
This is to give Notice of our Annual Stockholders' Meeting to be held on Friday, April 27, 2007 at 10:00 hours (CEST) Cologne-Deutz Exhibition Center, North Entrance, Hall 9, Deutz-Mülheimer-Straße 111, 50679 Cologne, Germany.

Agenda

1. Submission of the Approved Annual Financial Statements and Consolidated Financial Statements, the Management Reports for Bayer AG and the Bayer Group, and the Report of the Supervisory Board for Fiscal Year 2006; Resolution on Distribution of Profit

The Board of Management and the Supervisory Board propose that the balance sheet profit in the amount of Euro 764,341,920.00 be used to pay a dividend of Euro 1.00 per share entitled to dividends.

If, at the time the resolution on distribution of profit is passed by the Stockholders' Meeting, the Company holds Company shares which pursuant to Article 71b of the German Stock Corporation Act (Aktiengesetz) are not entitled to dividends, then an appropriately modified resolution on distribution of profit will be submitted to the Stockholders' Meeting which in addition to the payment of a dividend of Euro 1.00 per share entitled to dividends allows a profit brought forward to be shown.

2. Ratification of Actions of Members of the Board of Management

The Board of Management and the Supervisory Board propose to ratify the actions of the members of the Board of Management holding office during the 2006 fiscal year with respect to that year.

3. Ratification of Actions of Members of the Supervisory Board

The Board of Management and the Supervisory Board propose to ratify the actions of the members of the Supervisory Board holding office during the 2006 fiscal year with respect to that year.

4. Elections to the Supervisory Board

The term of office of all the stockholders' representatives on the Supervisory Board expires at the end of the 2007 Annual Stockholders' Meeting. Pursuant to Articles 96, para. 1 and 101, para. 1 of the German Stock Corporation Act (Aktiengesetz) and Article 7, para. 1, sentence 3, no. 3 of the German 1976 Codetermination Act (Mitbestimmungsgesetz), the Supervisory Board is composed of 10 members representing the stockholders and 10 members representing the employees. The stockholders' representatives are elected by the Annual Stockholders' Meeting, which is not bound by nominations.

The Supervisory Board proposes that

- a) **Dr. Paul Achleitner**, Munich;
Member of the Board of Management of Allianz SE, Munich
- b) **Dr. Clemens Börsig**, Frankfurt a. M.;
Chairman of the Supervisory Board of Deutsche Bank AG, Frankfurt a.M.
- c) **Prof. Dr.-Ing. e. h. Hans-Olaf Henkel**, Berlin;
Honorary professor of University of Mannheim, Mannheim
- d) **Dr. rer. pol. Klaus Kleinfeld**, Munich;
Chairman of the Board of Management of Siemens AG, Munich
- e) **Dr. rer. nat Helmut Panke**, Munich;
Formerly Chairman of the Board of Management of BMW AG, Munich
- f) **Dr. rer. pol. Manfred Schneider**, Leverkusen;
Chairman of the Supervisory Board of the Company, Leverkusen
- g) **Dr.-Ing. Ekkehard D. Schulz**, Duesseldorf;
Chairman of the Board of Management of ThyssenKrupp AG, Duisburg/Essen
- h) **Dr. Klaus Sturany**, Dortmund;
Member of the Board of Management of RWE AG, Essen
- i) **Dipl.-Ing. Dr.-Ing. e. h. Jürgen Weber**, Hamburg;
Chairman of the Supervisory Board of Deutsche Lufthansa AG, Cologne
- j) **Prof. Dr. Dr. h. c. Ernst-Ludwig Winnacker**, Brussels;
Secretary-General of the European Research Council, Brussels

be elected to the Supervisory Board, their term of office to last until the end of the Annual Stockholders' Meeting that resolves on the ratification of their actions with respect to the 2011 fiscal year.

The Annual Stockholders' Meeting is not bound by nominations in electing stockholders' representatives. The elections shall be carried out individually. It is intended that Dr. Manfred Schneider be the chair of the Supervisory Board. The corporate offices currently held by the persons proposed for election to the Supervisory Board as stockholders' representatives are listed in the Annex to Agenda Item 4 in this Notice of the Annual Stockholders' Meeting.

