



Science For A Better Life



Investor Handout

Q2 2007

Important Information



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.



- Successful strategy confirmed
- Strong performance continued 2007
- Schering integration proceeding faster than planned, creating more synergies than anticipated
- Exciting new growth opportunities
- 2007 guidance raised in June



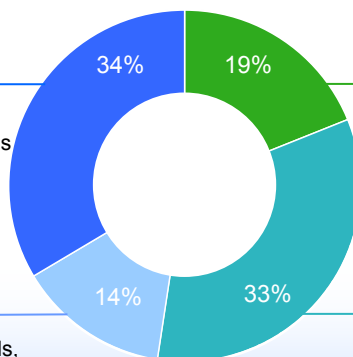
- Successful strategy confirmed

The New Bayer – A Leader in its Markets



Pharmaceuticals

€10.2bn (pro forma)
Rx specialty pharmaceuticals
global # 6



CropScience

€5.7bn agrochemicals and
seeds business,
global # 1 in agrochemicals

Consumer Health

€4.2bn OTC pharmaceuticals,
blood glucose meters and
veterinary medicines,
global # 2-4

Material Science

€10.2bn polyurethanes and
polycarbonate business,
global # 1

**Group €31.7bn
2006 pro-forma sales**

Break-down excluding reconciliation sales

Transformation Strategy Has Clearly Paid Off



Achievements between 2002 and 2006

Delivering growth and performance

- Returns over cost of capital at record levels
- Underlying EBIT quadrupled from €828m to €3.5bn
- Interim target of 19% underlying EBITDA margin achieved

Driving the HealthCare focus

- Portfolio balance shifted towards HealthCare (from 32% to pro-forma 48%)
- Rx and OTC pharmaceuticals businesses doubled in size
- Now market leader in agrochemicals
- All mature chemicals activities exited in several stages

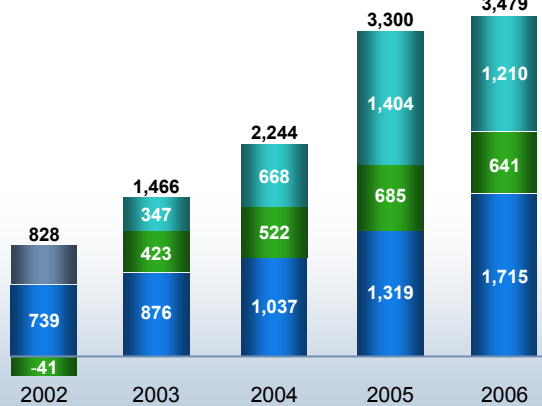
Developing new growth opportunities

- Value of pharmaceutical pipeline significantly increased
- €1bn sales target for new CropScience products achieved
- Material Science business expanded into China

Delivered Performance and Achieved Financial Targets



Underlying EBIT in € millions



Δ% vs. 2002

Group + 320%

MaterialScience + 249%*

CropScience ●

HealthCare + 132%

*Δ % vs. 2003
2006 excluding H.C. Starck and Wolff Walsrode

n.a.

12.8

15.1

18.6

19.3

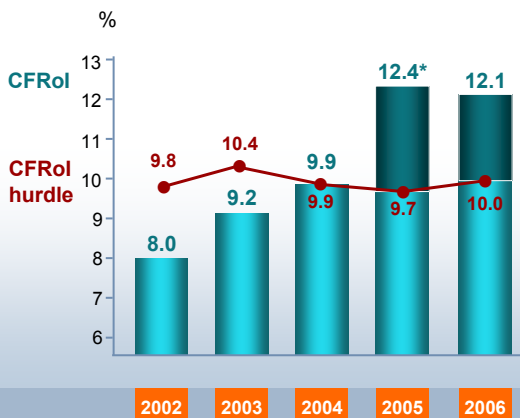
EBITDA-margin underlying

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Profitable Growth – Returns over Cost of Capital at Record Levels



Value Generation in 2006



- CVA of € 725 m
- HealthCare and MaterialScience exceeded their target returns including asset reproduction
- CFROl is the ratio of gross cash flow to capital invested (€ 32.3 bn)
- CFROl-hurdle (10.0%) is the minimum return required to cover cost of capital and reproduction of depletable assets
- Group WACC at 7.0%

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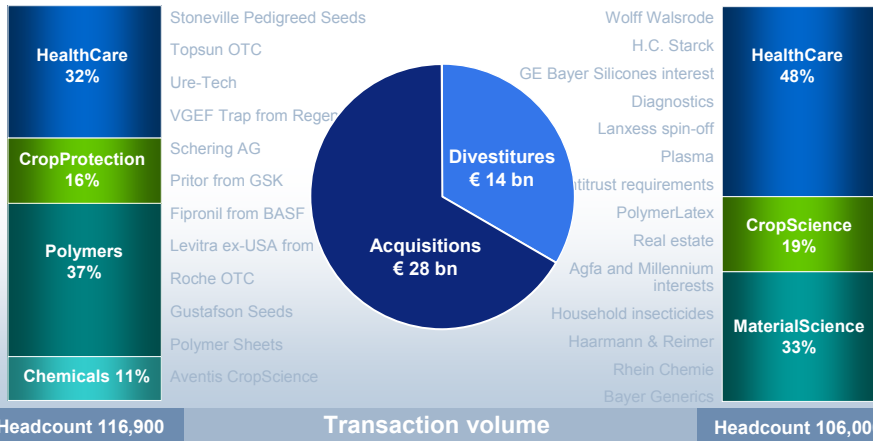
*CFROl as reported in 2005, 12.5% if portfolio adjusted

