



Science For A Better Life

SRI-Roadshow Frankfurt | London

Investor Handout

December 6 - 7, 2011



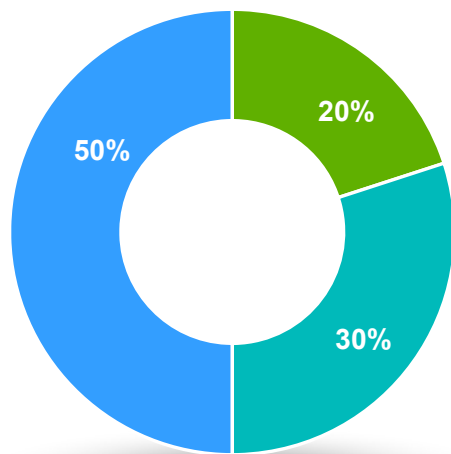
Disclaimer

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.

Bayer – A Leader in Its Markets



Sales 2010: €35.1bn

Break-down excluding reconciliation

€16.9bn

HealthCare

Pharmaceuticals €10.9bn,
leading positions in key categories

Consumer Health €6.0bn,
OTC pharmaceuticals, blood glucose meters and
veterinary medicines, global #2-4

€6.8bn

CropScience

Agrochemicals and seeds & traits,
global #2 in agrochemicals

€10.2bn

MaterialScience

Polyurethanes and polycarbonates,
global #1/2

9M'2011 – Bayer Confirms Group Outlook



- **Delivered growth and performance**, *adj. sales up 7%, adj. EBITDA up 12%, reported EPS +43%, Core EPS +19%*
- **Group FY 2011 financial outlook reiterated:** *On track for 5-7% organic sales growth, adj. EBITDA > €7.5bn and core EPS growth of ~15%*
- **Further strategic progress:**
 - **Innovation pipeline:** *Xarelto: approved by FDA, positive EU-opinion for SPAF; successful ATLAS trial. Alpharadin: phase III ALSYMPCA trial stopped early on success. Regorafenib: phase III mCRC stopped early on success*
 - **Productivity:** *Group-wide restructuring plans with €320 million annualized savings already implemented*
 - **Emerging markets:** *11% organic growth*

Full Year 2011 – Group Outlook Confirmed



Sales Δ Fx and portfolio adjusted, EBITDA pre-special items

	2010	Δ		2011E Original	2011E Actual ¹
Sales (Fx & portf. adjusted)	€35.1bn	+8%		4-6% €35-36bn	5-7% to €36-37bn
adj. EBITDA	€7.1bn	+10%		Improve toward €7.5bn	> €7.5bn
Core EPS	€4.19	+15%		~10%	~15%

¹ As published with Q3 stockholder's newsletter

Outlook depends on specific planning assumptions as detailed in the Annual/ Quarterly Report

Fiscal 2011 – Guidance By Subgroup



HealthCare		Updated: Low-single digit (prev.: low- to mid-single digit) increase of sales. Expect adjusted EBITDA to grow by a mid-single digit percentage to at least €4.6bn (prev.: small improvement).
<i>Pharma</i>		Updated: Expect virtually unchanged or only slightly higher sales (prev.: low- to mid-single digit increase). Plan to increase adj. EBITDA by about 5%, improving the adj. EBITDA margin to approx. 30% (prev.: raise adj. EBITDA margin).
<i>Consumer Health</i>		Unchanged: Mid-single digit growth of sales and adj. EBITDA.
CropScience		Updated: High-single-digit percentage higher sales and growth of adj. EBITDA by more than 20% (prev.: about 20%) compared to weak prior year.
MaterialScience		Updated: Higher Q4'11 sales but lower adj. EBITDA than in Q4'10 in view of continued increases in raw material and energy costs. Expect to raise full-year sales by high-single-digit, posting slightly lower adj. EBITDA in the region of €1.3bn (prev.: grow adj. EBITDA at a higher rate than sales).

Outlook depends on specific planning assumptions as detailed in the Annual/ Quarterly Report

Building A World-Class Innovation Company



Portfolio

Build on leading industry position in all 3 subgroups

Enhance competitive position

Growth

Invest in innovation capabilities

Maximize value of new product pipeline strength

Realize emerging market opportunity

Productivity

Decomplex structures and processes

Implement two-year group restructuring plan






Balance

Commercial Success,
Impact on the Environment
and Needs of Society

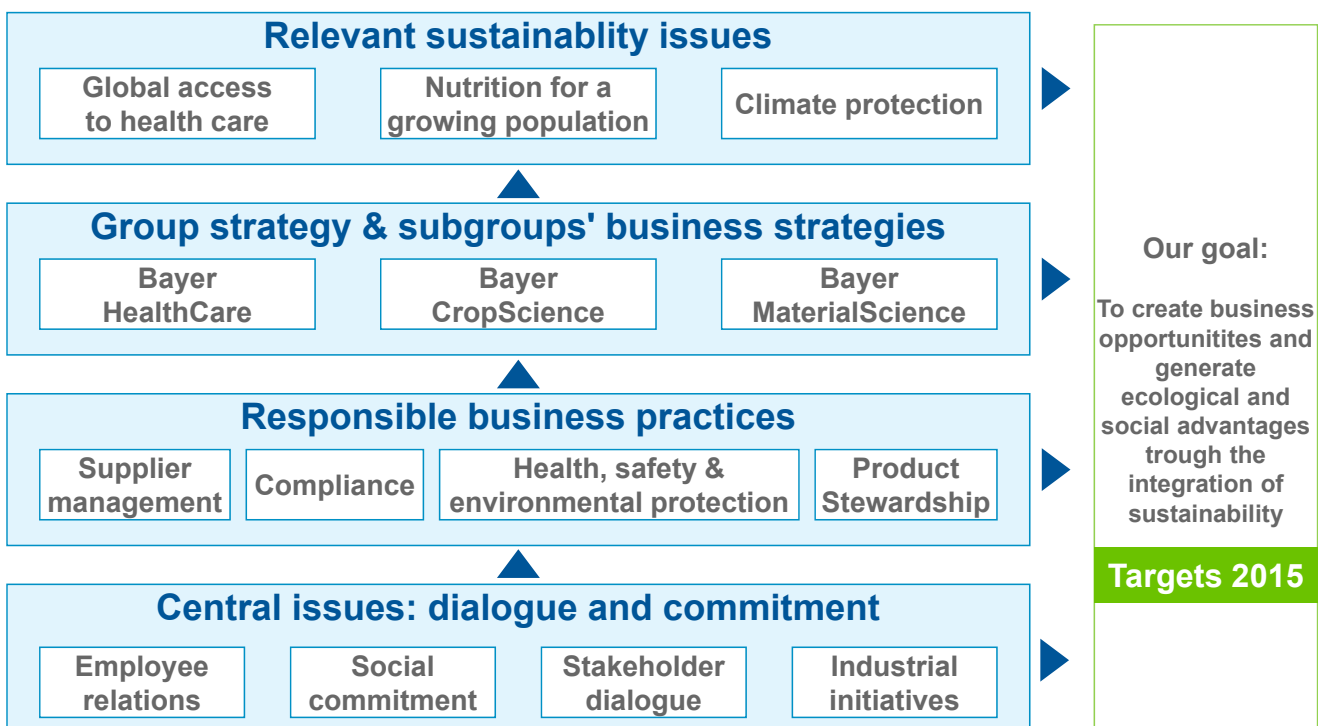
Global Mega Trends Present Major Challenges



