
We hereby call our Annual Stockholders' Meeting for Friday, April 25, 2008, at 10:00 hours (CEST), Cologne Exhibition Center, northern entrance, Hall 7, Deutz-Mülheimer-Straße 111, 50679 Cologne.

Agenda

1. Submission of the approved financial statements of Bayer AG and consolidated financial statements of the Bayer Group, the management report of Bayer AG and the Bayer Group, the report of the Supervisory Board, the explanatory report by the Board of Management on takeover-relevant information for the fiscal year 2007 and the resolution on the distribution of the profit

The Board of Management and the Supervisory Board propose to use the entire balance sheet profit in the amount of EUR 1,031,861,592.00 to distribute a dividend of EUR 1.35 for each share entitled to a dividend.

If the Company holds treasury shares at the time of the Annual Stockholders' Meeting which are not entitled to a dividend, a proposed resolution, modified accordingly, on the use of the balance sheet profit will be submitted to the Annual Stockholders' Meeting which, in addition to the distribution of the dividend, will provide for showing a profit carryforward.

2. Ratification of actions (Entlastung) of the 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 in the fiscal year 2007 with respect to that year.

3. Ratification of actions (Entlastung) of the 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 in the fiscal year 2007 with respect to that year.

4. Authorization to acquire treasury shares and to sell treasury shares subject to exclusion of the subscription right

In light of the expiration on October 26, 2008 of the authorization resolved in the last Annual Stockholders' Meeting, the Board of Management shall be authorized to acquire treasury shares, subject to canceling the previous authorization. To the extent that the use of this authorization shall be used to service stock programs, these programs from the years 2000 through 2002 have already been the subject of resolutions of the Annual Stockholders' Meeting in previous years for the shares to be issued in each year.

The Board of Management and the Supervisory Board propose that the following resolution be adopted:

- a) The Company is authorized until October 24, 2009 to acquire treasury shares up to a total amount of 10 % of the share capital of the Company existing at the time the resolution is adopted. The acquisition can only take place through the stock exchange. When doing this, the purchase price paid by the Company (without ancillary costs for the acquisition) cannot be more than 10 % higher or 10 % lower than the exchange price for the shares of the Company in XETRA trading (or a comparable successor system) on the Frankfurt Securities Exchange as determined by the opening auction on the trade date. The currently existing authorization for the acquisition of treasury shares, which is limited until October 26, 2008, is cancelled upon this new authorization taking effect.
- b) The authorization can be exercised either in full or in several installments. The authorization can be exercised for any legally permitted purpose and in order to pursue one or more of the purposes set forth in points c), d), e) and f). If the use occurs for one or more of the purposes set forth in points c), d) or e), the subscription right of the shareholders is excluded.
- c) The Board of Management is authorized to sell the treasury shares acquired under the preceding authorization or on the basis of a previously issued authorization also in a manner other than through the stock exchange or an offer to all shareholders, provided that the sale is for cash payment and at a price which does not materially fall below the stock exchange price of the shares of the Company at the time of the sale.

This authorization is limited to shares representing a proportionate amount of the share capital which cannot exceed a total of 10 % of the share capital either at the time this authorization takes effect or, if the value is lower, at the time of exercise of the preceding authorization. The maximum limit of 10 % of the share capital is reduced by the proportionate amount of the share capital attributable to those shares which are issued during the term of this authorization in the course of a capital increase which excludes the subscription right pursuant to § 186 para. 3 sentence 4 German Stock Corporations Act [Aktiengesetz, "AktG"]. The maximum limit of 10 % of the share capital is further reduced by the proportionate amount of the share capital which is attributable to those shares to be issued for the purpose of servicing bonds with options/or convertible bonds if the bonds are issued during the term of this authorization subject to exclusion of the subscription rights in corresponding application of § 186 para. 3 sentence 4 AktG.

- d) The Board of Management is authorized to transfer treasury shares which have been acquired under the above authorization or on the basis of a previously granted authorization to third parties to the extent that this is for the purpose of acquiring enterprises, divisions of enterprises or participations in enterprises or other assets or for implementing mergers with enterprises.
- e) The Board of Management is authorized to offer the treasury shares acquired on the basis of the above authorization or on the basis of a previously granted authorization to managers of the Company and of subordinate, affiliated enterprises and to employees of the Company and of subordinate, affiliated enterprises in the context of stock option programs (hereinafter, "Stock Programs") as set forth in more detail in the following point h) and to transfer the shares to them.

- f) The Board of Management is authorized to cancel the treasury shares acquired under the above authorization or under a previously granted authorization without any additional resolution of the Annual Stockholders' Meeting. The cancellation can also occur without a reduction in capital by adjusting the proportionate amount of the remaining shares in the share capital of the Company. The Board of Management is authorized in this event to adjust the number of the shares in the Articles of Association.
- g) The Board of Management can make use of the authorizations in points c) and d) only with the consent of the Supervisory Board. Aside from this, the Supervisory Board can determine that measures of the Board of Management under this resolution of the Stockholders' Meeting can only be taken with its consent.
- h) The treasury shares acquired on the basis of the above authorization or on the basis of a previously granted authorization can be used to service two different types of Stock Programs from the years 2000 through 2002, this being for Module 1 of the Stock Participation Program (hereinafter, the "SPP") and for the Stock Incentive program (hereinafter, the "SIP"). These Stock Programs are structured substantially as follows:

Stock options

Each participant in one of the two Stock Programs is entitled to obtain shares in the Company under the following terms and conditions. Each right to obtain shares in the Company is referred to hereinafter as a "Stock Option".

Authorized participants

The authorized participants in the SPP are, as a general rule, all employees under union contracts as well as management employees and employees in the contract levels 1 through 3 of the Company if they were in a permanent employment relationship which had not been terminated at the time of the commitment and had received a variable one-time payment for the respective previous year at that time. The above also applied for employees of subsidiary companies if they had also been offered an SPP.

The authorized participants of the SIP were all management personnel in the contract levels 4 and 5 of the Company if they were in a permanent employment relationship which had not been terminated at the time of the commitment, were not a member in one of the Group management bodies and had received a variable one-time payment for the respective previous year at that time. The above applied also for management personnel in a comparable function at subsidiary companies participating in the program.

Prerequisites for participation

The prerequisite for the Stock Programs was making an own investment in shares of the Company by the respective participant (hereinafter, the "Investment Shares"). The maximum number of the Investment Shares was dependent on the individual variable compensation of each authorized participant as well as the share price at the time of the commitment.

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

Term/Content of the program

Both Stock Programs from the years 2000 through 2002 (SPP Module 1, SIP) have a total term of ten years each. The programs from the years 2003 and 2004 are directed exclusively towards cash compensation and are not the subject of this resolution. The employee share programs in the years 2005, 2006 and 2007 are also not the subject of the resolution.

During the term, each participant can receive additional shares in the Company free of charge (hereinafter, the "Incentive Shares") for each ten Investment Shares; in the case of the SPP, a maximum of five Incentive Shares and in the case of the SIP, a maximum of ten Incentive Shares. The prerequisite is that the Investment Shares have remained in the securities account of the employee from the start of the program until the respective incentive date. In the case of the SIP, the allocation of Incentive Shares is linked to an additional prerequisite. Incentive Shares in the case of the tranches established prior to 2003 are provided in this case only if the performance of the shares of the Company (measured on a total return basis) is better than the benchmark index Dow Jones EURO STOXX 50SM (Performance Index).

The basis for determining the performance of the shares compared to the performance of the index are the average exchange prices for the respective last ten trading days on the exchange prior to the start of the program or prior to the respective incentive date in the closing auction in XETRA trading (or a comparable successor system) of the Frankfurt Securities Exchange. In the case of the tranches established prior to 2003, in addition to the development of the exchange price of the shares of the Company, the dividend payments, capital measures, the value of subscription rights as well as other special rights are also to be taken into account using the same criteria as in the Dow Jones EURO STOXX 50SM (Performance Index). In connection with the spin-off of the LANXESS division, tranches of the Stock Programs which are still continuing were adjusted in such a manner that the economic dilution and a loss in value resulting from the spin-off were substantially compensated for.

Stock Options can be exercised in each case after a waiting period of two years and subsequently upon expiration of a total of six years and finally after ten years. If the above conditions have been satisfied, the participants will be allocated the following Incentive Shares at the following times for each ten Investment Shares which have been deposited:

Investment Date	SPP	AIP
upon expiration of:	(number of Incentive Shares)	(number of Incentive Shares)
two years	1	2
six years	2	4
ten years	2	4

The allocation of the Incentive Shares is free of charge for all entitled persons.

Non-transferability/Employment relationship

The Stock Options, i. e. the right to Incentive Shares, are not transferable by way of a transaction. As a general rule, they can only be allocated if the participant at the time of allocation is in an existing service or employment relationship with the Company or with a subordinate, affiliated enterprise which has not been terminated.