Portfolio Balance Clearly Shifted Towards HealthCare



2001 Sales € 30.3 bn

2006 Sales (pro-forma) € 31.7 bn



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We Confirm our Successful Strategy



- Deliver growth and performance
- Drive the HealthCare focus, concentrating on Rx and OTC pharmaceuticals
- Stay in CropScience, continue to explore opportunities in seeds
- Stay in MaterialScience, organic growth as priority
- Develop new growth opportunities

Strategic Direction



- Balanced mix of debt, equity and portfolio if needed
- Maintaining "single A" credit rating target

Transaction Financing



- Steady monitoring and active management. Acquisitions and disposals are therefore part of our regular business activities

Probable Timing

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Mid-term Financial Targets



Underlying EBITDA margin

Bayer HealthCare



around 28% in 2009 (previously: 27%)

Bayer CropScience



approximately 25% in 2009

Bayer MaterialScience



>18% under favorable economic conditions



Group exceed 22% in 2009 (previously: approx. 22%)

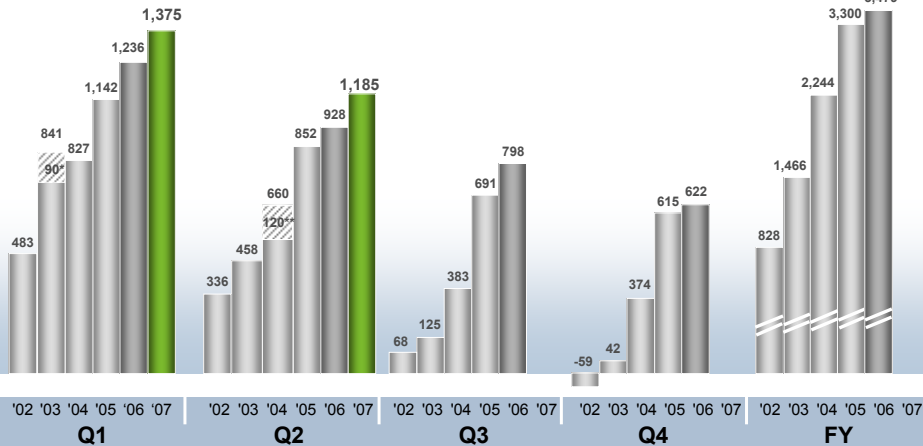


■ Strong performance continued 2007

18 Consecutive Quarters With Y-o-Y Underlying EBIT Improvement



Underlying EBIT in € million



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2002 underlying EBIT as reported in FY 2003
 2003 underlying EBIT as restated in 2004
 2004 underlying EBIT as reported in 2004
 2005 underlying EBIT as reported in 2005
 2006 underlying EBIT as reported in 2006

* Including €90m EBIT from divested products
 ** Including €120m reversal of pension provisions

Q2 – Financial Highlights

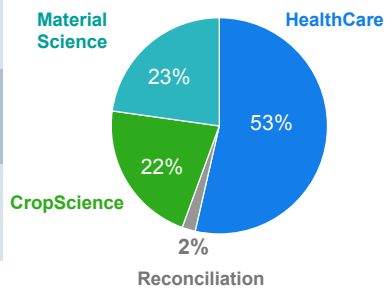


Key Figures

Underlying EBITDA by Subgroup

In € million, Δ% y-o-y

	Sales	EBITDA*	EBIT*	Core EPS
	8,217	1,806	1,185	€1.03
Δ%	+ 22%	+ 39%	+ 30%	+ 39%
Δ% Adj. **	+ 5%			

