

Investor News

Bayer MaterialScience raises sales prices for coating raw materials

Leverkusen / September 18, 2006 – Effective October 1, 2006, Bayer MaterialScience AG will raise the sales prices in the EMEA (Europe, Middle East and Africa) region for aliphatic polyisocyanates, TDI-based polyisocyanates and prepolymers, and also for various resins.

The ongoing increases in the costs of raw materials and energy are so significant that internal measures to increase efficiency are insufficient to offset declines in profitability. This situation forces Bayer MaterialScience to pass these rising costs on to its customers so that it can ensure sufficient availability to meet future market demand, provide an adequate level of service and continue to develop the product portfolio to satisfy future requirements.

The average increases for the various product lines are as follows:

- Aliphatic polyisocyanates (Desmodur[®] N/Bayhydur[®]/Desmodur[®] BL): 4 - 6 %
- Isophorone diisocyanate monomer (Desmodur[®] I): 6 %
- Aromatic polyisocyanates (Desmodur[®] L/IL/HL) and TDI prepolymers (Desmodur[®] E, Desmocap[®]): 7 - 12 %
- Alkyd resins, saturated and unsaturated polyesters (Alkydal[®], Desmophen[®], Roskydal[®]) and hydroxylacrylates (Desmophen[®] A): 5-15 %

Contractual obligations in existence at the time when the price increases come into effect remain unaffected.

Bayer MaterialScience AG is a worldwide leading supplier of these products, which are used as raw materials for high-quality paints and coatings as well as for applications in other fields.

With 2005 sales of 10.7 billion euros, Bayer MaterialScience AG is among the world's largest polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative solutions for products used in many areas of daily life. The main segments served are the automotive, electrical and electronics, construction and the sports and leisure industries. Bayer MaterialScience employs approximately 18,800 people at 40 production sites around the globe. Bayer MaterialScience is a Bayer Group company.

Leverkusen, September 18, 2006

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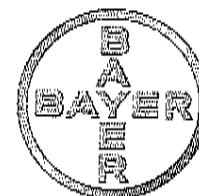
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Bayer CropScience CEO Professor Dr. Friedrich Berschauer:

“We want to more intensively exploit the opportunities for growth in the areas of innovation, new technologies and seeds”

- Plans to expand the seeds business to 15 % of total sales by 2015
 - Annual research budget to increase to EUR 750 million over the same period
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Monheim (Germany) / September 19, 2006 – Bayer CropScience intends to more intensively exploit the long-term potential for growth in the global agriculture market. With a view to this objective, the company plans to increase its commitment to Research & Development and the dynamically growing seed business. The implementation of a restructuring project to improve the cost situation is intended to simultaneously boost long-term profitability so that further investments can be made in future-oriented technologies and growth markets.

“Our planning for the next decade is based on three pillars: a strong Crop Protection business with innovative active ingredients as the mainstay of our company, a dynamically growing Environmental Science business with above-average profitability and a rapidly expanding Seeds and Traits business,” said Professor Friedrich Berschauer, Chairman of the Board of Management of Bayer CropScience, at the Annual Press Conference in Monheim, Germany, in regard to the company’s growth strategy. The share of sales contributed by Seeds & Traits – the business with seeds and genetically enhanced crop characteristics – is planned to increase from approximately 6 % at present to 15 % in 2015.

According to the CEO, Bayer CropScience plans to further strengthen its innovative power and increase its annual research expenditure to some EUR 750 million by 2015. The research budget for the BioScience business unit will be increased from

approximately EUR 80 million per year at present to more than EUR 200 million in 2015. The annual R&D budget in traditional crop protection in the long run will then amount to around EUR 500 million per year.

Long-term market developments offer opportunities for growth

Berschauer believes that the agricultural sector continues to offer good long-term opportunities for research-based companies. According to Bayer CropScience's estimates, the market volume for crop protection products and seeds and the end consumer-oriented home & garden segment will grow from EUR 44 billion at present to approximately EUR 48 billion in 2015.

Market growth in coming years will be driven primarily by the launch of modern, innovative crop protection products and the ongoing trend towards increased use of commercial seeds. The Bayer subgroup also expects there to be an increased demand for agricultural products for use in biofuels, which will benefit both the seed business and the crop protection market.

Innovative agricultural chemistry to remain the driving force at Bayer CropScience

Innovation will remain the fundamental precondition for the further development of the company in the future. "We remain committed to all three indications – herbicides, fungicides and insecticides – in Crop Protection, thereby underlining our innovation leadership in the industry", Berschauer confirmed. New active ingredients are being launched to replace older crop protection products, enabling Bayer CropScience to position innovative products with greater value creation on the market.

