



Science For A Better Life



**Investor Presentation
FY/Q4 2007**

Important Information



This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup 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 Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



- Transformation process has paid off
- Successful strategy reiterated
- Attractive new growth opportunities
- Record performance in 2007
- Strong outlook for 2008 and beyond

The New Bayer – A Leader in its Markets

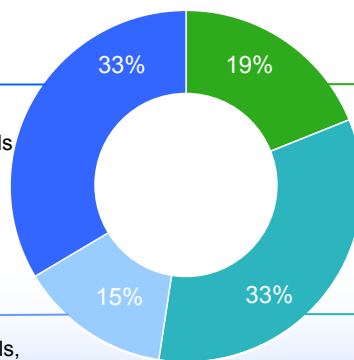


Pharmaceuticals

€10.3bn
Rx specialty pharmaceuticals
global # 6

Consumer Health

€4.5bn OTC pharmaceuticals,
blood glucose meters and
veterinary medicines,
global # 2-4



CropScience

€5.8bn agrochemicals and
seeds business,
global # 1 in agrochemicals

Material Science

€10.4bn polyurethanes and
polycarbonate business,
global # 1

**Group €32.4bn
2007 sales**

Break-down excluding reconciliation sales

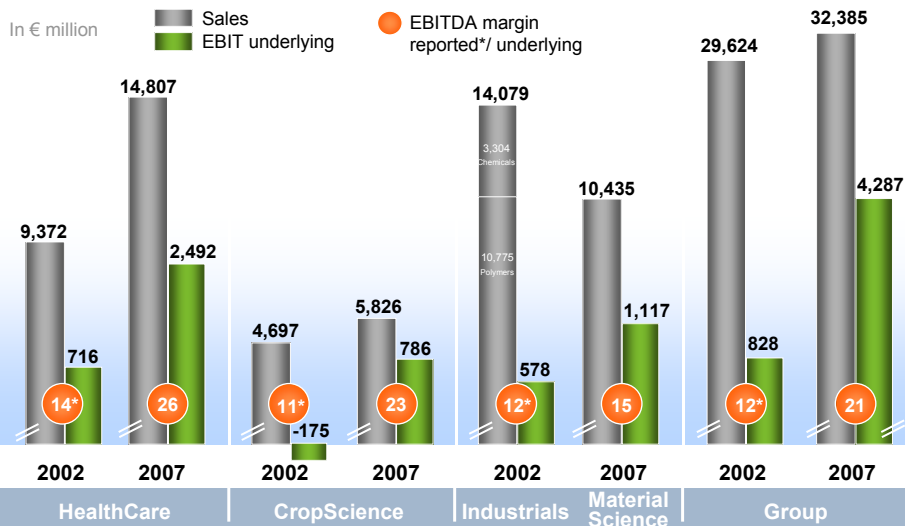
Transformation Strategy Has Clearly Paid Off



Achievements between 2002 and 2007

- Delivering growth and performance**
 - Attractive returns over cost of capital at record levels
 - Underlying EBIT quintupled from €0.8bn to €4.3bn
 - Improved underlying EBITDA margin by 9 percentage points to 21%
- Improving portfolio**
 - Portfolio balance shifted towards HealthCare (from 32% to 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**
 - Developed a pharma pipeline with the potential to transform the business
 - €1.4bn sales with new CropScience products (yoy +33%)
 - Material Science business expanded into China

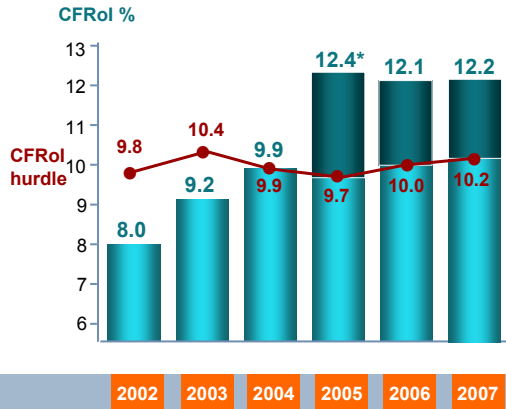
Bayer's Transformation – A Period of Significant Progress