§ 71 para. 1 no. 8 AktG gives stock corporations the possibility to acquire treasury shares of up to a total of 10 % of their share capital on the basis of an authorization by the Annual Stockholders' Meeting. Agenda item 4 contains the proposal to grant a corresponding authorization which is limited to 18 months. This is intended to enable the Board of Management to acquire treasury shares in the interests of the Company and its shareholders on the exchange up to a total amount of 10 % of the current share capital of the Company.

The treasury shares acquired by the Company can be sold on through the exchange or by way of a public offering to all shareholders. These possibilities preserve the principal of equal treatment of the shareholders both when acquiring as well as when again issuing the shares.

In addition, the Company can also sell the acquired treasury shares outside of the exchange without a public offering directed to all shareholders if the price of the shares on the stock exchange and at the time of the sale is not materially higher. As a result of this authorization, the possibility available under § 71 para. 1 no. 8 AktG in corresponding application of § 186 para. 3 sentence 4 AktG for facilitating an exclusion of the subscription right is used. In the interests of the Company, this is intended to especially create the possibility of offering shares in the Company to German and foreign institutional investors and to expand the group of shareholders. The requested authorization is intended to place the Company in the position of being able to react quickly and flexibly to beneficial situations on the stock exchange. The financial interests and the voting rights of the shareholders are reasonably protected when doing so. The authorization on excluding subscription rights under § 186 para. 3 sentence 4 AktG when selling treasury shares is limited to a maximum amount of 10 % of the share capital of the Company, including any authorizations for the issuance of new shares or convertible bonds excluding the subscription right under § 186 para. 3 sentence 4 AktG. The basis is the lesser of the share capital when the authorization takes effect or when it is exercised. This maximum limit includes shares which are otherwise issued subject to exclusion of the subscription right in accordance with or under corresponding application of § 186 para. 3 sentence 4 AktG. The concept of protecting the shareholders against dilution is covered by the fact that the shares can only be sold at a price which is not materially lower than the relevant price on the exchange. The final determination of the selling price for the treasury shares is made shortly before the sale. The Board of Management will use its efforts, taking into account the then current situation on the market, to keep any discount compared with the price on the stock exchange as low as possible. Interested shareholders can maintain their proportionate shareholding at substantially the same terms and conditions by making purchases in the market.

A further intention is to enable the Company to offer its treasury shares as consideration in connection with corporate mergers or when acquiring enterprises or divisions or participations in enterprises or for the purpose of acquiring other assets. The proposed authorization is intended to give the Company the necessary leeway in order to be able to quickly and flexibly exploit opportunities which become apparent. This is reflected in the proposed exclusion of the subscription right. When determining the relative valuation, the Board of Management will ensure that the interests of the shareholders are reasonably protected. The Board of Management will normally base its determination of the value of the shares being provided as consideration on the stock exchange price of the shares of the Company.

A fixed link to a stock exchange price is not contemplated, especially so as not to call into question achieved results of negotiations because of fluctuations in the stock exchange price. Specific acquisition projects currently do not exist.

Furthermore, points e) and h) would enable the Company to use treasury shares in order to service stock programs from the years 2000 – 2002. This possibility was not required for the comparable stock programs in the years 2003 and 2004 because these programs were not directed towards the issuance of shares but exclusively towards cash compensation. The employee stock programs established in the years 2005, 2006 and 2007 are also not the subject of the resolution.

The grant of Stock Options and subscription rights to employees and management personnel which entitle them under certain conditions to obtain shares in the Company is an internationally common method of compensation. This is intended to create an incentive to additionally increase the value of the Company by special efforts, and thus to promote the development of the stock exchange price of the shares of the Company in the interests of the shareholders and the Company, also when compared to other businesses. At the same time, the aim is to attract qualified employees and management personnel to the Bayer Group and retain them in the Bayer Group over the long-term. In light of this purpose, shares acquired to service the Stock Programs 2000 – 2002 cannot be offered to shareholders in the event of a sale, but only to the participants in the Stock Programs 2000 to 2002.

All material provisions in the relevant Stock Programs are already set forth in the proposal for the resolution. Therefore, only the most important aspects are explained below:

The proposed authorization is intended to permit the Company to service the Module 1 of the sPP and the sIP using treasury shares. The Stock Programs which are to be serviced using treasury shares on the basis of the proposed authorization of the Annual Stockholders' Meeting are based on two or three aspects respectively, which correspond to the specific interests of the Company and its shareholders.

The first aspect consists in the respectively established waiting periods which create a mid-term to long-term relationship between the management personnel and employees on the one hand and the Bayer Group on the other. These waiting periods exceed the waiting periods in stock programs of other companies, in some cases to a substantial degree.

The second aspect consists in personal investment. Only if the relevant employees and management personnel invest in shares of the Company for their own account, and thus for their own risk, can they participate in the Stock Programs as has been described. Accordingly, the Stock Programs have particular importance and a particular weight which differentiate them from many other stock programs of other companies. Not only do the respective employees and management personnel have the opportunity to participate in the development of the Company by using increased efforts, they are also at risk with their own resources, as is the case with the other shareholders.

Finally, the third aspect consists of additional prerequisites for exercising the rights. The participants in the SPP have two available modules. While Module 2, for which no resolution is required here, corresponds to the structure of a normal employee stock program which can be serviced under § 71 para. 1 no. 2 AktG using treasury shares of the Company which are acquired by the Board of Management on the market, Module 1, as a supplement to § 71 para. 1 no. 2 AktG, is an innovative employee stock model which makes the grant of additional shares in the Company dependent on remaining with the Bayer Group and holding a personal investment.

The participants in the SIP only receive Incentive Shares if the performance of the stock of the Company for tranches up to and including 2002 (on a total return basis) in each case during the relevant period was better than the performance of the Dow Jones EURO STOXX 50SM (Performance Index). The management personnel of the Bayer Group, therefore, are prepared to have their performance measured against the performance of the most important listed companies in the European economic region.

The Stock Programs represent in each case elements of compensation which expand the already existing variable compensation components for the purpose of developing even greater motivation and are intended to contribute to a long-term increase in the value of the business. Upon the grant of the Incentive Shares, the management personnel will have already earned them as consideration, therefore, as a result of their own personal performance so that the shares are issued free of charge.

During the year 2007, 94,416 shares were granted free of charge under the SPP Module 1 incentive program, and 17,448 shares were granted free of charge under the SIP incentive program to employees and management personnel.

Finally, the authorization permits the Company to cancel treasury shares without requiring any further resolution from the Annual Stockholders' Meeting. Such an authorization is also common. It permits the Company to react in a reasonable and flexible manner to the respective situation in the capital markets. Pursuant to § 237 para. 3 no. 3 AktG, the proposed authorization provides that the Board of Management can also cancel the shares without a reduction of capital. By canceling the shares without a reduction of capital, the proportionate amount of the remaining shares in the share capital of the Company is increased. The Board of Management is authorized in this regard to adjust the Articles of Association with regard to the altered number of shares.

The Board of Management will inform the next Annual Stockholders' Meeting about how the authorization has been used.

5. Authorization I to issue bonds with warrants or convertible bonds, profit sharing rights (Genussrechte) or profit participation bonds and the creation of conditional capital

The existing authorization to issue bonds with warrants or convertible bonds has been exhausted by issuing the mandatory convertible bond 2006. In order to be able to use this possibility for raising capital in the future, it is intended to propose to the Annual Stockholders' Meeting that it resolve a new authorization I for the issuance of bonds with warrants or convertible bonds, profit sharing rights or profit participation bonds and create new conditional capital in a separate resolution to secure the option rights or conversion rights or conversion obligations which are issued on the basis of the Authorization I.

A. Authorization I to issue bonds with warrants or convertible bonds, profit sharing rights (Genussrechte) or profit participation bonds and to exclude the subscription right

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

The Board of Management is authorized during the period up to April 24, 2013 to issue with the consent of the Supervisory Board at one time or several times bearer bonds with options or convertible bonds, profit sharing rights or profit participation bonds or a combination of these instruments (together, the "Bonds") in a total nominal amount of up to EUR 6 billion and to grant option rights to the holders of bonds with warrants and to grant conversion rights to the holders of convertible bonds for bearer shares in the Company representing a proportionate amount of the share capital in a total of EUR 195,584,000 as further specified in the terms and conditions of the bonds with warrants or the convertible bonds. Bonds with option rights and/or conversion rights or conversion obligations are to be credited against the shares in the above-stated total nominal amount of up to EUR 6 billion which are issued on the basis of the authorization of the Annual Stockholders' Meeting dated April 25, 2008 under agenda item 6 ("Authorization II") so that this total nominal amount of up to EUR 6 billion can only be used once in total by using Authorization I and Authorization II.

