



Science For A Better Life

NAMES | FIGURES | FACTS

2010 | 2011



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BAYER GROUP

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COVER PICTURE

As an inventor company Bayer aims for innovation, supported by its 12,400-strong global research and development team. One member of that team is Dr. Xin Ma, Head of the Global Drug Discovery Innovation Center China in Beijing. The photo shows the scientist preparing an experiment during drug development.

Working to Create Value through Innovation and Growth

Bayer is a global enterprise with core competencies in the fields of health care, nutrition and high-tech materials. Our products and services are designed to benefit people and improve their quality of life. At the same time we aim to create value through innovation, growth and high earning power.

We are firmly aligned to our mission statement “Bayer: Science For A Better Life” and continue to optimize our portfolio, concentrating our activities in three high-potential, efficient subgroups with largely independent operations: Bayer HealthCare, Bayer CropScience and Bayer Material-Science. These provide us with access to major global growth markets and are supported by our service companies.

As an inventor company, we plan to continue setting trends in research-intensive areas. Innovation is the foundation for competitiveness and growth, and thus for our company’s success in the future.

Our expertise and our products are helping to diagnose, alleviate or cure diseases, improving the quality and adequacy of the global food supply, and contributing significantly to an active, modern lifestyle. Our expertise and innovative capability also enable us to offer solutions for protecting the climate and addressing the consequences of climate change.

We are committed to the principles of sustainable development and to our role as a socially and ethically responsible corporate citizen. For us, there is a clear link between technical and economic expertise and our responsibility to work for the benefit

of humankind, become socially involved and make a lasting contribution to sustainable development. At Bayer, we regard economy, ecology and social commitment as objectives of equal rank.

We seek to retain society’s confidence through performance, flexibility and open communication as we work in pursuit of our overriding goals: to steadily create corporate value and generate high value-added for the benefit of our stockholders, our employees and the community in every country in which we operate.

Bayer AG headquarters in Leverkusen



Organization

Bayer AG defines common values, goals and strategies for the entire Group. The three subgroups and three service companies operate independently, led by the management holding company. The Corporate Center supports the Group Management Board in its task of strategic leadership.

BAYER AG (HOLDING COMPANY)

Group Management Board

Werner Wenning

Chairman (until September 30, 2010)

Marijn Dekkers

Chairman effective October 1, 2010

Werner Baumann

Finance

Wolfgang Plischke

Innovation, Technology & Environment

Richard Pott*

Strategy & Human Resources

Corporate Center Departments

Corporate Office

J. Krell

Communications

M. Schade

Investor Relations

A. Rosar

Corporate Auditing

R. Meyer

Corporate Human Resources & Organization

J. Peters

Finance

J. Dietsch

Corporate Development

A. Moscho

Law & Patents, Insurance

R. Hartwig

Environment & Sustainability

W. Grosse Entrup

Group Accounting & Controlling

U. Hauck

Regional Coordination

I. Paterson

BUSINESS AREAS

Bayer HealthCare

Chairman

M. Dekkers

(until August 14, 2010)

J. Reinhardt

(effective August 15, 2010)

Animal Health

L. van der Broek

Consumer Care

G. Balkema

Medical Care

A. Main

Bayer Schering Pharma (BSP)

A. Fibig

BSP Regions

U. Köstlin

BSP Global Drug Discovery

A. Busch*

BSP Global Development

K. Malik

Central Administration & Organization

M. Vehreschild

Product Supply

H. Klusik

Bayer CropScience

Chairman

F. Berschauer

(until September 30, 2010)

S. E. Peterson

(effective October 1, 2010)

Portfolio Management

R. Scheitza*

Research

A. Klausener

Development

F. J. Placke

Industrial Operations & QHSE

W. Welter

(until September 30, 2010)

A. Noack

(effective October 1, 2010)