Attractive Returns Over Cost of Capital



Value Generation in 2007



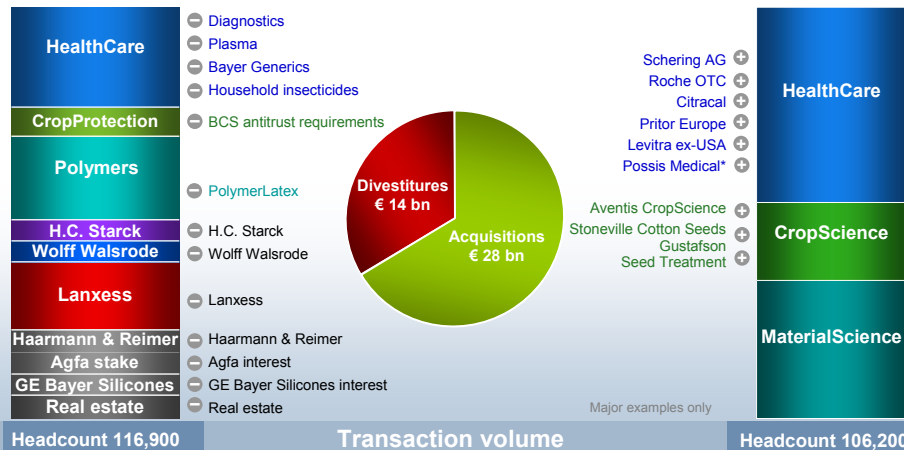
- CVA of €749m
- CropScience and MaterialScience exceeded their target returns
- CFROl is the ratio of gross cash flow to capital invested (€39.2bn)
- CFROl-hurdle (10.2%) is the minimum return required to cover cost of capital and reproduction of depletable assets
- Group WACC at 7.5%

Portfolio Balance Clearly Shifted Towards HealthCare



2001 Sales € 30.3bn

2007 Sales € 32.4bn

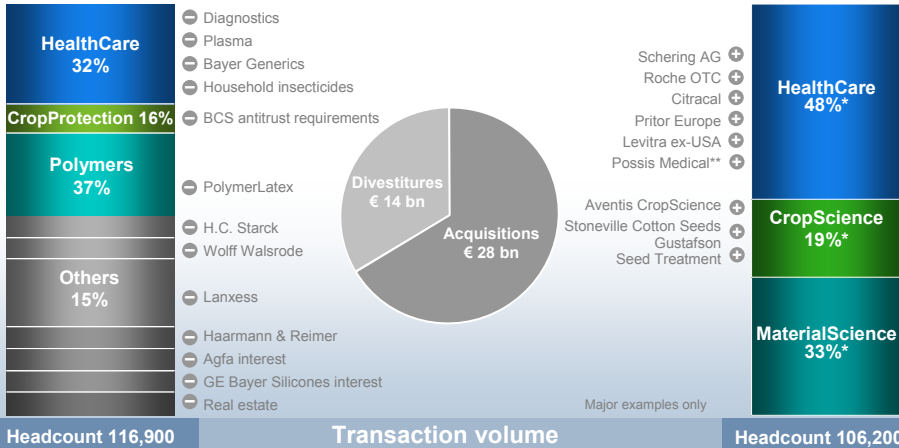


Portfolio Balance Clearly Shifted Towards HealthCare



2001 Sales € 30.3bn

2007 Sales € 32.4bn



Headcount 116,900

Transaction volume

Headcount 106,200

Bayer's Successful Strategy



Strategic Direction



- Deliver growth and performance
- Strengthen HealthCare
- Stay in CropScience, continue to explore opportunities in seeds
- Stay in MaterialScience, organic growth as priority
- Develop new growth opportunities

Transaction Financing



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

Probable Timing



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

Mid-term Financial Targets



Underlying EBITDA margin

Bayer HealthCare



around 28% in 2009

Bayer CropScience



approximately 25% in 2009

Bayer MaterialScience



>18% under favorable economic conditions



Group exceed 22% in 2009



■ Attractive new growth opportunities

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



	Phase I	Phase II	Phase III	Submitted
No. of projects	13	19	21	8
	<ul style="list-style-type: none"> PH in COPD Elastase Inhibitor Pancreatic Cancer / Melanoma L19-Interleukin 2 Cancer L19-SIP Colorectal Cancer L19-TNFalpha Breast Cancer Novel SERD ACS Dual FIIa/Xa Inhibitor Hypogonadism Treatment of-Ment Gastro IBD Lipoxin DME VEGF Trap-Eye Alzheimer PET Imaging AV1ZK Cancer DAST Inhibitor Menopausal Management ERB Agonist Fast Dissolving Tablet Levitra 	<ul style="list-style-type: none"> A3b 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 Saporinone (ZK-EPO) Parkinson's Disease Spharamine Heart Failure sGC Stimulator Gram-neg. VA Pneumonia Amikacin inhaled (NKTR-061) Liposomal Formulation Kogenate Breast Cancer Nexavar Additional Indications Nexavar Fertility Control PC Patch / Fidencia New Indications Vardenafil Lung Infection Cipro inhaled OC E2+DRSP OC OC+DHEA OC Valette plus 	<ul style="list-style-type: none"> Medical III Rivaroxaban SPAF Rivaroxaban VTE Treatment Rivaroxaban wetAMD VEGF Trap-Eye Melanoma, 1st line Nexavar NSCLC, 1st line Nexavar Multiple Sclerosis Alemtuzumab Bone Met. Prevent. in Breast Cancer Bonafos Dysmenorrhoea (J) YAZ DUB DUB-OC (E2/DNG) Fertility Control YAZ Flex Menorrhagia Mirena Menopausal Management Angeltiq low-low Vasiano Etiopmetrisis Fertility Control Yasmin plus / YAZ plus Fertility Control LCS (ULD LNG) CT Ultravist 370 New Indications (US) Avelox 1st + 2nd line aggr. NHL Zevalin ACS Aspirin I.V. MRI (USA, Asia) Gabovist 	<ul style="list-style-type: none"> CKD (J) Fosrenol VTE Prevention Rivaroxaban VMS Menostar transdermal HRT (J) E2 / LNG WRI (J) Magnestiv MRA PID / New Indications (EU) Avelox 1st line indolent NHL Zevalin OC DUB-OC (E2/DNG)
				<ul style="list-style-type: none"> New Molecular Entities (NME) Life Cycle Management (LCM)
				<p>Status as of Feb 28 2008</p>