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The persons proposed for election to the Supervisory Board as stockholders' representatives under Agenda Item 4 hold offices as members of supervisory boards required by law to be established or comparable supervisory bodies of the following German or foreign corporations:

Dr. Paul Achleitner

- a) Member of supervisory boards required by law to be established:
 - Allianz Deutschland AG, Munich
 - Allianz Global Investors AG, Frankfurt a. M.
 - Allianz Lebensversicherungs-AG, Stuttgart
 - RWE AG, Essen

- b) Member of comparable supervisory bodies of German or foreign corporations:
 - Allianz Elementar Lebensversicherungs-AG, Vienna (Chairman)
 - Allianz Elementar Versicherungs-AG, Vienna (Chairman)
 - Allianz Investment Bank AG, Vienna (vice Chairman)

Dr. Clemens Börsig

- a) Member of supervisory boards required by law to be established:
 - Deutsche Bank AG, Frankfurt a. M. (Chairman)
 - Deutsche Lufthansa AG, Cologne
 - Heidelberger Druckmaschinen AG, Heidelberg (until 31 March 2007)
 - Linde AG, Wiesbaden

- b) Member of comparable supervisory bodies of German or foreign corporations:
 - Foreign & Colonial Eurotrust Plc., London

Prof. Dr.-Ing. e. h. Hans-Olaf Henkel

- a) Member of supervisory boards required by law to be established:
 - Continental AG, Hannover
 - DaimlerChrysler Aerospace AG, Munich
 - EPG AG, Saarbruecken
 - SMS GmbH, Duesseldorf

- b) Member of comparable supervisory bodies of German or foreign corporations:
 - Brambles Industries Ltd., Sydney
 - Ringier AG, Zofingen (Switzerland)

Dr. rer. pol. Klaus Kleinfeld

- a) Member of supervisory boards required by law to be established:
 - none

- b) Member of comparable supervisory bodies of German or foreign corporations:
 - Alcoa Inc., Pittsburgh
 - Citigroup Inc., New York

Dr. rer. nat. Helmut Panke

- a) Member of supervisory boards required by law to be established:
 - none

- b) Member of comparable supervisory bodies of German or foreign corporations:
 - Microsoft Corporation, Seattle
 - UBS AG, Zurich

Dr. rer. pol. Manfred Schneider

- a) Member of supervisory boards required by law to be established:
- DaimlerChrysler AG, Stuttgart
 - Linde AG, Wiesbaden (Chairman)
 - Metro AG, Duesseldorf
 - RWE AG, Essen
 - TUI AG, Hannover
- b) Member of comparable supervisory bodies of German or foreign corporations:
none

Dr.-Ing. Ekkehard D. Schulz

- a) Member of supervisory boards required by law to be established:
- AXA Konzern AG, Cologne
 - MAN AG, Munich (Chairman)
 - RAG AG, Essen (vice Chairman)
 - RAG Beteiligungs-AG, Essen (vice Chairman)
 - RWE AG, Essen
 - ThyssenKrupp Elevator AG, Duesseldorf (Chairman)
 - ThyssenKrupp Services AG, Duesseldorf (Chairman)
 - ThyssenKrupp Technologies AG, Essen (Chairman)
- b) Member of comparable supervisory bodies of German or foreign corporations:
none

Dr. Klaus Sturany

- a) Member of supervisory boards required by law to be established:
- Commerzbank AG, Frankfurt a. M.
 - Hannover Rückversicherung AG, Hannover
 - Heidelberger Druckmaschinen AG, Heidelberg
 - RAG AG, Essen (until 19 March 2007)
 - RAG Beteiligungs-AG, Essen (until 19 March 2007)
- b) Member of comparable supervisory bodies of German or foreign corporations:
Österreichische Industrieholding AG, Vienna

Dipl.-Ing. Dr.-Ing. e. h. Jürgen Weber

- a) Member of supervisory boards required by law to be established:
- Allianz Lebensversicherungs-AG, Stuttgart
 - Deutsche Bank AG, Frankfurt a. M.
 - Deutsche Lufthansa AG, Cologne (Chairman)
 - Deutsche Post AG, Bonn (Chairman)
 - Voith AG, Heidenheim
 - Willi Bogner GmbH & Co. KGaA, Munich
- b) Member of comparable supervisory bodies of German or foreign corporations:
Loyalty Partner Holding GmbH, Munich (Chairman)
Tetra Laval Group, Pully (Switzerland)

Prof. Dr. Dr. h. c. Ernst-Ludwig Winnacker

- a) Member of supervisory boards required by law to be established:
- KWS Saat AG, Einbeck
 - Medigene AG, Martinsried (Chairman)
 - Wacker Chemie AG, Munich
- b) Member of comparable supervisory bodies of German or foreign corporations:
none

5. Revocation of Existing Authorized Capital II, Creation of New Authorized Capital II with the Option of Excluding Subscription Rights and Corresponding Amendment of § 4 (3) of the Articles of Incorporation (Capital Stock)

The current Authorized Capital II (§ 4 (3) of the Articles of Incorporation) has been partially used up and shall therefore be renewed.

