Science For A Better Life

Investor Handout

Third Quarter 2010

Science For A Better Life

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Disclaimer

Bayer –
A Science Based Business Model

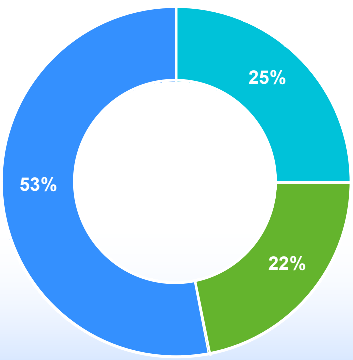
Science For A Better Life

Culture & Capabilities
- 12,400 people in R&D
- €3.1bn R&D budget in 2010
- Global footprint
- Network with leading institutions

Innovation
- Transformational late-stage pharma pipeline
- Agchem pipeline with combined peak sales potential of €1.25bn
- New applications at MaterialScience

Value
- Performance
- Customers
- Shareholders
- Employees

Bayer –
A Leader in Its Markets



€16.0bn **HealthCare**
- Pharmaceuticals €10.5bn
  leading positions in key categories
- Consumer Health €5.5bn
  OTC pharmaceuticals, blood glucose meters and veterinary medicines, global **#2-4**

€6.5bn **CropScience**
Agrochemicals and seeds & traits, global **#2** in agrochemicals

€7.5bn **MaterialScience**
Polyurethanes and polycarbonates, global **#1**

Sales 2009: **€31.2bn**

Break-down excluding reconciliation

World-Class Business Portfolio With Improving Mid-Term Outlook

HealthCare

- At the verge of a business transforming new product cycle
- Significant investment requirements to rejuvenate product portfolio
- Overweight in emerging markets
- World-class Consumer Health portfolio

CropScience

- Well-proven track record of R&D efficiency: launched 23 new AIs between 2000/2009
- Commercial effectiveness & efficiency initiatives initiated
- Fast growing BioScience (seeds & traits) business

MaterialScience

- A leader in its markets
- Unique global production network & technology base
- Key strength in applications research

Maximize value of pharma pipeline

Key Pharma Pipeline Assets – Potentially Transformational

		What it does	Status
Cardiology	Xarelto	inhibits blood clot formation	1st indication launched/ filed; phase III
Cardiology	Riociguat	lowers blood pressure in the lung	phase III
Oncology	Nexavar	inhibits enzymes important for tumor growth	launched, additional indications in phase II/III
Oncology	Regorafenib	inhibits enzymes important for tumor growth	phase III
Oncology	Alpharadin	targeted treatment of bone metastases in prostate cancer	phase III
Eye Diseases	VEGF Trap-Eye	inhibits formation of new blood vessels	phase III
Imaging	Florbetaben	detects amyloid-betaplaques (Alzheimer's disease)	phase III

ROCKET AF Study
Xarelto Significantly Reduces The Risk of Stroke in AF Patients With Comparable Safety Versus Warfarin

Once-daily oral Xarelto was studied *vs.* dose-adjusted warfarin in patients with non-valvular atrial fibrillation at moderate to high risk of stroke.

- Active treatment with Xarelto was superior to warfarin in reducing the risk of stroke
- In the intent to treat population Xarelto showed comparable benefits to warfarin
- Superiority of Xarelto in key secondary efficacy composite endpoint of all-cause stroke, MI, vascular death and non-CNS-systemic embolism demonstrated
- Findings for the principal safety outcome (composite of major bleeding and clinically relevant non-major bleeding) were comparable between the two treatment arms
- Rates of major bleeding were comparable between the two treatment arms, patients in the Xarelto arm had significantly fewer
  - fatal bleeds,
  - intracranial hemorrhages
  - critical organ bleeds.
- The positive benefit-risk profile of Xarelto was confirmed. No evidence for impaired liver safety and no increase in major adverse cardiovascular events.

