / 22**
Mean physical exam scores (six index joints)	**8.6**	**4.7**

(M. Manco-Johnson et al, 2005)

Potential opportunity for greater acceptance of prophylactic use if less frequent infusions required

Competitive Advantage in Prophylactic Treatment through Long Acting Kogenate

Formulation of Kogenate FS with proprietary PEG-liposome from Zilip-Pharma

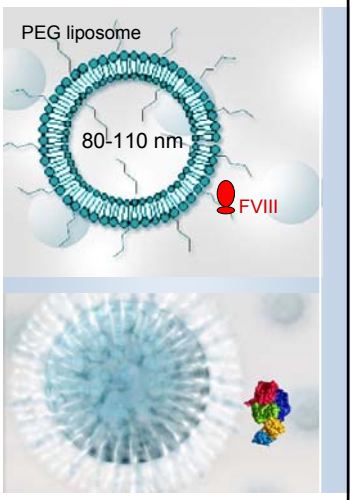
- High-affinity surface binding of rFVIII to PEG-liposome
- Preclinical and pilot clinical data suggest once-per-week dosing

Clincial development on track

- Phase I US clinical study > 50% complete
- Phase II/III initiation expected for 2006
- Launch anticipated end of 2009

Potential to significantly alter treatment paradigm

- Hurdle for prophylaxis reduced (once-per-week dosing vs. 3x per week)
- Clinical and pharmacoeconomic benefits of prophylaxis

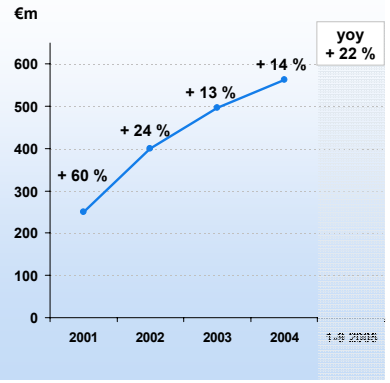


Kogenate Will Add Significantly to the Growth of Our Business

- Long-term, continuous commitment to life cycle management to the benefit of the hemophilia patients
- Balanced investment into near, mid and long-term initiatives to ensure sustainable business model
- Average growth rate expected to exceed market growth

Peak sales potential > € 1 bn

Global annual sales of Kogenate



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Committed to Achieving our Milestones

- Launch BioSet in US and Japan in 1H'06
  - FDA approval received 22 November 2005
- Phase II/III clinical study of Kogenate-Liposome to initiate in 2H'06
- Explore further opportunities for improved hemophilia treatments
  - Phase IV study on joint bleeds and joint function improvement under prophylaxis in adults
  - Observational study on secondary prophylaxis vs. on demand therapy
  - Kogenate prophylaxis escalating study

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