



# BAYER AKTIENGESELLSCHAFT

(incorporated in the Federal Republic of Germany)

## € 1,300,000,000 Subordinated Fixed to Floating Rate Callable Bonds due 2105

**Issue Price: 98.812 %**

Bayer Aktiengesellschaft (the "Issuer") will issue € 1,300,000,000 principal amount of Subordinated Fixed to Floating Rate Callable Bonds (the "Bonds") on July 29, 2005 at an issue price of 98.812% of the principal amount of such Bonds.

The Bonds will bear interest from and including July 29, 2005 to but excluding July 29, 2015 at a rate of 5.00% per annum, payable annually in arrear on July 29 in each year, commencing July 29, 2006. Thereafter, unless previously redeemed, the Bonds will bear interest the Euro-zone inter-bank offered rate for three-month Euro deposits plus 1.80% plus a step-up of 1.00%, payable quarterly in arrear on October 29, January 29, April 29 and July 29 in each year (each "Floating Rate Interest Payment Date").

**In the case of a Cash Flow Event (as defined in "Conditions of Issue – Interest"), the Issuer shall not pay interest on the Bonds. The Issuer is entitled to pay voluntarily such unpaid interest within one year following the Relevant Interest Payment Date on which no interest was paid due to a Cash Flow Event and must pay such unpaid interest under certain circumstances described in "Conditions of Issue – Interest". The Issuer is also entitled, in its sole discretion, to defer payments of interest on an Optional Interest Payment Date (as defined in "Conditions of Issue – Interest"). The Issuer may pay such voluntarily deferred interest (in whole or in part) at any time upon due notice and it shall pay such voluntarily deferred interest (in whole, but not in part) (i) if it decides to pay interest on an Optional Interest Payment Date thereafter, or (ii) under certain other circumstances, but generally no later than 10 years from the date on which such interest was voluntarily deferred, as described in "Conditions of Issue – Interest".**

The Bonds will be redeemed on July 29, 2105.

The Bonds are redeemable in whole but not in part at the option of the Issuer at their principal amount together with any interest accrued thereon, on July 29, 2015 and on any Floating Rate Interest Payment Date thereafter. The Issuer may also redeem the Bonds in whole but not in part at any time before July 29, 2015 following a Tax Event or a Gross-up Event (as defined in "Conditions of Issue – Redemption and Purchase") at their Early Redemption Amount (as defined in "Conditions of Issue – Redemption and Purchase").

The obligations of the Issuer under the Bonds constitute unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and in the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer rank junior to all other present and future obligations of the Issuer, whether subordinated or unsubordinated, except as otherwise required by mandatory statutory law. In the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer, the obligations of the Issuer under the Bonds will be subordinated to the claims of all unsubordinated and subordinated creditors of the Issuer so that in any such event no amounts shall be payable in respect of the Bonds until the claims of all unsubordinated and subordinated creditors of the Issuer shall have first been satisfied in full. The obligations of the Issuer under the Bonds will be senior to the claims of all classes of the shareholders.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* ("CSSF"), has been filed with said authority and will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). It will also be available free of charge upon request at the specified office of the Paying Agent in Luxembourg.

Application has been made to list the Bonds on the regulated market (as defined below) of the Luxembourg Stock Exchange. The Bonds will be issued in bearer form in denominations of € 1,000.

The Issuer has requested CSSF to provide the competent authorities in the Federal Republic of Germany, the United Kingdom of Great Britain and Northern Ireland and The Netherlands with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the *Loi relative aux prospectus pour valeurs mobilières* which implements Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 into Luxembourg law ("Notification").

Joint Lead Managers/Joint Bookrunners

**Deutsche Bank**  
Structuring Advisor

**JPMorgan**

Co-Lead Managers

**BNP PARIBAS**

**Citigroup**

**Goldman Sachs International**

## SUMMARY

The following constitutes the summary (the "Summary") of the essential characteristics of, and risks associated with, the Issuer and the Bonds. This Summary should be read as an introduction to this Prospectus. It does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Any decision by an investor to invest in the Bonds should be based on consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of such court, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled this Summary including any translation thereof, and applied for its notification, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

*Words and expressions defined in "Conditions of Issue" below shall have the same meanings in this section.*