The Bonds can also be issued in the legal currency of an OECD country other than euros, subject to the limit of the corresponding value in euros. The Bonds can also be granted by a corporate group company of Bayer AG within the meaning of § 18 AktG in which Bayer AG directly or indirectly holds at least 90 % of the share capital. In this event, the Board of Management is authorized with the consent of the Supervisory Board to assume the guarantee on behalf of the company for the Bonds and to grant option rights or conversion rights to or impose obligations to exercise the options or to convert for bearer shares in Bayer AG upon the holders of bonds with warrants and/or convertible bonds.

The statutory subscription right is granted to the shareholders in such a manner that the bonds are assumed by a credit institution or a syndicate of credit institutions under the obligation to offer the bonds to the shareholders. If the bonds are issued by a corporate group company of Bayer AG within the meaning of § 18 AktG in which Bayer AG directly or indirectly holds at least 90 % of the share capital, the company must ensure the grant of the statutory subscription right for the shareholders of Bayer AG in accordance with the preceding sentence.

The Board of Management is authorized, however, with the consent of the Supervisory Board to exclude fraction amounts for the shareholders resulting from the proportionate subscription right and to also exclude the subscription right to the extent that this is necessary in order for the holders of previously issued bonds with option rights or conversion rights or obligations to exercise options or to convert to be granted a subscription right in the scope in which they would have such a right as a shareholder after exercising the option rights or the conversion rights or fulfilling the option obligations or the conversion obligations.

The Board of Management is also authorized with the consent of the Supervisory Board to completely exclude the subscription right of shareholders for bonds which are issued with option rights and/or conversion rights and/or option obligations and/or conversion obligations which are issued in exchange for payment of cash to the extent that the Board of Management comes to the conclusion after a proper examination that the issuing price of the bonds is not materially lower than their hypothetical market value calculated on the basis of recognized, particularly financial mathematical methods. This authorization to exclude the subscription right applies for bonds which are issued with option rights and/or conversion rights or option obligations and/or conversion obligations which include an option and/or conversion right or an option obligation and/or a conversion obligation for shares representing a proportionate amount of the share capital which in the aggregate cannot exceed 10 % of the share capital either at the time the issue takes effect or at the time of exercise of the above authorization, whichever value is lower. The following will be credited against the 10 % limit:

- both new shares which are issued under an approved capital excluding the subscription right under § 186 para. 3 sentence 4 AktG during the term of this authorization up to the issuance of the bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations issued free of subscription rights under § 186 para. 3 sentence 4 AktG,
- as well as those shares which are acquired on the basis of the authorization of the Annual Stockholders' Meeting dated April 25, 2008 and are sold in accordance with § 71 para. 1 no. 8 sentence 5 in conjunction with § 186 para. 3 sentence 4 AktG up to the issuance under § 186 para. 3 sentence 4 AktG of bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations subject to exclusion of the subscription right,
- as well as those shares which are issued upon the exercise of option rights and/or conversion rights and/or option obligations and/or conversion obligations on the basis of the authorization of the Annual Stockholders' Meeting dated April 25, 2008 under agenda item 6 pursuant to § 186 para. 3 sentence 4 AktG without subscription rights to the extent that these bonds have been issued prior to the issuance without subscription rights under § 186 para. 3 sentence 4 AktG of bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations under the authorization of the Annual Stockholders' Meeting dated April 25, 2008 under agenda item 5.

To the extent that profit sharing rights or profit participation bonds without a conversion right or conversion obligation or without an option right or an option obligation are issued, the Board of Management is authorized to exclude in full the subscription right of the shareholders with the consent of the Supervisory Board if these profit sharing rights or profit participation bonds are structured in a form similar to obligations, i. e. if they do not establish any membership rights in the Company, do not grant any right to participate in the proceeds of liquidation and if the amount of the interest is not calculated on the basis of the amount of the annual profit, the balance sheet profit or the dividend. In addition, the interest and the issuing price for the profit sharing rights or the profit participa-

tion bonds must in this event correspond to the current market conditions prevailing at the time of issuance.

In the case of the issuance of bonds with warrants, each individual bond will have one or more option certificates which entitle the holder to obtain bearer bonds of Bayer AG in accordance with the terms and conditions of the option to be determined by the Board of Management. In the case of bonds with warrants denominated in euros which are issued by Bayer AG, the terms and conditions for the options can provide that the option price can also be paid by transferring individual bonds and, if appropriate, an additional cash premium. The proportionate amount of the share capital allocated to the shares to be drawn for each individual bond cannot exceed the nominal amount of the individual bonds. To the extent that fractions of shares result, there can be a provision that these fractions can be combined in accordance with the terms and conditions of the option or the bond in order to subscribe to complete shares, if appropriate, upon making an additional payment. This applies accordingly if warrants are linked to a profit sharing right or to a profit linked bond.

In the case of issuing convertible bonds, the holder will receive the irrevocable right to convert the holders' bonds to bearer shares in Bayer AG in accordance with the terms and conditions established by the Board of Management for the convertible bond. The ratio for the conversion results from dividing the nominal amount or the issuing price of an individual bond which is less than the nominal amount by the determined conversion price for one share in the Company and can be rounded up or rounded down to a full integer; furthermore, any additional payment to be rendered in cash and the combination or compensation for any fraction of amounts which are not capable of being converted can be determined. This applies accordingly if the conversion right relates to a profit sharing right or a profit linked bond.

In the case of issuing bonds which provide for option rights or conversion rights or establish a mandatory option or conversion, the option price or the conversion price is calculated on the following basis:

- When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 125 % of the volume weighted average stock exchange price for the shares of the Company in XETRA trading (or a corresponding successor system) at the Frankfurt Securities Exchange during the period between adopting the resolution on using the Authorization I by the Management Board and the allocation of the Bonds by the banks accompanying the issue or, in the case of granting a subscription right, 125% of the volume weighted average exchange price of the shares of the Company in XETRA trading (or a corresponding successor system) on the Frankfurt Securities Exchange during the days on which the subscription rights for the bonds are traded on the Frankfurt Securities Exchange, except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the "Reference Price").
- In the case of issuing Bonds granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 125 % of the reference price.
- In the case of issuing Bonds which establish a duty to convert or to exercise an option, the corresponding conversion price or option price is the following amount when the bonds become due or in the case of a takeover offer:
 - if the volume weighted average price of the shares of the Company in XETRA trading (or in a corresponding successor system) at the Frankfurt Securities Exchange on the twentieth trading day ending on the third trading day either before the Bonds become due or, in the case of a takeover offer, on the third trading day prior to the conversion date or the option exercise date ("Average Price")

- is smaller or equal to the Reference Price, the Reference Price applies,
 - greater than the Reference Price and less than 118 % of the Reference Price, the Average Price applies,
 - greater or equal to 118 % of the Reference Price, 118 % of the Reference Price applies.
- Notwithstanding the above provisions, the price is 118 % of the Reference Price if the holders or creditors of the Bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.
 - Notwithstanding the above provisions, the price is the Reference Price if the Board of Management, with the consent of the Supervisory Board and in accordance with the terms and conditions of the Bonds, calls for an early conversion to prevent immediate, significant damage to the Company or to avoid a material deterioration of a public credit rating for the Company by a recognized rating agency.

In the case of bonds with option rights or conversion rights or option obligations or conversion obligations, the option price or the conversion price can be adjusted to preserve the value in the case of economic dilution of the option rights or conversion rights or option obligations or conversion obligations in accordance with the detailed provisions of the bond, notwithstanding § 9 para. 1 AktG, to the extent that the adjustment is not already regulated under the law. The terms and conditions of the bonds can also provide for an adjustment of the option rights or conversion rights or option obligations or conversion obligations in the event of a reduction of capital or other extraordinary measures or events (for example, unusually high dividends, control being obtained by a third party). In the case of a third party obtaining control, an adjustment of the option or conversion price which is standard for the market is provided for.

The terms and conditions of the bonds can provide for the right of the Company, in the case of exercise of the conversion right or the option, not to grant new shares and instead pay money which corresponds to the number of shares which would otherwise have to be delivered at the volume weighted average exchange price for shares in Bayer AG in XETRA trading at the Frankfurt Securities Exchange or in a corresponding successor system during the 10 trading days after declaration of the exercise of the conversion or the option. In the event that the Company announces the exercise of the right to pay a monetary amount after exercise of a conversion right or an option, the 10 trading days begin only on the third trading day after announcement by the Company about the payment of a monetary amount. The terms and conditions of the bonds can also provide that the bond with warrants or the convertible bond can be converted using existing shares of the Company or of another company listed on the exchange instead of using new shares from conditional capital or that option rights or the option obligation can be satisfied by delivering such shares.

The terms and conditions of the bonds can also provide for an obligation to convert or an obligation to exercise an option at the end of the term (or at any other time) or can provide for the right of the Company to grant the creditors of the bonds completely or in part shares in the Company or another company listed on the exchange instead of paying the amount due upon final maturity of the bonds linked to a conversion right or an option right (this also includes maturity upon notice of termination). The proportionate amount of the share capital of the shares to be issued upon the exercise of the conversion right or the option cannot exceed the nominal amount of the bonds. § 9 para. 1 in conjunction with § 199 para. 2 AktG must be complied with.

