



Science For A Better Life



**Lehman Brothers
Global Chemical Industry Leaders Conference**

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Member of the Board of Management of
Bayer CropScience AG

April 4 | 2008

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.

2007 – A Year of Significant Progress



- +6%¹ business expansion despite patent expiry of Imidacloprid
- New product sales² +33% to €1.4bn
- Seed treatment business hiked substantially to €605m
- €130m fresh savings from restructuring generated
- Underlying EBITDA margin up 160 basis points to 22.7%
- Strengthened seed business
- Strong outlook: targeting 5%³ business expansion and increase of underlying EBITDA margin to above 23%
- Successful start into 2008



1 currency and portfolio adjusted
 2 new active ingredient launched since 2000
 3 currency adjusted

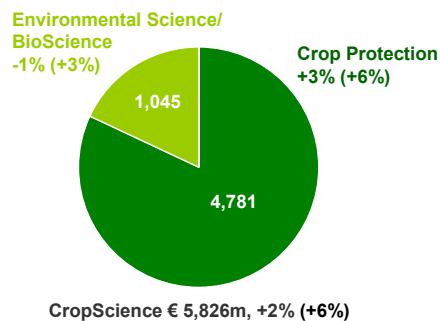
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Financial Highlights



2007 Sales

In € million, Δ% y-o-y

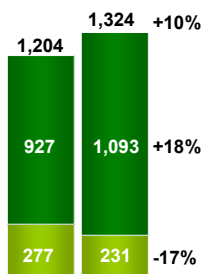


() Currency & portfolio adjusted

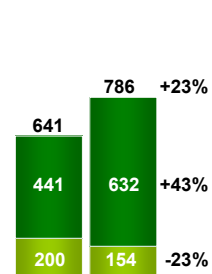
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2007 Earnings

Underlying EBITDA



Underlying EBIT



2006	2007
21.1%	22.7%
Underlying EBITDA margin	

New Products Drive Business Expansion



(In € million)		FY 2007	Δ YOY	Δ YOY ^{Fx}
Imidacloprid		556	-1.4 %	1.6 %
Trifloxystrobin		243	34.3 %	36.7 %
Glufosinate-ammonium		241	5.2 %	10.2 %
Clothianidin		237	86.6 %	98.1 %
Tebuconazole		235	-14.9 %	-13.6 %
Mesosulfuron		207	22.5 %	23.1 %
Fenoxaprop-p ethyl		187	-4.6 %	-2.0 %
Deltamethrin		178	-2.7 %	0.4 %
Prothioconazole		175	21.5 %	22.3 %
Ethofumesate / DMP / PMP		127	5.8 %	8.2 %
Total Top 10 Products		2,386	9.0 %	12.0 %

New Active Ingredient

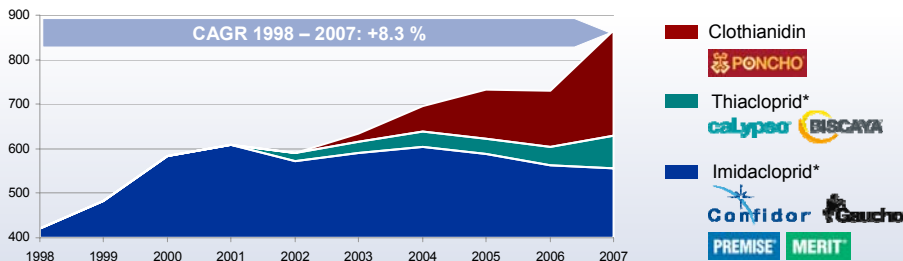
Fx = currency adjusted

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Successful Growth from our Chloronicotinyls (CNI) Portfolio



Sales in € million



Sales Target for our CNI Portfolio of about € 850 million exceeded in 2007

- Imidacloprid sales stable (Fx adj.) despite patent expiry in major markets
- Clothianidin sales driven by expansion of corn areas planted in the US
- Integrated strategy to offer 3 CNI insecticides with tailored solutions pays off
- Unique expertise in formulation and proximity innovation