	2010	2020	2050
 Health care for an ageing society share of population older than 80 (%)*:	4.9	6.3	11.3
 Food supply for billions of people world population (bn)*:	6.9	7.7	9.0
 Climate protection CO ₂ emissions (bn tons p.a.)**:	33	32	<6

* source: UN Department of Economic and Social Affairs / Population Division
 ** global goal to limit temperature rise to 2 °C; at least 80% reduction of emissions mandatory

Sustainable Development is a Key Element of our Corporate Strategy



Bayers' Sustainable Development Program

CHALLENGE	Global access to health care	Nutrition for a growing population	Climate and environmental protection
FOCUS	Health care alliances for sustainable development	More quality food	Solutions for climate protection and resource use
LIGHTHOUSE PROJECTS	<ul style="list-style-type: none"> Family planning Neglected diseases 	<ul style="list-style-type: none"> Food Chain Partnership for vegetables Direct seeding of rice 	<ul style="list-style-type: none"> EcoCommercial Building program Energy efficiency Resource efficiency Lightweight solutions for mobility concepts



Innovative Medicines and Therapies at Bayer HealthCare



Late-Stage Pharma Pipeline

		What it does	Status
	Xarelto	inhibits blood clot formation	launched, filed, phase III
	Riociguat	lowers blood pressure in the lung	phase III
	Nexavar	inhibits enzymes important for tumor growth	launched, additional indications in phase II/III
	Regorafenib	inhibits enzymes important for tumor growth	CORRECT trial (phase III) in CRC stopped early on success
	Alpharadin	targeted treatment of bone metastases in prostate cancer	ALSYMPCA trial (phase III) stopped early on success
	VEGF Trap-Eye	inhibits formation of new blood vessels	1st indication filed; phase III

Xarelto – Novel Direct Factor Xa Inhibitor



- Large global program involving over 75,000 patients
- Met primary efficacy endpoints in 9 phase III studies:
 - RECORD 1-4, EINSTEIN DVT and EINSTEIN Extension; ROCKET AF; MAGELLAN; ATLAS ACS-TIMI 51
- Marketing & regulatory status:
 - Launched in >85 countries for VTE prevention following total knee / hip replacement surgery
 - Filed for stroke prevention in patients with Atrial Fibrillation (SPAF) in all major regions
 - Approved in the US to reduce the risk of stroke and systemic embolism in patients with non-valvular Atrial Fibrillation
 - European Committee (CHMP) has recommended approval in SPAF and DVT treatment
- ATLAS ACS-TIMI 51 Phase III trial met primary efficacy endpoint and showed significant reduction in mortality (>30%); filing planned for end 2011
- EINSTEIN-PE Phase III study ongoing – data expected early 2012



Health Care Alliances for Sustainable Development



Areas of focus	Approaches
Reproductive health	<p>Make available contraceptives in cooperations in numerous family planning programs</p> <ul style="list-style-type: none"> the pill one- and three-month injections implants intrauterine contraceptive systems (medicated uterine devices)
Tropical and infectious diseases	<p>Better treatment options for</p> <ul style="list-style-type: none"> African sleeping sickness (Germanin™, Lampit™)* Chagas' disease (Lampit™)* Tuberculosis (moxifloxacin)* Malaria (LifeNet™)**
Innovative programs	<p>Patient access programs for</p> <ul style="list-style-type: none"> Nexavar® Betaferon® Kogenate® Ventavis®

Family Planning Program to Reduce unplanned Pregnancies



- €2.9bn sales in 2010
- Portfolio of oral contraception, long-acting contraception, gynecological therapies

2010:

- ~118m units of contraceptives made available in joint projects; ~16m women were reached
- In conjunction with USAID, launch of the oral contraceptive Microgynon™ Fe in Ethiopia and Uganda at a reduced price

By 2012:

- Introduce contraception products at prices in line with the market in 11 African countries jointly with USAID
- Double current family planning activities
- Increase annual provision of oral contraceptives to 110 million cycles

- Supporting the Millennium Development Goals of the United Nations to cut mortality rates for children and mothers through 2015

Leader in Woman's healthcare



Nutrition

For A Growing Population

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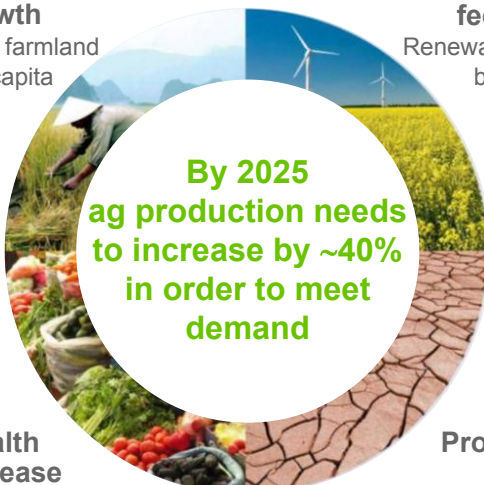
Food Supply for A Growing Population a Challenge



Strong Demand Drivers

World population growth
Less farmland per capita

Rising demand for bio-feedstocks
Renewable energy biomaterials



Wealth increase
Rise in meat consumption and need for feed

Productivity barriers
Adverse weather conditions water scarcity

Innovative products and business models required to adapt with challenges

- Develop stress tolerant plants
- Use chemical and biotechnical approaches to reduce biotic and abiotic stress influences on plants
- Examples of Bayer CropScience innovations:

Confidor Stress Shield	Insecticides that repel both biotic and abiotic stress factors and enable a yield increase
Xpro	New fungicide with long-lasting disease-control; positive effects on plant physiology
Poncho/Votivo	Corn seed treatment against nematodes
Routine	Fungicide to combat rice blast