The Board of Management is authorized with the consent of the Supervisory Board to establish the further details on issuing and structuring the bonds, especially the interest rate, the issuing price, the term and the denominations, provisions on protection against dilution, as well as the option period or conversion period, or the Board of Management can do so in agreement with the management bodies of the group company of Bayer AG issuing the bond with warrants or the convertible bond.

B. Creation of Conditional Capital 2008 I

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

a) Creation of new conditional capital

The share capital is conditionally increased by up to EUR 195,584,000 by issuing up to 76,400,000 new bearer shares representing a proportionate amount of the share capital of EUR 2.56 each. The conditional capital increase serves the purpose of granting bearer shares to holders of convertible bonds or bonds with warrants, profit rights or profit participation bonds (or combinations of the instruments), in each case with option rights or conversion rights or obligations to exercise options or obligations to convert which are issued on the basis of the Authorization I resolved by the Annual Stockholders' Meeting on April 25, 2008 under agenda item 5 up to April 24, 2013 by Bayer AG or a Group company of Bayer AG within the meaning of § 18 AktG, in which Bayer AG directly or indirectly has a participation of at least 90 %. The issuance of the new shares will be at the option or conversion price in accordance with the requirements set forth in this Authorization I:

- When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 125 % of the volume weighted average stock exchange price for the shares of the Company in XETRA trading (or a corresponding successor system) at the Frankfurt Securities Exchange during the period between adopting the resolution on using the Authorization I by the Board of Management and the allocation of the Bonds by the banks accompanying the issue or, in the case of granting a subscription right, 125% of the volume weighted average exchange price of the shares of the Company in XETRA trading (or a corresponding successor system) on the Frankfurt Securities Exchange during the days on which the subscription rights for the bonds are traded on the Frankfurt Securities Exchange, except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the "Reference Price").
- In the case of issuing Bonds granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 125 % of the reference price.
- In the case of issuing Bonds which establish a duty to convert or to exercise an option, the corresponding conversion price or option price is the following amount when the bonds become due or in the event of a takeover offer:
 - if the volume weighted average price of the shares of the Company in XETRA trading (or in a corresponding successor system) at the Frankfurt Securities Exchange on the twentieth trading day ending on the third trading day either before the Bonds become due or, in the event of a takeover offer, on the third trading day prior to the conversion date or the option exercise date ("Average Price")
 - is smaller or equal to the Reference Price, the Reference Price applies,
 - greater than the Reference Price and less than 118 % of the Reference Price, the Average Price applies,
 - greater or equal to 118 % of the Reference Price, 118 % of the Reference Price applies.
 - Notwithstanding the above provisions, the price is 118 % of the Reference Price if the holders or creditors of the Bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.

- Notwithstanding the above provisions, the price is the Reference Price if the Board of Management, with the consent of the Supervisory Board and in accordance with the terms and conditions of the Bonds, calls for an early conversion to prevent immediate, significant damage to the Company or to avoid a material deterioration of a public credit rating for the Company by a recognized rating agency.

The conditional capital increase is only to be carried out to the extent that option rights or conversion rights are used or holders of bonds required to convert or exercise options fulfill their obligation to convert or exercise the options and to the extent that no cash compensation is paid or treasury shares or shares in another company listed on the stock exchange are used for this purpose. The new shares issued as a result of the exercise of options or conversion rights or the satisfaction of obligations to exercise the options or conversion options participate in the profits from the beginning of the fiscal year in which the shares are converted.

The Board of Management is authorized with the consent of the Supervisory Board to establish the additional details on carrying out the conditional capital increase.

b) Amendment to the Articles of Association

The previous paragraph 5 in § 4 of the Articles of Association (Share Capital) will become paragraph 7, and a new paragraph 5 will be inserted:

“The Share Capital is conditionally increased by up to an additional 195,584,000 euros, allocated to up to 76,400,000 bearer shares (Conditional Capital 2008 1). The conditional capital increase will only be carried out to the extent to which the holders of options or conversion rights or parties required to exercise option rights or required to convert on the basis of bonds with warrants or convertible bonds, profit sharing rights or profit participation bonds which are issued or guaranteed on the basis of the Authorization I resolved in the Annual Stockholders’ Meeting of April 25, 2008 under agenda item 5 by Bayer AG or a Group company of Bayer AG within the meaning of § 18 AktG in which Bayer AG directly or indirectly has a participation of at least 90 %, and where such persons exercise their option rights or conversion rights or to the extent that they are obligated to exercise options or to convert and satisfy their obligations to convert or exercise options to the extent that no cash compensation is granted and no treasury shares and shares of another company listed on the stock exchange are used to service the options or conversions. The issuance of the new shares will take place in accordance with the requirements of this Authorization and in accordance with the option price or conversion price:

- When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 125 % of the volume weighted average stock exchange price for the shares of the Company in XETRA trading (or a corresponding successor system) at the Frankfurt Securities Exchange during the period between adopting the resolution on using the Authorization I by the Board of Management and the allocation of the Bonds by the banks accompanying the issue or, in the case of granting a subscription right, 125% of the volume weighted average exchange price of the shares of the Company in XETRA trading (or a corresponding successor system) on the Frankfurt Securities Exchange during the days on which the subscription rights for the bonds are traded on the Frankfurt Securities Exchange, except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the “Reference Price”).

- In the case of issuing Bonds granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 125 % of the reference price.
- In the case of issuing Bonds which establish a duty to convert or to exercise an option, the corresponding conversion price or option price is the following amount when the bonds become due or in the event of a takeover offer:
 - if the volume weighted average price of the shares of the Company in XETRA trading (or in a corresponding successor system) at the Frankfurt Securities Exchange on the twentieth trading day ending on the third trading day either before the Bonds become due or, in the event of a takeover offer, on the third trading day prior to the conversion date or the option exercise date (“Average Price”)
 - is smaller or equal to the Reference Price, the Reference Price applies,
 - greater than the Reference Price and less than 118 % of the Reference Price, the Average Price applies,
 - greater or equal to 118 % of the Reference Price, 118 % of the Reference Price applies.
 - Notwithstanding the above provisions, the price is 118 % of the Reference Price if the holders or creditors of the Bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.
 - Notwithstanding the above provisions, the price is the Reference Price if the Board of Management, with the consent of the Supervisory Board and in accordance with the terms and conditions of the Bonds, calls for an early conversion to prevent immediate, significant damage to the Company or to avoid a material deterioration of a public credit rating for the Company by a recognized rating agency.

The new shares participate in the profits from the beginning of the fiscal year in which they are created on the basis of the exercise of option rights or conversion rights or as a result of fulfilling obligations to exercise options or conversion obligations. The Board of Management is authorized with the consent of the Supervisory Board to determine the further details on carrying out the conditional capital increase.”

c) Authorization to adjust the Articles of Association

The Supervisory Board is authorized to adjust the version of § 4 para. 1 and 5 corresponding to the respective issue of the shares to be drawn and to make all other related adjustments to the Articles of Association which only involve that version. This applies accordingly in the event of not exercising the authorization to issue bonds with warrants or convertible bonds, profit sharing rights or profit participation bonds upon expiration of the authorization period as well as in the event of not using the conditional capital upon expiration of the deadlines for exercising options and conversion rights or fulfilling conversion or option obligations.

6. Authorization II to issue of bonds with warrants or convertible bonds, profit sharing rights (Genussrechte) or profit participation bonds and the creation of conditional capital

The Authorization proposed under agenda item 5 provides for reasons of legal precaution, contrary to the previously common practice, for an option price or conversion price which can be calculated exactly in the case of exercise of the Authorization. In order to enable the Board of Management and the Supervisory Board to make use of the potential financing instruments under the Authorization as best as possible in the interest of financing the Company, an additional authorization shall be resolved, otherwise having the same content, which enables the determination of an exactly determined higher option price or conversion price. The total volume of the bonds which can be issued under both authorizations shall be limited to a total nominal amount of up to EUR 6 billion so that this total nominal amount can only be used once when using the Authorization I and the Authorization II.

The Authorization II also consists of two resolutions: firstly, the Authorization II for the issuance of bonds with warrants or convertible bonds, profit sharing rights or profit participation bonds and secondly, the new conditional capital created under a separate resolution in order to secure the option rights or conversion rights or the obligations to exercise the option or the obligations to convert.