Anticoagulants – A Large Unmet Medical Need



Market	Medical Need
<p>2006 \$5.3bn</p> <ul style="list-style-type: none"> LMWHs UFH Vitamin K antag. Other injectables Novel oral anticoagulants 	<ul style="list-style-type: none"> 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
<p>2016e \$15.1bn</p> <ul style="list-style-type: none"> LMWHs UFH Vitamin K antag. Other injectables Novel oral anticoagulants 	
<p>Source: IMS</p> <p>Bayer Investor Handout • Q4'07 • March 1/08 • Page 12</p>	

Pivotal Phase III Data Show Superior Efficacy of Xarelto over Enoxaparin*



RECORD 1 RECORD 2 RECORD 3

- Double-blind, randomized, controlled Phase III study for VTE Prevention in elective total knee or hip replacement patients vs. enoxaparin
- Xarelto consistently demonstrated superior efficacy vs. existing standard of care
- Xarelto has shown a safety profile with low bleeding rates similar to enoxaparin
- More than 14,000 patients have been exposed to Xarelto to date - no evidence of liver signal attributable to Xarelto observed
- No evidence of liver signal attributable to Xarelto in 2,400 patients treated for 3-6 months
- More definite statement on safety can be made upon availability of data from long term exposure to Xarelto
- Clinical data are building further confidence but still some way to go in the clinical development program

*Published at ASH in Dec. 2007

Submitted for VTE prevention in EU in October 2007. RECORD4 data planned to be presented at EFORT (May 29 – June 1, 2008) in Nice.

Comprehensive Late-Stage Development Program for Xarelto in Place



Trial status	Indication	Trial design	Dosing	Expected Filing
Phase III RECORD	VTE Prevention in patients undergoing major orthopedic surgery	>12,000 pts, hip replacement or knee replacement vs. standard treatment (enoxaparin)	10mg once daily for 5 weeks (hip) or 14 days (knee)	Filed in EU U.S. mid 2008
Phase III ONSET	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	2010
Phase III ROCHESTAFF	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	2010
Phase III MAGELLON <i>*expected</i>	VTE Prevention in hospitalized acute medically ill patients	~8,000 pts, vs. standard treatment (enoxaparin)*	10mg once daily for 5 weeks*	2011
Phase II ALOS	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	2012

Nexavar – A Franchise Building Opportunity

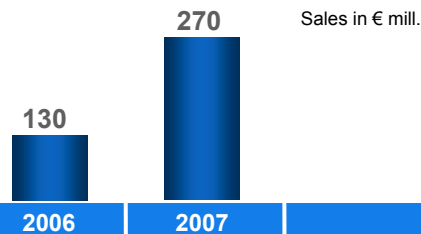


- Established global brand as targeted cancer therapy
- Dual mechanism – antiangiogenic & antiproliferative
- Established efficacy in two tumor types
- Approved for treatment of renal cell (RCC) and hepatocellular carcinoma (HCC)
- Manageable side-effect profile, well-suited for combination therapy
- >170 clinical studies ongoing

Nexavar is the Only Approved Systemic Drug with Overall Survival Benefit in Liver Cancer



- Sixth largest cancer indication worldwide (>600,000 new cases/year)
- Growing incidence due to a variety of factors including chronic hepatitis virus infections
- 5-year survival rates: EU <8%, US 11%



- Nexavar's SHARP trial demonstrated 44% improvement in overall survival in hepatocellular cancer (HCC)
- Approved for the treatment of HCC in >30 countries including EU / US, some Asian countries and Australia
- Submitted in Japan and China
- Combinability in HCC demonstrated in a Phase II combination study with Doxorubicin (study was terminated early on success)
- Additional studies (combination, post-TACE, adjuvant setting) ongoing/planned
- Ahead of competition – other targeted therapies in phase II

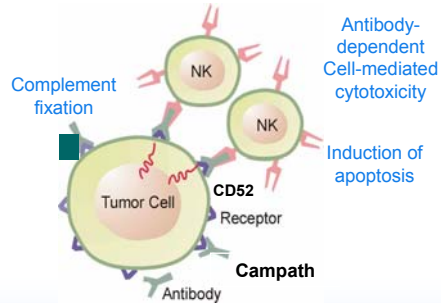
Alemtuzumab (Campath) in B-Cell Chronic Lymphocytic Leukemia



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
- Launched 2001 for treatment of B-Cell chronic Lymphocytic Leukemia (3rd line)
- Approved by FDA as 1st line single agent B-CLL treatment
- Approved in EU for 1st line therapy of B-CLL if fludarabine combination therapy is not appropriate

How does Campath work?