- Food chain partnerships

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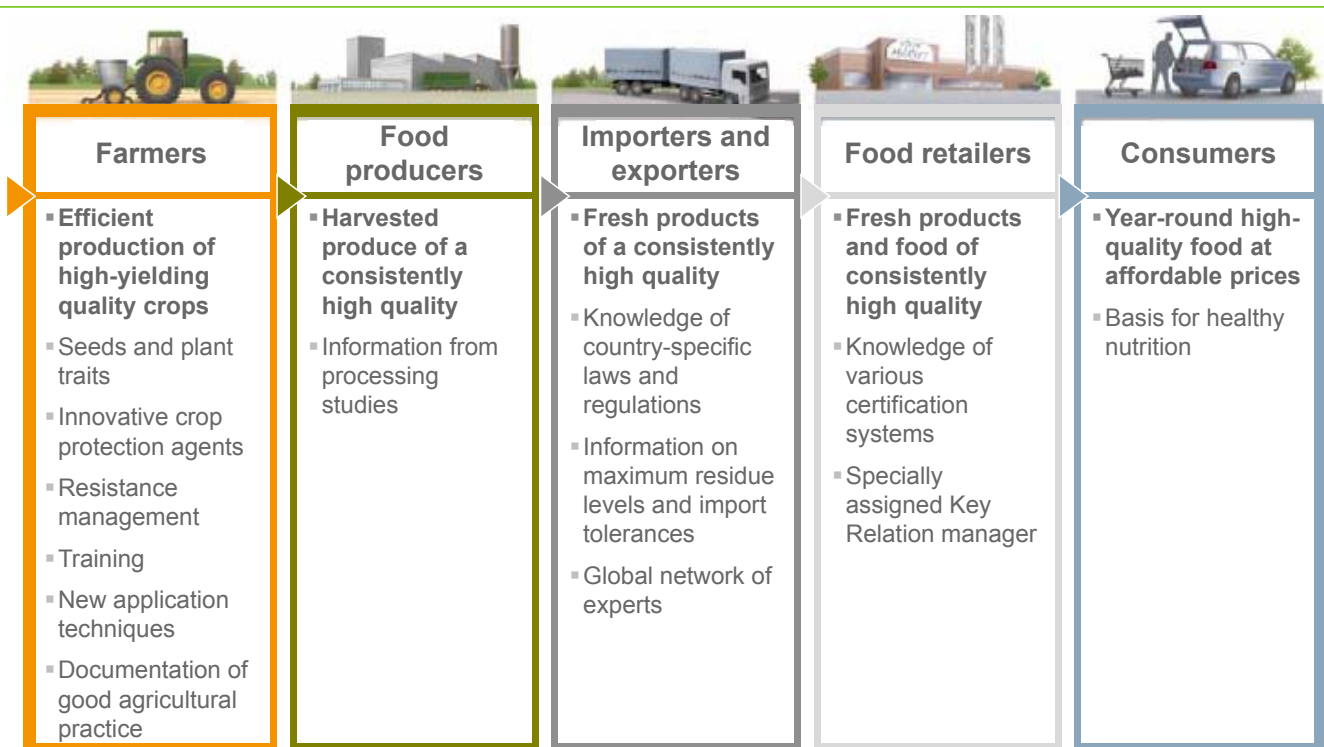
Focus in Crop Protection R&D on High-growth Areas



- Resistance management
- Solutions for better application convenience and safety
- Intensification in tropical and sub-tropical areas
- Products with improved ecological profiles, e.g. water-use efficiency
- Plant-trait regulators: agrochemical molecules to regulate gene expression
 - Better cope with stress from challenging climatic conditions
 - Influence composition of specific nutrients (e.g. oil content)



Food Chain Partnerships – From Cultivation to Consumption



Serving Customer Needs along the Entire Value Chain



Food Chain Partnership Vegetables in India

Work together with partners to jointly develop solutions for sustainable vegetable growing

food chain partnership



Cooperation with PepsiCo

Providing expertise, services and products for farmers in partnership with PepsiCo



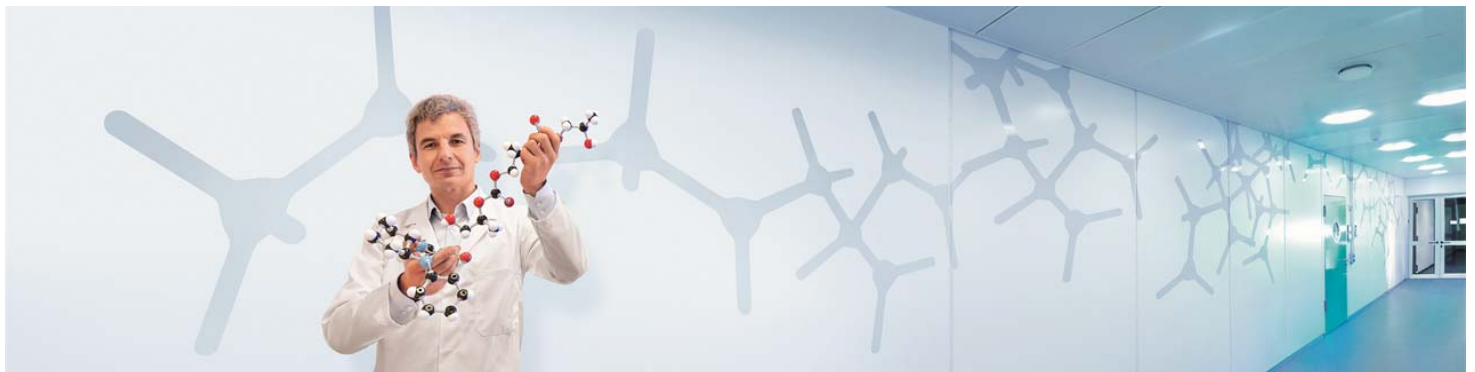
PEPSICO



Cooperation with Walmart and partners

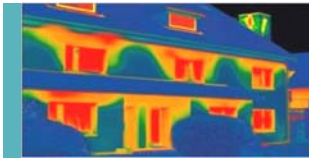
Creating a grower-to-grocer sustainability trail with fresh produced vegetables

Walmart 



Resource Efficiency and Climate Protection at Bayer MaterialScience

Capitalize on Global Market Trends and Spur Future Growth



Energy consumption

Buildings are responsible for around 40% of global energy use, equating to ~30% of global CO₂ emissions*



Greenhouse-gas emissions

14% of greenhouse gases worldwide origin from the transportation sector, making it the third largest emission source**



Noise pollution

About 30% of the EU population are exposed to road traffic noise in excess of 55 dB(A) during night time***



Bayer polymers help to save energy, reduce CO₂ emissions and avoid traffic noise

*Source: UNEP, Sustainable Buildings and Climate Initiative

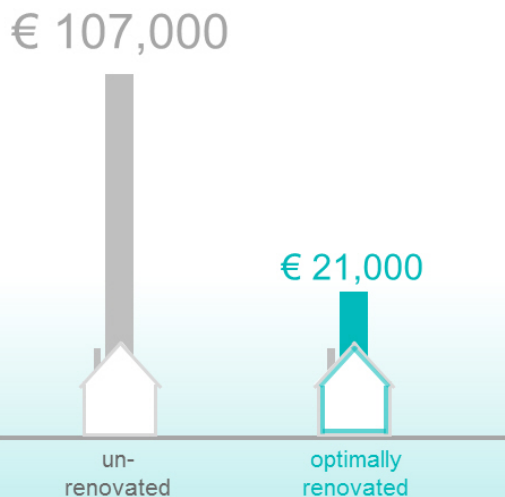
**Source: World Resources Institute

*** WHO recommends less than 30 dB(A); dB(A): A-weighted decibel quality

Eco-Commercial Building (ECB) Program to Adapt Buildings to Climate



Total heating costs of a single-family home over 20 years



Source: German Energy Agency

- Buildings account for approx. 40% of global energy consumption
- Use the company's expertise and materials to unlock economic and ecological benefits:

Insulation	PUR-boards and metal sandwich panels
Glazing	PC solid and multi-wall sheets
Air tight building envelope	PUR-based adhesives and sealants
Coatings	Waterborn + low-VOC-PUR systems for floor coatings + parquet
Photovoltaic	TPU film, PUR frame, PUR adhesives