A. Authorization II to issue bonds with warrants or convertible bonds, profit sharing rights (Genussrechte) or profit participation bonds and to exclude the subscription right

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

The Board of Management is authorized during the period up to April 24, 2013 to issue with the consent of the Supervisory Board at one time or several times bearer bonds with options or convertible bonds, profit sharing rights or profit participation bonds or a combination of these instruments (together, the "Bonds") in a total nominal amount of up to EUR 6 billion and to grant option rights to the holders of bonds with warrants and to grant conversion rights to the holders of convertible bonds for bearer shares in the Company representing a proportionate amount of the share capital in a total of EUR 195,584,000 as further specified in the terms and conditions of the bonds with warrants or the convertible bonds. Bonds with option rights and/or conversion rights or conversion obligations are to be credited against the shares in the above-stated total nominal amount of up to EUR 6 billion which are issued on the basis of the authorization of the Annual Stockholders' Meeting dated April 25, 2008 under agenda item 5 ("Authorization I") so that this total nominal amount of up to EUR 6 billion can only be used once in total by using Authorization I and Authorization II.

The Bonds can also be issued in the legal currency of an OECD country other than euros, subject to the limit of the corresponding value in euros. The Bonds can also be issued by a corporate group company of Bayer AG within the meaning of § 18 AktG in which Bayer AG directly or indirectly holds at least 90 % of the share capital. In this event, the Board of Management is authorized with the consent of the Supervisory Board to assume the guarantee on behalf of the company for the Bonds and to grant option rights or conversion rights to or impose obligations to exercise the options or to convert for bearer shares in Bayer AG upon the holders of bonds with warrants and/or convertible bonds.

The statutory subscription right is granted to the shareholders in such a manner that the bonds are assumed by a credit institution or a syndicate of credit institutions under the obligation to offer the bonds to the shareholders. If the bonds are issued by a corporate group company of Bayer AG within the meaning of § 18 AktG in which Bayer AG directly or indirectly holds at least 90 % of the share capital, the company must ensure the grant of the statutory subscription right for the shareholders of Bayer AG in accordance with the preceding sentence.

The Board of Management is authorized, however, with the consent of the Supervisory Board to exclude fraction amounts for the shareholders resulting from the proportionate subscription right and to also exclude the subscription right to the extent that this is necessary in order for the holders of previously issued bonds with option rights or conversion rights or obligations to exercise options or to convert to be granted a subscription right in the scope in which they would have such a right as a shareholder after exercising the option rights or the conversion rights or fulfilling the option obligations or the conversion obligations.

The Board of Management is also authorized with the consent of the Supervisory Board to completely exclude the subscription right of shareholders for bonds which are issued with option rights and/or conversion rights and/or option obligations and/or conversion obligations which are issued in exchange for payment of cash to the extent that the Board of Management comes to the conclusion after a proper examination that the issuing price of the bonds is not materially lower than their hypothetical market value calculated on the basis of recognized, particularly financial mathematical methods. This authorization to exclude the subscription right applies for bonds which are issued with option rights and/or conversion rights or option obligations and/or conversion obligations which include an option and/or conversion right or an option obligation and/or a conversion obligation for shares representing a proportionate amount of the share capital which in the aggregate cannot exceed 10 % of the share capital either at the time the issue takes effect or at the time of exercise of the above authorization, whichever value is lower. The following will be credited against the 10 % limit:

- new shares issued under an approved capital excluding the subscription right under § 186 para. 3 sentence 4 AktG during the term of this authorization up to the issuance of the bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations issued free of subscription rights under § 186 para. 3 sentence 4 AktG,
- those shares acquired on the basis of the authorization of the Annual Stockholders' Meeting dated April 25, 2008 and sold in accordance with § 71 para. 1 no. 8 sentence 5 in conjunction with § 186 para. 3 sentence 4 AktG up to the issuance under § 186 para. 3 sentence 4 AktG of bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations subject to exclusion of the subscription right,
- and those shares issued upon the exercise of option rights and/or conversion rights and/or option obligations and/or conversion obligations on the basis of the authorization of the Stockholders' Meeting dated April 25, 2008 under agenda item 6 pursuant to § 186 para. 3 sentence 4 AktG without subscription rights to the extent that these bonds have been issued prior to the issuance without subscription rights under § 186 para. 3 sentence 4 AktG of bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations under the authorization of the Annual Stockholders' Meeting dated April 25, 2008 under agenda item 5.

To the extent that profit sharing rights or profit participation bonds without a conversion right or conversion obligation or without an option right or an option obligation are issued, the Board of Management is authorized to exclude in full the subscription right of the shareholders with the consent of the Supervisory Board if these profit sharing rights or profit participation bonds are structured in a form similar to obligations, i. e. if they do not establish any membership rights in the Company, do not grant any right to participate in the proceeds of liquidation and if the amount of the interest is not calculated on the basis of the amount of the annual profit, the balance sheet profit or the dividend. In addition, the interest and the issuing price for the profit sharing rights or the profit participation bonds must in this event correspond to the current market conditions prevailing at the time of issuance.

In the case of the issuance of bonds with warrants, each individual bond will have one or more option certificates which entitle the holder to obtain bearer bonds of Bayer AG in accordance with the terms and conditions of the option to be determined by the Board of Management. In the case of bonds with warrants denominated in euros which are issued by Bayer AG, the terms and conditions for the options can provide that the option price can also be paid by transferring individual bonds and, if appropriate, an additional cash premium. The proportionate amount of the share capital allocated to the shares to be drawn for each individual bond cannot exceed the nominal amount of the individual bonds. To the extent that fractions of shares result, there can be a provision that these fractions can be combined in accordance with the terms and conditions of the option or the bond in order to subscribe to complete shares, if appropriate, upon making an additional payment. This applies accordingly if warrants are linked to a profit sharing right or to a profit linked bond.

In the case of issuing convertible bonds, the holder will receive the irrevocable right to convert the holders' bonds to bearer shares of Bayer AG in accordance with the terms and conditions established by the Board of Management for the convertible bond. The ratio for the conversion results from dividing the nominal amount or the issuing price of an individual bond which is less than the nominal amount by the determined conversion price for one share in the Company and can be rounded up or rounded down to a full integer; furthermore, any additional payment to be rendered in cash and the combination or compensation for any fraction of amounts which are not capable of being converted can be determined. This applies accordingly if the conversion right relates to a profit sharing right or a profit linked bond.

In the case of issuing bonds which provide for option rights or conversion rights or establish a mandatory option or conversion, the option price or the conversion price is calculated on the following basis:

- When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 135 % of the volume weighted average stock exchange price for the shares of the Company in XETRA trading (or a corresponding successor system) at the Frankfurt Securities Exchange during the period between adopting the resolution on using the Authorization II by the Board of Management and the allocation of the Bonds by the banks accompanying the issue or, in the case of granting a subscription right, 135% of the volume weighted average exchange price of the shares of the Company in XETRA trading (or a corresponding successor system) on the Frankfurt Securities Exchange during the days on which the subscription rights for the bonds are traded on the Frankfurt Securities Exchange, except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the "Reference Price").

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- In the case of issuing Bonds granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 135 % of the reference price.
- In the case of issuing Bonds which establish a duty to convert or to exercise an option, the corresponding conversion price or option price is the following amount when the bonds become due or in the event of a takeover offer:
 - if the volume weighted average price of the shares of the Company in XETRA trading (or in a corresponding successor system) at the Frankfurt Securities Exchange on the twentieth trading day ending on the third trading day either before the Bonds become due or, in the event of a takeover offer, on the third trading day prior to the conversion date or the option exercise date ("Average Price") is
 - smaller or equal to the Reference Price, the Reference Price applies,
 - greater than the Reference Price and less than 120 % of the Reference Price, the Average Price applies,
 - greater or equal to 120 % of the Reference Price, 120 % of the Reference Price applies.
 - Notwithstanding the above provisions, the price is 120 % of the Reference Price if the holders or creditors of the Bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.
 - Notwithstanding the above provisions, the price is the Reference Price if the Board of Management, with the consent of the Supervisory Board and in accordance with the terms and conditions of the Bonds, calls for an early conversion to prevent immediate, significant damage to the Company or to avoid a material deterioration of a public credit rating for the Company by a recognized rating agency.

In the case of bonds with option rights or conversion rights or option obligations or conversion obligations, the option price or the conversion price can be adjusted to preserve the value in the event of economic dilution of the option rights or conversion rights or option obligations or conversion obligations in accordance with the detailed provisions of the bond, notwithstanding § 9 para. 1 AktG, to the extent that the adjustment is not already regulated under the law. The terms and conditions of the bonds can also provide for an adjustment of the option rights or conversion rights or option obligations or conversion obligations in the event of a reduction of capital or other extraordinary measures or events (for example, unusually high dividends, control being obtained by a third party). In the case of a third party obtaining control, an adjustment of the option or conversion price which is standard for the market is provided for.

