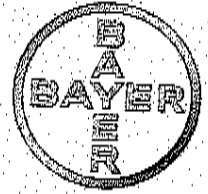


Bayer



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Investor News

Due to legal restrictions the bond tender offer is expressly not addressed to investors in the United States or Italy; further restrictions are detailed in the Tender Offer Memorandum. The invitation to purchase the new bond issue to be launched is not addressed to investors in the United States; further restrictions are detailed in the Offering Memorandum.

Bayer repurchases part of Eurobond issue and launches new hybrid bonds

Leverkusen / July 7, 2005 – Bayer AG plans to repurchase part of its EUR 3 billion Eurobond issue due on April 10, 2007 and bearing an interest rate of 5.375 percent. The intention is to acquire bonds in the nominal amount of up to EUR 1 billion in order to optimize the Group's debt maturity profile. At the same time a subordinated hybrid bond issue of benchmark volume will be launched to finance the buyback.

Bayer is offering to effect the repurchase on preferential terms during an early tender period beginning today, July 7, 2005, and ending at 4:00 p.m. CEST on July 18, 2005, which may be followed by a late tender period. Bayer reserves the right to modify, terminate or withdraw the tender offer.

The subordinated hybrid bonds will have a maturity of 100 years. They will bear a fixed interest rate for the first ten years, after which Bayer has the option each quarter to redeem the bonds at par. If Bayer does not exercise this option, the bonds will thereafter bear a variable rate of interest with an additional 1 percent spread.

Since the rating agencies classify this issue for the most part as equity, the refinancing strengthens Bayer's rating. The early refinancing also enables the company to take advantage of the currently favorable interest-rate levels and the high acceptance of Bayer bonds in the capital market.

A bank consortium led by Deutsche Bank and JP Morgan is assisting Bayer with the repurchase and with the launch of the new bonds. Both transactions are planned to be completed in July.

Additional information is available at www.press.bayer.com

Leverkusen, July 7, 2005

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Forward-looking statements

This news release 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.