Alemtuzumab Has Demonstrated Best Treatment Effects Ever Seen in a Controlled MS Trial so far



- In a two-year phase II interim analysis 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

- New three-year top-line results presented atECTRIMS 2007 were statistically significant confirming all trends of the one-year and two-year analyses, including the positive impact on disability
 - Patients taking alemtuzumab experienced at least a 73 percent reduction in the risk for relapse and at least a 70 percent reduction in the risk for progression of clinically significant disability after three years of follow up
- Formal database lock of CAMS223 and report on further data expected at AAN in 2008
- Immune Thrombocytopenic Purpura (ITP) – 36 months update
 - 6/216 patients treated with alemtuzumab developed ITP during the study
 - No new cases of ITP in past one year

Alemtuzumab – Phase III in MS Initiated



- CARE-MS: **C**omparison of **A**lemtuzumab and **R**ebif **E**fficacy in **M**S

CARE-MS I

Early active RRMS
Up to 525 treatment naïve patients
Alemtuzumab 12mg vs. Rebif 44mcg

CARE-MS II

RRMS in patients previously treated with disease modifying therapy
Approx. 1,200 patients
Alemtuzumab 12mg and 24mg vs. Rebif 44mcg

- Randomized, open label, active control studies
- Treatment Duration: 2 years after last patient is enrolled
- Primary Outcome Measure: Time to sustained accumulation of disability (SAD)
Relapse Rate
- Filing of Alemtuzumab in MS planned for 2011

Overall efficacy and safety observed in phase II study to be established and confirmed in the phase III program





Pipeline Progresses Dynamically: Numerous Projects Expected To Enter Phase III by 2009



Project	Indication	Expected start of phase III	Estimated launch
FC Patch	Contraception	1H 2008	> 2012
Vardenafil (ODT)	Erectile Dysfunction	1H 2008	Tbd.
rThrombin	Surgical Hemostasis (EU)	2H 2008	2010
Amikacin inhaled	Ventilator Associated Pneumonia	2H 2008	2011
Vardenafil	Overactive Bladder	2H 2008	2011
sGC Stimulator	Pulmonary Hypertension	2H 2008	2011
Ciprofloxacin inhaled	Bacterial Infections	1H 2009	2011
ZK-EPO	Solid Tumors	1H 2009	> 2012
Kogenate liposomal	Hemophilia A	2H 2009	2011
Spheramine	Parkinsons Disease	2H 2009	2012
sGC Activator	Acute Heart Failure	2H 2009	2012
Rivaroxaban	Acute Coronary Syndrome	2H 2009	> 2012
Nexavar	Breast Cancer	2H 2009	> 2012

Agro – A Growing Market



 Growing world population	 Need for alternative energy feedstocks
<ul style="list-style-type: none"> ■ increasing food & energy demand ■ decreasing farmland per capita 	<ul style="list-style-type: none"> ■ increasing demand for renewable energy and biofuel
 Growing wealth	 Climate change
<ul style="list-style-type: none"> ■ increasing meat consumption and need for feed ■ decreasing stocks to use 	<ul style="list-style-type: none"> ■ yield losses through adverse weather conditions ■ need to reduce greenhouse gas emissions, such as CO₂
<ul style="list-style-type: none"> ■ Acreage competition between food, feed, bio-energy crops and fiber 	
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Attractive Crop Protection Pipeline



	Research	Early development	Advanced development	(Pre-) Launch	already launched
Launch (E)	≥2015	2013-2015	2008-2012	2007-2008	2000-2006
Total	45 Projects	9 A.I.s	10 A.I.s	3 A.I.s	17 A.I.s
Herbicides*	} 42	} 8	4	2	5
Fungicides**			4		6
Insecticides**			2	1	6
Plant Health			3	1	
* incl. safeners ** including seed treatment applications					

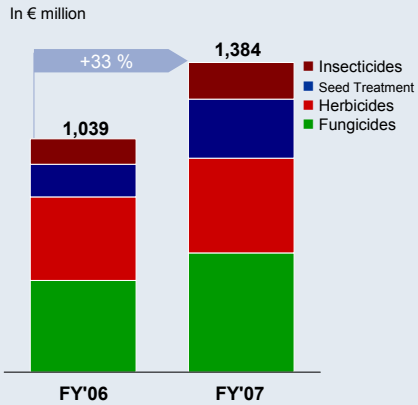


■ Peak sales potential of €2bn from 26 new active ingredients targeted by 2011

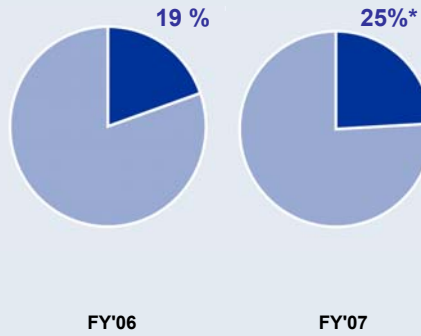
Innovation at Crop Protection Drives Improvement of Product Mix