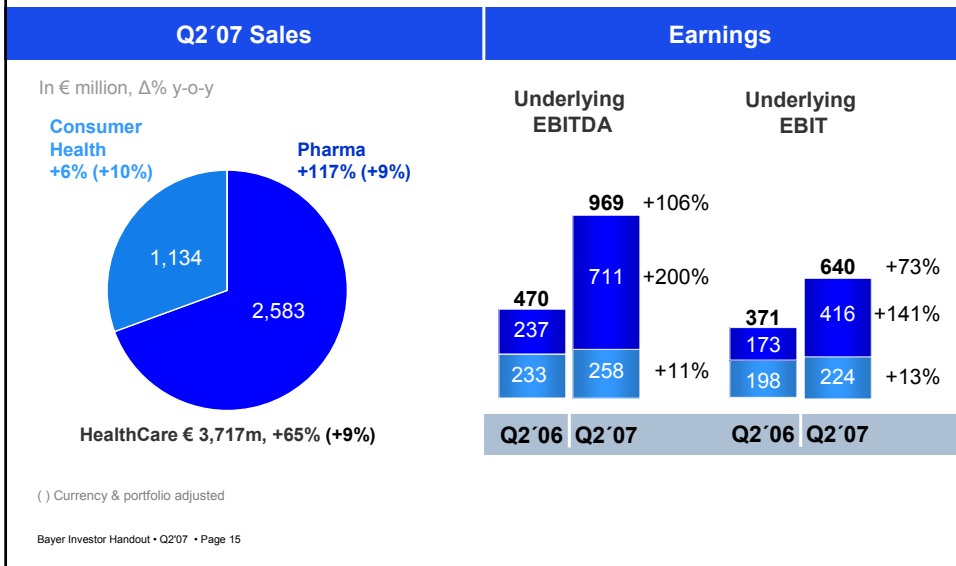


* Before special items

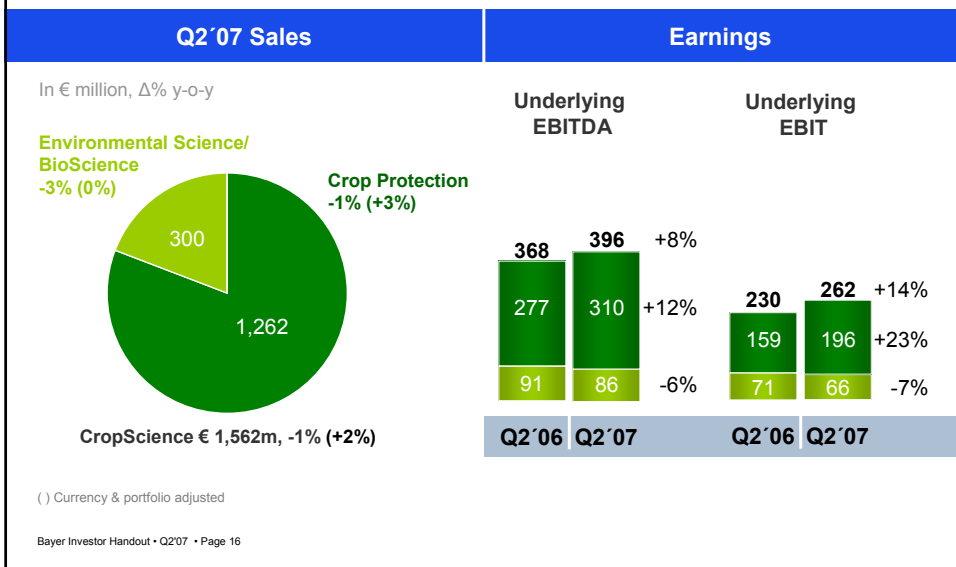
** Currency & portfolio adjusted

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HealthCare – Earnings Jump on Schering Acquisition and Performance



CropScience – Earnings up on Higher Volumes and Savings



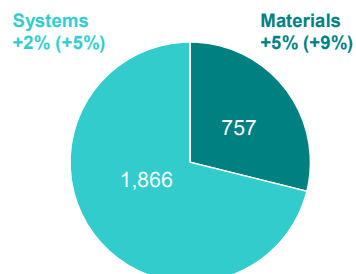
MaterialScience – Robust Volume Growth



Q2'07 Sales

Earnings

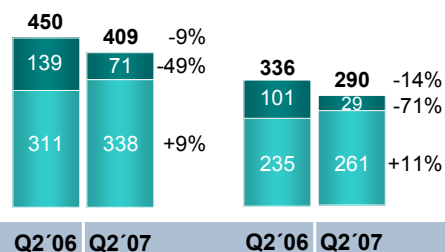
In € million, Δ% y-o-y



MaterialScience € 2,623m, +3% (+6%)

Underlying EBITDA

Underlying EBIT



() Currency & portfolio adjusted

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NCF Impacted by Incentive Payments, Taxes and Restructuring Disbursements



Q2'07 Cash Flow

Net Debt Development

	GCF	Δ Trade WC	NCF cont.	Investments
	€ 1,187m	€ + 2m	€ 816m	€ 440m
Δ y-o-y	+ 28%		- 8%	+ 29%

€ billion



GCF, NCF: Gross cash flow, continuing operations; Net cash flow, total
oFCF: Operating free cash flow
Trade WC: inventories, payables and receivables only

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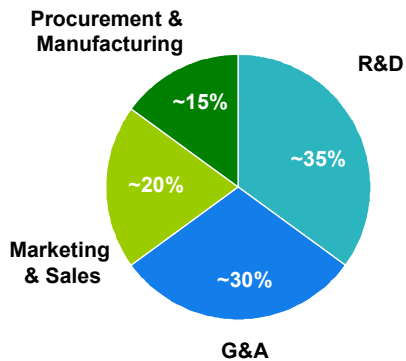


■ Schering integration proceeding faster than planned, creating more synergies than anticipated

Integration of Schering is Running Faster Than Planned and Creating More Synergies than Anticipated



Savings by function

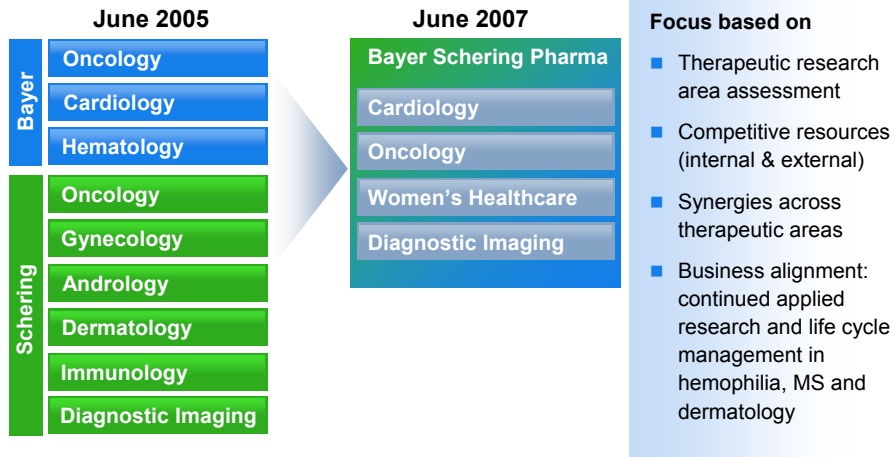


- Synergy target raised from originally €700m to >€800m primarily from R&D and G&A
- Synergy target increased for 2007 from €250+ to approx. €300m
- 80% expected to be realized by year-end 2008
- Net integration costs* of approx. €1bn** assumed