The Board of Management and the Supervisory Board therefore propose to resolve that:

- a) The authorization of the Board of Management to increase with approval of the Supervisory Board the capital stock of the Company by up to Euro 98,960,000.00 until April 27, 2011 as provided in § 4 (3) of the Articles of Incorporation (Authorized Capital II) shall be revoked by deleting § 4 (3) of the Articles of Incorporation.

- b) The Board of Management shall be authorized, until April 26, 2012 and with approval of the Supervisory Board, to increase the capital stock by up to a total amount of Euro 195,000,000.00 in one or more installments by issuing new bearer non-par stock in exchange for cash contributions (Authorized Capital II). In such case, the stockholders shall be granted subscription rights. In case of singular or repeated exercise of the Authorized Capital II and with approval of the Supervisory Board, the Board of Management shall however be authorized to exclude subscription rights of the stockholders in an amount of the capital increase not exceeding 10% of the capital stock existing at the time this authorization becomes effective and existing at the time this authorization is exercised for purposes of issuing new stock in exchange for cash contributions at an issue price not materially below the market price of the Company's stock already listed on the stock exchange at the time the issue price is finally determined. Stock which was acquired on the basis of an authorization of the Stockholders' Meeting and is sold pursuant to Article 71, para. 1, no. 8, sentence 5 of the German Stock Corporation Act (Aktiengesetz) in conjunction with Article 186, para 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz) during the term of this authorization shall apply towards the above-mentioned 10% limit. Moreover, those stocks shall be applied towards this limit which were or are to be issued in satisfaction of bonds with conversion rights or attached warrants or which are mandatorily convertible if the bond was issued during the term of this authorization subject to exclusion of the subscription rights under analogous application of Article 186, para.3, sentence 4 of the German Stock Corporation Act (Aktiengesetz). Subject to approval of the Supervisory Board, the Board of Management shall decide on the content of the stock rights and further conditions of the stock issuance including the issue price.

- c) Upon entry into the commercial register of the deletion of the current text pursuant to (a), § 4 (3) of the Articles of Incorporation shall be replaced with the following text:

“(3) The Board of Management is authorized until April 26, 2012 and with approval of the Supervisory Board, to increase the capital stock up to a total amount of Euro 195,000,000.00 in one or more installments by issuance of new bearer non-par stock in exchange for cash contributions (Authorized Capital II). In such case, the stockholders shall be granted subscription rights. In case of singular or repeated exercise of the Authorized Capital II and with approval of the Supervisory Board, the Board of Management is, however, authorized to exclude subscription rights of the stockholders in an amount of the capital increase not exceeding 10% of the capital stock existing at the time this authorization becomes effective and existing at the time this authorization is exercised for purposes of issuing new stock in exchange for cash contributions at an issue price not materially below the market price of the Company's stock

already listed on the stock exchange at the time the issue price is finally determined. Stock which was acquired on the basis of an authorization of the Stockholders' Meeting and is sold pursuant to Article 71, para. 1, no. 8, sentence 5 of the German Stock Corporation Act (Aktiengesetz) in conjunction with Article 186, para 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz) during the term of this authorization shall apply towards the above-mentioned 10% limit. Moreover, those stocks shall be applied towards this limit which were or are to be issued in satisfaction of bonds with conversion rights or attached warrants or which are mandatorily convertible if the bond was issued during the term of this authorization subject to exclusion of the subscription rights under analogous application of Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz). Subject to approval of the Supervisory Board, the Board of Management shall decide on the content of the stock rights and further conditions of the stock issuance including the issue price."

- d) The Supervisory Board shall be authorized to amend § 4 (1) and (3) of the Articles of Incorporation to correspond to the current use of the Authorized Capital II or after expiration of the authorization term.

- e) The Board of Management is instructed to apply for entry into the commercial register of the above under (a) approved revocation of the Authorized Capital II contained in the current § 4 (3) of the Articles of Incorporation only once it is ensured that, immediately after entry of the deletion of the current § 4 (3) of the Articles of Incorporation, the approved creation of the new Authorized Capital II in the amount of Euro 195,000,000.00 with the corresponding amendments to the Articles of Incorporation pursuant to the above Agenda Items (b) and (c) are entered into the commercial register.

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Report of the Board of Management pursuant to Article 203, para. 2, sentence 2 in conjunction with Article 186, para. 4, sentence 2 of the German Stock Corporation Act (Aktiengesetz) concerning Agenda Item 5

Generally, in the event that the Authorized Capital II is exercised, we want to grant our stockholders subscription rights, but would like to have the option of excluding such rights in one particular case, namely pursuant to Article 203, para. 1, sentence 1, Article 203, para. 2 and Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz):

This possibility serves the interest of the Company in reaching the best possible issue price when issuing new stock. The statutory option provided in Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz) puts the Board of Management, with approval of the Supervisory Board, in a position to respond quickly and flexibly as well economically to current favorable market opportunities. In so doing, a best possible increase in equity will be attained which is in the interests of the Company and all stockholders. By waiving the time-consuming and costly procedure of subscription rights, the equity needs arising from short-term market opportunities may be quickly covered and new domestic and foreign stockholders won over. This option of increasing capital under optimum conditions and at a nominal expense to subscription rights is particularly important for the Company because it allows it to react quickly and with flexibility to market opportunities in new and fast-changing markets and to cover any equity needs arising therefrom on a short-term basis.