Business Planning & Administration

D. Suwelack

Crop Protection Asia Pacific

B. Naaf

Crop Protection Europe & TAMECIS

J. du Puy

Crop Protection North America

W. Buckner

Crop Protection Latin America

M. Reichardt

Environmental Science

G. Riemann

BioScience

J. Schneider

Bayer MaterialScience

Chairman

P. Thomas

Administration

A. Steiger-Bagel

Industrial Operations

T. Van Osselaer*

Polycarbonates

G. Hilken

Polyurethanes

P. Vanacker

Coatings, Adhesives, Specialties

J. Wolff

SERVICE AREAS

Bayer Business Services

D. Hartert

Chairman of the Executive Board

N. Fieseler*

Member of the Executive Board

Bayer Technology Services

D. Van Meirvenne

Managing Director

Currenta

K. Schäfer

Chairman of the Executive Board

J. Waldi*

Member of the Executive Board

* Labor Director
Status: July 1, 2010

Sites and Regions

NORTH AMERICA

Sales	€7,705 million (-4.0%) *
Employees	16,300
R+D expenses	€507 million
Companies	44 **

EUROPE

Sales	€12,968 million (-10.9%) *
Employees	54,500
R+D expenses	€2,080 million
Companies	156 **

www.bayer.com > BAYER GROUP > BAYER WORLDWIDE

The Bayer Group is a global enterprise with companies in nearly every country. The map shows some of its principal sites.

LATIN AMERICA/AFRICA/MIDDLE EAST

Sales	€4,783 million (-3.5%) *
Employees	16,000
R+D expenses	€28 million
Companies	45 **

ASIA/PACIFIC

Sales	€5,712 million (+6.1%) *
Employees	21,600
R+D expenses	€131 million
Companies	57 **

* 2009 sales by market (change from 2008)

** fully consolidated subsidiaries (as of Dec. 31, 2009)

Board of Management of Bayer AG



WERNER WENNING
Chairman (until September 30, 2010)

Werner Wenning has been Chairman of the Bayer AG Board of Management since April 2002. Born in Leverkusen in 1946, Wenning joined the company in 1966 as a commercial trainee. He held a number of positions with Bayer in Germany and abroad, serving as managing director of Bayer subsidiaries in Peru and Spain and later as Head of the Corporate Planning and Controlling Division. Wenning was first appointed to the Board of Management as Chief Financial Officer in February 1997. He is Vice President of the German Chemical Industry Association (VCI).



DR. MARIJN DEKKERS
Chairman effective October 1, 2010

Born in 1957 in the Dutch city of Tilburg, Marijn Dekkers studied chemistry and chemical engineering in Nijmegen and Eindhoven. After gaining a Ph.D., he began a career in research with General Electric in the United States. In 1995 he moved to Honeywell. In 2000 Dekkers was appointed Chief Operating Officer of Thermo Electron Corporation, becoming President and Chief Executive Officer two years later. This company later acquired Fisher Scientific and was renamed Thermo Fisher Scientific Inc. Dekkers was appointed to the Board of Management of Bayer AG on January 1, 2010. He succeeds Werner Wenning as Chairman effective October 1, 2010.



WERNER BAUMANN
Finance · Europe region

Born in Krefeld in 1962, Werner Baumann studied economics in Aachen and Cologne. He joined Bayer AG in 1988, where his first duties were in the Corporate Finance Department. Baumann subsequently held positions in Spain and the United States before returning to Germany in 2002 to become a member of the Executive Committee of the newly formed Bayer HealthCare subgroup and a year later a member of its Board of Management, also serving as Labor Director. Werner Baumann was appointed to the Board of Management of Bayer AG on January 1, 2010, succeeding Klaus Kühn as Chief Financial Officer on May 1, 2010.



