



## Investor News

---

### Auction process successfully concluded:

#### **Bayer sells H.C. Starck to Advent International and The Carlyle Group for EUR 1.2 billion**

- Proceeds will help to finance the Schering acquisition
  - Acquirers plan expansion of H.C. Starck business
  - Goal is to position the company for an initial public offering in 3 to 5 years
- 

**Leverkusen / November 23, 2006** – The Bayer Group plans to sell its subsidiary H.C. Starck to a consortium formed by financial investors Advent International and The Carlyle Group for approximately EUR 1.2 billion. As planned, the proceeds will help to finance the acquisition of Schering. Commenting on the transaction, Bayer Management Board Chairman Werner Wenning said: “We are convinced that H.C. Starck will have very good development prospects under the new owners.”

The transaction value comprises a cash component of more than EUR 700 million and the assumption of financial liabilities and personnel-related commitments totaling some EUR 450 million. The divestment thus reduces Bayer’s net debt by about EUR 1 billion, with an accounting gain of about EUR 150 million. Closing is planned to take place at the beginning of 2007, subject to the approval of the antitrust authorities.

Advent and Carlyle intend to continue developing the H.C. Starck business, with the aim of positioning the company for an initial public offering in three to five years. Gregor Böhm, Carlyle Managing Director in Munich, said: “We’re delighted to be investing in such a first-class company. H.C. Starck is an extremely innovative and highly specialized enterprise with excellent positions in its various markets. We look forward to working with the entire team to help grow H.C. Starck for the benefit of the company and its employees.”

Ralf Huep, General Manager at Advent International in Frankfurt, commented: "H.C. Starck is a highly attractive investment. It not only holds leadership positions in its markets, but also has enormous growth potential, both in existing and prospective new business areas. We will work closely with management and Carlyle to leverage these strengths and continue the successful development of H.C. Starck's business."

Bayer conducted the sale of H.C. Starck as an auction process. Several of the many prospective acquirers were invited to examine the company in detail and submit a binding offer. Both strategic and financial investors participated in the bidding through the final stage.

H.C. Starck, headquartered in Goslar in northern Germany, manufactures metal and ceramic powders, specialty chemicals, and parts made from advanced ceramics and refractory metals. The company employs some 3,400 people and last year posted sales of EUR 920 million. H.C. Starck has 15 sites in Europe, Asia and North America.

"Advent and Carlyle are ideal partners for our future expansion," explained H.C. Starck Managing Director Dr. Heinz Heumüller. "With their support we will continue to pursue our corporate strategy and business objectives and work to further improve performance."

Bayer announced in March 2006 that it would divest its subsidiaries H.C. Starck and Wolff Walsrode and use the proceeds to partly finance the Schering acquisition. The two companies have so far been part of the Bayer MaterialScience subgroup, which will focus in future on its core businesses.

**About Advent International:**

Advent International is one of the world's leading private equity firms, with over EUR 8 billion (US\$ 10 billion) in cumulative capital raised and offices in 14 countries across Western and Central Europe, North America, Latin America and Asia. Since its inception in 1984, Advent has invested in more than 500 companies in 35 countries and has taken over 130 of these businesses public on major stock exchanges worldwide. Advent has a proven track record of success in the German market, having concluded eight transactions in the past two years. In 2004, for example, Advent and Carlyle jointly acquired HT Troplast, the world's leading manufacturer of vinyl profiles for windows and doors.

**About The Carlyle Group:**

The Carlyle Group is a global private equity firm with more than US\$ 46 billion (EUR 36 billion) under management. Carlyle invests in buyouts, venture and growth capital, real estate and leveraged finance in North America, Europe and Asia. Focus industries are aerospace, automotive & transportation, consumer & retail, chemicals, energy & power, healthcare, industrial, technology & business services, and telecom & media. Since 1987, Carlyle has invested total equity capital of US\$24 billion (EUR 19 billion) in 576 transactions.

Leverkusen, November 23, 2006

**Bayer AG, Investor Relations contacts:**

Dr. Alexander Rosar (+49-214-30-81013)

Dr. Juergen Beumink (+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.