Science For A Better Life



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Werner Wenning
CEO

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Important Information

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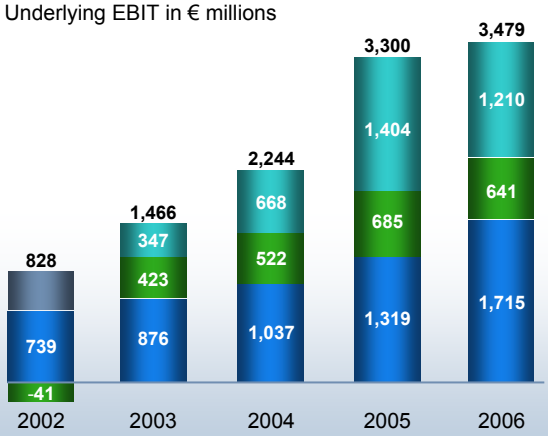
- Successful strategy confirmed
- Schering integration proceeding faster than planned, creating more synergies than anticipated
- Exciting new data on Nexavar and Rivaroxaban confirm their potential
- 2007 guidance and 2009 targets raised

Successful strategy confirmed

Delivered Performance and Achieved Financial Targets

Underlying EBIT in € millions

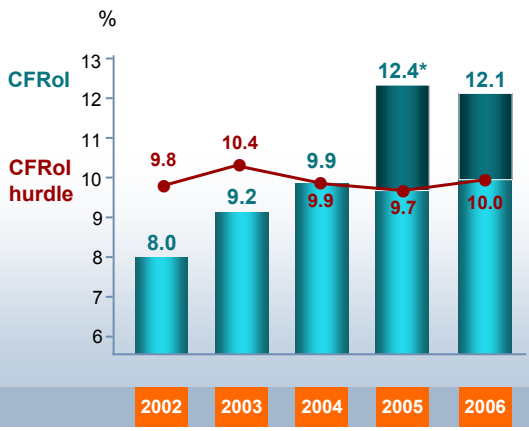


	Δ% vs. 2002
Group	+ 320%
MaterialScience	+ 249%*
CropScience	●
HealthCare	+ 132%

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

n.a.	12.8	15.1	18.6	19.3	EBITDA-margin underlying

Profitable Growth – Returns over Cost of Capital at Record Levels

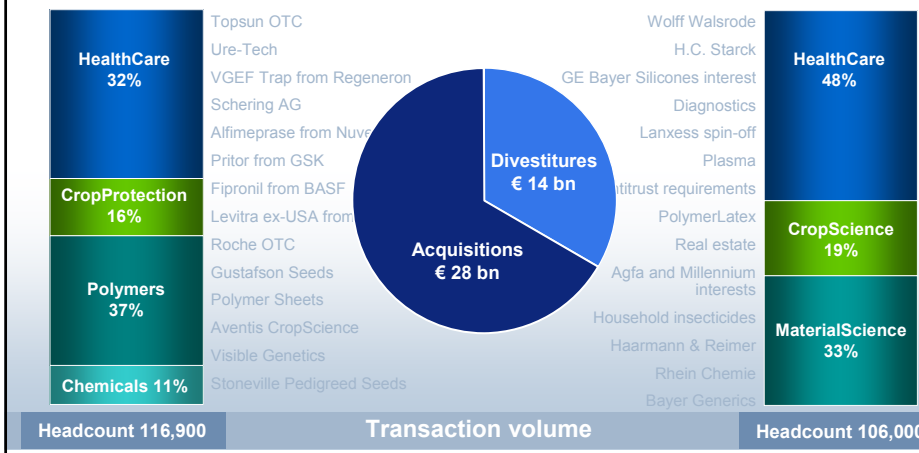


Value Generation in 2006

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

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

Portfolio Balance Clearly Shifted Towards HealthCare



We Confirm our Successful Strategy

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

Strategic Direction

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

Transaction Financing

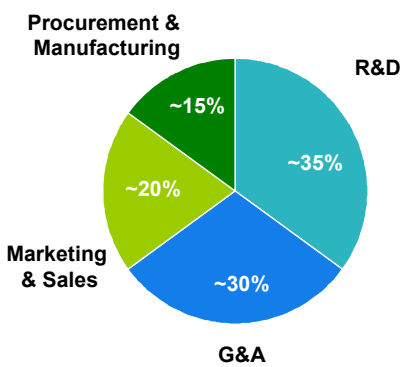
- Steady monitoring and active management. Acquisitions and disposals are therefore part of our regular business activities

Probable Timing

- 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

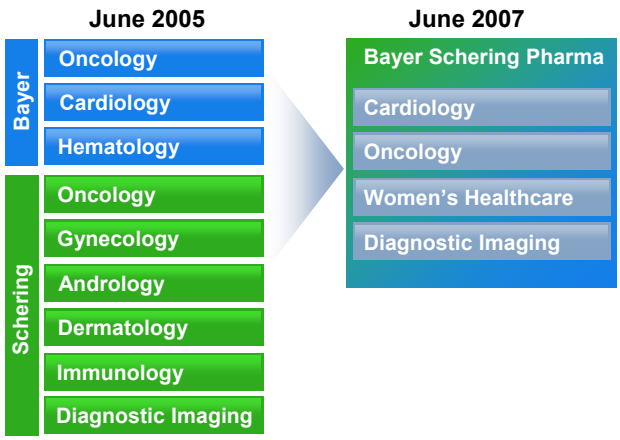
Savings by function



- 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

R&D Strategy – Focus on Four Therapeutic Research Areas



Focus based on

- Therapeutic research area assessment
- Competitive resources (internal & external)
- Synergies across therapeutic areas
- Business alignment: continued applied research and life cycle management in hemophilia, MS and dermatology