The terms and conditions of the bonds can provide for the right of the Company, in the event of exercise of the conversion right or the option, not to grant new shares and instead pay money which corresponds to the number of shares which would otherwise have to be delivered at the volume weighted average exchange price for shares in Bayer AG in XETRA trading at the Frankfurt Securities Exchange or in a corresponding successor system during the 10 trading days after declaration of the exercise of the conversion or the option. In the event that the Company announces the exercise of the right to pay a monetary amount after exercise of a conversion right or an option, the 10 trading days begin only on the third trading day after announcement by the Company about the payment of a monetary amount. The terms and conditions of the bonds can also provide that the bond with warrants or the convertible bond can be converted using existing shares of the Company or of another company listed on the exchange instead of using new shares from conditional capital or that option rights or the option obligation can be satisfied by delivering such shares.

The terms and conditions of the bonds can also provide for an obligation to convert or an obligation to exercise an option at the end of the term (or at any other time) or can provide for the right of the Company to issue the creditors of the bonds completely or in part shares in the Company or another company listed on the exchange instead of paying the amount due upon final maturity of the bonds linked to a conversion right or an option right (this also includes maturity upon notice of termination). The proportionate amount of the share capital of the shares to be issued upon the exercise of the conversion right or the option cannot exceed the nominal amount of the bonds. § 9 para. 1 in conjunction with § 199 para. 2 AktG must be complied with.

The Board of Management is authorized with the consent of the Supervisory Board to establish the further details on issuing and structuring the bonds, especially the interest rate, the issuing price, the term and the denominations, provisions on protection against dilution, as well as the option period or conversion period, or the Board of Management can do so in agreement with the management bodies of the group company of Bayer AG issuing the bond with warrants or the convertible bond.

B. Creation of Conditional Capital 2008 II

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

a) Creation of new conditional capital

The share capital is conditionally increased by up to EUR 195,584,000 by issuing up to 76,400,000 new bearer shares representing a proportionate amount of the share capital of EUR 2.56 each. The conditional capital increase serves the purpose of granting bearer shares to holders of convertible bonds or bonds with warrants, profit rights or profit participation bonds (or combinations of the instruments), in each case with option rights or conversion rights or obligations to exercise options or obligations to convert which are issued on the basis of the Authorization II resolved by the Annual Stockholders' Meeting on April 25, 2008 under agenda item 6 up to April 24, 2013 by Bayer AG or a group company of Bayer AG within the meaning of § 18 AktG, in which Bayer AG directly or indirectly has a participation of at least 90 %. The issuance of the new shares will be at the option or conversion price in accordance with the requirements set forth in this Authorization II:

- When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 135 % of the volume weighted average stock exchange price for the shares of the Company in XETRA trading (or a corresponding successor system) at the Frankfurt Securities Exchange during the period between adopting the resolution on using the Authorization II by the Board of Management and the allocation of the Bonds by the banks accompanying the issue or, in the event that a subscription right is granted, 135% of the volume weighted average exchange price of the shares of the Company in XETRA trading (or a corresponding successor system) on the Frankfurt Securities Exchange during the days on which the subscription rights for the bonds are traded on the Frankfurt Securities Exchange, except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the "Reference Price").

- In the event that Bonds are issued granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 135 % of the reference price.
- In the event that Bonds are issued which establish a duty to convert or to exercise an option, the corresponding conversion price or option price is the following amount when the bonds become due or in the event of a takeover offer:
 - if the volume weighted average price of the shares of the Company in XETRA trading (or in a corresponding successor system) at the Frankfurt Securities Exchange on the twentieth trading day ending on the third trading day either before the Bonds become due or, in the event of a takeover offer, on the third trading day prior to the conversion date or the option exercise date ("Average Price") is
 - smaller or equal to the Reference Price, the Reference Price applies,
 - greater than the Reference Price and less than 120 % of the Reference Price, the Average Price applies,
 - greater or equal to 120 % of the Reference Price, 120 % of the Reference Price applies.
 - Notwithstanding the above provisions, the price is 120 % of the Reference Price if the holders or creditors of the Bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.
 - Notwithstanding the above provisions, the price is the Reference Price if the Board of Management, with the consent of the Supervisory Board and in accordance with the terms and conditions of the Bonds, calls for an early conversion to prevent immediate, direct damage to the Company or to avoid a material deterioration of a public credit rating for the Company by a recognized rating agency.

The conditional capital increase is only to be carried out to the extent that option rights or conversion rights are used or holders of bonds required to convert or exercise options fulfill their obligation to convert or exercise the options and to the extent that no cash compensation is paid or treasury shares or shares in another company listed on the stock exchange are used for this purpose. The new shares issued as a result of the exercise of options or conversion rights or the satisfaction of obligations to exercise the options or conversion options participate in the profits from the beginning of the fiscal year in which the shares are converted.

The Board of Management is authorized with the consent of the Supervisory Board to establish the additional details on carrying out the conditional capital increase.

b) Amendment to the Articles of Association

The previous paragraph 5 in § 4 of the Articles of Association (Share Capital) will become paragraph 7, and a new paragraph 6 will be inserted:

"The Share Capital is conditionally increased by up to an additional 195,584,000 euros, allocated to up to 76,400,000 bearer shares (Conditional Capital 2008 II). The conditional capital increase will only be carried out to the extent to which the holders of options or conversion rights or parties required to exercise option rights or required to convert on the basis of bonds with warrants or convertible bonds, profit sharing rights or profit participation bonds which are issued or guaranteed on the basis of the Authorization II resolved in the Annual Stockholders' Meeting of April 25, 2008

under agenda item 6 by Bayer AG or a group company of Bayer AG within the meaning of § 18 AktG in which Bayer AG directly or indirectly has a participation of at least 90 % exercise their option rights or conversion rights or to the extent that they are obligated to exercise options or to convert and satisfy their obligations to convert or exercise options to the extent that no cash compensation is granted and no treasury shares and shares of another company listed on the stock exchange are used to service the options or conversions. The issuance of the new shares will take place in accordance with the requirements of this Authorization and in accordance with the option price or conversion price:

- When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 135 % of the volume weighted average stock exchange price for the shares of the Company in XETRA trading (or a corresponding successor system) at the Frankfurt Securities Exchange during the period between adopting the resolution on using the Authorization 1 by the Board of Management and the allocation of the Bonds by the banks accompanying the issue or, in the event that a subscription right is granted, 135% of the volume weighted average exchange price of the shares of the Company in XETRA trading (or a corresponding successor system) on the Frankfurt Securities Exchange during the days on which the subscription rights for the bonds are traded on the Frankfurt Securities Exchange, except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the “Reference Price”).
- In the event that Bonds are issued granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 135 % of the reference price.
- In the event that Bonds are issued which establish a duty to convert or to exercise an option, the corresponding conversion price or option price is the following amount when the bonds become due or in the event of a takeover offer:
 - if the volume weighted average price of the shares of the Company in XETRA trading (or in a corresponding successor system) at the Frankfurt Securities Exchange on the twentieth trading day ending on the third trading day either before the Bonds become due or, in the event of a takeover offer, on the third trading day prior to the conversion date or the option exercise date (“Average Price”) is
 - smaller or equal to the Reference Price, the Reference Price applies
 - greater than the Reference Price and less than 120 % of the Reference Price, the Average Price applies,
 - greater or equal to 120 % of the Reference Price, 120 % of the Reference Price applies.
 - Notwithstanding the above provisions, the price is 120 % of the Reference Price if the holders or creditors of the Bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.
 - Notwithstanding the above provisions, the price is the Reference Price if the Board of Management, with the consent of the Supervisory Board and in accordance with the terms and conditions of the Bonds, calls for an early conversion to prevent immediate, significant damage to the Company or to avoid a material deterioration of a public credit rating for the Company by a recognized rating agency.

The new shares participate in the profits from the beginning of the fiscal year in which they are created on the basis of the exercise of option rights or conversion rights or as a result of fulfilling obligations to exercise options or conversion obligations. The Board of Management is authorized with the consent of the Supervisory Board to determine the further details on carrying out the conditional capital increase.”

c) Authorization to adjust the Articles of Association

The Supervisory Board is authorized to adjust the version of § 4 para. 1 and 6 corresponding to the respective issue of the shares to be drawn and to make all other related adjustments to the Articles of Association which only involve that version. This applies accordingly in the event of not exercising the authorization to issue bonds with warrants or convertible bonds, profit sharing rights or profit participation bonds upon expiration of the authorization period as well as in the event of not using the conditional capital upon expiration of the deadlines for exercising option and conversion rights or fulfilling conversion or option obligations.

Report by the Board of Management to the Annual Stockholders' Meeting pursuant to §§ 221 para. 4 sentence 2, 186 para. 4 sentence 2 German Stock Corporations Act on agenda items 5 and 6

The proposed authorizations for the issuance of bonds with warrants or convertible bonds, profit sharing rights or profit participation bonds or a combination of these instruments (the “Bonds”) in a total nominal amount, based on the clause on crediting the issuances against each other, of up to EUR 6 billion as well as on creating the corresponding conditional capital of in each case up to EUR 195,584,000 are intended to expand the possibilities described in more detail below for Bayer AG to finance its activities and to give the Board of Management with the consent of the Supervisory Board an opportunity in the interests of the Company for flexible and quick financing upon the occurrence of advantageous conditions in the capital market.