* including non-Ag business

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Attractive Opportunities in Ag Market



- Increasing demand for food, feed, fiber and biofuels drive commodity prices at record highs
- Acreage expansion and higher investments in crop protection, yield increase and higher quality products
- Innovative solutions required for yield increase, stress tolerance and resistance management, which can claim price premiums
- Demand for biofuel crops boosts crop protection and seeds & traits markets
- Increased acceptance and penetration of transgenic crops

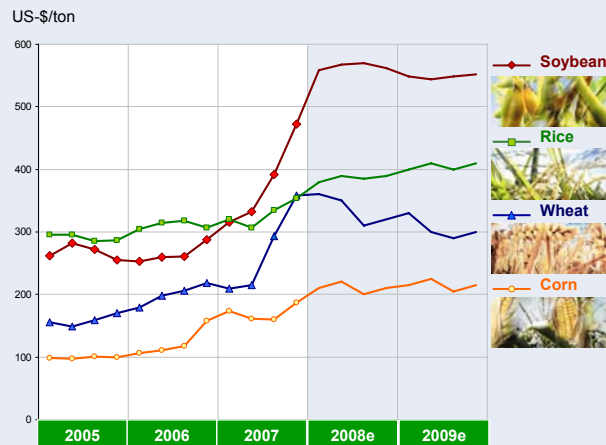


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Commodity Prices Expected to Remain on High Level



Commodity price development of key crops



- Production of key crops wheat, corn and rice fell significantly short of consumption in the 2006/07 growing period
- Decline of global grain stock levels expected to continue well into 2009
- Supply/demand balance anticipated to remain tight

Source: The Economist Intelligence Unit, August 2007 and February 2008

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CropScience: Strategic Priorities



Drive Top-line in Agrochemicals

- Deliver strong pipeline of new active ingredients
- Exploit opportunities from growing demand for biofuel

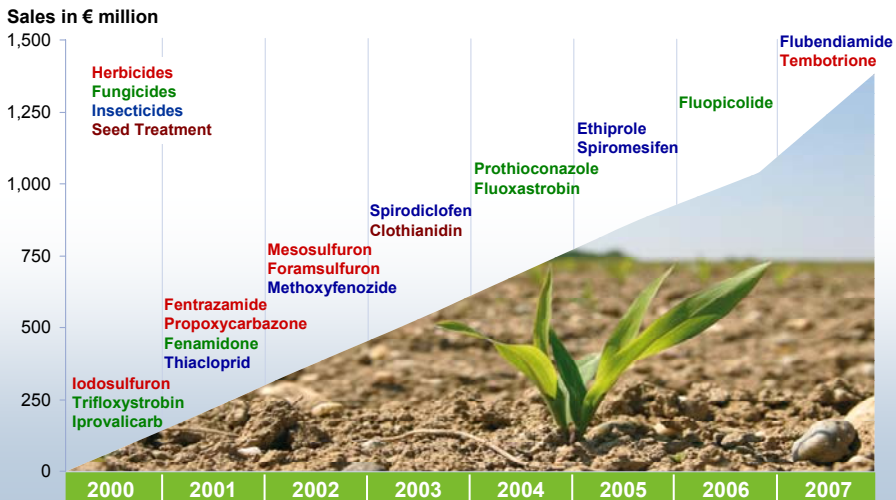
Expand Seeds and Traits Business

- Grow successful platform of canola, cotton, rice and vegetables
- Leverage our proprietary trait assets
- Intensified focus on the research areas yield increase and stress tolerance