* excluding work-down of step up of inventories and impact of purchase price allocation

** 2006: €179m, Q1 2007: € 119m, 2007e: € 650–700m

Decided on New R&D Strategy – Focus on Four Therapeutic Research Areas



Leveraging our learnings in improving R&D efficiency

Consolidation of the Combined R&D Pipeline Completed



	Number of projects			
	Phase 1	Phase 2	Phase 3	Reg.
Combined Bayer/Schering pipeline as presented in June 2006	13	15	22	4
Deprioritizations / Phase-shifts out	9	8	11	4
New projects / Phase-shifts in	10	10	9	9
Pipeline as of August 2007	14	17	20	9

- Consolidated R&D pipeline focusing on quality and sustainability
- Deprioritization of R&D pipeline projects without strategic fit or of low quality
- 3 project launches accomplished: Nexavar RCC, YAZ, Vasovist
- Successful in-licensing of VEGF Trap-Eye and rThrombin

Our Pharma Pipeline Has the Potential to Transform the Business



Project	Indication	Estimated launch	Peak sales potential (in €m)
Nexavar	Renal Cell Cancer	Launched	500
	Hepatocellular Cancer	Filing June 2007	
	Melanoma	> 2008	
	Non-Small Cell Lung Cancer	2009	>750
	Breast Cancer	2013	>750
Rivaroxaban	VTE Prevention	2009	>2,000
	DVT Treatment	2011	
	Stroke Prevention in AFIB	2011	
	Acute Coronary Syndrome	2013	
Betaseron incl. Life Cycle Mgmt.	Multiple Sclerosis incl. BENEFIT incl. BEYOND	Launched 2008	>1,000
Yasmin/Yaz incl. Life Cycle Mgmt.	Oral contraception; PMDD; Acne	Launched	>1,000
Kogenate incl. Life Cycle Mgmt.	Hemophilia A incl. Kogenate Liposomal	Launched 2011/2012	>1,000

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■ Exciting new growth opportunities in HealthCare

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Our R&D Pipeline Provides a Balanced Mix of NME and LCM Opportunities



As of August 2007	Phase I	Phase II	Phase III	Submitted
	HT / HF sGC Stimulator PH in COPD Elastase Inhibitor Pancreatic Cancer L19-Interleukin 2 Cancer L19-SIP Cancer L19-TNF Cancer DAST Inhibitor Menopausal Management ER α Agonist Hypoandrogenism Treatment eF-Ment Gastro IBD Lipoxin DME VEGF Trap-Eye Alzheimer PET Imaging AV1ZK ACS Aspirin i.v. Fast Dissolving Tablet Levitra Lung Infection Cipro Inhale	A/ib / Stable Angina Adenosine A1 Agonist Acute Heart Failure sGC Activator Pulmonary Hypertension sGC Stimulator ACS Rivaroxaban RCC 1st / 3rd line L19-Interleukin 2 Breast Cancer ZK-PRA Lung / Ovar / Breast / Prostate Sagoipione (ZK-EPO) Parkinson's Disease Spheramine Gram-neg. VA Pneumonia Amikacin inhale (NKTR-061) Liposomal Formulation Kogenate Breast Cancer Nexavar Additional Indications Nexavar Fertility Control FC Patch Fidencia Fertility Control Valette low Multiple Sclerosis Alemtuzumab MRI (USA, J) Gadovist New Indications Levitra	VTE Prevention Rivaroxaban SPAF Rivaroxaban DVT Treatment Rivaroxaban wet AMD VEGF Trap-Eye Melanoma Nexavar NSCLC Nexavar Ind / aggr. NHL, 1st line Zevalin CLL 2nd line Campath Bone Metast. Prevent. (Breast Ca.) Bonafos Dysmenhorrea (J) YAZ Fertility Control YAZ Flex FC / Uterine Bleeding DUB-OC (E2/DNG) Menorrhagia Mirena Menopausal Management Angipin low-low Endometriosis Visanne Fertility Control Yasmin plus / YAZ plus Fertility Control LCS (ULD LNG) MS Treatment Betaferon high dose (BEYOND) CT Ultravist 370 New Indications (US) Avelox	CKD (J) Fosarnol Bleeding control rThrombin HCC Nexavar CLL 1st line Campath VMS Menostar transdermal HRT (J) E2 / LNG MRA Magnevist MRA MRI (US, J) Primovist PID / New Indications (EU) Avelox

- New Molecular Entities (NME)
- Life Cycle Management (LCM)

Nexavar – A Franchise Building Opportunity

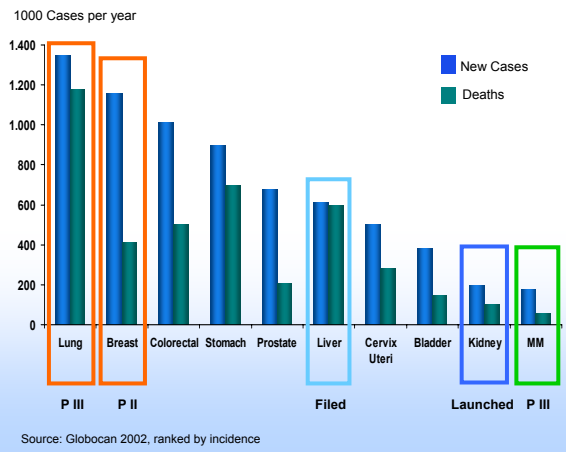


- Established global brand in kidney cancer (€130m sales in 1st year after launch)
- Dual mechanism – antiangiogenic & antiproliferative
- Established efficacy in more than one tumor type
- Manageable side-effect profile
- Nexavar has now been approved for treatment of RCC in more than 50 countries and launched in 27 countries
- Submitted for approval in hepatocellular carcinoma (liver cancer)
- >170 clinical studies ongoing