Stock issued under exclusion of subscription rights pursuant to Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz) may not exceed 10% of the capital stock, neither at the time that the authorization takes effect nor at the time the authorization is exercised. In calculating this limit, Company stock sold during the term authorized for excluding subscription rights pursuant to Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz) will be included. Further included in calculating this limit are those stocks which were or are to be issued in satisfaction of bonds having conversion rights or attached warrants or obligatory conversion rights if the bonds were issued during the term of this authorization under exclusion of subscription rights in analogous application of Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz). These conditions take into account the interests of the stockholders with respect to the protection against the dilution of their stockholdings in compliance with the respective statutory provisions.

The issue price and thus the funds flowing to the Company for the new stock will orient itself to the market price of already floating stock and will not significantly fall short of the market price, the price expected to be not less than 3% but in no case less than 5% compared to the current market price.

In view of the fact that all stock issued in the past by the Company is admitted for trade in the official markets of the German stock exchanges and that they are widely held, stockholders desiring to maintain their percentage of stockholding may purchase additional stock of the Company on the stock market without any problem in cases where the Authorized Capital II under exclusion of subscription rights pursuant to Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz) is utilized. In calendar year 2006 more than 1.4 billion non-par stock of the Company were traded on German stock exchanges equaling almost double the total number of Company stock.

Generally it is therefore ensured that in keeping within the statutory parameters of Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz), stockholder capital interests as well as stockholder voting rights are reasonably preserved in the event that Authorized Capital II is utilized under exclusion of subscription rights. Taking all of these circumstances into account, the authorization to exclude subscription rights subject to the above restrictions is necessary, suitable, reasonable and demanded by the interests of the Company.

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6. Authorization to Purchase Company Shares and Sell Company Shares Subject to Exclusion of Subscription Rights

Due to the expiration by October 27, 2008 of the authorization adopted by the last Annual Stockholders' Meeting, the Board of Management shall, subject to the revocation of this authorization, again be authorized to purchase Company shares. To the extent the shares will be utilized for stock compensation programs, these programs for the years 2000 to 2002 have already been the subject of Stockholders' Meeting resolutions in past years for the shares issued in each of the respective years.

The Board of Management and the Supervisory Board propose adoption of the following resolution:

- a) The Company is authorized until October 26, 2008 to purchase Company shares representing up to 10% of the Company's current capital stock. The purchase must be made on the stock exchange. The purchase price (excluding incidental costs of purchase) shall not be more or less than 10% of the Company's share price calculated by the trading day opening auction on the XETRA System (or corresponding successor system) of the Frankfurt Stock Exchange.

The current authorization to purchase Company shares, valid until October 27, 2007, will cease to be valid upon this new authorization coming into effect.

- b) The authorization may be exercised for all shares or in one or more installments. The authorization may be exercised for any legally permissible purpose as well as in pursuit of one or more of the purposes mentioned in paragraphs (c), (d), (e) and (f). Where it is used for one or more of the purposes mentioned in paragraphs (c), (d) or (e), the subscription rights of the stockholders will be excluded.
- c) The Board of Management is authorized to sell the Company shares acquired under this authorization other than via the stock exchange or through an offering to all stockholders, provided that the sale is made for cash and at a price that is not significantly below the stock market value of the Company's shares at the time of sale. This authorization is limited to a total of 10% of the Company's capital stock. The maximum 10% limit of the capital stock shall be reduced by the pro rata amount of the capital stock attributable to those shares which are issued while this authorization is still valid in connection with a capital increase subject to an exclusion of subscription rights pursuant to Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz). The maximum 10% limit of capital stock shall further be reduced by the pro rata amount of capital stock attributable to those shares which are issued for purposes of warrant bonds and/or convertible bonds to the extent the bonds are issued while the authorization is valid subject to the exclusion of subscription rights under analogous application of Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz).

