



Declaration by the Board of Management and the Supervisory Board of Bayer AG concerning the German Corporate Governance Code (May 21, 2003 version) pursuant to Article 161 of the German Stock Corporation Act¹

Under article 161 of the German Stock Corporation Act, the Board of Management and the Supervisory Board of Bayer AG are required to issue an annual declaration that the company has been, and is, in compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger), or to advise of any recommendations that have not been, or are not being, applied.

The declaration pursuant to article 161 of the Stock Corporation Act shall be available to shareholders at all times.

The Board of Management and the Supervisory Board of Bayer AG hereby declare that the company is in compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette and has been in compliance since issuance of the last declaration of conformity in December 2003/January 2004. Only the following recommendations were not, or are not being, applied or were, or are being, applied in a modified form:

1. Section 2.3.3:

The Company shall facilitate the personal exercising of shareholders' rights. The company shall also assist the shareholders in the use of proxies. The Board of Management shall arrange for the appointment of a representative to exercise shareholders' voting rights in accordance with instructions.

The recommendation that a representative should be appointed to exercise stockholders' voting rights in accordance with instructions was applied for the first time at the Annual Stockholders' Meeting on April 30, 2004. Since then, all the above-mentioned recommendations have been fulfilled.

¹ This document is an English translation of a German document. The German document is the official and controlling version, and this English translation in no event modifies, interprets or limits the official German version.

2. Section 3.8, Paragraph 2:

If the company obtains D&O [Directors' and Officers' Liability] insurance for the Board of Management and the Supervisory Board, a suitable deductible should be agreed.

The present D&O insurance for Bayer AG does not cover an intentional breach of duty. To the extent insurance coverage is provided, there is no deductible for members of the Board of Management or the Supervisory Board.

Bayer AG has obtained personal declarations of obligation from the members of its Board of Management and Supervisory Board concerning the payment of a deductible, even if insurance coverage otherwise exists under D&O insurance obtained by the company. Pursuant to these declarations, members of the Board of Management who cause damage to the company or third parties through gross negligence under German standards in their Board of Management activity are to pay for such damage up to an amount equivalent to half of their annual income in the year in which the damage occurs. Members of the Supervisory Board who cause damage to the company or third parties through gross negligence under German standards in their Supervisory Board activity are to pay for such damage up to an amount equivalent to the variable portion of their respective annual compensation as members of the Supervisory Board for the year in which the damage occurs. This does not limit their liability toward the company or third parties.

3. Section 4.2.3 , Paragraph 2, Sentence 4:

For exceptional, unforeseen developments, the Supervisory Board (in connection with stock option programs or similar arrangements for boards of management) should agree on a possible limit (cap).

The stock option program introduced in 2004 complies with this recommendation. The Supervisory Board also intends to reach corresponding agreements with the members of the Board of Management with regard to future stock option programs and similar arrangements.

4. Section 7.1.2. Sentence 2:

The Consolidated Financial Statements shall be publicly accessible within 90 days of the end of the fiscal year; interim reports shall be publicly accessible within 45 days of the end of the reporting period.

The interim reports for the first half and third quarter of 2004 were not published within 45 days of the respective closing dates because of the preparations to carve out certain chemicals and polymers activities.

This recommendation will be applied again in the future.

Leverkusen, December 2004

For the Board of Management:

Wenning

Kühn

For the Supervisory Board:

Dr. Schneider