Expanding Nexavar's Reach Into Large Tumor Types



Proof of concept for pan-tumor activity established



- Comprehensive development program in place to exploit full commercial potential
- Competitive advantages
 - Manageable side-effect profile
 - Combinability due to non-overlapping toxicity
- Potential to become a standard of care in common tumors

Nexavar is Significantly Ahead of Competition in HCC



Targeted cancer therapies in clinical development for treatment of HCC

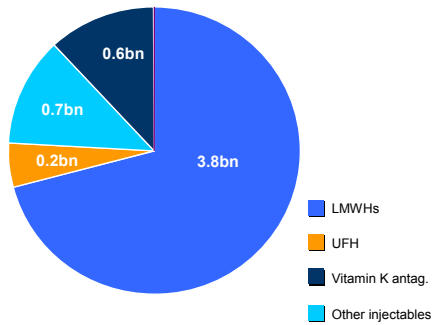
Launched	No approved agent for unresectable disease in U.S. or EU
Filed	Nexavar
Phase III	-
Phase II	Avastin Tarceva Sutent Other

- No current standard of care in HCC defined; only few chemotherapies demonstrated meaningful activity
- Nexavar's SHARP trial demonstrated 44% improvement in overall survival in HCC
- Submitted in EU, U.S. – potential market entry in early 2008
- Nexavar has sizeable lead over all other targeted therapies in development for HCC
- Nexavar expected to become the reference standard of care for the first-line treatment of HCC
- Further expansion into other treatment regimens for HCC planned
- Overexpression of Raf in HCC patients favors Nexavar's mode of action

A New Oral Anticoagulant Has the Potential to Redefine the Market



Market 2006 \$5.3bn



Source: IMS Health

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Medical Need

- Approximately 6.5 million people worldwide are affected annually by venous thromboembolism (VTE)
- Up to 600,000 people are hospitalized in the U.S. each year for deep vein thrombosis (DVT)
- Approx. 8.5 million AFIB patients in Europe, Japan and U.S. (prevalence)
- AFIB patient has a 5-fold higher risk of stroke events

An Ideal Anticoagulant Should Have ...



Rivaroxaban has:

Oral administration	Convenient use both in and out of hospital	✓
Once daily dosing	Key issue to enhance compliance in the target population	✓
Predictability	Safe and effective regulation of coagulation from the first dose and throughout therapy	✓
Wide therapeutic window	Broad safety margin at a wide range of effective doses	✓
Minimal food/drug interactions	Ease of use with concomitant medication and diet	✓
No monitoring	No need for laboratory monitoring saves healthcare costs through fewer hospital / physician visits and patients' time	✓

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... based on current knowledge

Rivaroxaban: Comprehensive Late-Stage Development Program in Place



Trial status	Indication	Trial design	Dosing	Guidance
Phase III 	VTE Prevention in patients undergoing major orthopedic surgery	>10,000 pts, hip replacement or knee replacement vs. standard treatment (enoxaparin)	10mg once daily for 5 weeks (hip) or 14 days (knee)	Regulatory filing planned in EU in late 2007, in U.S. 2008
Phase III 	VTE treatment and long-term secondary prevention	~7,500 pts, vs. standard treatment	20mg once daily main dose, treatment duration up to 12 months and beyond	Regulatory filing expected in 2010
Phase III 	Prevention of stroke in patients with atrial fibrillation (SPAF)	~14,000 pts, non-inferiority vs. standard treatment (Warfarin)	20mg once daily main dose, treatment duration 12-24 months	Regulatory filing expected in 2010
Phase II 	Secondary prevention of fatal and non-fatal cardiovascular events in patients with acute coronary syndrome (ACS)	~3,500 pts, on top of standard treatment	Dose finding study, twice and once daily dosing for up to 6 months	Regulatory filing currently expected in 2012

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Rivaroxaban: Results and Conclusions from the RECORD 3 Study



RECORD 3

- Double-blind, randomized, controlled **Phase III study for VTE Prevention in elective total knee replacement patients**
- Multiregional study with **2,531 patients at 147 sites in 19 countries**
- **Primary endpoint** (composite DVT, PE and all-cause mortality): demonstrated **superior efficacy** vs. enoxaparin (49% rel. risk reduction (RRR); $p < 0.001$)
- **Secondary endpoint** (major VTE, symptomatic VTE): **superior efficacy** vs. enoxaparin (62% RRR; $p = 0.01$ / 64% RRR; $p = 0.006$)
- Rivaroxaban had **comparable safety versus enoxaparin** (major bleedings rates low and similar in both groups), no evidence of liver safety issues attributable to rivaroxaban, no evidence of reactivation of coagulation after treatment cessation
- This is the first phase III study to demonstrate the efficacy and safety of an oral, direct Factor Xa inhibitor in the prevention of venous thromboembolism in major orthopaedic surgery

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Kogenate: Shift from Systematic to Prophylactic treatment Drives Growth in Hemophilia



Shift from episodic to prophylactic treatment

- Main factor driving global market growth
- Increasing evidence for improved clinical outcome
- Requires drug infusion several times a week
- Consistent, safe product supply permits higher volumes needed for prophylactic treatment regimen

