



Forward Looking Statements



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.

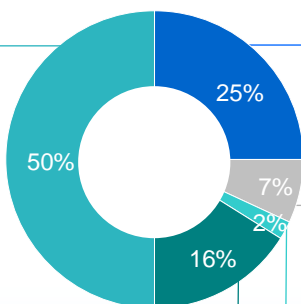
Focused on Polyurethanes and Polycarbonates



Polyurethanes

#1; approx. 25% market share

Applications: mainly rigid and soft foams in construction (insulation), furniture (mattresses) and automotive



Polycarbonates

#1-2; approx. 30% market share

Main brand: Makrolon

Applications: electro/electronics, construction, automotive, sports/leisure

Basic Chemicals

Internal supplier of chlorine, sodium hydroxide solution, hydrogen, hydrochloric acid

Thermoplastic Polyurethanes

#1; approx. 20% market share

Applications: automotive, sports/leisure, electro/electronics, mechanical engineering

Coatings, Adhesives, Specialties

#1; >40% market share (arom. and aliph. isocyanates)

Applications: automotive & transport, construction, furniture & wood

€9,738m

Bayer MaterialScience
FY 2008 sales

Basic Chemicals incl. Other sales

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Agenda



Unprecedented drop in demand



Acting fast and decisive – comprehensive countermeasures in place



Long-term fundamental growth drivers intact



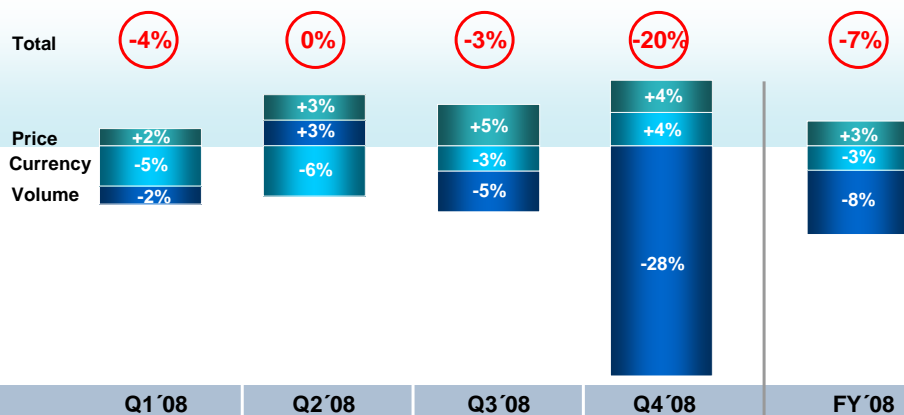
Short-term outlook is at least challenging

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Economic Crisis – Unprecedented Drop in Demand in Q4 '08



Change in sales year-on-year

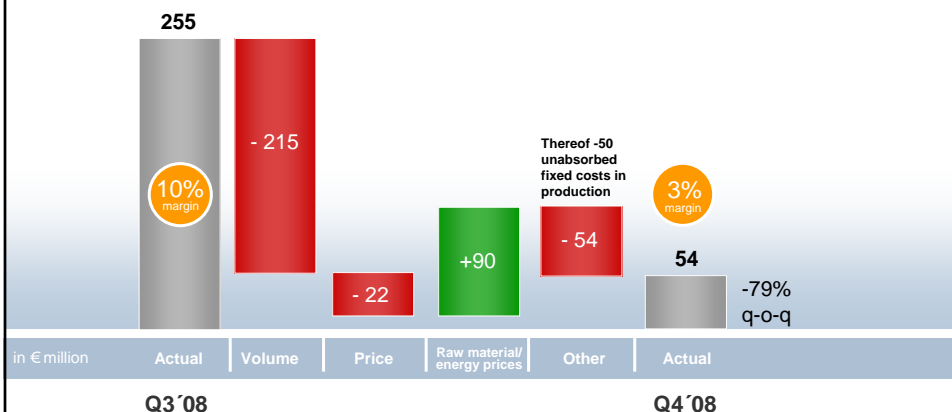


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Q4 '08 – Earnings Down on Lower Volumes



Underlying EBITDA in € million



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FY'08 – Earnings Burdened by Lower Volumes And Higher Raw Material Prices