- Investment normally pays off within six to ten years
- Launched in Europe, North and Central America, Middle East, India, China, Southeast Asia and Japan

Energy efficiency in Chlorine Production via ODC* Technology



Applications

- Enables hydrochloric acid to be recycled in chlorine production in an energy efficient way (implementation in Caojing 2008)
- Development of extended ODC technology jointly with Uhd and the German Federal Ministry of Education and Research: Upscaling of ODC technology to produce chlorine from common salt (NaCl) ⇒ electricity reduction proven in pilot plant: **30 - 50% compared with existing processes**



Current projects

- Successful start up of first ODC demonstration plant in Uerdingen (Germany) in Q2 2011
- Further cooperation with partners in Asia, e.g. China Bluestar Group

Future activities

- First sale of ODC technology to third parties expected for 2015

Optimization of Energy Efficiency in Production Processes – STRUCTese™



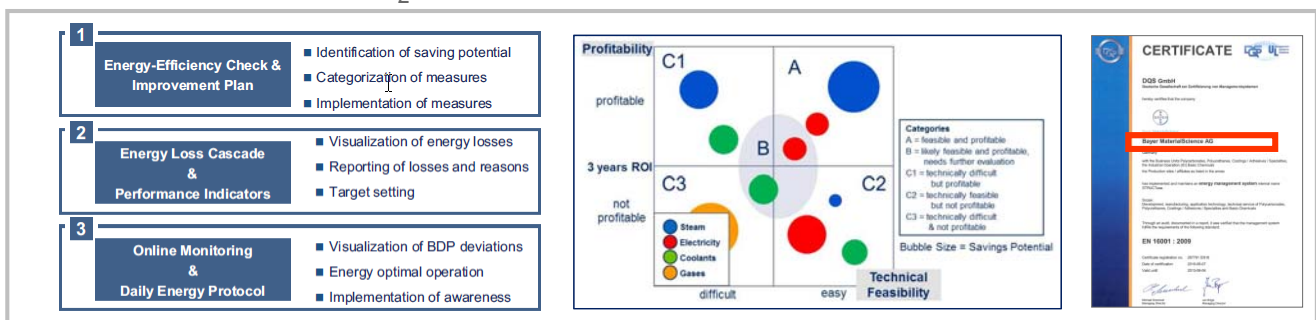
- External certified integrated energy management system (EN 16001)
- Three step approach to realize energy saving and energy conscious behavior

Target

- Implementation in 60 most energy-intensive production facilities worldwide by Dec 2012

Status of Implementation

- Introduction at 30 plants by end of 2010
- Cut in primary energy consumption of 550,000 megawatt hours and avoidance of 135,000 metric tons CO₂ emissions



Improved Energy Efficiency via Innovative Bayer Products - Examples



Polyurethane insulation in buildings

1 kg polyurethane saves 360 to 755 kg CO₂e emissions*

- Excellent insulation properties allow thinner walls in buildings and better retrofitting
- Climate and ozone friendly foaming agents
- Reduced air leakage in building
- Excellent physical properties at low densities (weight) and excellent processing capability
- Good compatibility with different casing materials

Reducing weight in transport with polycarbonate

1 kg polycarbonate saves 14 to 22 kg CO₂e emissions**

- Replacing glass in headlamp lenses and bezels
- Replacing steel and glass in windows and panorama roof applications
- Replacing steel and other metals in exterior and interior applications (e.g., fender, spoiler, dash boards)



We enable our customers and their end-use consumers to save over four times more GHG than needed for production

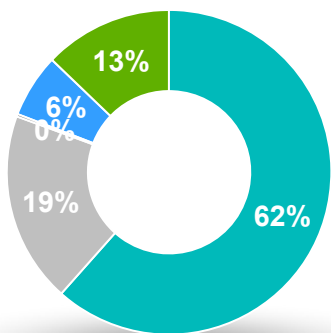
*Additional insulation. Savings over entire product life-cycle of 50 years, including production and end-of-life stages
** Replacing glass with polycarbonate

Saving over entire product life-cycle of 150,000 km, including production and end-of-life stages
CO₂e: Green house gases (GHG) according to Kyoto Protocol, expressed in CO₂ equivalents

New Climate Protection Target to Reduce Greenhouse Gas Emissions



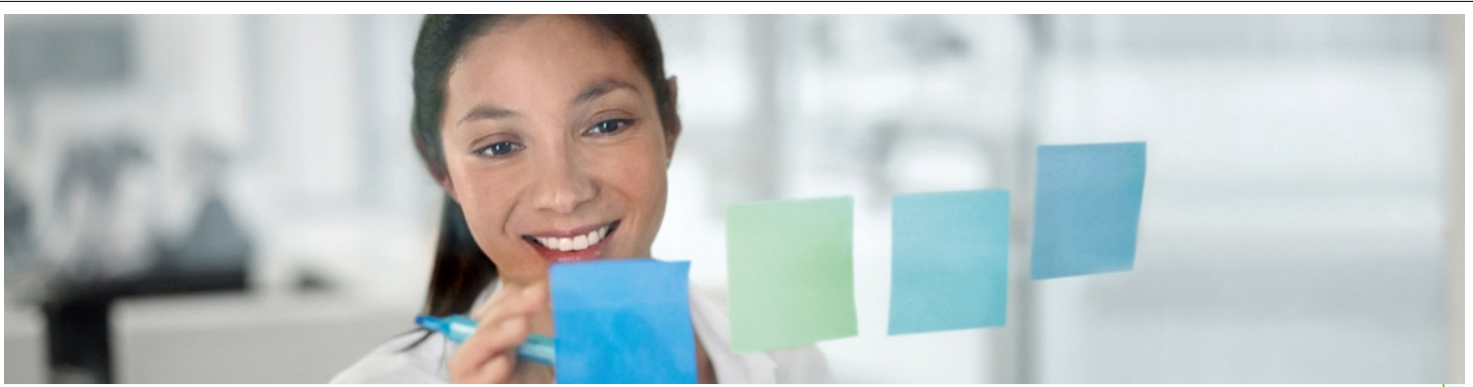
- Bayer HealthCare
- Bayer CropScience
- Bayer MaterialScience
- Currenta
- Others



CO₂e Emissions 2010

Reduce specific GHG emissions by 35% between 2005 -2020*

- **Bayer MaterialScience**
40% reduction of specific emissions
Target 2020: 0.70 metric tons CO₂e per metric ton of product
- **Bayer HealthCare**
10% reduction of absolute emissions
Target 2020: 0.53 metric tons CO₂e
- **Bayer CropScience**
15% reduction of absolute emissions
Target 2020: 1.03 metric tons CO₂e
- Supporting initiatives in non-production areas, e.g., via improved car fleet, videoconferencing, Green Office, Green Data Centre



Opportunity

Emerging Markets

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Challenges Posed by Megatrends are Especially Evident in Asia