- d) The Board of Management is authorized to transfer to third parties the shares acquired under the above-described authorization, provided this is for the purpose of acquiring companies, parts of companies or interests in companies, or carrying out company mergers.
- e) In connection with stock option programs (hereinafter “Stock Compensation Programs”), the Board of Management is authorized to offer and transfer Company shares acquired under the above-described authorization to managerial and non-managerial employees of the Company and its subordinated affiliated companies in the manner described in detail in paragraph (h) below.
- f) The Board of Management is authorized to redeem the Company shares acquired under the above authorization without a further resolution of the Stockholders’ Meeting.
- g) The Board of Management may only exercise the authorizations in paragraphs (c) and (d) with approval of the Supervisory Board. Furthermore, the Supervisory Board may determine that actions of the Board of Management based on this resolution of this Stockholders’ Meeting may be undertaken only with its approval.
- h) Company shares acquired under this authorization may be used for two different types of Stock Compensation Programs from 2000-2002, namely Module 1 of the stock participation program (hereinafter “SPP”) as well as for the stock incentive program (hereinafter “SIP”). The essential conditions of these Stock Compensation Programs are as follows:

Stock Options

Each participant in either of the two Stock Compensation Programs is eligible to receive shares of the Company under the following terms and conditions. Any right to receive shares of the Company is hereinafter referred to as a “Stock Option”.

Persons Eligible to Participate

Persons eligible to participate in the SPP were, in principle, all employees of the Company covered by collective bargaining agreements and managerial employees in contract levels 1 to 3, provided that, at the time of the commitment, they were permanently employed by the Company, not under notice, and, in the year previous to commitment, received a variable one-time compensation payment. The same applied also to employees of subordinated affiliated companies, in so far as such companies also offered an SPP.

Persons eligible to participate in the SIP were all managerial employees in contract levels 4 and 5, provided that at the time of the commitment, they were permanently employed by the Company, not under notice, not members of a group leadership circle, and, in the year previous to commitments, received a variable one-time compensation payment. The same also applied to managerial employees with comparable functions in subordinate affiliated companies taking part in the program.

Conditions of Participation

It was a condition of participation in the Stock Compensation Programs that the participant make a personal investment in shares of the Company (hereinafter, "Investment Shares"). The maximum number of Investment Shares depended on the individual variable compensation component of each eligible participant and on the share price at the respective time of the commitment.

For every ten (10) of his own Investment Shares, a participant in Module 1 of the SPP received five (5) Stock Options on each one Company share. For every ten (10) of his own Investment Shares, a participant in the SIP received ten (10) Stock Options on each one Company share.

Term/Content of the Program

Both Stock Compensation Programs from 2000 to 2002 (SPP Module 1, SIP) have a 10-year total term. The programs from 2003 and 2004 exclusively involve cash payments and are not covered by this resolution. The Employee Stock Compensation Programs from 2005 and 2006 are also not subject of the resolution.

During the term of the program, each participant can receive further shares of the Company free of charge (hereinafter, "Incentive Shares") for every ten Investment Shares; under SPP this is limited to a maximum of five Incentive Shares, under SIP to a maximum of ten Incentive Shares. It is a condition of the foregoing that the participant's own Investment Shares must remain in his deposit account from the start of the program until the relevant distribution date. Under SIP, the distribution of Incentive Shares is subject to a further condition. Incentive Shares for tranches established before 2003 are only granted if the performance of the shares of the Company (measured as total return) exceeds that of the reference index, the Dow Jones EURO STOXX 50SM (performance index). The performance of the share compared with the performance of the index is determined on the basis of the average prices over the ten trading days preceding the start of the program or the respective distribution date in the XETRA Closing Auction of the Frankfurt Stock Exchange (or a corresponding successor system). For tranches established before 2003, not only the trading price of stock of the Company, but also dividend payments, measures concerning the stock capital, the value of subscription rights and other special rights are to be taken into account according to the same criteria as in the Dow Jones EURO STOXX 50SM (performance index). In connection with the spin-off of the LANXESS subgroup, all currently running tranches of the Stock Option Programs have been adjusted to essentially offset the effects of dilution and loss of value resulting from the spin-off.

Stock options may be exercised after a two-year, six-year, and finally 10-year holding period, respectively. If the aforementioned conditions are met, participants are granted the following Incentive Shares at the times indicated for every ten deposited Investment Shares:

Distribution date	SPP	SIP
at end of:	[No. of Incentive Shares]	[No. of Incentive Shares]
2 years	1	2
6 years	2	4
10 years	2	4

Incentive Shares are granted to all eligible participants free of charge.

Non-transferability/Employee Status

The stock options, i.e. the rights to receive Incentive Shares, are legally non-transferable. In principle, they can only be granted provided that the participant is employed by the Company or by a subordinated affiliated company of the Company on the distribution date and is not under notice.