MI: Myocardial infarction
CNS: Central nervous system

In All 7 Phase III Studies Reported Xarelto Demonstrated an Excellent Clinical Profile

BAYER

Indication	Study	Clinical Trial Results#	
VTE prevention after orthopedic surgery	RECORD 12,729 patients, Xarelto vs enoxaparin	▪ Superior efficacy: 52% relative risk reduction* ▪ Rates of major bleeding low. No statistically significant difference ▪ No signal for liver toxicity or cardiovascular rebound	✓
Extended secondary prevention of VTE	EINSTEIN 1,197 patients, Xarelto vs placebo	▪ Superior efficacy: 82% reduction of recurrent VTE ▪ Low incidence of major bleeding. No statistically significant difference ▪ No signal for liver toxicity – no increase in major adverse CV-events	✓
DVT treatment	EINSTEIN 3,449 patients, Xarelto vs enoxaprin followed by VKA	▪ Non-inferior efficacy ▪ Composite of major and clinically relevant non major bleeding similar with numerically lower major bleedings ▪ Significantly improved net clinical benefit ** ▪ No signal for impaired liver safety, no increase in major adverse CV events	✓
Stroke prevention in atrial fibrillation	ROCKET AF 14,269 patients, Xarelto vs VKA	▪ Active treatment with rivaroxaban was superior to warfarin in reducing the risk for stroke in patients with AF. Non-inferiority *vs.* warfarin in ITT population ▪ Composite of major and clinically relevant non major bleeding similar ▪ Rates of major bleeding were comparable between the two treatment arms, in the rivaroxaban arm significantly fewer fatal bleeds, intracranial hemorrhages and critical organ bleeds ▪ No signal for impaired liver safety, no increase in major adverse CV events	✓

#) Selection, for full data see publications: RECORD data published in NEJM and Lancet, EINSTEIN-Ext. presented at ASH 2009, EINSTEIN-DVT presented at ESC 2010; ROCKET-AF presented at AHA 2010
*) Symptomatic VTE + all-cause mortality in pooled analysis of RECORD 1-4
**) Secondary outcome defined as composite of primary efficacy endpoint plus major bleeding

DVT: Deep vein thrombosis; PE: Pulmonary embolism; VTE: Venous thrombo-embolism; VKA: Vitamin K antagonist; CV: Cardiovascular AF: Atrial fibrillation; ITT: Intention to treat

VEGF Trap-Eye Phase III program in Wet AMD

BAYER

VIEW 1 (US) and VIEW 2 (ex-US) met primary endpoint.

- VIEW one year data demonstrate potential for less frequent dosing *vs.* standard of care with comparable vision maintenance
- Fixed dosing for 52 weeks will be followed by PRN dosing in the second year

VEGF-Trap-Eye	Comparator: Lucentis (ranibizumab)	Study outcome (1 year data)
0.5mg q4 weeks	0.5mg q4 weeks	non-inferiority shown*
2.0mg q4 weeks	0.5mg q4 weeks	non-inferiority shown*
2.0 mg q8 weeks (after 3 monthly doses)	0.5mg q4 weeks	non-inferiority shown*

- Background wet AMD:
  - Wet AMD due to abnormal blood vessel growth in the eye; accounts for approx. 90% of AMD-related blindness
  - Leading cause of acquired blindness in the elderly
  - Approx. 1.5 million patients annually in the US

* Statistical non-inferiority in the proportion of patients who maintained vision over 52 weeks compared to ranibizumab

Filing for Europe planned 1H 2011.

Expected Newsflow From Key Pharma Pipeline Assets

Expected or upcoming major news flow:

2010

Xarelto: ROCKET AF phase III trial in stroke prevention in A´fib patients	Data AHA 2010 ✓
VEGF Trap-Eye: First data from the VIEW phase III program in wet AMD	Q4 2010 ✓
Xarelto: First filings in DVT treatment and in stroke prevention in A´fib patients	Q4 2010e

2011

Xarelto: MAGELLAN trial in VTE prevention in medically ill patients	Data expected early 2011
Xarelto: EINSTEIN-PE	Completion summer 2011e
Xarelto: ATLAS TIMI 51	Completion summer 2011e
VEGF Trap-Eye: Phase III program in CRVO	Data expected 1H 2011
Riociguat: Phase III in PAH and CTEPH	Beyond 2011