- More than 4 billion people live in Asia – about 60% of the world's population
Asia's population expected to grow by about another 1 billion through 2050
- Asia consumes more energy than USA and Europe together
- In Asia, only about 7% of the population is over the age of 64, compared with 16% in the industrialized countries
- Increasing adoption of consumer habits similar to those in the Western world
- Ongoing migration to urban centers
- Currently many people have little or no access to modern medicines

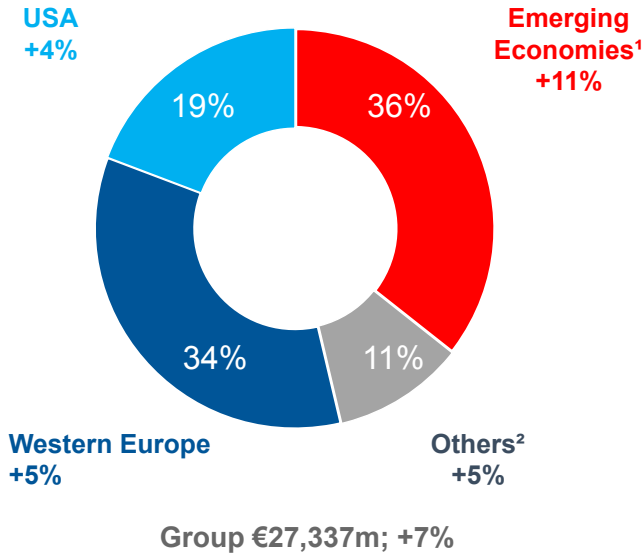


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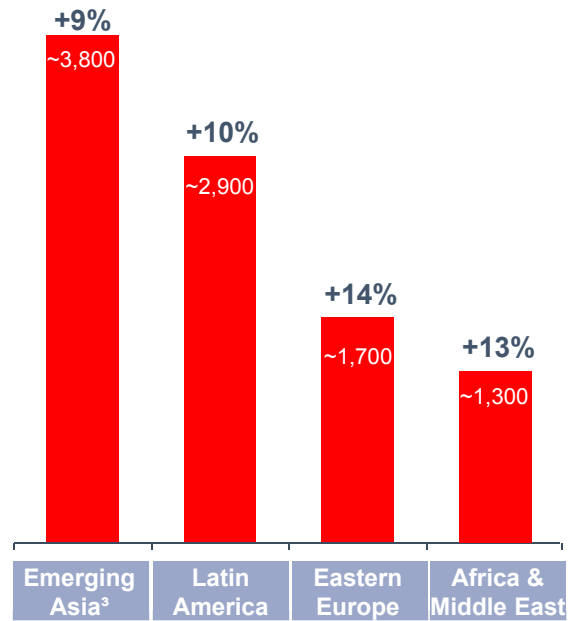
9 Months 2011 – Emerging Markets Leading The Growth



9M'2011 Group sales by region



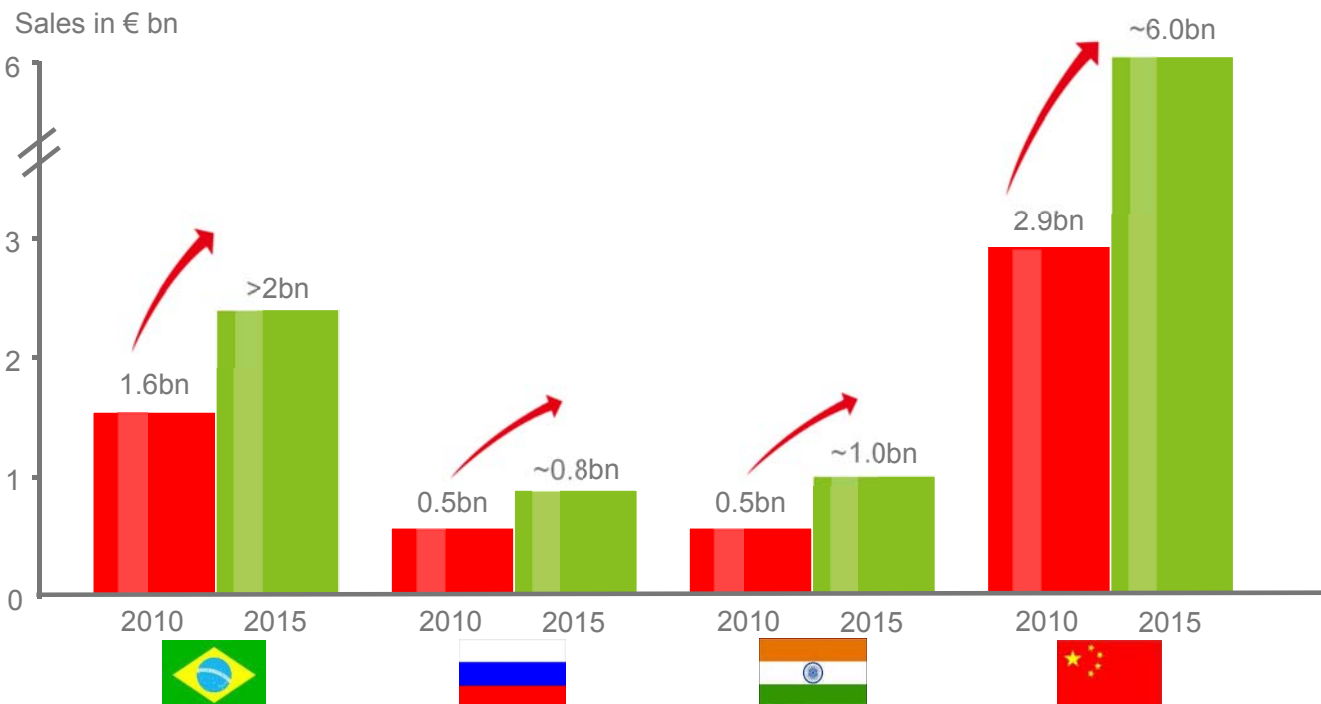
Emerging Economies



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 w/o Japan, Australia, New Zealand

In € million, Δ% yoy Fx adjusted

BRIC – Countries Can Collectively Become a 10bn Euro Business in 2015



Main Focus Areas of China's 12th Five-Year Plan 2011-2015



Health Care	Food Supply & Security	Transportation	Infrastructure	Renewable Energy
<ul style="list-style-type: none">100% health coverage by 2020Groom national championsFocus on biotechnology	<ul style="list-style-type: none">More focus on food security and industry consolidationSustainable farming	<ul style="list-style-type: none">150,000 km of railway by 2020New energy auto	<ul style="list-style-type: none">Rural and urban roadsFocus on West China developmentUrban light rail	<ul style="list-style-type: none">Non-fossil fuel use at 11-12%* by 2015Nuclear and hydroelectric power, wind, solar and biomass power

* Up from currently ~8%



Responsible

Business Practices

Responsible Business Practices to Keep Stakeholder Acceptance



Supplier Management

Corporate Governance & Compliance

Human Resources Policy

Health, Safety & Environment Protection

Product Stewardship

- Supplier Management System
- Bayer Child Care Program

- Corporate Compliance Policy
- Human Rights
- Responsible Marketing
- Responsible Lobbying

- Diversity
- Demographic Change
- Employee Rights
- Training
- Talent Attraction & Retention