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Report of the Board of Management to the Annual Stockholders' Meeting pursuant to Article 71, para. 1, no. 8 in conjunction with Article 186, para. 4, sentence 2 of the German Stock Corporation Act (Aktiengesetz) regarding Agenda Item 6

Article 71, para. 1, no. 8 of the German Stock Corporation Act (Aktiengesetz) allows stock corporations to purchase company shares representing up to 10% of the company's capital stock on the basis of an authorization from the stockholders. Agenda Item 6 contains a proposal to grant an appropriate authorization, limited to a term of 18 months. This will enable the Board of Management, in the interests of the Company and its stockholders, to purchase Company shares on the market representing up to 10% of the Company's current capital stock.

The Company shares purchased by the Company can be resold on the stock market or through a public offering to all stockholders. These possibilities ensure that the principle of equality of treatment of stockholders is respected both in the purchase and the reissue of the shares.

Furthermore, the Company may also sell the purchased Company shares off the market, without a public offering to all stockholders, provided that the price of the shares is not significantly lower than the trading price at the time of sale. This authorization makes use of the simplified exclusion of subscription rights allowed under Article 71, para. 1, no. 8 of the German Stock Corporation Act (Aktiengesetz) in analogous application of Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz). In particular, in the interests of the Company, it will be possible to offer shares of the Company to institutional investors domestically and abroad and to broaden the stockholder base. The requested authorization will allow the Company to respond quickly and flexibly to favorable stock market conditions. The interests of stockholders with regard to their assets and voting rights will be duly respected. The authorization based on Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz) to exclude subscription rights upon the sale of the Company's own shares, including any authorizations to issue new shares or convertible bonds and excluding subscription rights under Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz) is limited to a maximum of 10% of the Company's capital stock. For these purposes, the capital stock is defined as the capital stock existing at the time the authorization is first exercised. The maximum amount shall include otherwise issued shares subject to exclusion of subscription rights pursuant to or analogously pursuant to Article 186, para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz). The aim of protecting stockholders from dilution is achieved by stipulating that the shares may only be sold for a price that is not significantly lower than the applicable trading price. The final selling price of the Company shares shall be determined immediately prior to the sale. The Board of Management shall endeavor – taking into account current market circumstances – to keep any discount on the trading price as low as possible. Interested stockholders can maintain their participation quota through purchases on the market at essentially identical conditions.

The Company shall furthermore be allowed to offer its own shares for consideration in the context of company mergers or the acquisition of companies or parts of companies or interests in companies. The proposed authorization should give the Company the necessary scope to quickly and flexibly use any acquisition opportunities that arise. The proposed exclusion of subscription rights will allow this aim. When determining the valuation, the Board of Management will ensure that the interests of stockholders are duly protected. As a rule, it will base its assessment of the share value offered as consideration on the trading price of the Company shares. However, the intention is not to link the value rigidly to a trading price, particularly so as to prevent the outcome of negotiations, once achieved, from being jeopardized by fluctuations in the trading price. The Company is not planning any specific acquisitions at the present time.

Furthermore, under the provisions of paragraphs (e) and (h), the Company should be able to use its own Company shares for Stock Compensation Programs from 2000 to 2002. This option is not necessary for comparable Stock Compensation Programs from 2003 and 2004 because these programs are not geared to the issue of shares but exclusively to the payment in cash. The Employee Stock Compensation Programs launched in 2005 and 2006 are also not subject of the resolution.

The grant of stock options or subscription rights to employees and managerial employees entitling them to buy Company stock under certain conditions is one of the customary internationally recognized methods of compensation. This creates incentive to increase the value of the Company even more by outstanding work thereby promoting, in the interest of the stockholders and the Company, the performance of the Company's shares on the stock market also in comparison to other companies. At the same time, qualified employees and management will be attracted to the Bayer Group and also stay long-term with the Company. In view of this goal, the shares purchased for purposes of satisfying the Stock Compensation Programs of 2000-2002 in the event of sale may not be offered to the stockholders but only to the participants of the Stock Compensation Programs 2000-2002.

All of the material terms of the relevant Stock Compensation Programs are set forth in the proposed resolution. Therefore, only the most important provisions are outlined below:

The proposed authorization allows the Company to use its Company shares for satisfying claims of SPP Module 1 and the SIP.

The Stock Compensation Programs using the Company's own shares as proposed for Stockholders' Meeting authorization, have two or three main features which are of particular interest to the Company and its Stockholders:

The first main feature relates to the respective holding periods by which managerial and non-managerial employees are bound to the Bayer Group for the medium to long term. These holding periods are longer than those stipulated by the Stock Option Programs of other companies, in some cases significantly so.

The second main feature relates to the participant's personal investment. Only if eligible managerial and non-managerial employees invest on their own account and hence at their own risk in shares of the Company, can they participate in the Stock Compensation Programs as described above. This gives the Stock Compensation Programs particular significance and particular weight in a way that distinguishes them from many other stock compensation programs of other companies: managerial and non-managerial employees not only have the opportunity to share in the growing value of the Company through their own individual performance. They also – like the stockholders – participate in the risk by investing their own money.