The reason why two authorizations on issuing bonds are provided for is that recently there have been several decisions by the courts under which, contrary to the previous general practice, the determination of a minimum price in a convertible bond covered by conditional capital is supposedly not permitted. According to these court decisions, it instead should be necessary to provide for a specific conversion or option price or a formula for calculating it. This results in a considerable loss of flexibility, and the possibility of reacting to market developments occurring up to 5 years after the original grant of authorization when issuing the bonds is limited. By granting two authorizations, the Company obtains the possibility of being able to decide at the time of issuing the bonds about the authorization with the conditions which better correspond to the then predominant market conditions in order to be able to achieve better conditions for the financing.

The two authorizations for the issuance of bonds are independent of each other and are being submitted separately for a vote. The volume of the two authorizations, however, is limited in such a manner that under both authorizations together, Bonds with a maximum aggregate amount of up to EUR 6 billion can be issued.

The shareholders as a general rule have the statutory subscription right for bonds which are tied to option rights or conversion rights (§ 221 para. 4 in conjunction with § 186 para. 1 AktG). In order to facilitate the handling, it is intended to make use of the possibility of issuing the bonds to a credit institution or a syndicate of credit institutions with the obligation to offer the bonds to the shareholders in accordance with their subscription rights (indirect subscription right within the meaning of § 186 para. 5 AktG).

The exclusion of the subscription right for remainder amounts makes it possible to use the requested authorization with rounded amounts. This facilitates the handling of the subscription right for the shareholders. The exclusion of the subscription right for the benefit of holders of already issued conversion rights and option rights or conversion obligations or obligations to exercise option rights has the advantage that the conversion price or option price for the already issued conversion rights or option rights or conversion obligations or obligations to exercise options does not have to be reduced and, thus, in total a greater amount of funds can be raised. Both instances of excluding the subscription right, therefore, are in the interests of the Company and its shareholders.

The Board of Management is further authorized with the consent of the Supervisory Board to completely exclude the subscription right of the shareholders if the issuance of the bonds tied to option rights or conversion rights or obligations to exercise option rights or conversion obligations leads to an exchange price which does not materially fall below the fair market value of these bonds. This gives the Company the opportunity to exploit advantageous market situations on very short notice and quickly and to achieve better conditions when setting the interest rate and the issuing price for the bonds by being able to do so reacting quickly to the market. Setting conditions close to market and a smooth placement would not be possible if the subscription right were retained. Although § 186 para. 2 AktG permits publication of the subscription price (and thus the conditions for these bonds) by the third to the last day of the subscription period, in light of the frequently observed volatility in the stock markets, there still exists a market risk for several days which leads to precautionary discounts when setting the conditions of the bonds and, thus, does not permit close to market conditions. The existence of a subscription right also endangers the successful placement with third parties or involves additional expenses due to the uncertainty of whether the subscription right will be exercised. Finally, when granting a subscription right, a Company cannot react on short notice to beneficial or disadvantageous market conditions if a subscription right has been granted because of the length of the period for exercising the subscription right, and the Company is instead subject to a downturn in the price of the stock during the period for exercising the subscription right which can lead to a disadvantageous procurement of equity capital for the Company.

In this event of a complete exclusion of the subscription right, the provision in § 186 para. 3 sentence 4 AktG applies accordingly pursuant to § 221 para. 4 sentence 2 AktG. The limit regulated there for excluding subscription rights of 10 % of the share capital must be complied with in the content of the resolution. The volume of the maximum amount of conditional capital for securing the option rights or conversion rights or obligations to exercise options or conversion obligations should be less than 10 % of the current share capital. A corresponding requirement in the resolution on the Authorization also makes sure that the 10 % limit is not exceeded in the event of a reduction of capital because the authorization for excluding the subscription right expressly cannot exceed 10 % of the share capital, either at the time the authorization takes effect or at the time of exercise

of the existing authorization, whichever is less. The above mentioned 10 % limit applies both to new shares which are issued from this authorized capital subject to exclusion of the subscription right under § 186 para. 3 sentence 4 AktG during the term of this authorization up to the issuance of the bonds with warrants and/or conversion rights or obligations to exercise options or conversion obligations issued under § 186 para 3 sentence 4 AktG as well as to those shares which are acquired on the basis of the authorization of the Annual Stockholders' Meeting dated April 25, 2008 and are sold pursuant to § 71 para. 1 no. 8 sentence 5 in conjunction with § 186 para. 3 sentence 4 AktG up to the issuance without subscription rights of bonds with warrants and/or conversion rights or with the obligation to exercise options or with conversion obligations under § 186 para. 3 sentence 4 AktG subject to exclusion of the subscription right, as well as to those shares which are issued upon exercise of option rights and/or conversion rights or as a result of obligations to exercise options or to convert resulting from bonds issued without subscription rights on the basis of the authorization of the Annual Stockholders' Meeting dated April 25, 2008 under agenda item 6 pursuant to § 186 para. 3 sentence 4 AktG to the extent that these bonds have been issued up to the issuance under exclusion of subscription rights pursuant to § 186 para. 3 sentence 4 AktG of bonds with warrants and/or conversion rights or obligations to exercise options or conversion obligations under the authorization of the Annual Stockholders' Meeting dated April 25, 2008 under agenda item 5.

§ 186 para. 3 sentence 4 AktG also means that the issuing price cannot materially be less than the price on the exchange. This is intended to make sure that no material economic dilution of the value of the shares occurs. Whether such a dilutive effect occurs upon issuing bonds with warrants or conversion rights or with obligations to exercise options or conversion obligations under exclusion of the subscription right occurs can be determined by calculating the hypothetical exchange price of the bonds in accordance with recognized methods, especially financial mathematical methods, and comparing them with the issuing price. If after a proper examination, this issuing price is not materially below the hypothetical price on the exchange at the time of issuing the bonds, an exclusion of the subscription rights based on an immaterial shortfall is permissible under the intent and purpose of the regulation § 186 para. 3 sentence 4 AktG. Therefore, the resolution does not provide that the Board of Management must come to the conclusion upon the proper examination prior to issuing the bonds with warrants or conversion rights or with obligations to exercise options or conversion obligations that the contemplated issuing price does not lead to any material dilution of the value of the shares. Thus, the calculatory fair market value of a subscription right is reduced to virtually 0 so that the shareholders cannot incur any material economic disadvantage as a result of excluding the subscription right. Independent of this examination by the Board of Management, it is ensured that the conditions will be set in a manner that is fair compared to the market and, thus, a material dilution in value in the case of carrying out the book-building procedure will be avoided. Under this procedure, the bonds are issued at a fixed issuing price, but individual terms and conditions of the bonds (e.g. interest rate and, if appropriate, term) are fixed on the basis of the purchase offers made by investors so that the overall value of the bond is determined close to market. All of this makes sure that no material dilution of the value of the shares can occur as a result of excluding the subscription right.

In addition, the shareholders have the possibility to maintain their portion in the share capital of the Company even after the exercise of conversion rights or option rights or the realization of the obligation to exercise options or conversion obligations at any time by purchasing shares on the exchange. Compared to this, the authorization to exclude subscription rights makes it possible for the Company to set conditions close to market while having the greatest possible security with regard to the ability to place the bonds with third parties and to exploit advantageous market situations on short notice.

To the extent that profit sharing rights or profit participation bonds without option rights or conversion rights or obligations to exercise options or conversion obligations are issued, the Board of Management is authorized with the consent of the Supervisory Board to completely exclude the subscription right of the shareholders if these profit sharing rights or profit participation bonds are structured in a manner similar to obligations, i. e. if they do not establish membership rights in the Company, do not grant any participation in proceeds of liquidation and if the amount of interest is not calculated on the basis of the amount of the annual profit, the balance sheet profit or the dividend. Furthermore, the interest rate and the issuing price for the profit sharing rights and the profit participation bonds must correspond to current market conditions at the time they are issued. If the stated prerequisites have been satisfied, no disadvantages arise for the shareholders as a result of excluding the subscription right because the profit sharing rights or the profit participation bonds do not establish any membership rights and also do not grant any participation in proceeds of liquidation or in the profits of the Company.

Authorization II and conditional capital 2008 II (Agenda item 6)

The Authorization proposed under agenda item 6 together with the conditional capital is identical in content to the Authorization together with conditional capital proposed under agenda item 5, except for the requirements for setting the conversion price or the option price.

In order to avoid repetition, therefore, reference is made to the discussion in this Report on agenda item 5. This applies accordingly also for the reasoning for the possibilities to exclude the subscription right when issuing the Bonds under agenda item 6 which is justified on the same grounds under agenda item 5.

7. Consent to the Domination and Profit and Loss Transfer Agreements between the Company, on the one hand, and three subsidiaries on the other hand.