Aging patient population

- Weight dependent dosing of factor VIII – older patients typically gain weight

More convenient application systems

- Improving convenience, compliance and quality of life of the patients

Substitution of plasma derived factor VIII by recombinant product

- Some potential in emerging markets (Eastern Europe, Middle East, Asia) – almost complete conversion to recombinant product in the U.S. and Western Europe

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Kogenate-Liposomal is Our Most Advanced Approach to Reduce FVIII Infusion Frequency

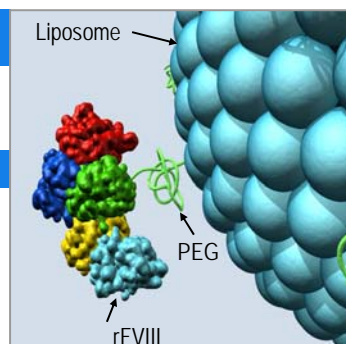


Formulation of Kogenate with proprietary PEG-liposome from Zilip-Pharma

- High-affinity surface binding of rFVIII to PEG-liposome

Clinical development

- Preclinical & early clinical data suggest bleeding protection with once-per-week dosing
- Phase I U.S. clinical study complete
- Phase II to be initiated by end of 2007
- Interim analysis data expected end 2008 / early 2009
- The forthcoming phase II trial provides a basis for licensure in EU
- Estimated launch 2011 (EU) / 2012 (U.S.)



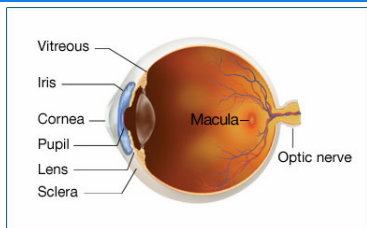
The forthcoming phase II clinical trial will be the largest clinical trial ever conducted in hemophilia

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VEGF TRAP-Eye underscores our specialty focus



Market / Indication



- Indications: wet age-related macular degeneration (AMD) and diabetic macular edema (DME)
- Mechanistic basis: inhibition of VEGF-mediated neovascularization

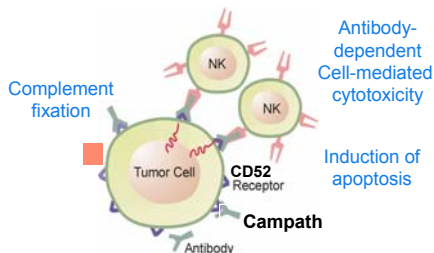
VEGF Trap Eye program

- Wet AMD due to abnormal blood vessel growth in the eye; accounts for approx. 90% of AMD-related blindness
- Additional opportunities in other eye diseases
- Phase III for wet AMD initiated in August
- Positive preliminary data from the wet AMD Phase II trial reported
- Collaboration with Regeneron Pharmaceuticals

Alemtuzumab (Campath)



What is Campath?



- Humanized monoclonal antibody directed against the CD52 receptor found on B and T cells
- Treatment produces acute cytotoxicity in CD52 bearing cells via 3 immune-mediated reactions

Campath program

- Launched 2001 for treatment of B-Cell Leukemia (3rd line)
- Submitted for 1st line treatment in April 2007
- Potential in Multiple Sclerosis (Phase II)
- Approx. 2,500,000 MS patients worldwide, of which approx. 400,000 in the U.S. and over 300,000 in the 5 key European countries
- Positive results from a phase III study in first-line patients reported in Dec 2006 - submitted for first line B-CLL in April 2007

Alemtuzumab in MS – Impressive Phase II Interim Results – Risk Reduction 70-80%



- Alemtuzumab was significantly more effective than Rebif in suppressing MS relapses and slowing accumulation of disability in MS patients

Alemtuzumab dose	Reduction in risk for relapse vs. Rebif	Reduction in risk for progression of clinically significant disability	Reduction in disability compared with pre-treatment baseline (EDSS score)
12 mg	72% (p<0.0001)	88% (p<0.0008)	Significant
24 mg	87% (p<0.0001)	66% (p<0.0098)	Significant

- Adverse effects noticed in phase II including Immune Thrombocytopenic Purpura (ITP) and thyroid disorders
 - Re-dosing voluntarily suspended after 3 cases of ITP in Sept. 2005 (Study continued in all other respects)
 - Hold lifted by FDA in May 2007 - Patient monitoring plan for early ITP detection developed and implemented

Alemtuzumab has demonstrated best treatment effects ever seen in a controlled MS trial so far

We are Strengthening Our Specialty Portfolio Through In-Licensing of rThrombin



Why in-license rThrombin?

- Recombinant form of thrombin (blood clotting factor II) as an agent to aid surgical hemostasis
- Currently, only bovine thrombin is available in the U.S. as a stand-alone product
- Comparable efficacy to bovine-derived thrombin, reduced immunogenicity in phase 3 studies
- ZymoGenetics received acceptance notification of its Biologics License Application (BLA) by FDA, approval pending
- Filing in EU expected in 2009/2010

Attractive Market Potential

- Thrombin is used in more than 1 million surgeries in the U.S. per year
- U.S. thrombin market is valued at >\$250m – ex-U.S. market estimated to have similar size

rThrombin offers considerable near-term revenue potential for our hematology business

