

Working To Create Value

CSFB Chemical Hybrid Tour
Leverkusen, September 21, 2005



HealthCare Update

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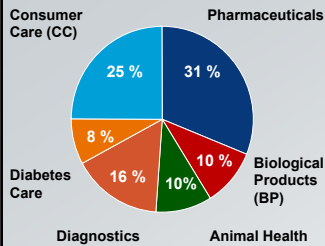
Safe Harbor

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

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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, TrasyloI 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

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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 Inhibitor)	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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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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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
 - Patient follow-up continues
- ▶ Generally **well tolerated** with manageable side-effects
- ▶ Demonstrated **combinability** with a variety of different anticancer agents
- ▶ Initiated Phase III trials in liver cancer and melanoma
- ▶ Initiation of Phase III study in one larger tumor type planned
- ▶ Evaluation in other tumor types in Phase I and II with a large clinical program ongoing

New paradigm in treatment options for cancer

Sorafenib: Well Prepared For Early Launch After Approval

- ▶ Filing for advanced Renal Cell Carcinoma based on results from ongoing Phase III trial (PFS data)
 - US** Submission of a New Drug Application with the U.S. FDA completed in July '05
Priority Review designation granted
 - EU** Marketing Authorization Application submitted to the European Medicines Agency in September '05
- ▶ Expanded Access Programs provide advanced RCC patients with access to innovative anti-cancer drug-candidate
 - US** Sorafenib available for patients through ARCCS study since May '05
 - EU** European study scheduled to begin this fall
- ▶ Sales and marketing organization in the US in place

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)

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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

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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

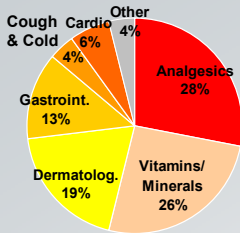
Bayer And Schering-Plough Established Alliance For Their Pharmaceutical Activities

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

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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

Successfully Enhance Existing Core Animal Health Products



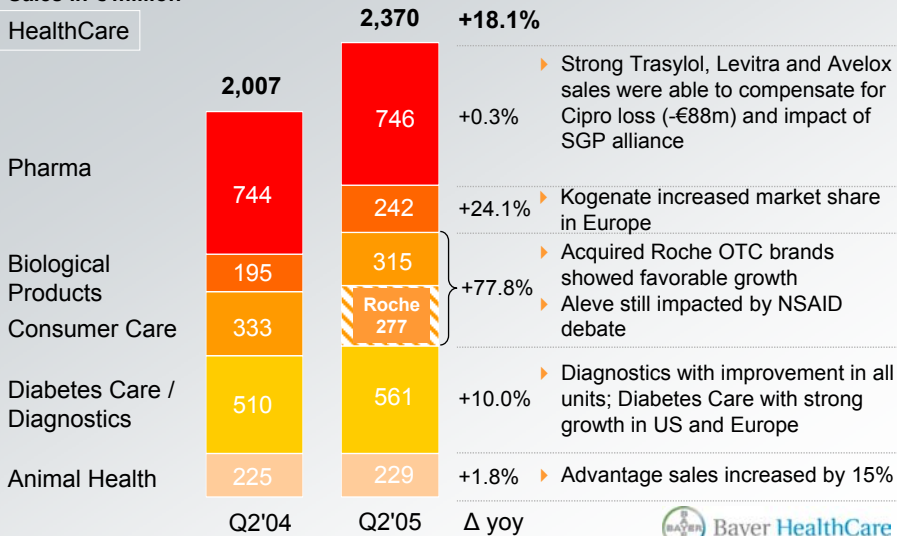
- ▶ Launch of Advocate in Europe adds to impressive performance of Advantage family
- ▶ Enhance de-wormer portfolio with launch of Profender in 2005
- ▶ Build on our position on parasiticides and continue to improve strong anti-infectives profile in companion animals
- ▶ Exploit life-cycle management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

Leverage our strong position in the attractive Companion Animals market

Q2'05 Growth Momentum Regained

Sales in € million

HealthCare



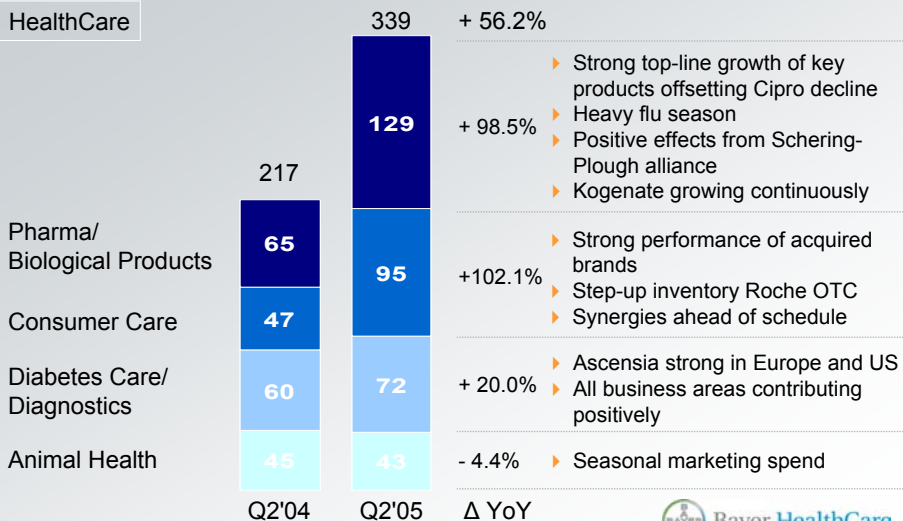
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Q2'05 Strong Performance Driven by Top-Line Growth

EBIT underlying in € million

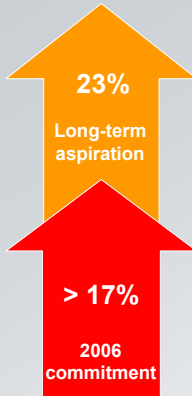
HealthCare



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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