The Board of Management and the Supervisory Board propose to consent to each of the domination and profit and loss transfer agreements dated February 26, 2008 between the Company on the one hand and each of the following subsidiaries on the other hand: Fünfte Bayer VV GmbH, Sechste Bayer VV GmbH and Erste Bayer VV Aktiengesellschaft.

A domination and profit and loss transfer agreement was concluded between the Company on the one hand and each of the above mentioned wholly owned subsidiaries on the other hand on February 26, 2008. The Company is in each case the controlling enterprise, and the subsidiaries are in each case the dependant enterprises. Each domination and profit and loss transfer agreement has the following main content, whereby as a result of the legal form of Erste Bayer VV Aktiengesellschaft, there is different language compared to the two other GmbH subsidiaries, which is represented in brackets:

Domination and Profit and Loss Transfer Agreement between Bayer Aktiengesellschaft, Leverkusen ("Bayer") and the Subsidiary ("SUB")

§ 1 Management

- (1) The SUB subordinates the management of its company to Bayer. Bayer is accordingly authorized to issue instructions to the managing directors [the Board of Management] of the SUB with regard to the management of the company.
- (2) Instructions require written form.

§ 2 Transfer of Profits

- (1) The SUB undertakes to transfer its entire profit to Bayer. The obligation applies for the first time for the entire profit of the fiscal year running at the time this Agreement takes effect. Subject to establishing or dissolving reserves under paragraph 2, the annual profit arising without the transfer of profit, as reduced by any loss carried forward from the previous year [and the amount which must be placed in the statutory reserve] is to be transferred.
- (2) The SUB can place amounts from the annual profit in other profit reserves (§ 272 para. 3 German Commercial Code [Handelsgesetzbuch, "HGB"]) with the consent of Bayer if this is permissible under commercial law and is economically justified based on a reasonable commercial analysis. Profit reserves under § 272 para. 3 HGB established during the course of this Agreement must be dissolved at the request of Bayer and must be used to offset any annual loss or must be transferred as profit. The transfer of amounts resulting from the dissolution of other profit reserves under § 272 para. 3 HGB established prior to the beginning of this Agreement or of capital reserves is excluded. § 301 German Stock Corporation Act [Aktiengesetz, "AktG"] applies accordingly. [The last sentence is missing in the case of Erste Bayer VV Aktiengesellschaft].

§ 3 Assumption of Losses

Bayer is under an obligation towards the SUB to assume losses (§ 302 AktG) to the extent that these losses are not offset by withdrawing amounts from the other profit reserves under § 2 paragraph 2 sentence 2 in which the profits were placed during the course of this Agreement. The obligation applies for the first time for the loss during the fiscal year when this Agreement takes effect.

§ 4 Effective Date and Duration

- (1) This Agreement requires a consent by the general shareholders' meeting [Annual Stockholders' Meeting] of the SUB and the Annual Stockholders' Meeting of Bayer.
- (2) This Agreement takes effect upon registration in the commercial register at the registered office of the SUB and applies, except for the right to issue it, instructions, retroactively for the period starting with the beginning of the fiscal year in which the registration takes place. The right to issue instructions can only be exercised after registration of this Agreement in the commercial register at the registered office of the SUB.

- (3) This Agreement can be normally terminated at the end of a fiscal year upon giving six months' notice, for the first time, however, at the end of the fiscal year which ends at least five years after the beginning of the fiscal year in which this Agreement takes effect. If this Agreement is not terminated, it is automatically extended by one fiscal year each with the same notice period applying.
- (4) The right to terminate this Agreement for just cause [wichtiger Grund] without complying with the notice period remains unaffected. Bayer is entitled to terminate this Agreement for just cause particularly if it no longer holds a majority interest in the SUB.

§ 5 Other Provisions

The invalidity or unenforceability of one or more provisions of this Agreement does not affect the validity of the other provisions.

Each Domination and Profit and Loss Agreement is explained in more detail and justified in a joint contract report by the Board of Management of the Company and the respective managing directors or, in the case of Erste Bayer VV Aktiengesellschaft, the Board of Management of the relevant subsidiary.

8. Election of the Auditor

The Supervisory Board proposes to elect PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Essen, as the auditor for the fiscal year 2008 and for the audit review of the semi-annual financial report for the fiscal year 2008.

Commencing with the date when the Annual Stockholders' Meeting is called, the following documents in particular are available for review by the shareholders in the offices of the Company at building Q 26 (legal department), Kaiser-Wilhelm-Allee, 51368 Leverkusen and copies of them will be provided to each shareholder upon request without undue delay and free of charge. The documents can also be reviewed on the Internet at www.stockholdersmeeting.bayer.com.

- Annual Financial Statements, Consolidated Financial Statements, Management Reports for the Company and the Group, Report of the Supervisory Board, Explanatory Report by the Board of Management on the Information Required Under Takeover Law, proposal of the Board of Management for the distribution of the balance sheet profit (agenda item 1)
- Report of the Board of Management pursuant to § 71 para. 1 no. 8 AktG in conjunction with § 186 para. 4 sentence 2 AktG (agenda item 4)
- Report of the Board of Management pursuant to § 221 para. 4 sentence 2 in conjunction with § 186 para. 4 sentence 2 AktG (agenda items 5 and 6)
- Domination and Profit and Loss Transfer Agreements between the Company on the one hand and the subsidiaries on the other hand, Fünfte Bayer VV GmbH, Sechste Bayer VV GmbH and Erste Bayer VV Aktiengesellschaft, together with joint contract reports on the Domination and Profit and Loss Transfer Agreements, annual financial statements and management reports of the Company for the last three fiscal years (agenda item 7)

Participation in the Annual Stockholders' Meeting and total number of shares and voting rights

Those shareholders are entitled to participate in the Annual Stockholders' Meeting and exercise the voting rights who are registered at the latest by the end of the day on April 18, 2008 (24:00 hours Central European Summer Time) at the following address:

Bayer Aktiengesellschaft
c/o Deutsche Bank AG
General Meetings
60272 Frankfurt am Main
Telefax: +49 (0)69 / 12012-86045
Email: WP.HV@XCHANGING.COM

and have provided to this address the proof prepared by the institution maintaining the securities account that they were shareholders of the Company at the beginning of the day on April 4, 2008, i. e. on April 4, 2008 at 00:00 hours (Central European Summer Time). The registration and the proof of ownership of shares require the form of text and must be in German or English.

After completed registration, shareholders can continue to freely dispose of their shares.

The share capital of the Company on the date of calling this Annual Stockholders' Meeting is divided into 764,341,920 bearer shares. Of this amount, all 764,341,920 bearer shares are entitled to vote.

Proxies

Shareholders have the possibility to have their voting rights exercised by a proxy, including by an association of shareholders.

The Company offers its shareholders the possibility to grant proxy to holders of the proxies designated by the Company but who are bound to the instructions of the shareholders prior to the Annual Stockholders' Meeting for the purpose of exercising the shareholders' voting rights. The shareholders who wish to grant a proxy to proxy holders designated by the Company require an entry ticket for the Annual Stockholders' Meeting. In order to ensure that the entry ticket is obtained in time, the order should be received as early as possible with the institution maintaining the securities account.

To the extent that the proxy holders designated by the Company receive proxies, they must always be issued instructions for the exercise of the voting rights. Without these instructions, the proxy is invalid. The proxy holders are required to vote in accordance with the instructions.

Proxies and instructions to proxy holders designated by the Company can be issued in writing or, if so desired, electronically through the Internet, using the procedure established by the Company.

Details on granting proxies and instructions to the proxy holders designated by the Company are described on the entry ticket to the Annual Stockholders' Meeting. Corresponding information is also available on the Internet at www.stockholdersmeeting.bayer.com.

Transmission of part of the Annual Stockholders' Meeting in the internet

All shareholders of the Company as well as the interested public can follow the speech by the Chairman of the Board of Management at the Annual Stockholders' Meeting on April 25, 2008 starting at approximately 10:15 a.m. hours live on the Internet at www.stockholdersmeeting.bayer.com. There will be no other video or audio transmission from the Annual Stockholders' Meeting.

Opposing motions for resolutions and nominations for elections by shareholders

Proposals for opposing motions and nominations for elections by shareholders concerning a certain item of the agenda must be addressed exclusively to the following address:

Bayer Aktiengesellschaft
Building Q 26 (legal department)
Kaiser-Wilhelm-Allee
51368 Leverkusen
Telefax: +49 (0) 214 / 30-56524

Proper opposing motions for resolutions and nominations for election by shareholders received at the following address by the end of April 10, 2008 (24:00 hours Central European Summer Time) will be made available at the Internet address www.stockholdersmeeting.bayer.com. Opposing motions for resolutions and proposals for elections which are addressed differently or are received late will not be considered.

Leverkusen, February 2008
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 at WWW.EBUNDESANZEIGER.DE