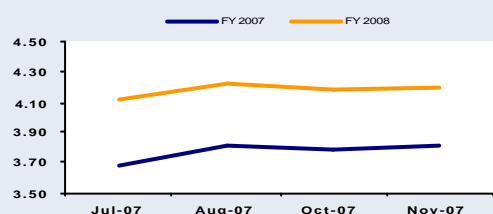


Date: 11/26/2007

Consensus Rating*: +1.80 (Buy)

Previous rating	+1.78 (Buy)
Stock price (in Euro)	56.65
High/Low (52 weeks)	60.23/38.83
Market cap (in Euro)	46,679.6
ISIN	DE0005752000
Reuters	BAYG.X
Bloomberg	BAY GR
Exchange	XETRA
Sector	Chemicals
Internet	www.investor.bayer.com
Coverage	20

Core EPS Estimates in Euro

Change in Estimates

	2007E old	2007E new	Change
Sales	32,490	32,490	0.0%
EBITDA clean	6,828	6,828	0.0%
EBITDA	5,933	5,943	0.2%
Core EPS	3.79	3.81	0.4%
EPS	6.06	6.00	-0.9%

** Core EPS as defined by Bayer

*** Consensus Rating (CR):**
Classification:

Buy:	1.50 = CR < 2.00
Accumulate:	0.50 = CR < 1.50
Hold:	-0.50 < CR < 0.50
Reduce:	-1.50 = CR < -0.50
Sell:	-2.00 = CR < -1.50

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Bayer AG

Summary

Latest Outlook given by the company (after Q3):

Group: Plan to increase sales to > €32bn or about +6%, adjusted for portfolio and currency effects (previous forecast: about 5%). Intend to grow the underlying EBITDA margin by at least 1 percentage point from the 19.3% in 2006 (previous forecast: increase to >20%).

HealthCare: Continue to expect that all HealthCare divisions will grow with or faster than the market. Raising the target margin and now expect to achieve an underlying EBITDA margin of >25% (previous forecast: 25 percent). Bayer expects marketing and R&D costs to be higher in the 4th quarter of 2007 than in the preceding quarters.

CropScience: Anticipate a continuing positive market environment in the 4th quarter. For the full year 2007, Bayer confirms the target of increasing the underlying EBITDA margin to >22%.

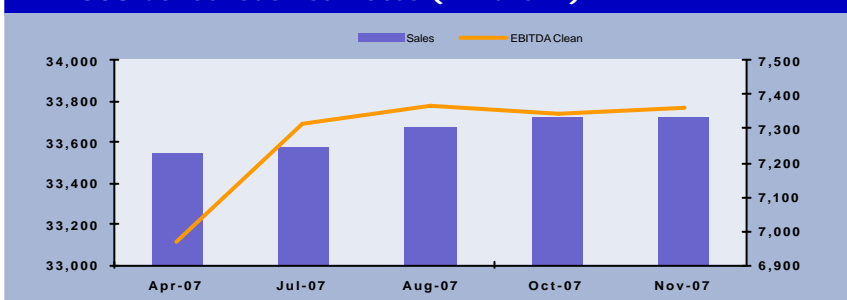
MaterialScience: Bayer doesn't envisage any significant change in the business environment in the 4th quarter. Bayer expects underlying EBITDA in the 4th quarter to be below that of the third quarter but above the 4th quarter of 2006.

Price Targets in Euro

	Current	Previous	Change	Up-/Downside
Current price	56.65			
Highest	75.00	70.00	7.1%	32.4%
Consensus	66.06	65.22	1.3%	16.6%
Median	66.00	65.00	1.5%	16.5%
Lowest	55.00	55.00	0.0%	-2.9%

Consensus Valuation

	Core EPS**	EBITDA clean	P/E	EV/Sales	EV/EBITDA	Div. Yield
2005	2.84	4,602	9.97	1.06	5.69	3.4%
2006	2.99	5,584	12.28	1.61	8.35	2.7%
2007E	3.81	6,828	14.87	1.83	8.70	2.1%
2008E	4.20	7,358	13.50	1.76	8.07	2.4%
2009E	4.73	7,925	11.98	1.70	7.50	2.7%

FY 2008 Consensus Estimates (in Euro m)

Quarterly Development (in Euro m)
