

## Information on accounting issues ahead of Q4'06 financial reporting

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Ladies and Gentlemen,

The announced divestitures of H.C. Starck and Wolff Walsrode require some adjustments to our financial reporting. H.C. Starck and Wolff Walsrode together with Diagnostics will be shown as discontinued operations. The Materials and the Consumer Health segments as well as the consolidated statement of income for the Group were adjusted accordingly.

We also provide guidance on the impact of the divestment of H.C. Starck and Wolff Walsrode on our FY 2006 outlook as well as guidance on the calculation of earnings per share (EPS) ahead of our Q4'06 release on March 15, 2007

### Adjusted financial reporting of continued operations

#### Consumer Health

| Euro million                | Q4 2005 | FY 2005 | Q1 2006 | Q2 2006 | Q3 2006 |
|-----------------------------|---------|---------|---------|---------|---------|
| Sales                       | 1,059   | 3,929   | 1,055   | 1,069   | 1,038   |
| EBITDA                      | 134     | 617     | 218     | 231     | 228     |
| EBITDA before special items | 172     | 716     | 219     | 233     | 242     |
| EBIT                        | 94      | 448     | 177     | 196     | 193     |
| EBIT before special items   | 132     | 562     | 178     | 198     | 207     |
| Gross cash flow             | 118     | 474     | 130     | 179     | 150     |
| Net cash flow               | 228     | 606     | 54      | 83      | 126     |

#### Materials

| Euro million                | Q4 2005 | FY 2005 | Q1 2006 | Q2 2006 | Q3 2006 |
|-----------------------------|---------|---------|---------|---------|---------|
| Sales                       | 758     | 2,837   | 710     | 723     | 743     |
| EBITDA                      | 148     | 665     | 170     | 139     | 77      |
| EBITDA before special items | 148     | 646     | 170     | 139     | 77      |
| EBIT                        | 105     | 514     | 132     | 101     | 38      |
| EBIT before special items   | 105     | 495     | 132     | 101     | 38      |
| Gross cash flow             | 102     | 473     | 126     | 105     | 62      |
| Net cash flow               | 211     | 466     | 35      | 88      | 45      |

## Bayer Group

### Key data from the consolidated statement of income (continued operations)

| Euro million  | Q4 2005 | FY 2005 | Q1 2006 | Q2 2006 | Q3 2006 |
|---|---------|---------|---------|---------|---------|
| Sales   | 6,371   | 24,701  | 6,791   | 6,736   | 7,459   |
| EBITDA  | 539     | 4,122   | 1,436   | 1,269   | 1,124   |
| EBITDA before special items                                 | 937     | 4,602   | 1,564   | 1,303   | 1,459   |
| EBIT  | 129     | 2,514   | 1,049   | 877     | 630     |
| EBIT before special items                                   | 553     | 3,047   | 1,177   | 911     | 769     |
| Gross cash flow   | 439     | 3,114   | 1,089   | 928     | 1,135   |
| Net cash flow   | 1,182   | 3,227   | 38      | 882     | 1,515   |
| Non-operating result  | (167)   | (602)   | (210)   | (228)   | (267)   |
| Income before income taxes                                  | (38)    | 1,912   | 839     | 649     | 363     |
| Income after taxes  | (14)    | 1,374   | 562     | 451     | 254     |
| EPS (Euro/share)  | (0.02)  | 1.88    | 0.76    | 0.60    | 0.34    |
| Core EPS* (Euro/share)                                      | 0.42    | 2.84    | 1.00    | 0.74    | 0.76    |
| EPS from continued and discontinued operations (Euro/share) | 0.06    | 2.19    | 0.82    | 0.60    | 0.42    |

\*) see Q3 2006 Interim Report for further details

### Impact of divestments on full year 2006 outlook

Bayer's outlook for the full year 2006 as of November 27, 2006 refers to the portfolio including H.C. Starck and Wolff Walsrode. However, both businesses together with Diagnostics will now be shown as discontinued operations.

Together H.C. Starck and Wolff Walsrode generated sales of approximately €1,300 million in FY 2006 (approx. €330 million in Q4'06), EBITDA before special items of approximately €170 million (approx. €40 million in Q4'06) and EBIT before special items of approximately €100 million (approx. €30 million in Q4'06).

### Calculation of earnings per share

The ordinary shares to be issued upon conversion of the mandatory convertible bond are treated as already issued shares. Diluted earnings per share are therefore equal to basic earnings per share.

|   | 4 <sup>th</sup> Quarter |               | Full Year     |               |
|---|-------------------------|---------------|---------------|---------------|
|   | 2005                    | 2006          | 2005          | 2006          |
| Weighted average number of outstanding ordinary shares (million)                          | 730.34                  | 764.34        | 730.34        | 746.46        |
| Potential shares to be issued upon conversion of the mandatory convertible bond (million) | -                       | 59.52         | -             | 45.30         |
| <b>Adjusted weighted average number of outstanding ordinary shares (million)</b>          | <b>730.34</b>           | <b>823.87</b> | <b>730.34</b> | <b>791.76</b> |

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**Forward-Looking Statements**

This news release 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.