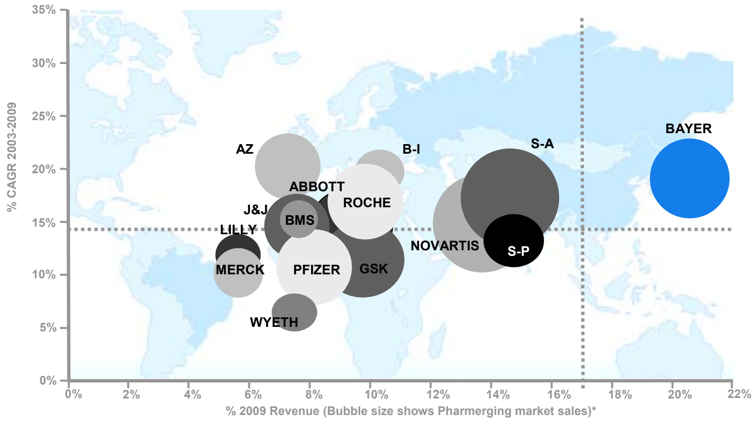
A´fib = atrial fibrillation

Invest in emerging markets growth

Performance of Top 15 Large Pharma Companies in the "Pharmerging" Markets

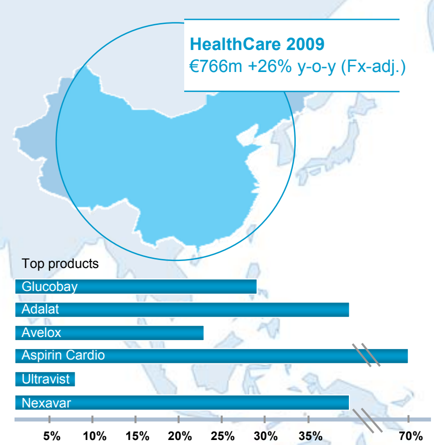
Bayer shows:

- "Best ability to adapt to local markets"
- "Superior local execution capabilities"
- "A stable senior leadership team"
- "Continuous investments in mature products" (Glucobay or Adalat)



Source : IMS Health Incorporates „Pharmerging shake-up" 2010

Bayer is One of The Leading International HealthCare Companies in China



Impressive growth

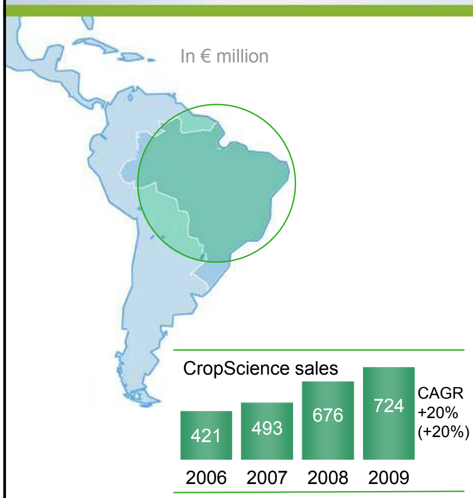
- Driven by both Pharma (+23%) and Consumer Health (+35%)
- Pharma portfolio includes innovative products like Nexavar, Scilin Insulin (launch 2010E) and Xarelto

Significant investment commitment

- Approx. 4,500 employees
- €100m over 5 years to set-up a global R&D center in China
- Beijing manufacturing site expansion (~€45m through 2015)
- Partnership with Tsinghua university (joint drug discovery, student support)

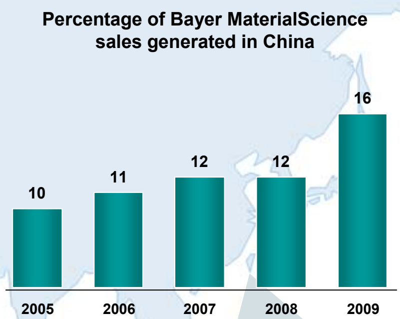
All growth rates are Fx-adj.
Greater China includes PR China, Hongkong, Macau and Taiwan

CropScience in Brazil – Strong Growth in One of the World's Largest Agchem Markets



- Brazil is the 2nd largest market for CropScience
- Bayer is one of the leading suppliers and growing strongly (20% CAGR between 2006 and 2009)
- Risk management systems in place to limit the potential impact of reduced credit availability
- Barter business expanded