Milestones 2007



Timing	Milestone
June, 2007	Nexavar: HCC submissions in U.S. and EU ✓
July 8, 2007	Rivaroxaban: Presentation of RECORD 3 results at ISTH ✓
Sept. 2007	VEGF Trap-Eye: Final results of phase II CLEAR-IT 2 study expected
2H 2007	Nexavar: HCC submission in Japan planned
2H 2007	VEGF Trap-Eye: Start of phase III program in wet AMD planned ✓
2H 2007	VEGF Trap-Eye: Start of phase II program in DME planned
2H 2007	Nexavar: Start of phase II program in metastatic breast cancer planned
2H 2007	Rivaroxaban: Top line findings of RECORD1 and RECORD2 studies
2H 2007	Rivaroxaban: Presentation of full data set of additional RECORD program at a major international scientific congress planned

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Milestones 2007 continued



Timing	Milestone
2H 2007	Rivaroxaban: EMEA regulatory filing for VTE prevention after major orthopedic surgery planned
2H 2007	Betaseron: BEYOND data expected
2H 2007	Alemtuzumab in MS: Start of phase III program anticipated
End of 2007	Betaseron: Regulatory filing of high-dose version planned
End of 2007	Research: planned to transfer of 3 NMEs into the clinic
End of 2007	Research: Delivery of Proof-of-Concept results for 4 projects planned
End of 2007	Kogenate-Liposomal: Initiation of phase II study planned
End of 2007	rThrombin: FDA approval expected
End of 2007	Alemtuzumab: Final results of phase II CAMMS223 study expected

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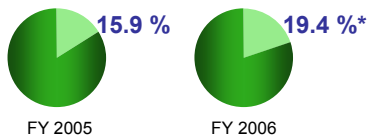


■ Exciting new growth opportunities in CropScience

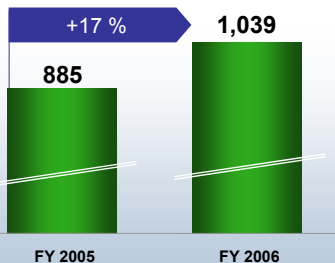
Drive Innovation: Focus on Key Profit Drivers



Share of new a.i.s in agchem sales



Sales of new a.i.s (in € million)



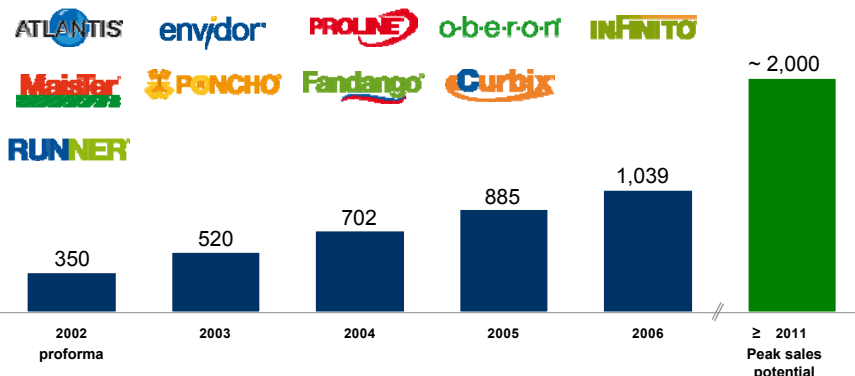
Agchem sales exclude seeds & traits business
* Crop Protection only: 21.6 % in FY 2006

- 17 new a.i.s launched since 2000
- Novel molecules achieved targeted €1bn sales in 2006
- Unique technology platform strengthens our potential for innovation leadership
- Active life-cycle management concentrating on new formulations and innovative mixtures
- Continue active portfolio management, replacing older chemistry with innovative products and solutions
- Target 50% of sales coming from patent-protected products by 2015

Best-in-Class Pipeline drives future Growth at Bayer CropScience



Sales contribution of new active ingredients launched since 2000* (in € million)



- 26 new active ingredients to be launched between 2000 and 2011 with a combined peak sales potential of about €2bn

Currently 10 Projects in late Development Phase for Launch from 2007 onwards



Insecticides	Fungicides	Herbicides
<p>Flubendiamide</p> <ul style="list-style-type: none"> ↪ against lepidoptera ↪ launch in 2007* 	<p>Isotianil**</p> <ul style="list-style-type: none"> ↪ against rice blast 	<p>Tembotrione</p> <ul style="list-style-type: none"> ↪ corn ↪ launch in 2007*
<p>Spirotetramat</p> <ul style="list-style-type: none"> ↪ Ketoenol # 3 	<p>2 Fungicides</p>	<p>Pyrasulfotole</p> <ul style="list-style-type: none"> ↪ cereals
		<p>2 Herbicides</p> <p>1 Safener</p>

- Numerous other projects in the early Research and Development pipeline (to be launched after 2011)
- Early discovery pipeline strengthened through recent acquisition of rights to FMC's insecticides discovery pipeline

Two Active Ingredients scheduled for Market Launch in 2007



Flubendiamide (Insecticide)

- Joint global development based on chemistry by Nihon Nohyaku
- New mode of action
- Tool for resistance management
- Broad-spectrum control of lepidopterous insect pests with outstanding larvicidal activity
- Safe to beneficial insects
- Broad crop utility, fast-acting and long-lasting effect

Tembotrione (Herbicide)

- Broad spectrum and high efficacy for the post-emergence use in corn
- Control of a large range of broadleaf weeds and certain important grasses
- Rapid action and high degree of environmental compatibility
- High selectivity through combination with Isoxadifen safener technology → high level of crop safety



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Leverage Liberty Link Products Through Agreement with Monsanto



- Agreement to provide Monsanto with a non-exclusive, royalty-bearing **license to LibertyLink® technology for use in corn and soybeans**
 - Potential to market Bayer CropScience LL products through Monsanto's powerful position in corn and soybean, the two largest field crops in terms of acreage in the United States.
 - Possible access for our LL traits to a fast-growing market segment (biofuels, increased usage of GMO seeds).
 - Liberty Link is an excellent choice in the weed resistance management strategies. Stacking herbicide tolerance genes will provide sustainable weed resistance management solutions.
- Royalty-bearing agreement giving Bayer CropScience rights under certain Monsanto intellectual property in the area of insect resistance
- Amendment of agreements related to insect-protection technologies, including Monsanto's existing non-exclusive, royalty-bearing license for use of Bayer CropScience's **Dual Bt technology**.
- Agreement to **cross-license** each other in the area of **RNAi technology** (gene silencing), an important enabling technology in the field of stress-tolerance R&D.