The current launch program comprises 26 active ingredients scheduled to be launched from 2000 to 2011 with a peak sales potential of approximately EUR 2 billion. According to the Bayer CropScience CEO, the company's pipeline also looks promising for the years ahead. Accordingly, the share of sales generated by patent-protected crop protection products should increase in the coming 10 years to more than 50 %. This impressively confirms the innovative power of Bayer CropScience, stressed Berschauer.

The constant flow of new active ingredients will also be used by Environmental Science for non-agricultural applications. The company's strong Bayer Garten/Bayer Advanced brands are important and active players in a highly profitable market. "We

plan to further increase our share of the Environmental Science market in the coming years,” added Berschauer.

Seed business as growth driver

Bayer CropScience estimates that the expanding business with commercial seeds will be one of the strongest growth drivers in the global agriculture market. The company expects the global market to grow from approximately EUR 13 billion at present to EUR 18 billion in 2015 (approximately 3 % per year). The reason for this growth is the trend towards high-quality seed, in particular hybrid seed which is characterized by its high yield. The CEO summarized Bayer CropScience’s strategy as follows: “Our goal in the Seeds & Traits business is to achieve profitable growth and, in the long term, attain the same level of margins that we have in the agrochemicals business.”

Berschauer estimates that the market for vegetable, rice, cotton and canola seed will grow by approximately 4 % per year and account for a good third of the global commercial seed market by 2015.

The company’s seed business and seed treatment products are already benefiting from the growth of the commercial seeds market. In the future, Bayer CropScience intends to foster strong growth by gaining access to new geographical markets and extending its seed business to include new crops, such as oilseeds, food and feed crops.

“Targeted acquisitions in certain market segments are certainly conceivable,” added Berschauer. “In parallel to expanding our business with seeds, we also want to concentrate more intensively on the development of proprietary traits.”

Consolidate leading position in crop protection

Dr. Rüdiger Scheitza, member of the board of management of Bayer CropScience and Head of Portfolio Management, also explained how the company’s growth strategy will be implemented. New, innovative active ingredients play an important role in consolidating Bayer CropScience’s leading market position. Sales of new products launched since 2000 increased by 17 % to EUR 607 million in the first half of 2006. Particularly high sales growth in this period was recorded by the fungicide prothioconazole with + 31.4 % and the herbicide mesosulfuron with + 20.7 %. The contribution made by new active ingredients to total sales now amounts to almost one fifth. “We have set ourselves the goal of achieving sales of EUR 1 billion this year

with products based on new active ingredients. We are confident of reaching this target,” said Scheitza.

Reduction of complexity thanks to active portfolio management

One element of the growth strategy is the concentration on products with greater value creation. Bayer CropScience has tightened up its portfolio, and has already divested 27 active ingredients, with another two substances scheduled for divestment before the end of 2006. Said Scheitza, “This has allowed us to reduce complexity and markedly rejuvenate our portfolio.” The successful market launches of new active ingredients over the past years more than compensated for the drop in sales, noted Scheitza. The number of active substances in the portfolio will be reduced from 99 in 2006 to 87 by 2010; in 2000, this figure was markedly higher at 114.

First half of 2006: sales at the same level as previous year

“We regard the global agricultural business as a growth market in the long term, despite 2006 being clearly not an easy year for the industry,” explained Berschauer. Bayer CropScience sales in the first six months of 2006 were on the same level as last year at EUR 3.35 billion. Adjusted for exchange rate and portfolio effects, sales were 2.6 % below the same period in 2005. The changeable weather conditions in Europe, periods of drought in North America and Australia and the continuing difficult farming situation in Brazil caused a decline of 1.9 % in the crop protection business. A sustained decline in prices for older crop protection products and significant increases to raw material and energy costs also contributed to this decline.

Despite the difficult market environment, Bayer CropScience’s EBIT increased by 10.8 %. One reason was the good performance by non-agricultural applications and BioScience, which posted sales increases of 7.2 and 11.7 % respectively. For 2006 as a whole, Berschauer expects sales to drop as a result of the unfavorable market environment in the second half of the year.

Potential savings of some EUR 300 million per year as of 2010 identified

In August 2006, Bayer CropScience initiated a restructuring program to improve its cost situation. The package of measures includes a reduction in the number of production and formulation plants from 50 at present to about 35 and some 1,500 job losses worldwide. The objective is to produce a long-term reduction in the

infrastructure and process costs in Development, Production, Logistics and Marketing. Positive contributions to the EBIT are expected from 2008 onwards. On the basis of the recently agreed measures, Bayer CropScience anticipates being able to achieve the targeted 25 % EBIDTA margin by 2009.