Sales of new a.i.s



Share of new a.i.s in agchem sales



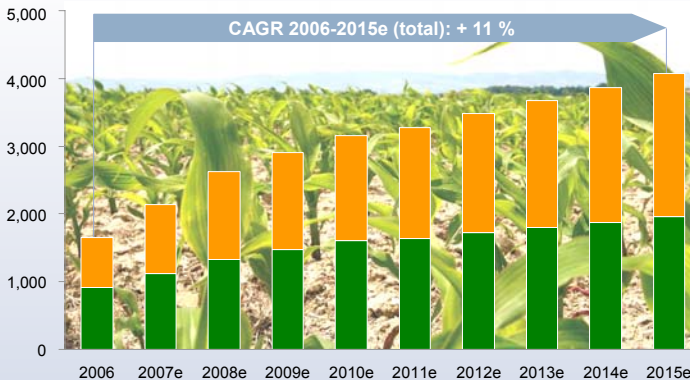
* Agrochemical sales - include Crop Protection and Environmental Science, exclude BioScience business
Crop Protection only: 28.9 % in FY'07

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Growing Demand for Biofuel Boosts Crop Protection and Seeds & Traits Market



Market size
in € million



**Seeds & Traits
for biofuel crops**

CAGR +12 %

**Crop Protection
input for
biofuel crops**

CAGR + 9 %

Source: Bayer CropScience estimates

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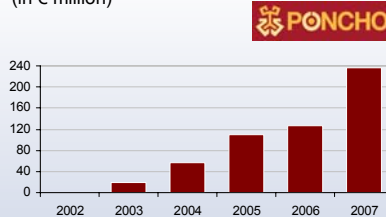
Participating in Growth of US Corn Seed Market



Seed Treatment

- With growing trait penetration, higher value seed drives application of insect protection already before sowing
- Poncho® (Clothianidin) has emerged as the product of choice for major US seed companies

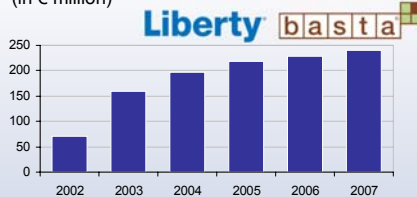
Sales development of Clothianidin
(in € million)



Herbicide-tolerant solutions

- New opportunities for LibertyLink® herbicide-tolerance traits in corn and soybeans
- Additional crop protection sales potential for our Liberty® herbicide (Glufosinate-ammonium)

Sales development of Glufosinate-ammonium*
(in € million)

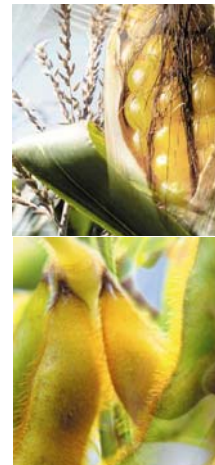


* Including non-agricultural use
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Expand Reach of LibertyLink Technology into Corn and Soy



- Growing weed resistance to glyphosate spurs strong market interest in our LibertyLink technology
- Liberty herbicide (active ingredient: Glufosinate-ammonium) is effective on weeds which are resistant to Glyphosate, making it an excellent resistance management tool
- CropScience granted Monsanto a non-exclusive, royalty-bearing license to LibertyLink technology for use in corn and soybeans
- Collaboration with Mertec LLC and M.S. Technologies LLC to jointly develop and commercialize soybean varieties with herbicide tolerance combinations
- Expansion of production capacities for Liberty herbicide underway



Potential for significant trait income and sales of our Liberty herbicide

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Construction of Bayer's Largest, Fully Integrated Polymer Site Under Way

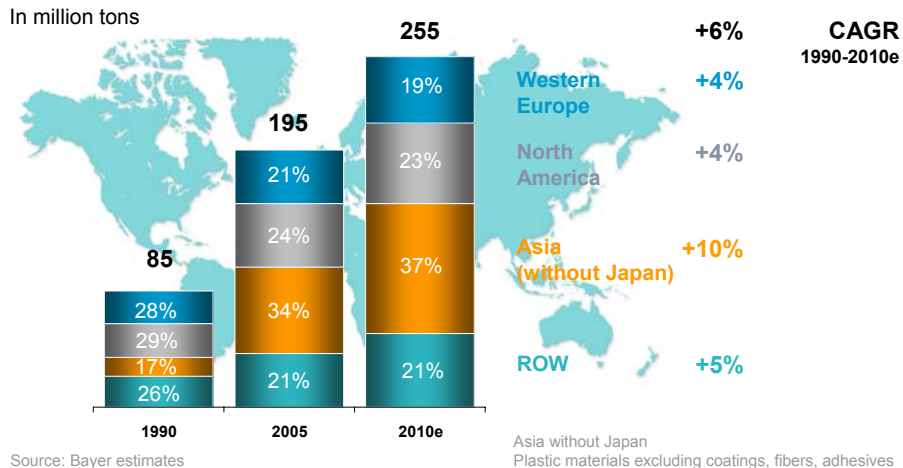


Strengthen our regional competitiveness through local production in China



PUR	PCS	CAS
MDI 80 kt in 2006 (crude MDI splitter) 350 kt in 2008* TDI 300 kt in 2010**	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 availability on stream		