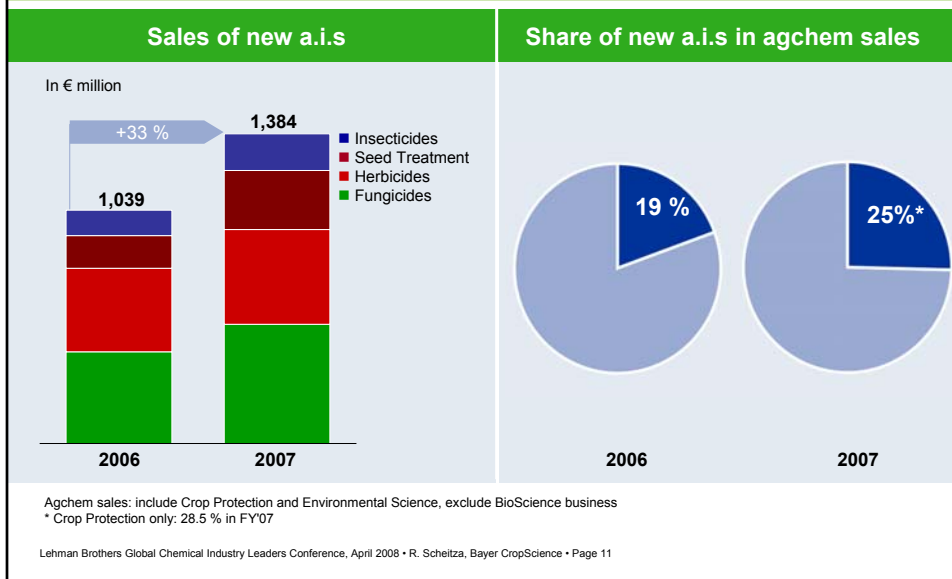
Improve Profitability

- Improve product mix
- Execute restructuring and generate targeted cost savings

Strong Track-Record of Successful Product Launches



New Products Drive Improvement of Product Mix



Promising 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	9 A.I.s	4 A.I.s	17 A.I.s
Herbicides*	42	8	4	2	5
Fungicides**			4		6
Insecticides**			1	2	6
Plant Health	3	1			

* incl. safeners
 ** including seed treatment applications

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

Introduction of Four New Crop Protection Compounds in 2007 / 2008



Two New Insecticides

- **Flubendiamide**
Broad-spectrum control of lepidopterous insect pests in cotton, fruit and vegetables, nuts, grapes, corn and rice
- **Spirotetramat**
Effective control of a broad spectrum of sucking insects; protects a wide range of fruits, nuts, vegetables and potatoes

BELT

MOVENTO

Two New Herbicides







- **Tembotrione**
High efficacy for the post-emergence use in corn against broadleaf weeds
- **Pyrasulfotole**
New mode of action for use in cereals; broad-spectrum activity against broadleaf weeds



Huskie

Bayer CropScience Portfolio for Biofuel Crops

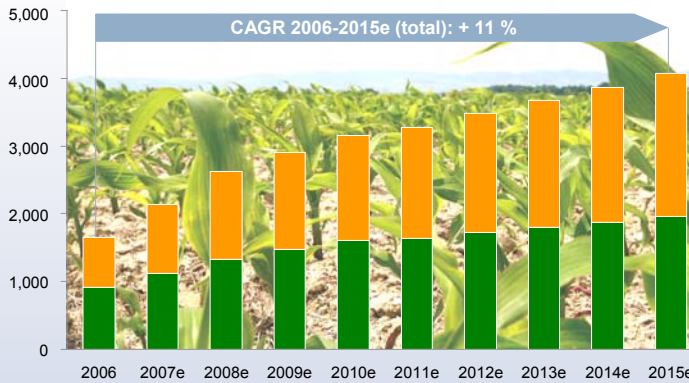


<p>Bioethanol</p> <p>Corn</p>  <p>Distinguished seed treatment portfolio headed by Poncho LibertyLink technology for corn seed</p>	<p>Cereals</p>  <p>Innovative cereal herbicides (e.g. Atlantis) and fungicides (e.g. Proline, Fandango)</p>	<p>Sugarcane</p>  <p>Well-proven and novel crop protection solutions (e.g. Evidence, Provence)</p>
<p>Biodiesel</p> <p>Canola</p>  <p>High yielding hybrid seed InVigor combined with herbicide-tolerant trait and crop protection products</p>	<p>Soybean</p>  <p>Extensive fungicide portfolio (e.g. Folicur, Flint) and seed treatment solutions LibertyLink technology for soybean seed</p>	<p>Jatropha</p>  <p>Project to develop and register crop protection solutions for use in Jatropha</p>