- Occupational Health and Safety
- Plant & Process Safety
- Water Management
- Pharmaceuticals in the Environment
- Biodiversity

- Product Safety
- WHO Class I
- Bee Safety
- REACH
- Animal Testing
- Clinical Trials
- Precautionary Principle

Comprehensive Supplier Management System



Challenge	Approach	Achievements
<ul style="list-style-type: none"> ▪ Goods & services totaling some €14 billion from around 94,000 suppliers from > 110 countries ▪ Attention on protection of environment and employees (fair and respectful treatment) ▪ Special focus on checking that ban on child labor is enforced ▪ Continuous improvement needed 	<ul style="list-style-type: none"> ▪ Supplier Code of conduct in place since 2009 ▪ Assess sustainability performance of suppliers for at least <ul style="list-style-type: none"> - 75% of the total procurement volume and - 75% of the procurement volume from risk areas ▪ Audit sustainability performance annually of at least <ul style="list-style-type: none"> - 10% of the suppliers from risk areas or - 15 suppliers 	<ul style="list-style-type: none"> ▪ 147 suppliers of risk areas evaluated in 2010 <ul style="list-style-type: none"> ▪ action plans drawn up with several suppliers ▪ 50% of suppliers in the risk category covered 2009/10 ▪ 124 suppliers from non-risk countries evaluated ▪ Code of Conduct integrated into Group-wide electronic ordering system and contracts ▪ Training of procurement staff ▪ Global Supplier Days focus on sustainable development



Dual assessment approach directed both by procurement volume and by risk areas

Targeted Measures to Eliminate Child Labor from Supply Chain



Challenge	Approach	Achievements																					
<ul style="list-style-type: none"> Child labor widespread around the world, deeply rooted in many societies Combat child labor throughout supply chain India: Agricultural land distributed over hundreds of farms in seed production 	<ul style="list-style-type: none"> Zero-tolerance policy on child labor applies to our operations & supply chain Child Care Program: <ul style="list-style-type: none"> clear contractual ban on child labor, penalties for violations comprehensive monitoring of cotton seed production in India farmer training programs improving school & job prospects of disadvantaged children 	<ul style="list-style-type: none"> Child Care Program established Advisory Council supported by recognized experts No more systematic child labor in our cotton seed supply chain in India Roll-out of the program to the production of hybrid rice and vegetable seed started 																					
<p>4 Results of field monitoring: production of cotton seed in the "Kharif" season in India</p> <table border="1"> <thead> <tr> <th></th> <th>2005/2006</th> <th>2006/2007</th> <th>2007/2008</th> <th>2008/2009</th> <th>2009/2010</th> <th>2010/2011</th> </tr> </thead> <tbody> <tr> <td>Child labor incidence rate per acre* monitored</td> <td>0.57</td> <td>0.15</td> <td>0.014</td> <td>0.01</td> <td>0.002</td> <td>0.001</td> </tr> <tr> <td>Child labor cases as per total workforce in %</td> <td>13.9</td> <td>2.8</td> <td>0.31</td> <td>0.24</td> <td>0.06</td> <td>0.03</td> </tr> </tbody> </table> <p>* 1 acre = 4,046.86 m²</p>				2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Child labor incidence rate per acre* monitored	0.57	0.15	0.014	0.01	0.002	0.001	Child labor cases as per total workforce in %	13.9	2.8	0.31	0.24	0.06	0.03
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<p> Board-level decision to extend the Child Care Program to our vegetable and rice seed production</p>																							


Compliance at Bayer – Worldwide Integrity is Necessary for Success



Challenge	Approach	Achievements
<ul style="list-style-type: none"> Clear expectations of stakeholders in relation to compliance Bayer's credo: success through being innovative, quality-driven, reliable and fair 	<ul style="list-style-type: none"> Corporate Compliance Policy forms basis for responsible acting Effective compliance organization implemented <ul style="list-style-type: none"> Clearly defined responsibilities Establishment of whistleblower hotlines Training of employees Setup of internal control and monitoring mechanisms Disciplinary actions in cases of breaches 	<p>Measures in 2010:</p> <ul style="list-style-type: none"> Introduction of a web-based training (coverage: 61% of all managerial employees) Implementation of office workshops Inclusion in targets / performance evaluation of GLCs* Effectiveness assured by Corporate Auditing through regular reviews
<p> Target 2015: Extend compliance training to 100% of all Bayer managers</p>		





Open and Transparent Lobbying

Challenge	Approach	Achievements
<ul style="list-style-type: none"> Bayer's ability to market products and supply innovative solutions depends on political and regulatory framework Business activities also have influence on society Competence of corporations expected in scientific, regulatory and political processes 	<ul style="list-style-type: none"> Lobbying is a legitimate way to actively participate in the political decision process Bayer's guiding principles: <ul style="list-style-type: none"> Transparency and openness No donations to political parties Respecting of the national laws Disclosure of relevant costs Maintenance of liaison offices 	<ul style="list-style-type: none"> Clear rule setting through "Code of Conduct for Responsible Lobbying" Registration with the European Commission's lobby register Disclosure of lobbying costs in official databases in the US and EU Transparency: website and "Bayer Policy Letters"
<p> Societal challenges to be solved in cooperation with all relevant stakeholders</p>		



Promote Diversity and Internationalism

Challenge	Approach	Achievements
<ul style="list-style-type: none"> Diversity is more than the proportion of women in leadership positions – it is also about national and cultural diversity Diversity is a crucial factor, especially in emerging markets 	<ul style="list-style-type: none"> Founding member "Global Compact" initiative of the United Nations Diversity integral part of our corporate culture, main objectives: <ul style="list-style-type: none"> Workforce should reflect the diversity of society No discrimination or prejudice based on gender, race, religion or sexual orientation 	<ul style="list-style-type: none"> Integration of Diversity <ul style="list-style-type: none"> Social Charta Declaration on Diversity Human Rights Position Steady rise in percentage of female employees 21 nations in Group Leadership Circle Corporate function for strategies & structures Range of networks
<p> Target 2015: Increase the proportion of female managerial staff to approaching 30%</p>		

Extensive Analysis of Age Structure of Workforce Conducted



Challenge	Approach	Achievements						
<ul style="list-style-type: none"> Nature of the working population and our workforce is changing Retaining valuable experience of older employees is crucial At present no acute shortage of skilled staff - still large number of trainees, however Bayer will be affected by demographic changes in the future 	<ul style="list-style-type: none"> Since 2007 extensive analysis of age structure of workforce conducted as basis for predicting development up to 2020 Wide range of measures: <ul style="list-style-type: none"> Training, recruitment of talents, employer branding Keeping and developing employees' knowledge Health promotion, reducing burden for elder employees Active support of diversity in its different forms 	<ul style="list-style-type: none"> Factbook „Demographic Change“ Vocational training ratio > 7% > 2.700 Traineeships ~ 4.000 university graduates recruited Bayer Senior Experts Network <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;"> <p>9. Age structure of workforce in 2010</p> <table border="1" style="font-size: small; margin-top: 5px;"> <tr> <td>Over 60 (2.2%)</td> <td>Under 20 (0.2%)</td> </tr> <tr> <td>50 to 59 (21%)</td> <td>20 to 29 (15.6%)</td> </tr> <tr> <td>40 to 49 (31.1%)</td> <td>30 to 39 (29.9%)</td> </tr> </table> </div>	Over 60 (2.2%)	Under 20 (0.2%)	50 to 59 (21%)	20 to 29 (15.6%)	40 to 49 (31.1%)	30 to 39 (29.9%)
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<div style="display: flex; align-items: center; justify-content: center;"> <p>Wide range of measures to address the challenges posed by Demographic Change</p> </div>								