Bayer CropScience, a subsidiary of Bayer AG with annual sales of about EUR 6 billion, is one of the world's leading innovative crop science companies in the areas of crop protection, non-agricultural pest control, seeds and plant biotechnology. The company offers an outstanding range of products and extensive service backup for modern, sustainable agriculture and for non-agricultural applications. Bayer CropScience has a global workforce of about 19,000 and is represented in more than 120 countries. This and further news is available at:

www.newsroom.bayercropscience.com

Monheim, September 19, 2006

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Bayer MaterialScience constructs world-scale plant for chlorine recycling

Innovative hydrochloric acid electrolysis in Shanghai

Oxygen-depleting cathode technology deployed on a large scale for the first time

Leverkusen / September 20, 2006 – Bayer MaterialScience AG is planning to construct world-scale production plants to manufacture the polyurethane raw materials MDI and TDI at the integrated Shanghai plant. The chlorine required to operate these plants is produced on site at the world's largest hydrochloric acid recycling plant. Work is currently in progress on Bayer MaterialScience's new hydrochloric acid electrolysis facility, which offers an annual capacity of 215,000 tons of chlorine and is due to be commissioned in 2008. The innovative oxygen-depleting cathode (ODC) technology which has been developed by Bayer MaterialScience and partners will be used at the plant on a world scale for the first time.

Hydrochloric acid occurring as a by-product in isocyanate production is separated during electrolysis into chlorine and hydrogen by means of electricity, with oxygen as a further coreactant. The chlorine obtained is reused for isocyanate production and thus deployed in a continuous cycle. The electrode that depletes the oxygen functions as a cathode, which is why the new process is referred to as oxygen-depleting cathode technology.

Bayer MaterialScience developed the ODC process to industrial maturity together with its partners UhdeNora, DeNora North America and Bayer Technology Services GmbH. In 2003, a hydrochloric acid electrolysis plant equipped with ODC technology was commissioned in Brunsbüttel, Germany, with an annual capacity of 20,000 tons

of chlorine. The experience gained in Brunsbüttel is now being put to use in constructing the world-scale plant in China.

The advantage of the ODC electrolysis process is that it saves energy. "The ODC process uses around 30 percent less electrical energy than the diaphragm process established at Bayer for many years," says Dr. Christian Ohm, Head of the Inorganic Basic Chemicals Business Unit, where ODC technology was developed. "The technical principle is the same as a fuel cell process. By feeding in oxygen, we can perform electrolysis at a much lower voltage," he explains further. The new plant is being constructed by Bayer MaterialScience in conjunction with Bayer Technology Services and UhdeNora.

With sales of EUR 10.7 billion in 2005, Bayer MaterialScience AG is one of the world's largest polymer manufacturers. Its main fields of activity are the production of high-tech polymer materials and the development of innovative solutions for products used in many areas of everyday life. The main consumer sectors are the automotive, electrical/electronics, construction, sports and leisure industries. Bayer MaterialScience has production facilities at 40 sites around the world and a workforce of approx. 18,800. Bayer MaterialScience is part of the Bayer Group.

Leverkusen, September 20, 2006

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FDA Advisory Committee Strongly Endorses Use of Trasylol® in CABG Surgery Patients

Leverkusen / September 21, 2006 – Bayer was glad to participate in today's advisory committee meeting held by the Cardiovascular and Renal Drugs Division of the U.S. Food and Drug Administration (FDA). This session provided an open forum in which to discuss the complex scientific issues surrounding the risk/benefit profile of Trasylol® (aprotinin injection) in detail.

At the end of the session, the committee overwhelmingly affirmed (18 yes votes and one abstention) that the totality of clinical data presented in today's meeting supports acceptable safety and efficacy for Trasylol among coronary artery bypass graft (CABG) surgery patients.

Additionally, as noted in today's meeting, Bayer has begun discussions with the FDA regarding possible updates to the U.S. Trasylol label. Under consideration are: additional detail to the indication to specify that Trasylol should be used in patients at increased risk for blood loss and blood transfusion and revised guidance with regard to elevations in serum creatinine levels and hypersensitivity reactions in association with Trasylol. Also discussed were additional measures that Bayer could implement to further increase safety around hypersensitivity reactions. These included: additional instructions to physicians concerning administration of the test dose and possible development of a serological (blood) test to determine previous exposure to aprotinin.

Bayer considers the discussion today and the valuable feedback provided by the committee as important guidance and input that will help the company, and the FDA, in clarifying and addressing these critical issues. Bayer will continue to work closely with the FDA and other regulatory authorities regarding changes to the Trasylol label.

Leverkusen, September 21, 2006

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