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**	**16**	**21**	**4**
Deprioritizations / Phase-shifts out	9	8	11	4
New projects / Phase-shifts in	10	9	9	9
Pipeline as of June 2007	**14**	**17**	**19**	**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

- Exciting new data on Nexavar and Rivaroxaban confirm their potential

Nexavar – A Franchise Building Opportunity

Nexavar (sorafenib) tablets

- 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

Nexavar is Significantly Ahead of Competition in Liver Cancer (HCC)

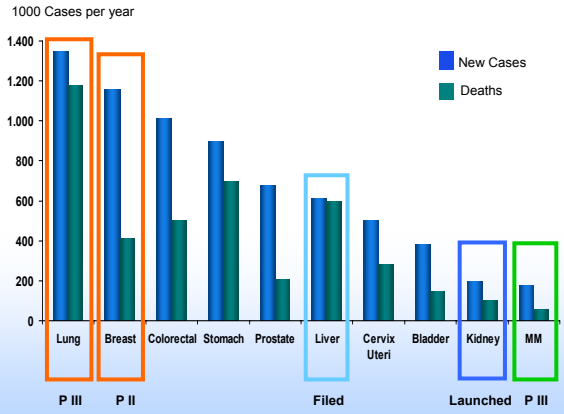
Targeted cancer therapies in clinical development for treatment of HCC

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

- Nexavar´s SHARP trial demonstrated 44% improvement in overall survival in HCC
- Submitted in EU, U.S. by end of June – potential market entry in early 2008
- Nexavar expected to become the reference standard of care for the first-line treatment of HCC

Expanding Nexavar´s Reach Into Large Tumor Types

Proof of concept for pan-tumor activity established



Source: Globocan 2002, ranked by incidence

- 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: Upcoming Milestones

Timing	Milestone
June 2007	Nexavar HCC submissions in U.S. and EU
2H 2007	Nexavar HCC submission in Japan
2H 2007	Start of Nexavar phase II program in metastatic breast cancer
1H 2008	Launch of Nexavar in HCC planned
2008	Maturation of phase III data in melanoma (ECOG study)
2008	Maturation of phase III data in NSCLC
2009	Launch in NSCLC planned
2009	Initiation of phase III program in metastatic breast cancer planned
2013	Launch in metastatic breast cancer planned

Establish Rivaroxaban as an Ideal Anticoagulant with the Potential to Redefine the Market

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	✓

… based on current knowledge

Rivaroxaban: Comprehensive Late-Stage Development Program in Place

Trial status	Indication	Trial design	Dosing	Guidance
Phase III RECORD	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 EINSTEIN	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 ROCKET AF	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 ATLAS ACS	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

Rivaroxaban: 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** in 10 months conducted
- Primary endpoint: total VTE measured by bilateral venography compared to enoxaparin (powered for non-inferiority)
- Study completed on time and **met pre-specified primary outcome and exceeded expectations**
- Rivaroxaban had **comparable safety versus enoxaparin** (major bleedings rates low and similar in both groups)
- Key RECORD3 study results will be presented at XXIst Congress of the International Society on Thrombosis and Haemostasis (ISTH), Geneva, during the "Late breaking clinical trial results" session scheduled on July 8, 2007

Rivaroxaban: Upcoming Milestones

Timing	Milestone
HC-Day	Announcement of top-line findings from the first of three completed phase III studies in VTE prevention after major orthopedic surgery
July 8, 2007	Presentation of full data set of pivotal phase III RECORD3 trial in VTE prevention after total knee replacement at ISTH
2H 2007	Top-line findings of RECORD1 and RECORD2 studies
2H 2007	Presentation of full data set of additional RECORD program targeted for a major international scientific congress
2H 2007	EMEA regulatory filing for marketing authorization for VTE prevention after major orthopedic surgery
2007 / 2008	Substantial progress in patient recruitment in ongoing study program
2008	FDA regulatory filing for marketing authorization for VTE prevention after major orthopedic surgery
2010	Filing for DVT treatment and stroke prevention in atrial fibrillation

- 2007 guidance and 2009 targets raised

We Raise our Financial Guidance…

	Underlying EBITDA margin targets
2007 Group	Exceeding 20% (previously “slightly increase 19.3%”)
2007 HealthCare	25% (previously toward 24%”)

…and our 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%)

Investor Relations Contacts

Dr. Alexander Rosar
Head of Investor Relations
Phone: +49-214-30-81013
E-mail: alexander.rosar@bayer-ag.de

Dr. Jürgen Beunink
Investor Relations Manager
Phone: +49-214-30-65742
E-mail: juergen.beunink@bayer-ag.de

Ilia Kürten
Investor Relations Manager
Phone: +49-214-30-35426
E-mail: ilia.kuerten@bayer-ag.de

Judith Nestmann
Investor Relations Manager
Phone: +49-214-30-66836
E-mail: judith.nestmann@bayer-ag.de

Peter Dahlhoff
Investor Relations Manager
Phone: +49-214-30-33022
E-mail: peter.dahlhoff@bayer-ag.de

Ute Menke
Investor Relations Manager
Phone: +49-214-30-33021
E-mail: ute.menke@bayer-ag.de

Dr. Olaf Weber
Investor Relations Manager
Phone: +49-214-30-33567
E-mail: olaf.weber@bayer-ag.de