Asia Outpaces Other Regions Global Consumption of Plastic Materials



Fastest business expansion of +10% CAGR expected in Asian polymer market

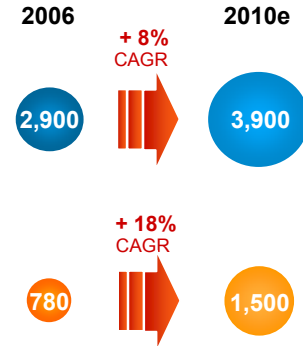
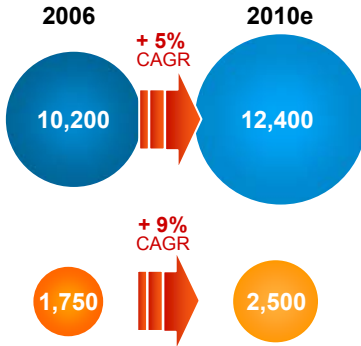
China Outpaces Global Growth in Our Major Businesses PUR and PCS



Polyurethanes consumption

In 1000 tons

Polycarbonates consumption



Bayer estimates, PCS incl. Blends, PUR incl. MDI, TDI and polyether polyols

China is set to become the world's largest PUR market by 2015

China already is the world's largest PCS market today

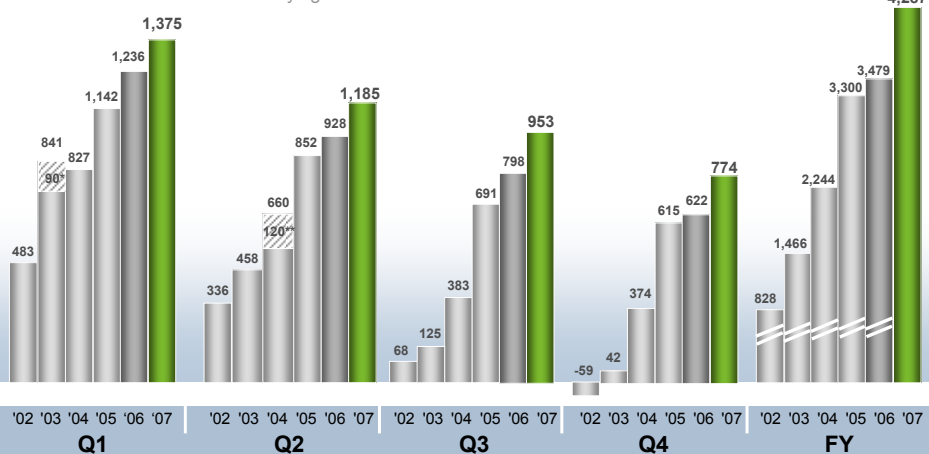


■ Record performance in 2007

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



Underlying EBIT in € million



2002 underlying EBIT as reported in FY 2003
 2003 underlying EBIT as restated in 2004
 2004-2007 underlying EBIT as reported
 in respective years

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

FY'07 – Financial Highlights



in € million	FY'06	FY'07	Δ
Sales	28,956	32,385	+ 12%
■ HealthCare	11,724	14,807	+ 26%
■ CropScience	5,700	5,826	+ 2%
■ MaterialScience	10,161	10,435	+3%
EBITDA underlying	5,584	6,777	+ 21%
■ HealthCare	2,613	3,792	+ 45%
■ CropScience	1,204	1,324	+ 10%
■ MaterialScience	1,677	1,606	- 4%
EBIT underlying	3,479	4,287	+ 23%
Non-operating result	(782)	(920)	
Net income	1,683	4,711	+ 180%
Core EPS (in €)	2.99	3.80	+ 27%
Net cash flow	3,928	4,281	+ 9%

Further Strategic Progress in 2007



Integration of Schering	<ul style="list-style-type: none"> Synergy target raised to >€800m Expect 80% completion in 2008
Strengthen HealthCare	<ul style="list-style-type: none"> Acquired calcium supplement brand Citracal Possis Medical - mechanical thrombectomy devices (pending) Inlicensed rThrombin, inhaled Amikacin
Seeds & traits expansion	<ul style="list-style-type: none"> Acquired US cotton seed company Stoneville Expanded reach of Liberty Link-technology into corn and soy
Restructuring actions	<ul style="list-style-type: none"> New €300m program initiated at MaterialScience Total volume of all programs now ~ €1bn (incl. SCHG) in 2008-2009
Disposals	<ul style="list-style-type: none"> Professional Diagnostics, H.C. Starck and Wolff Walsrode closed Sale of Hennecke, a polyurethane processing machinery company
Deleveraging	<ul style="list-style-type: none"> Reduced net debt by €5.4bn in 2007