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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CropScience: Strategic Priorities



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Expand Seeds and Traits Business

- Grow successful platform of canola, cotton, rice and vegetables
- Leverage our proprietary trait assets
- Intensified focus on the research areas yield increase and stress tolerance





Improve Profitability

- Improve product mix
- Execute restructuring and generate targeted cost savings

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Grow Successful Platform of Canola, Cotton, Rice and Vegetable Seeds



Canola	Cotton	Rice	Vegetables
 <ul style="list-style-type: none"> ■ Launch of InVigor Health hybrid canola in alliance with Cargill ■ Agreements with Senesco and Euralis Semences 	 <ul style="list-style-type: none"> ■ Acquisition of Stoneville, CPCSD and Reliance Genetics ■ License agreement with Senesco 	 <ul style="list-style-type: none"> ■ Regional expansion (Indonesia, Vietnam, Brazil and Pakistan) ■ 2 Joint ventures in China in process 	 <ul style="list-style-type: none"> ■ Acquisition of Unilever's tomato seed business, SeedEx, Paragon Seed and Teboza ■ Regional expansion in Asia Pacific
<ul style="list-style-type: none"> ■ Investment of ~ €250m in seed business extension during past 12 months ■ Targeting sales of ~ €1bn in BioScience within the next 10 years 			

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Participate in the Dynamic Development of the Traits Market



Expected traits market in 2015

Split by agricultural crop



■ Cotton ■ Soybean
■ Canola/OSR ■ Corn
■ Rice

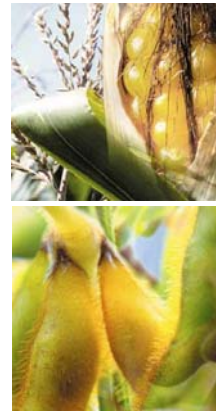
- Traits market estimated to grow from €1.8bn in 2005 to ~ €3.6bn in 2015
- Bayer CropScience holds strong position in herbicide tolerant cotton and canola
- Expansion into insect control, stress tolerance and other 2nd generation high impact traits planned for cotton, canola and rice
- Participation in growing GM corn and soybean markets by collaborating with key germplasm originators

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Expand Reach of LibertyLink Technology into Corn and Soy




- Growing weed resistance to glyphosate spurs market interest in our LibertyLink technology
- Liberty herbicide (glufosinate-ammonium) is effective on glyphosate-resistant weeds
- CropScience granted Monsanto a non-exclusive, royalty-bearing license to use LibertyLink technology in corn and soybeans
- Collaboration with Mertec and M.S. Technologies to develop and commercialize new herbicide tolerance traits in soybeans
- Expansion of production capacities for Liberty herbicide underway



Potential for significant trait income and sales of our Liberty herbicide

Promising BioScience Pipeline



	Research	Early development	Advanced development	Prelaunch
Launch (E)	≥2015	>2013	>2010	2009/2010
No. Projects	~30	5	6	3
Projects 	Herbicide-tolerance	Herbicide-tolerance	Herbicide-tolerance	Herbicide-tolerance:
	Insect-control	Insect-control	Insect-control	■ <i>In-house GlyTol (cotton)</i>
	Quality traits	Quality traits	■ <i>Cotton</i>	■ <i>GlyTol x LL (cotton)</i>
	Disease control	Disease control	■ <i>Canola</i>	■ <i>LL (soybean)</i>
	Stress tolerance		■ <i>Soybean</i>	
	Yield increase		■ <i>Rice</i>	