DR. WOLFGANG PLISCHKE
Innovation · Technology · Environment · Asia/Pacific region

Born in Stuttgart in 1951, Wolfgang Plischke studied biology at the University of Hohenheim. Having gained his Ph.D., Plischke began his career with Bayer at the subsidiary Miles in 1980. He held a number of positions in Germany and abroad, becoming Head of the Pharmaceuticals Business Group in North America in 2000. Two years later he took charge of the Pharmaceuticals Business Group of Bayer AG. Plischke was appointed to the Board of Management of Bayer AG in March 2006. He has been Chairman of the German Association of Research-Based Pharmaceutical Companies since December 2007.



DR. RICHARD POTT
Strategy · Human Resources · Labor Director · Americas, Africa and Middle East regions

Born in 1953, Richard Pott studied physics at the University of Cologne, Germany, where he obtained his Ph.D. In 1984 Pott joined the company's Central Research Division. After holding various positions in the Corporate Staff Division, he became Head of Corporate Planning and Controlling in 1997 and Head of the former Specialty Products Business Group in 1999. He was appointed to the Bayer AG Board of Management in May 2002.

Supervisory Board, Corporate Governance

The role of the 20-member Supervisory Board of Bayer AG is to oversee and advise the Board of Management. Under the German Codetermination Act, half the members of the Supervisory Board are elected by the stockholders, and half by the company's employees. The Supervisory Board is directly involved in decisions on matters of fundamental importance to the company and confers with the Board of Management on the company's strategic alignment. It also holds regular discussions with the Board of Management on the company's business strategy and the status of its implementation.

The Supervisory Board has set up four committees – the Presidial Committee, the Audit Committee, the Human Resources Committee and the Nominations Committee – and entrusted them with certain tasks under the German Stock Corporation Act and the German Corporate Governance Code.

CORPORATE GOVERNANCE

Bayer has always placed great importance on responsible corporate governance. Last year the company was able to renew its declaration that it is in full compliance with the recommendations of the German Corporate Governance Code.

www.bayer.com > BAYER GROUP > CORPORATE GOVERNANCE
www.bayer.com > BAYER GROUP > SUPERVISORY BOARD

GOVERNANCE BODIES

Chairman of the Supervisory Board

Dr. Manfred Schneider

Vice Chairman of the Supervisory Board

Thomas de Win

Chairman of the Central and Group Works Councils

Other members of the Supervisory Board

Dr. Paul Achleitner

Member of the Board of Management of Allianz SE

André Aich

Member of the Works Council of Bayer Schering Pharma AG

Willy Beumann

Chairman of the Bayer Works Council at the Wuppertal site

Dr. Clemens Börsig

Chairman of the Supervisory Board of Deutsche Bank AG

Dr.-Ing. Thomas Fischer

Chairman of the Bayer Group Managerial Employees' Committee

Peter Hausmann

North Rhine District Secretary of the German Mining, Chemical and Energy Industrial Union

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

Honorary Professor at the University of Mannheim

Reiner Hoffmann

Deputy General Secretary of the European Trade Union Confederation (ETUC)

Dr. rer. pol. Klaus Kleinfeld

Chief Executive Officer of ALCOA Inc.

Petra Kronen

Chairman of the Bayer Works Council at the Uerdingen site

Dr. rer. nat. Helmut Panke

Member of various supervisory boards

Hubertus Schmoldt

Chairman of the German Mining, Chemical and Energy Industrial Union (until October 13, 2009)

Dr.-Ing. Ekkehard D. Schulz

Chairman of the Executive Board of ThyssenKrupp AG

Dr. Klaus Sturany

Member of various supervisory boards

Roswitha Süsselbeck

Vice Chairman of the Bayer Works Council at the Leverkusen site

Dipl.-Ing. Dr.-Ing. e.h. Jürgen Weber

Chairman of the Supervisory Board of Deutsche Lufthansa AG

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

Secretary-General of the Human Frontier Science Program

Oliver Zühlke

Chairman of the Bayer Works Council at the Leverkusen site

Honorary Chairman

Hermann Josef Strenger

Business Trends

The Bayer Group achieved strong gains in sales and earnings in the first quarter of 2010. Bayer MaterialScience posted a clear recovery, achieving better-than-expected sales growth against the very weak prior-year quarter in an increasingly stabilizing market environment. Bayer HealthCare saw a slight improvement in sales and earnings. The business of Bayer CropScience, however, weakened distinctly in the first quarter of 2010 compared with the record prior-year quarter, mainly in light of market- and weather-related factors.