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Q4'2007 – Upward Trend Unabated



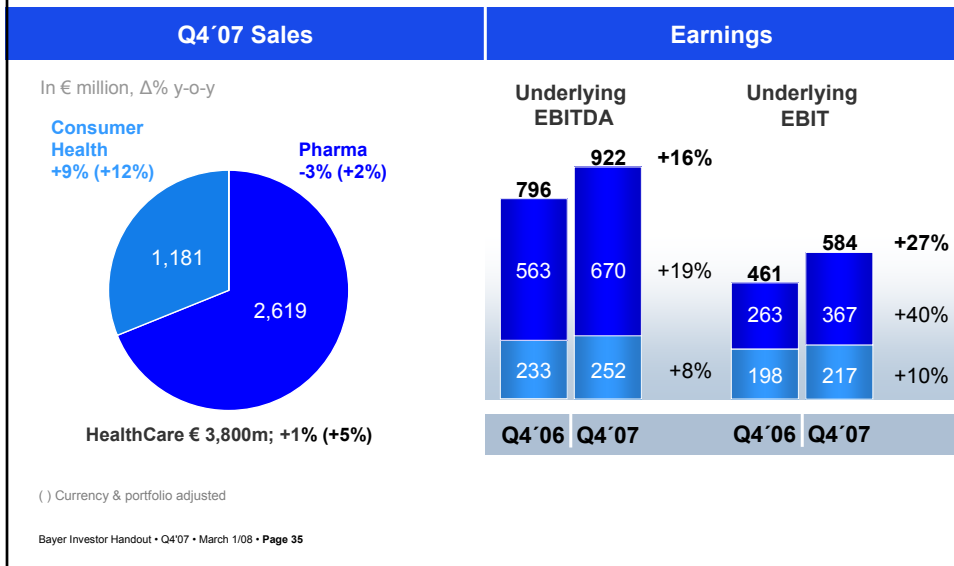
Key Figures					Underlying EBITDA by Subgroup	
In € million, Δ% y-o-y					excl. Reconciliation	
	Sales 8,040	EBITDA* 1,422	EBIT* 774	Core EPS €0.71		
Δ%	+ 1%	+13%	+ 24%	+42%		
Δ% Adj. **	+ 5%					