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Improve Profitability

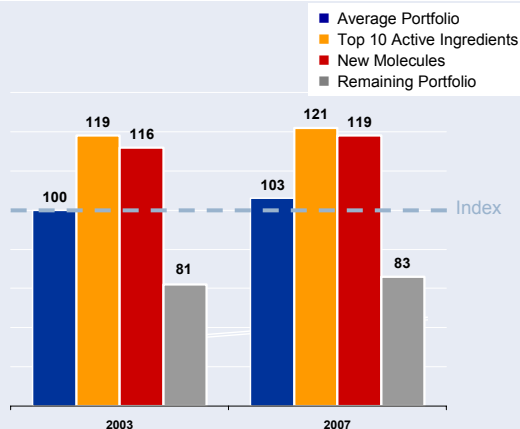
- Improve product mix
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Focus on Products with Higher Margin Contribution



Gross Margin Spread
Bayer Crop Protection Portfolio 2007 vs. 2003
(Index: Portfolio Average in 2003 = 100)



- Focus on Top products and new active ingredients with over-proportional margin contribution
- Continuously introducing new active ingredients
- Optimizing portfolio by active out-phasing of older low-margin products

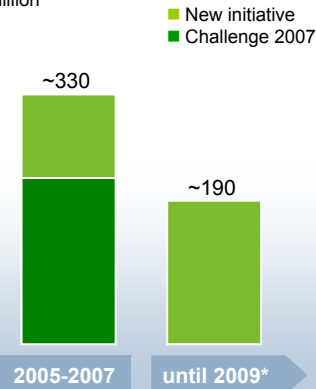
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Restructuring Actions to Improve the Cost Base



Savings contributions from our performance programs

In € million



* saving measures largely completed by 2009; full EBIT impact in 2010

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- Approx. €300m savings p.a. targeted with new efficiency initiative
- Expected cash charge of approx. €330m along with write-downs of about €120m
- Initiative expected to become mainly effective in 2009, accretive to EBIT starting 2008
- In 2007 fresh savings of about €130m achieved; special items of approx. €100m
- Targeted fresh savings of about € 60m in 2008 along with one-time charges in the range of € 200m

Major Achievements since 2002



- Underlying EBIT (€ million)
- Underlying EBITDA margin (%)



- Successful integration of Aventis CropScience
- Significant earnings contribution from integration and efficiency programs
- Introduction of 19 new a.i.s since 2000 with sales of €1.4bn in 2007
- Divestment / phase-out of older products
- Expansion of seeds and traits business

* reported EBITDA margin; as published in 2003

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Optimistic About Future Developments



2008
Target



- Sales growth Fx adjusted around 5 percent
- Increase in underlying EBITDA margin to more than 23%

2009
Target



- Underlying EBITDA margin at around 25% (under normal market conditions)

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Excellent Start into the Year



- High commodity prices induce demand for crop protection products
- Sales in France benefiting from a certain phasing into Q1, mainly as a result of a change in the French Ecotax system
- Reduction of set-aside in Europe increases area under cultivation
- Supply-chain is eager to fill stocks to meet robust demand by farmers

We are optimistic for the First Quarter and the achievement of our FY targets

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Bayer CropScience Well Positioned For Future Growth



- Solid business expansion and improved profitability
- Favorable market environment
- Execution of our strategic agenda
- Target approx. 25% underlying EBITDA margin in 2009

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Bayer CropScience at a Glance