Underlying EBITDA in € million



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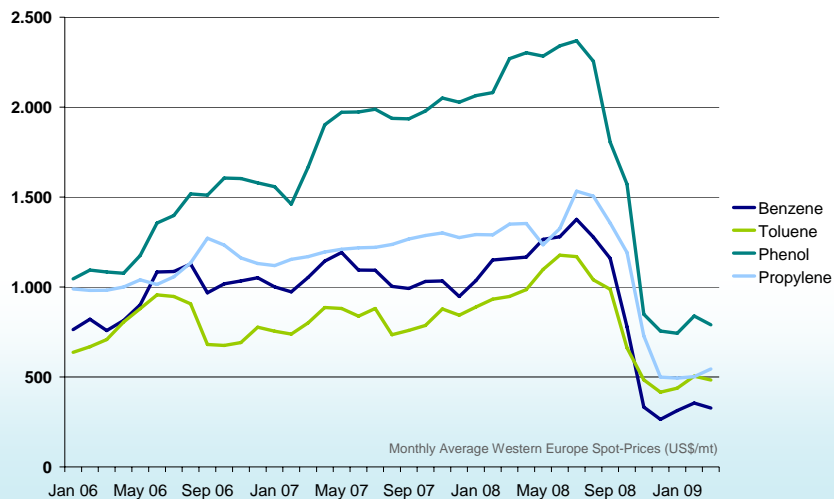
Amidst an Economic Recession



- Almost no forward visibility
- Weaker demand
- Very low level of order entries
- Many customers order on confirmed sales only
- Capacity utilization in PUR ~70% and in PCS ~50%
- Entire industry is destocking and optimizing inventory levels
- Raw material prices highly volatile and currently at depressed levels

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Raw Material Prices Highly Volatile and Currently at Depressed Levels



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Order Entries From Key Customer Industries Considerably Down



Chemicals

-60%

Others

(sports, leisure, footwear packaging, medical, etc.)

-40%

Furniture / Wood

-50%

Automotive

-50%

Electro/ Electronics

-35%

Construction

-20%



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Order entries in Jan 2009 vs. prev. year

Deep Uncertainty Among Key Customers



Chemicals

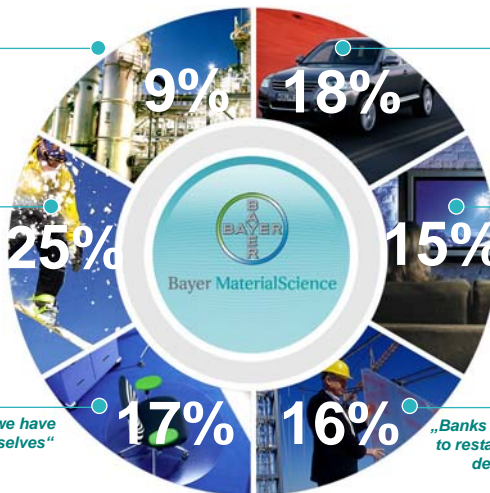
Others

(sports, leisure, footwear packaging, medical, etc.)

„Not optimistic for 2009: exports -20%, domestic market down 5-10%“
Customer in China

Furniture/ Wood

„We only place orders if we have firm customer orders ourselves“
Customer in NAFTA



Automotive

„We’ve shut down operations and laid off people. Our production rate is down 50-70%“
Customer in Europe

Electro/ Electronics

„Appliance sales in 2009 will decline. China could be least affected within APAC due to ‘Appliance goes suburban’ government policy“
Customer in APAC

Construction

„Banks have to lend again in order to restart the housing market. MDI demand in 2009 will be -20%“
Customer in NAFTA

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2008 Bayer MaterialScience sales by industry

Agenda



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Acting Fast and Decisive – Comprehensive Set of Counter Measures Already in Place



- Running restructuring program accelerated and expanded
- Short-term cost containment measures in place
- Additional ~€50m of savings in 2009 (not sustainable)
- Temporary reduction of working hours and salary
- Adjusted production output through extended plant maintenance and temporary plant shut-downs (mothballing):
 - PCS – 300kt mothballed in Q1'09
 - MDI – 160kt mothballed in Q2'09
 - TDI – 100kt mothballed in Q4'08
- CapEx budget trimmed, investments reduced to strategic projects only
- Business is run on cash focus

Prepared for more drastic measures if necessary

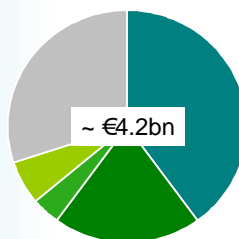
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Current Petrochemical Prices Lower Raw Materials Bill by ~€1bn in 2009



- Petrochemical feedstock prices have strongly declined in past 6 months
- Assumptions based on \$52/bbl average crude oil price in **2009**
- Further relief from lower raw material and energy prices expected sequentially in **Q1'09**
- Raw material price decline could relieve EBIT by >€1bn in **2009**

Cost split 2008



Exposure by value

- Benzene (incl. phenol, aniline, styrene)
- Propylene oxide
- Toluene
- Other petrochemical feedstock
- Others

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Possible Impact of Economic Stimulus Packages on MDI Industry



- Stimulus packages in major economies (e.g. US, China) largely address, among other,
 - (1) construction industry
 - (2) energy conservation and efficiency
- MDI insulation can be a major factor in delivering on these environmental objectives
- Insulation is the major driver for MDI consumption
- Insulation spending growth has been multiple times the rate of general construction
- MDI-based insulation growth has been at or above the overall rate of insulation growth
- Besides, MDI used as an adhesive in wood binders and other building materials continues to grow and displace formaldehyde-based resins for performance and environmental factors