* Before special items

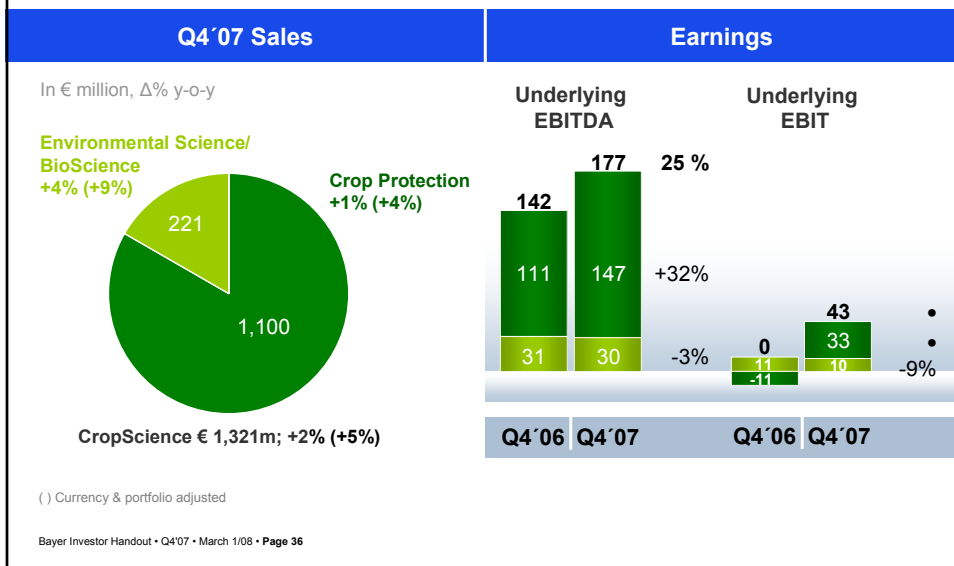
** Currency & portfolio adjusted

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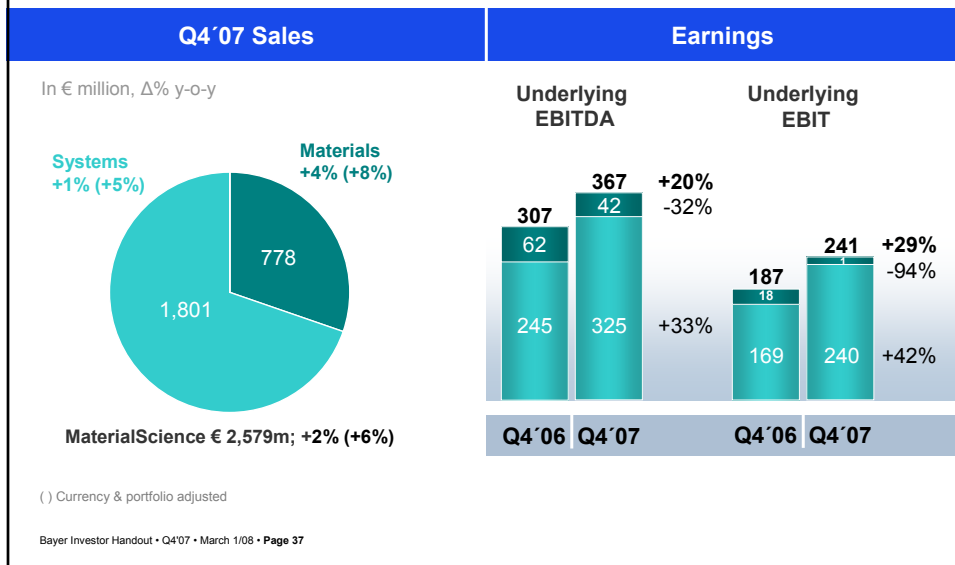
HealthCare – Strongest Quarter in Terms of Sales in 2007



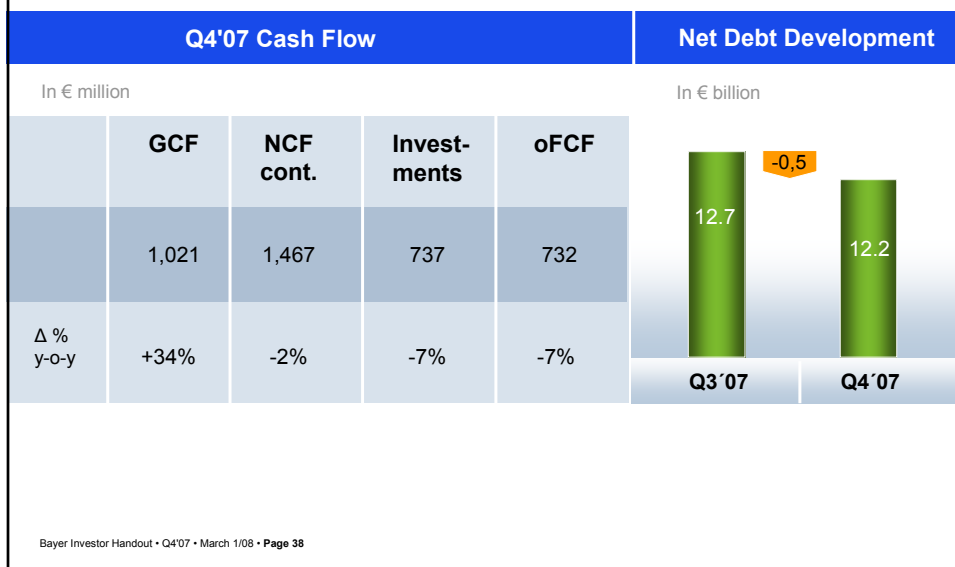
CropScience – Solid Business Expansion



MaterialScience – Margins up on Higher Prices



Q4 '07 – Cash Flow and Net Debt





■ Strong outlook for 2008 and beyond

Optimistic About Future Developments



2008 sales and earnings expectations

- **Group**
 - Fx adj. sales increase by 5%
 - Increase in underlying EBITDA and margin*
- **HealthCare**
 - Fx adj. growth in all divisions at or above market
 - Margin* increase toward 27%
- **CropScience**
 - Fx adj. growth of 5%
 - Margin* increase above 23%
- **MaterialScience**
 - Higher volumes and good, value-creating earnings level, but below 2007.
 - Q1'08 underlying EBITDA approx. at Q4'07 level.

... and beyond

- **Group**
 - >22% margin* by 2009
- **HealthCare**
 - ~28% margin* by 2009
- **CropScience**
 - ~25% margin* by 2009
- **MaterialScience**
 - Attractive premium over capital and asset reproduction costs even in difficult market environment. Margin* in excess of 18% under favorable economic conditions.



■ Calendar & Contacts

Calendar of Events



Date	Event	Publication
Thursday, April 24, 2008	Investor Conference Call	First Quarter Results Stockholders' Newsletter
Friday, April 25, 2008	Annual General Meeting	
Wednesday, July 30, 2008	Investor Conference Call	Second Quarter Results Stockholders' Newsletter
Wednesday, October 29, 2008	Investor Conference Call	Third Quarter Results Stockholders' Newsletter
Tuesday, May 12, 2009	Annual General Meeting	

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