### Summary in respect of the Bonds

<b>Issuer:</b>	Bayer Aktiengesellschaft.
<b>Principal Amount:</b>	€ 1,300,000,000.
<b>Managers:</b>	Deutsche Bank AG, London Branch J.P. Morgan Securities Ltd. BNP PARIBAS (London Branch) Citigroup Global Markets Limited Goldman Sachs International
<b>Principal Paying Agent:</b>	JPMorgan Chase Bank, N. A.
<b>Luxembourg Listing Agent and Paying Agent:</b>	J.P. Morgan Bank Luxembourg S. A.
<b>Issue Price:</b>	98.812%.
<b>Denomination:</b>	The Bonds will be issued in a principal amount of € 1,000 each.
<b>Form of Bonds:</b>	The Bonds are in bearer form and are issued pursuant to U. S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) (the "TEFRA D Rules"). The Bonds will initially be represented by a temporary global bearer bond (the "Temporary Global Bond") without interest coupons which will be deposited with a common depository for Clearstream Banking, société anonyme, Luxembourg, and Euroclear Bank S. A./N. V. as operator of the Euroclear System (together the "Clearing System"). The Temporary Global Bond will be exchangeable for a permanent global bearer bond (the "Permanent Global Bond") without interest coupons not earlier than 40 and not later than 180 days after the issue of the Temporary Global Bond upon certification as to non-U. S. beneficial ownership in accordance with the rules and operating procedures of the Clearing System. Payments on the Temporary Global Bond will only be made against presentation of such certifications. No definitive securities or interest coupons will be issued.
<b>Maturity:</b>	July 29, 2105.
<b>Early Redemption:</b>	The Bonds are redeemable in whole but not in part at the option of the Issuer on July 29, 2015 or any Floating Rate Interest Payment Date thereafter at their

principal amount plus any interest accrued until the redemption date (exclusive) and all outstanding Arrears of Interest to the redemption date. The Issuer may also redeem the Bonds in whole but not in part at any time before July 29, 2015 following a Tax Event or a Gross Up Event at their Early Redemption Amount.

**Interest:** The Bonds will bear interest from and including the Issue Date to but excluding July 29, 2015 at a rate of 5.00% per annum on their aggregate principal amount, payable annually in arrear on July 29 of each year, commencing on July 29, 2006. Thereafter, unless previously redeemed, the Bonds will bear interest at the Euro-zone inter-bank offered rate for three-month Euro deposits plus 1.80% plus a step-up of 1.00%, payable quarterly in arrear on October 29, January 29, April 29 and July 29 of each year. In case of a Cash Flow Event, the Issuer shall not pay interest on the Bonds. The Issuer is entitled to voluntarily make up such unpaid interest within one year following the Relevant Interest Payment Date on which no interest was paid due to a Cash Flow Event and must make up such unpaid interest under certain circumstances. In addition, the Issuer is entitled, in its sole discretion, to defer payments of interest on an Optional Interest Payment Date. The Issuer may pay such voluntarily deferred interest (in whole or in part) at any time upon due notice to the Bondholders and the Issuer shall pay such voluntarily deferred interest (in whole, but not in part) (i) if it decides to pay interest on an Optional Interest Payment Date thereafter, or (ii) under certain other circumstances, but generally no later than 10 years from the date on which such interest was voluntarily deferred.

**Taxation:** All payments in respect to the Bonds will be made free and clear of, and without deduction or withholding at source for or on account of any present or future taxes, duties, assessments or governmental charges of any nature whatsoever imposed, levied, withheld, assessed or collected by or on behalf of the Federal Republic of Germany or by or on behalf of any political subdivision or authority thereof having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts necessary for the Bondholders to receive net amounts after such deduction or withholding, which are equal to the amounts which would have been received by them without such deduction or withholding, subject to customary exceptions as set out more fully in the Conditions of Issue.

**Status of the Bonds:** The obligations of the Issuer under the Bonds constitute unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and in the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer rank junior to all other present and future obligations of the Issuer, whether subordinated or unsubordinated, except as otherwise required by mandatory statutory law. In the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer, the obligations of the Issuer under the Bonds will be subordinated to the claims of all unsubordinated and subordinated creditors of the Issuer so that in any such event no amounts shall be payable in respect of the Bonds until the claims of all unsubordinated and subordinated creditors of the Issuer shall have first been satisfied in full.

**Negative Pledge:** The Conditions of Issue will not contain a negative pledge provision.

**Cross Default:** The Conditions of Issue do not contain a cross default clause of the Issuer.

**Listing:** Application has been made for listing of the Bonds on the regulated market of the Luxembourg Stock Exchange.

**Governing Law:** The Bonds will be governed by German law.