Agenda



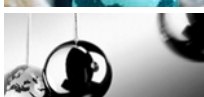
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Capitalize on Global Market Trends and Spur Future Growth



Scarce resources

- Energy savings
- Lightweight construction



Climate change

- Energy efficiency
- Fuel efficiency



Mobility

- Lightweight transportation



Growing wealth

- Increasing living standards
- Demand for entertainment

MaterialScience contributions

- Building insulation
- Insulation along the cold chain
- Lightweight roofing
- Materials for solar modules
- Lightweight materials for cars
- Waterborne Coatings
- Automotive glazing
- Foam mattresses
- Blends for electro/electronic housing
- PCS sheets in large-frame screens

Major product examples only

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BRIC Countries Demonstrate Robust Growth in PUR Despite Weakness in PCS



In € million

BMS global sales

3.0	Polycarbonates	2.6
	- 11%	
7.4	Polyurethanes	7.1
	- 1%	
2007		2008

BMS BRIC sales

0.7	Polycarbonates	0.5
	- 16%	
0.6	Polyurethanes	0.7
	+ 6%	
2007		2008

Annual growth rates are Fx-adjusted

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

China already is the world's largest PCS market

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Employing State-of-the-Art Technologies in World-Scale Format on One Site in Caojing



Polycarbonates

World-scale standard: 100kt single trains
100kt line with melt process: conversion costs -30%

MDI

New world-scale standard: 350kt
Adiabatic nitration (aniline): conversion costs -25%
High efficiency phosgenation: conversion costs -45%
ODC chlorine recycling: energy costs -30%

TDI

New world-scale standard: 250kt
Gas phase phosgenation: energy costs -40%
Chlorine recycling: energy costs -50%

HDI

Gas phase phosgenation: energy costs -65%

All improvements compare to conventional process technology
ODC: Oxygen-depleting cathode

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Moving Further Along the Value Chain Through A Global Systems House Network



BaySystems concept supports target of 50% of MDI sales in systems business

Three reasons to acquire or invest in new systems houses:

- **Access new regional markets**
e.g. Brahe in Czech Republic – Strengthen market position in eastern Europe
e.g. BaySystems India – A green field project in an important emerging market
- **Broaden applications in existing markets**
e.g. Resina in Netherlands – New rigid foam applications for Europe, Middle East and Africa
- **Complementary technologies**
e.g. Baulé in France - Prepolymer systems for hot- and cold-cast elastomers



BaySystems

A global network of currently 30 local polyurethane systems providers under one umbrella brand

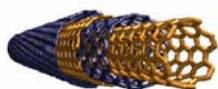


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Baytubes – CNTs in Industrial Scale as Material of Choice For Wind Turbines



- Cost-efficient manufacturing of ultrapure, multi-wall carbon nanotubes (CNT)
- Industrial scale production with stable purity
- Product development using carbon nanotubes: hybrids with outstanding mechanical, electrical and physico-chemical properties at significantly lower loadings than conventional fillers



Blades made of carbon and glass fiber-reinforced epoxides with CNTs are 10-30% lighter, the material's impact strength is 20-30% higher and its fatigue properties are 50-200% better.

- CNTs in hybrid materials offer extraordinary mechanical properties and allow longer, yet lighter blades in wind turbines
- CNTs greatly improve the energy efficiency and economics of wind turbines
- Wind turbine blades also use polyurethane composites and PUR-based adhesives for its structure

High Value Application of Polyurethanes in Cosmetics and Medical Technology



Cosmetics: Innovative polyurethanes – for a silky finish

- Baycusan® C: Polyurethane powder and four solvent-free polyurethane dispersions
- For mascara, foundation, eyeliner, eyeshadow, peel-off masks and hairspray



Medical technology: Innovative polyurethane adhesives

- Outstanding handling and adhesive properties, adhesive strength on wet wounds
- Biocompatible, no mutagenic / irritant action



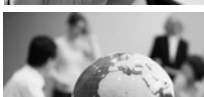
Agenda



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Despite Short-Term Challenges, Our Long-Term Business Model is Intact



Financial Guidance 2009

Q1

- Sales and underlying EBITDA in Q1 '09 below Q4 '08 level

FY

- Severe drop in sales and underlying EBITDA in 2009 vs 2008
- Weaker demand and lower capacity utilization
- Lower raw material/energy prices



Reporting Events and AGM



Date	Event	Publication
Wednesday, April 29, 2009	Investor Conference Call	First Quarter Results Stockholders' Newsletter
Tuesday, May 12, 2009	Annual General Meeting	
Tuesday / Wednesday June 2-3, 2009	Meet Management Conference	
Wednesday, July 29, 2009	Investor Conference Call	Second Quarter Results Stockholders' Newsletter
Tuesday, October 27, 2009	Investor Conference Call	Third Quarter Results Stockholders' Newsletter

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