Strong MaterialScience Foothold in China Generates Growth Opportunities



Aerial view on Caojing site

Leading the recovery

- >25% of 2009 global sales in AsiaPacific (21% in 2007)
- 16% of 2009 sales in China (12% in FY2007)
- China sales 49% (Fx adj.) above previous year in Q2'10

Major investment

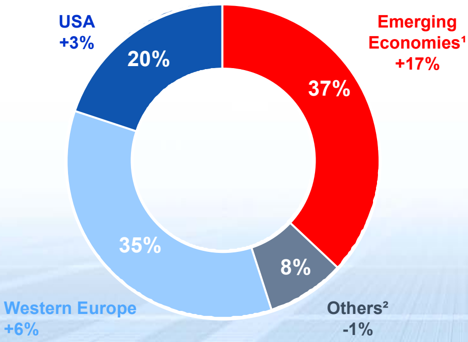
- €2.1bn investment program in integrated polymer site in Shanghai, China
- Significant cost advantages through lower conversion costs and energy consumption
- Direct customer access through local PUR System Houses and PCS compounding facilities

All growth rates are Fx-adj.
Greater China includes PR China, Hongkong, Macau and Taiwan

Emerging Markets Drive Growth And Contribute Significantly to Group Sales

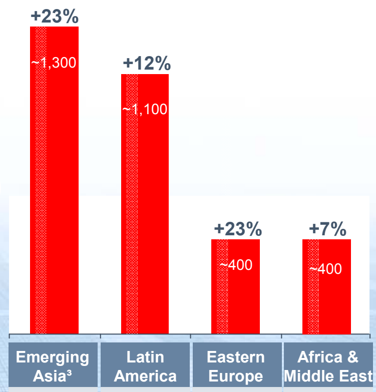
In € million, Δ% yoy Fx adjusted

Q3 Group sales by region



Group €8,581m; +8%

Emerging Economies

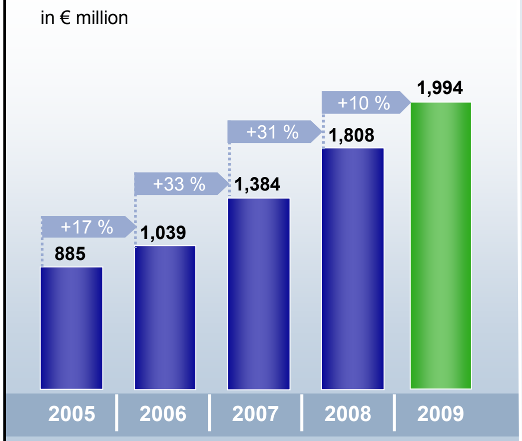


¹ Emerging economies include: Latin America, Asia w/o Japan, Australia, New Zealand, Africa and Middle East incl. Turkey, Eastern Europe
² Others = Japan, Australia, New Zealand, Canada
³ Emerging Asia = Asia minus Japan, Australia, New Zealand

CropScience:
Translate R&D more effectively into sales

New Products Generated Sales of Approx. €2bn in 2009

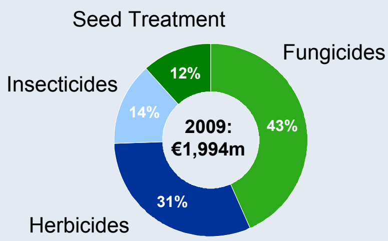
Sales of new active ingredients (A.I.s)



Agchem sales: Crop Protection and Environmental Science, excl. BioScience
* Crop Protection only: 33.5 % in FY'08, 36.4% in FY'09

New active ingredients in 2009

- New active ingredients make for 33% of agrochemical sales
- Novel Herbicide products grew above average (+15%)