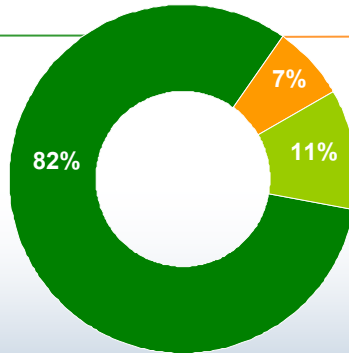
Crop Protection

€4.8bn

Portfolio of Insecticides, Herbicides, Fungicides and Seed Treatment products

Operations in some 120 countries

Best-in-class R&D pipeline



BioScience

€382m

Focus on 3 agricultural crops (cotton, canola and rice) and vegetable seeds

Environmental Science

€663m

Professional Products for weed and pest control in non-farm applications

Consumer products for gardeners and home-owners

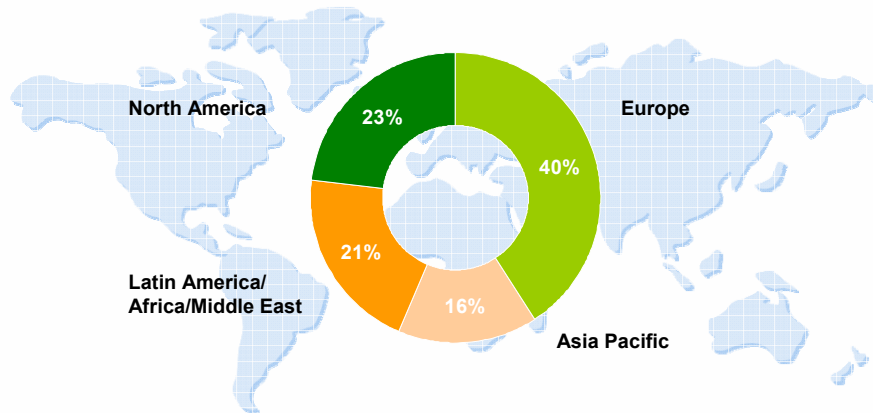
Key figures 2007

Sales: €5.8bn

EBITDA underlying: €1,324m (margin 22.7%)

Employees: 17,800

Bayer CropScience Sales by Region

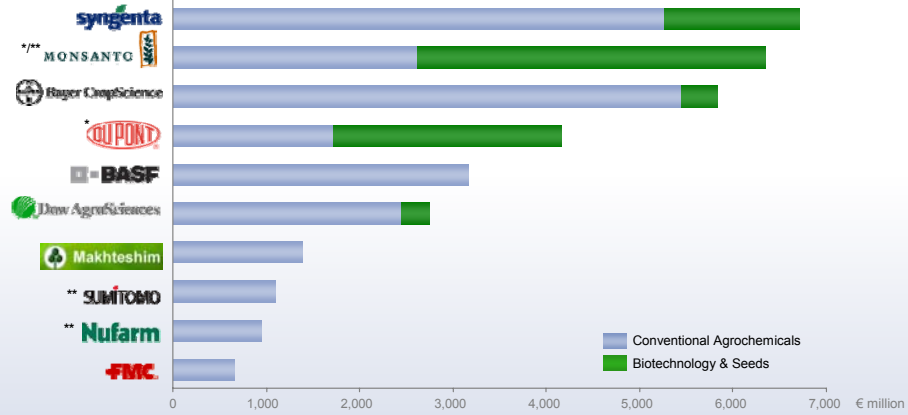


Sales 2007: €5.8bn

World Leader in Agrochemicals



Sales 2007



Source: Company Reports, Croponis Estimates, Bayer CropScience calculations
 *...estimates, excl. non-ag business; **...restated due to different fiscal year

A Leader in its Markets



2007	Market Size	Bayer CropScience
Crop Protection	€27.1bn	
Insecticides	€6.6bn	# 1
Herbicides	€12.7bn	# 3
Fungicides	€6.3bn	# 2
Seed Treatment	€1.3bn	# 1
Environmental Science	€4.4bn*	# 1
Professional	€2.6bn*	# 1
Consumer	€1.8bn*	# 3
BioScience Seeds & Traits	€15.8bn	# 4

Source: Phillips McDougall, internal estimates
 * Relevant market only

CropScience: Key Financials 2007



In € million	FY 2006	FY 2007	Δ
Sales	5,700	5,826	+ 2.2 %
EBITDA underlying	1,204	1,324	+ 10.0 %
EBIT underlying	641	786	+ 22.6 %
Gross cash flow	900	961	+ 6.8 %
Net cash flow	898	1,040	+ 15.8 %
CapEx	197	223	+ 13.2 %
Operating free cash flow	701	817	+ 16.5%
R&D	614	637	+ 3.7 %
Capital invested	8,606	8,394	- 2.5 %
CFRol	10.3 %	11.3 %	+ 1.0 pp

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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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