GROUP SALES

Group sales rose by 5.3 percent to €8,316 million (Q1 2009: €7,895 million). Adjusted for currency and portfolio effects, business grew by 6.2 percent. Sales of Bayer HealthCare increased by 0.7 percent. Sales of Bayer CropScience receded by 7.9 percent. Those of Bayer MaterialScience advanced by a considerable 35.5 percent.

EARNINGS

EBITDA before special items of the Bayer Group expanded by 13.2 percent to €1,918 million (Q1 2009: €1,695 million). The clear improvement at Bayer MaterialScience contributed substantially to this earnings growth. The EBITDA margin before special items climbed to 23.1 percent (Q1 2009: 21.5 percent). EBIT before special items improved by 25.3 percent to €1,274 million (Q1 2009: €1,017 million). EBIT grew by 23.0 percent to €1,197 million (Q1 2009: €973 million). Bayer Group net income for the first quarter of 2010 came in at €693 million (Q1 2009: €425 million). Earnings per share were €0.84 (Q1 2009: €0.55).

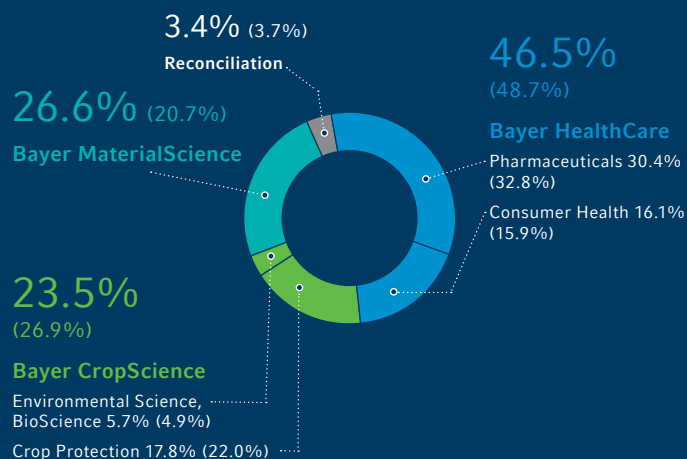
Bayer Group Key Data

	1st Quarter 2009	1st Quarter 2010	Full Year 2009
	€ million	€ million	€ million
Sales	7,895	8,316	31,168
EBITDA ¹	1,661	1,841	5,815
EBITDA before special items	1,695	1,918	6,472
EBIT ²	973	1,197	3,006
EBIT before special items	1,017	1,274	3,772
Income before income taxes	639	953	1,870
Net income	425	693	1,359
Earnings per share (€) ³	0.55	0.84	1.70
Gross cash flow ⁴	1,209	1,271	4,658
Net cash flow ⁵	693	732	5,375
Capital expenditures*	290	230	1,575
Research and development expenses	657	717	2,746
Dividend per Bayer AG share (€)	-	-	1.40

* Cash outflows for additions to property, plant, equipment and intangible assets as per the statement of cash flows

For notes see page 44

Sales by Segment, 1st Quarter 2010 (1st Quarter 2009 in parentheses)



Investor Information

Substantial price movements characterized the international stock markets in 2009. In the wake of the economic and financial crisis, the German stock index DAX had slipped roughly 24 percent by early March to its year low of 3,666 points. This was also its lowest level for five years. However, the market rallied considerably in the months that followed, and the DAX closed the year at 5,957 points, up some 24 percent from the end of 2008. In the first three months of 2010 the DAX gained 3.3 percent, closing the quarter at 6,154 points. The European reference index EURO STOXX 50 (performance index) fell by 1.0 percent since the beginning of the year, ending the quarter at 4,653 points.