Constant Focus on Improving Safety Performance



Challenge	Approach	Achievements																														
<ul style="list-style-type: none"> Continuous improvement Key Elements of a strong safety culture: <ul style="list-style-type: none"> Commitment of management and employees Take responsibility Take advantage of trainings Actively live Management of Change in production processes Never tolerate a lack of compliance Lead by good example 	<ul style="list-style-type: none"> Implement Bayer-wide TOPPS initiative to increase process and plant safety (PPS) PPS trainings for all production employees worldwide (40,000) by the end of 2012 <div style="text-align: center; margin-top: 20px;"> </div>	<ul style="list-style-type: none"> Safety Council on top management level established 70% PPS practitioners completed basic training First “Global Bayer Safety Day” <table border="1" style="font-size: small; margin-top: 10px;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th>Indicator for Bayer employees*</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Lost Time Recordable Incident Rate (LTRIR**)</td> <td>0.48</td> <td>0.44</td> <td>0.40</td> <td>0.34</td> </tr> <tr> <td>Recordable Incident Rate (RIR**)</td> <td>0.74</td> <td>0.72</td> <td>0.62</td> <td>0.62</td> </tr> <tr> <td>Environmental incidents***</td> <td>3</td> <td>9</td> <td>13</td> <td>7</td> </tr> <tr> <td>Transportation incidents***</td> <td>10</td> <td>10</td> <td>10</td> <td>8</td> </tr> <tr> <td>Fatal accidents</td> <td>4</td> <td>2</td> <td>4</td> <td>4</td> </tr> </tbody> </table>	Indicator for Bayer employees*	2007	2008	2009	2010	Lost Time Recordable Incident Rate (LTRIR**)	0.48	0.44	0.40	0.34	Recordable Incident Rate (RIR**)	0.74	0.72	0.62	0.62	Environmental incidents***	3	9	13	7	Transportation incidents***	10	10	10	8	Fatal accidents	4	2	4	4
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<div style="display: flex; align-items: center; justify-content: center;"> <p>Target 2015: Reduce the number of occupational injuries with lost days by 25% to 0.3 LTRIR \approx 1.5 MAQ</p> </div>																																



* Bayer group worldwide

** LTRIR = Lost time reportable incident rate - Injuries per 200,000 hours worked; by calculation from former MAQ numbers, no occupational illnesses included

*** Transport incidents may also be classified as environmental incidents

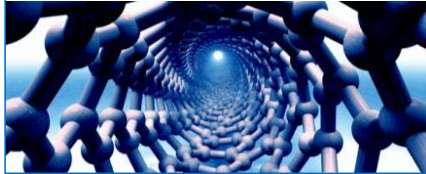

Approach on Responsible Water Management Established



Challenge	Approach	Achievements
<ul style="list-style-type: none"> Population growth and climate change lead to water scarcity 5,7 billion people will live in water stress regions by 2025 18% of Bayer's water use will be in water scarce regions by 2025 	<ul style="list-style-type: none"> Regular risk reviews at relevant sites in water scarce regions Water management by <ul style="list-style-type: none"> - target and KPI setting at sites in water scarce regions - progress tracking through global HSE reporting Endorsement of <ul style="list-style-type: none"> - UN GC CEO Water Mandate - WBCSD Water Leadership Group Transparency through participation in CDP Water Disclosure 	<ul style="list-style-type: none"> Group-wide position on responsible use of water implemented in 2011 Site specific targets and initiatives to improve water efficiency and reduce emissions implemented Marketing of products and technologies with positive impact on water efficiency and quality
<p> We develop and support solutions for efficient use of water to conserve global water resources</p>		

We Handle Products Responsibly on a Global Scale



Challenge	Approach	Achievements
<ul style="list-style-type: none"> Comprehensive assessment of health and environmental risks along the entire value chain For new key technologies as Biotechnology and Nanotechnology a sound, scientific risk analysis is particularly important to protect human health and the environment 	<ul style="list-style-type: none"> Safety of our products has top priority Product stewardship activities cover the entire value chain Specific positions for new technologies meet or exceed observance of all relevant legal provisions 	<ul style="list-style-type: none"> We inspect and monitor all Bayer products in applications known to us with regard to potential health, safety, environment and quality (HSEQ) risks Comprehensive assessment from research & development to disposal Positions implemented on responsible use of <ul style="list-style-type: none"> Gene Technology Nanotechnology
<p> Target 2015: Roll out GPS* Program in another 10 countries with different languages</p>		

*GPS = Global Product Strategy

Voluntary initiative established by the International Council of Chemical Associations (ICCA) to improve and standardize the level of product stewardship in the chemical industry worldwide

WHO Class I Replacement in Line with Commitment to Sustainable Agriculture





Challenge	Approach	Achievements
<ul style="list-style-type: none"> ▪ Sustainable & productive crop protection solutions needed for effective control of pests and diseases and thus to avoid food shortages and high food prices ▪ Business migration: close coordination with authorities and customers 	<ul style="list-style-type: none"> ▪ Clear commitment to product stewardship ▪ Adherence to international “Code of Conduct on the Distribution and Use of Pesticides” ▪ More modern, targeted, environmentally friendly formulations to replace WHO Class I insecticides ▪ Initiative in line with commitment to sustainable agriculture and global food security 	<ul style="list-style-type: none"> ▪ Replacement strategy affects all WHO class I formulations for foliar use, soil applications and seed treatments. ▪ Sale of products containing Endosulfan discontinued worldwide by end of 2010 ▪ Production of Temik® in the US discontinued in 2010, sales expected to draw to a close by end of 2011

 Bayer CropScience to phase-out all remaining WHO Class I formulations by the end of 2012

Commitment to Honey Bee Health and Safety



Challenge	Approach	Achievements
<ul style="list-style-type: none"> ▪ Bees are important pollinators of flowering food crops ▪ Poor bee health in Europe and North America ▪ Despite wealth of information to the contrary, accusations that neonicotinoids are a contributory factor ▪ Major bee pathogen, <i>Varroa destructor</i>, becoming resistant to current treatments 	<ul style="list-style-type: none"> ▪ We are committed to finding solutions to enhance bee health by: <ul style="list-style-type: none"> ▪ Developing and providing <i>Varroa</i> management products ▪ Ensuring the responsible and sustainable use of pesticides through active promotion of “bee-responsible” farming practices ▪ Sharing knowledge and expertise with relevant stakeholders 	<ul style="list-style-type: none"> ▪ Working closely with farmers around the world on safe use of pesticides ▪ Acquisition of <i>Varroa</i> mite thymol product for bee health ▪ Intensification of stakeholder dialogue 