Grow BioScience Sales to €1.4bn by 2018

Planned sales development

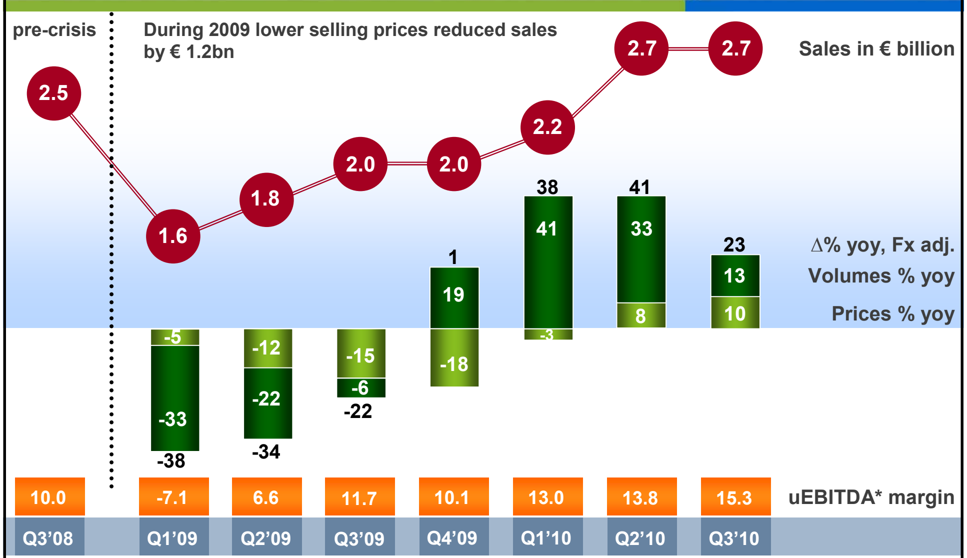
*2002 sales pro-forma Bayer + Aventis CropScience

Key growth drivers

- Fast growing established business in cotton, canola, rice and vegetables
- Introduction of new varieties
- Regional expansion
- Exploit traits potential through licensing agreements
- Extension of our crop-portfolio
- Significant R&D investment (~€130m in 2009; €200+m in 2012E)
- R&D capacities strengthened through acquisition of Athenix (2009)

Recover margins at MaterialScience

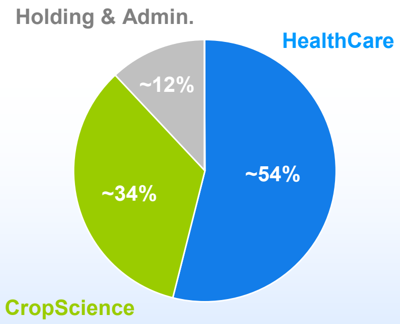
Pronounced Volume Recovery Drove Q3 MaterialScience Sales Above Pre-Crisis Level



* = EBITDA pre-special items

Achieve financial targets

Redirection of Resources to Improve Efficiencies and Cut Costs



Annual Savings **€800m**

Challenges:

- Yaz genericisation in the US earlier than expected
- Rising development costs
- Negative effects of health care reforms
- Margin pressure at CropScience

Investment-Opportunities:

- R&D pipeline
- New product launches
- BioScience expansion
- Emerging markets

Measures:

- Annual cost savings of €800m starting 2013, reinvestment of ~50%
- One-time-charges of around €1bn by end of 2012, ~€200m in Q4 2010, rest split into ~60% 2011 and ~40% 2012

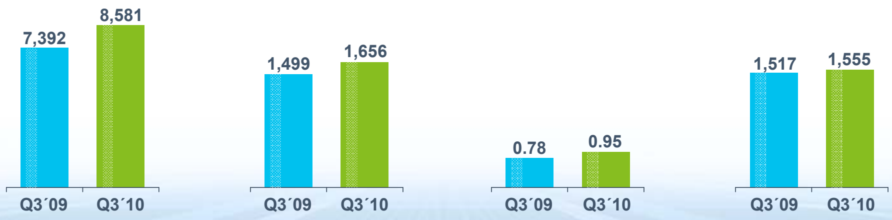
3rd Quarter 2010 – Further Growth of Sales And Earnings

Sales
in € million
% portfolio & currency adj.

EBITDA
pre-special items
in € million

Core EPS
in €

Net Cash Flow
in € million



+8% **+10%** **+22%** **+3%**

Full Year 2010 Group Outlook Projects Strong Growth Over 2009

Sales Fx and portfolio adjusted

	2009	Δ	2010E	Q3 Update
Sales	€31.2bn	-6%	>5%	confirmed
uEBITDA	€6.5bn	-7%	>€7bn	confirmed
Core EPS	€3.64	-13%	>15%	confirmed

Outlook depends on planning assumptions as detailed in the 2009 annual report