Bayer

Information on accounting issues ahead of Q4´06 financial reporting

Bayer AG
Investor Relations
51368 Leverkusen
Germany
www.investor.bayer.com

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

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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.

	4th 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
Adjusted weighted average number of outstanding ordinary shares (million)	**730.34**	**823.87**	**730.34**	**791.76**

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Bayer AG, Investor Relations contacts:
Dr. Alexander Rosar (+49-214-30-81013)
Dr. Jürgen Beunink (+49-214-30-65742)
Peter Dahlhoff (+49-214-30-33022)
Ilia Kürten (+49-214-30-35426)
Ute Menke(+49-214-30-33021)
Judith Nestmann (+49-214-30-66836)
Dr. Olaf Weber (+49-214-30-33567)

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.