 Further strengthening of Bayer’s commitment to bee health and safety and of stakeholder dialogue

Bayer Operates in Accordance with REACH*



Challenge	Approach	Achievements
<ul style="list-style-type: none"> REACH entered into force on June 1, 2007 Bayer affected as manufacturer, importer and user Total costs estimated to a significant number in a double digit € million range (2007-2018) Authorization procedure with substitution obligation replacement or prohibition of hazardous substances 	<ul style="list-style-type: none"> Corporate REACH Platform Directives on group- and subgroup-level provide assistance in all areas Suppliers required to confirm compliance with REACH Preparation for next step started (deadline 6/2013) 	<ul style="list-style-type: none"> New substances registered according to REACH First REACH milestone passed in 2010: 125 existing substances registered (produced or imported in volumes >1,000 metric tons annually or particularly hazardous) Currently no need to apply for any authorization

 **Bayer in compliance with REACH since 2007**

Bayer Takes Animal Welfare Seriously



Challenge	Approach	Achievements
<ul style="list-style-type: none"> Animal testing is a highly emotional issue for the public Animal studies are required for innovative products and safety assessments Continuous improvement and minimization in use of laboratory animals is a permanent challenge 2010 number of employed animals stagnated year-on-year 	<ul style="list-style-type: none"> Strong commitment to animal welfare issues adopted Support of the 3Rs* principles as model for reducing animal testing Engagement in the development of alternative methods Dialogue with animal welfare NGOs and other stakeholders 	<ul style="list-style-type: none"> Group wide Animal Welfare Committee implemented Worldwide standards and monitoring on animal welfare established Integration of research institutes contracted by Bayer Communication of commitments, activities and results through a stand-alone website

 **Holistic approach on animal welfare established**



Sustainability Targets 2015 (Part 1)

Management & Corporate Governance – Supplier management, Compliance

- Inform all suppliers with purchase-order-relevant volumes about the Bayer Supplier Code of Conduct
- Assess the sustainability performance of suppliers that represent $\geq 75\%$ of the total procurement volume and $\geq 75\%$ of the procurement volume from risk areas
- Annually audit the sustainability performance of at least 10% of the suppliers from risk areas or at least 15 suppliers
- Extend compliance training to 100% of all Bayer managers

Employees – Diversity, Occupational safety, Social Commitment

- Increase the proportion of female managerial staff to approaching 30%
- Reduce the number of occupational injuries with lost days by 25% to 0.3 LTRIR \cong 1.5 MAQ
- Focus our global commitment further on scientific education, fostering talent, cutting-edge research, health care and, in Germany, additionally on recreational, youth and disabled sports



Sustainability Targets 2015 (Part 2)

Innovation & Products - Research & development

- Maintain or increase R&D spending in relation to sales

Innovation & Products - Product stewardship

- Roll out Global Product Strategy in another 10 countries with different languages

Ecology - Climate protection, Process and plant safety, Emissions, Waste

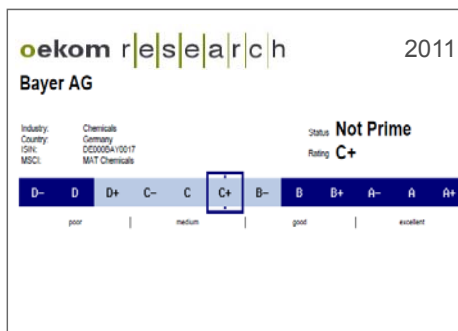
- Reduce specific greenhouse gas emissions in the Group by 35% (direct and indirect emissions in relation to manufactured sales volume in t) between 2005 and 2020
- Implement the Bayer-wide initiative to increase process and plant safety; dedicated process and plant safety training for 40,000 employees worldwide by the end of 2012
- Reduce other relevant emissions (ozone-depleting substances -70%, volatile organic compounds -50%)
- Reduce specific hazardous waste from production to 2.5% in relation to manufactured sales volume

Bayer's Sustainability Performance from Sustainability-Analysts' Perspective



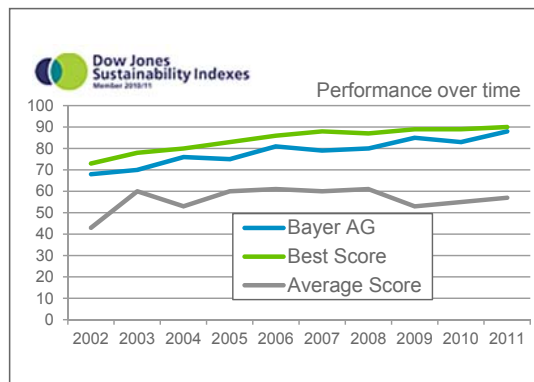
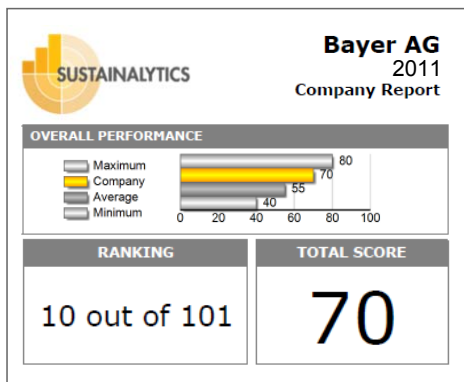
CARBON DISCLOSURE PROJECT					
	2007	2008	2009	2010	2011
CDLI*	✓	✓	✓	✓	✓
CPLI**	--	--	--	✓	✓

*CDLI: Carbon Disclosure Leadership Index
 **CPLI: Carbon Performance Leadership Index (launched in 2010)



Listing in ESG Indices

- FTSE4Good
- Dow Jones Sustainability Indexes (Member 2010-11)
- SPI (SUSTAINABLE PERFORMANCE INDICES)
- NYSE Euronext Low Carbon Europe 100 Index



STOXX Global ESG Leaders Index	Bayer Score
Environment	89.50
Social	43.80
Governance	83.80
Included	No

Börse Frankfurt website, as of Nov 29, 2011

Key Takeaways



- Positive business momentum during 9M'2011
- Group full year 2011 outlook projects 5 to 7% organic sales growth and adj. EBITDA above €7.5bn
- Well positioned to translate global mega trends into business growth
- Innovation pipeline will build growth momentum
- Significant emerging markets opportunity
- Sustainability drives top line growth by creating business opportunities and improves bottom line by mitigating risks and reducing costs
- Responsible business practices to keep stakeholder acceptance
- Targets 2015 set to further integrate sustainability into our business



Reporting Events and AGM

Date	Event	Publication
Tuesday, February 28, 2012	Investor Conference Call	2011 Annual Report
Thursday, April 26, 2012	Investor Conference Call	1 st Quarter 2012 Results Stockholders' Newsletter
Friday, April 27, 2012	Annual General Meeting	
May 2012		Sustainable Development Report 2011
Tuesday, July 31, 2012	Investor Conference Call	2 nd Quarter 2012 Results Stockholders' Newsletter
Tuesday, October 30, 2012	Investor Conference Call	3 rd Quarter 2012 Results Stockholders' Newsletter



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