Finally, the third main feature relates to the further conditions for exercising the options.

Two modules are available to participants in the SPP. While Module 2, on which it is not necessary to pass a resolution here, has features of a typical employee stock compensation program and which under Article 71, para. 1, no. 2 of the German Stock Corporation Act (Aktiengesetz) uses the Company's own shares, acquired on the market by the Board of Management, Module 1 goes beyond Article 71, para. 1, no. 2 of the German Stock Corporation Act (Aktiengesetz) and is an innovative type of employee share ownership scheme which makes the granting of further shares in the Company conditional on the employee remaining with the Bayer Group and on making a personal investment.

Participants in the SIP only receive incentive shares for tranches up to and including 2002 if the performance of the shares of the Company (based on total return) exceeds that of the Dow Jones EURO STOXX 50SM (performance index) over the reference period. The managerial employees of the Bayer Group are therefore willing to measure their performance against that of other leading listed companies in the European economic area.

The Stock Compensation Programs represent remuneration elements, which, in the interest of enhancing motivation, increase the amount of existing flexible remuneration components and should help enhance Bayer's corporate value in the long term. At the time the Incentive Shares are granted, the managerial employee has already earned this remuneration, i.e. the shares of the Company, through his own efforts so that the shares are issued to him free of charge.

In 2006, 86,086 bonus shares under the SPP Module 1 incentive plan and 21,036 bonus shares under the SIP incentive plan were issued to employees or managerial employees.

Finally, the authorization allows the Company to redeem Company shares without a further resolution of the Stockholders' Meeting. Such authorization is also common. It allows the Company to react appropriately and flexibly in any particular capital market situation.

The Board of Management shall report on the utilization of the authorization at the next Stockholders' Meeting.

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7. Approval of the Control Agreement between the Company and Bayer Schering GmbH

The Board of Management and the Supervisory Board propose to approve the Control Agreement between the Company and Bayer Schering GmbH dated March 12, 2007.

On March 12, 2007, the Company ("Bayer"), as controlling company, and Bayer Schering GmbH ("Bayer Schering"), as controlled company, entered into a Control Agreement. The Control Agreement has the following content:

§ 1 Management

- (1) Bayer Schering shall subordinate the management of its company to Bayer. Bayer is thus entitled to instruct Bayer Schering's management with respect to the management of the Company. Bayer may not instruct Bayer Schering's management to amend, maintain or end this Agreement.
- (2) Pursuant to § 1 (1) above, Bayer Schering's management is obligated to follow instructions of Bayer.
- (3) Instructions must be in writing.

§ 2 Assumption of Loss

- (1) Bayer has a duty to assume every loss incurred during the term of the Agreement which, according to application of the provisions of Article 302, paras. 1 and 3 of the German Stock Corporation Act (Aktiengesetz), are not compensated for in that amounts are deducted from the other profit reserves as provided for in Article 272, para. 3 of the German Commercial Code (Handelsgesetzbuch), which were allocated there during the term of the Agreement.

- (2) The duty to assume losses shall first begin in the fiscal year in which this Agreement takes effect according to § 3 (2) below.

§ 3 Effective Date and Term

- (1) This Agreement requires the approval of the Shareholders' Meeting of Bayer Schering and the Stockholders' Meeting of Bayer.
- (2) The Agreement shall become effective upon its entry into the commercial register at Bayer Schering's registered office.
- (3) The Agreement is entered into for an indefinite term. It may be terminated by giving six-months' written notice to the end of any fiscal year of Bayer Schering.
- (4) The right of each party to terminate the Agreement for cause without notice shall remain unaffected. In particular, Bayer shall be entitled to terminate for cause if it no longer owns a majority interest in Bayer Schering or if a third party acquires a shareholding interest in Bayer Schering. Moreover, each party shall have the right to terminate the Agreement for cause on termination of the profit transfer agreement entered into between Bayer and Bayer Schering (formerly Dritte BV GmbH) on March 11, 2004.

§ 4 Severability

Should any provision of this Agreement, or any provision incorporated into this Agreement in the future, be or become invalid or unenforceable, or should there be a gap in this Agreement, then the validity of the other provisions of this Agreement shall not be affected thereby. The parties undertake to agree on a suitable provision in place of the invalid or inapplicable provision or to fill the gap which, to the extent legally permissible, comes as close as possible to what the parties wanted or, in light of the intent and purpose of this Agreement, would have wanted if they had considered the matter.

The Control Agreement is described and explained in more detail in the Joint Agreement Report of the Board of Management of the Company and the Board of Management of Bayer Schering GmbH.