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Acquisition of Stoneville Strengthens Cotton seed business



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Acquisition Details

- Acquisition of Stoneville Pedigreed Seed Company, a leading US provider of cotton seeds, from Monsanto Company
- Total purchase price of US\$310m (approx. €230m)
- Closing June 19, 2007

A flagship cotton brand Stoneville.

- Germplasm and geographic reach ideally complement our cotton seed and trait business
- Access to additional high performing cotton products with insect-resistant and herbicide-tolerant Monsanto traits
- Turnover of about US\$45m as per Stoneville's fiscal year 2005/2006
- Long history of excellence in cotton



- Exciting new growth opportunities in MaterialScience

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Broad Diversity of Applications Reflects High Versatility of Our Polymers



Printable aliphatic **Desmopan** films for improved mechanical properties and light stability



Waterborne 2K-PUR coatings
Meeting ecological requirements



Multitec
Short Fiber Spraying – fast and efficient process



Aspartates for innovative corrosion protection



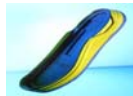
ETICS
External thermal insulation composite system



New Makroblend product lines for use in automotive exterior parts – high toughness even at low temperatures



Bayflex Lightweight
Density reduction, excellent dynamic compression set performance



Flame resistant **Bayblend** grades with Eco-label compliance



Baypreg
Composite material for structural parts



New scratch-resistant **Makrolon** grades for automotive glazing



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Moving Further Along the Value Chain Expanding the Scope, Integrating Forward



Forward integrated business lines

Polycarbonate semi-finished products

Global franchise of polycarbonate sheets and films

BaySystems (umbrella brand)

Network of >20 local PUR systems providers worldwide

Polycarbonate compounding

Network of 6 sites worldwide

Thermoplastic Polyurethanes

Global PUR-based resins and films business

Lyttron (start-up founded in 2006)

Formable electroluminescent films

Major example of businesses considered as forward-integrated

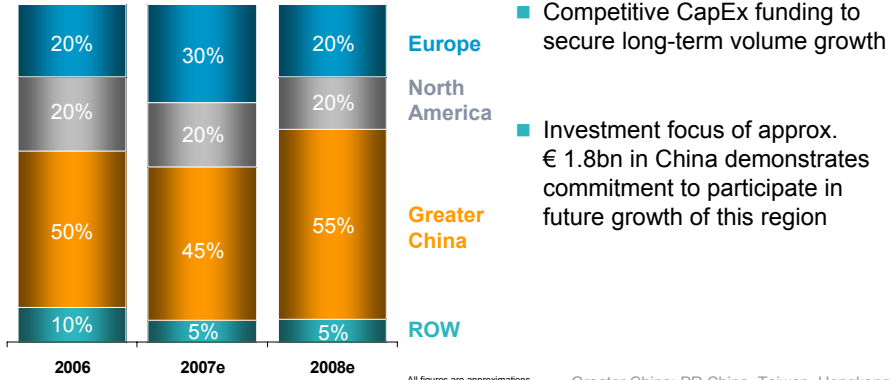
- Exploiting existing polymer portfolio
- Offering tailor-made solutions, meeting specific customer needs
- Expanding the scope of business by driving innovation in multiple applications
- Focus on key strategic innovation areas:
 - Films and surfaces
 - Nanotechnology
- Forward integrated business lines generated sales of **over € 1bn in 2006**

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Focused Capital Investment in China



CapEx on fixed assets



All figures are approximations, plan based on 2007 budget

Greater China: PR China, Taiwan, Hongkong

Bayer MaterialScience capital expenditures efficiently deployed

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Exploiting Growth Opportunities of Our Businesses



Strengthen our regional competitiveness through local production in China



PUR	PCS	CAS
MDI 80 kt in 2006 (crude MDI splitter) 350 kt in 2008*	PCS 40 kt in 2005 (PC compounding) PCS 100 kt in 2006 +100 kt in 2008*	HDI 30 kt in 2006 +20 kt thereafter** PUD 20 kt in 2008** Desmodur® N 12 kt in 2003 Expansion in 2008** Desmodur® L 11 kt in 2004 +10 kt in 2007**
*under construction **planned All numbers are name plate capacities Dates refer to mechanical completion		

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■ 2007 guidance raised in June

Outlook For FY 2007 Raised in June



Group

- **Increase sales by >10%**
- **Underlying EBITDA by >10%**
- **Margin* above 20% (raised in June)**

Subgroups

- **HealthCare** (raised in June)
Growth in all divisions at or above market.
Margin* at 25%.
- **CropScience** (up-dated)
Sales above previous year's 2nd half.
Margin* above 22%.
- **MaterialScience** (up-dated)
Higher volumes and good, value-creating earnings level. Q3 underlying EBITDA roughly on par with Q2.

* Underlying EBITDA margin



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