8. Appointment of Auditors

The Supervisory Board proposes that PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Essen, Germany be appointed as auditors for the 2007 fiscal year as well as for the audit review of the semi-annual financial report for the 2007 fiscal year.

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Agenda

Upon giving notice of the Stockholders' Meeting, in particular the documents listed below will be available for inspection by the Stockholders at the Company's business premises Building Q 26 (Legal Department/Rechtsabteilung), Kaiser-Wilhelm-Allee, 51368 Leverkusen, Germany. Upon request of any Stockholder, copies of the same will be provided without undue delay and without charge. They may also be viewed on the internet under WWW.ASM2007.BAYER.COM:

- Annual Financial Statements, Consolidated Financial Statements, the Management Reports for Bayer AG and the Bayer Group, report of the Supervisory Board, proposal by the Board of Management for distribution of the balance sheet profit (Agenda Item 1)
- Report of the Board of Management pursuant to Article 203, para. 2, sentence 2 in conjunction with Article 186, para. 4, sentence 2 of the German Stock Corporation Act (Aktiengesetz) (Agenda Item 5)
- Report of the Board of Management pursuant to Article 71, para. 1, no. 8 in conjunction with Article 186, para. 4, sentence 2 of the German Stock Corporation Act (Aktiengesetz) (Agenda Item 6)
- Control Agreement between the Company and Bayer Schering GmbH, Joint Agreement Report concerning the Control Agreement between the Company and Bayer Schering GmbH, Annual Financial Statements and Management Report of the Company as well as the Annual Financial Statements of Bayer Schering GmbH for the last 3 fiscal years respectively (Agenda Item 7)

Stockholders' Meeting Attendance and Total Number of Shares and Voting Rights

Stockholders entitled to attend the Stockholders' Meeting and exercise voting rights are those who by the end of the day on April 20, 2007 (24:00 hours CEST) have registered with the Company at the following address:

Bayer Aktiengesellschaft
c/o Deutsche Bank AG
General Meetings
60272 Frankfurt am Main
Facsimile: +49 (0)69/910-86045
E-Mail: WP.HV@XCHANGING.COM

and have there provided certification issued by a depository institution showing stock ownership in the Company at the beginning of the day on April 6, 2007 (00:00 hours CEST). The registration and certification of stock ownership must be in text form and in the German or English language.

Registration does not restrict stockholders in their ability to freely deal with their shares.

As of the day of giving notice of this Annual Stockholders' Meeting, the capital stock of the Company is divided into 764,341,920 bearer shares (non-par stock). All 764,341,920 non-par shares have voting rights.

Proxy

Stockholders may appoint an individual or a stockholders' association as proxy to exercise their voting rights.

The Company offers its stockholders the opportunity to appoint, before the Stockholders' Meeting, a Company-nominated proxy who is bound by instructions of the stockholders.

In order to appoint Company-nominated proxies, stockholders need an admission ticket to the Stockholders' Meeting. To ensure that the admission ticket is received in good time, stockholders should place their order with the depositary institutions as early as possible.

If Company-nominated proxies are appointed, they must be given instructions on exercising voting rights. Without such instructions the authorization is invalid. The proxies are obligated to vote as instructed.

Authorization of and instructions to the Company-nominated proxies may be given in writing or alternatively in a manner specified by the Company, electronically via the internet.

Detailed information on authorizing and instructing Company-nominated proxies can be found on the admission ticket to the Stockholders' Meeting. This information may also be viewed on the internet at WWW.ASM2007.BAYER.COM.

Partial Broadcast of the Stockholders' Meeting on the Internet

All stockholders of the Company as well as the interested public may view the speech given by the chairman of the Board of Management at the Stockholders' Meeting on April 27, 2007 at approximately 10:15 hours live on the Internet at WWW.ASM2007.BAYER.COM. There will be no further picture and sound broadcast of the Stockholders' Meeting.

Stockholder Counter-Motions and Election Nominations

Counter-motions or election nominations submitted by stockholders regarding specific items of the Agenda must be submitted exclusively to the following address:

Bayer Aktiengesellschaft
Gebäude Q 26 (Legal Department/Rechtsabteilung)
Kaiser-Wilhelm-Allee
51368 Leverkusen, Germany
Facsimile: + 49 (0) 214 / 30-56524

Counter-motions or election nominations submitted by stockholders that are received by the end of the day on April 12, 2007 (24:00 hours CEST) at the above address will be published promptly on the internet at WWW.ASM2007.BAYER.COM. Counter-motions or nominations for election submitted by stockholders to a different address or received late will not be considered.

Leverkusen, March 2007
Bayer Aktiengesellschaft

The Board of Management

This notice is a convenience translation. For the legally binding document, please refer to the original German version which is published on the internet under WWW.EBUNDESANZEIGER.DE