BAYER STOCK AGAIN SIGNIFICANTLY OUTPERFORMED THE DAX

In 2009, Bayer stock outperformed the DAX and EURO STOXX 50 indices for the third consecutive year, gaining 34.7 percent from the end of 2008. Including the dividend of €1.40 per share for 2008 paid in May 2009, its performance amounted to 39.8 percent. The shares ended 2009 at €55.96, very close to their high for the year. However, the company's stock entered a phase of consolidation in the first quarter of 2010. The price ranged from €56.40 in early January to €46.82 in February. Bayer shares closed at €50.08 on March 31, down 10.5 percent on the quarter.

SWITCH TO REGISTERED SHARES

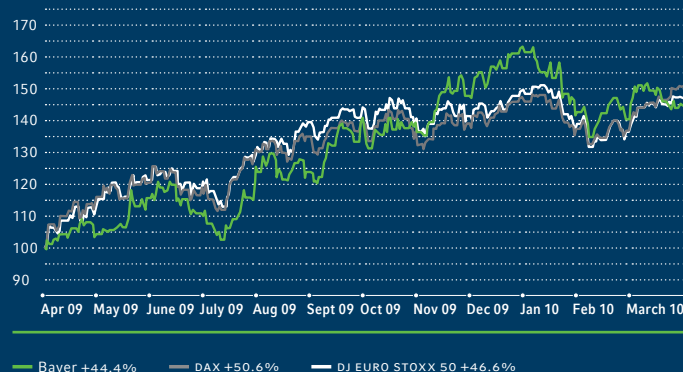
In September 2009 Bayer AG switched its entire capital stock of 826,947,808 bearer shares to registered shares at a conversion ratio of 1:1. Listing our stockholders in the share register is intended to facilitate contact with them and increase transparency.

DIVIDEND PER SHARE REMAINS LEVEL

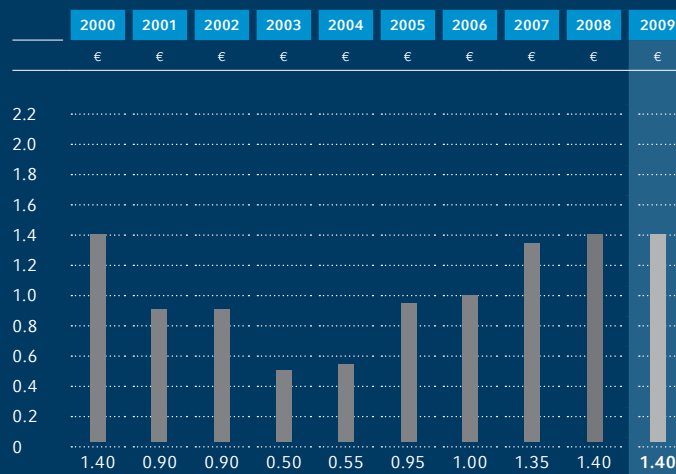
The stockholders received a dividend of €1.40 per share for 2009, giving a total dividend payment of €1,158 million and a dividend yield of 2.5 percent calculated on the 2009 year-end price.

Performance of Bayer Stock (April 2009 – March 2010)

indexed; 100 = Xetra closing price on March 31, 2010; Source: Bloomberg



Dividends Per Share (€)



Total Dividend Payments

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Dividend Payments (€ million)	1,022	657	657	365	402	694	764	1,032	1,070	1,158



Bayer HealthCare

Corporate Data

Company	Bayer HealthCare
Headquarters	Leverkusen, Germany
Chairman	Marijn Dekkers ¹
Divisions	Animal Health Bayer Schering Pharma Consumer Care Medical Care
Sales	€15,988 million
EBITDA <i>before special items</i> *	€4,468 million
R&D expenses	€1,847 million
Employees	53,400

Status: December 31, 2009

* For notes see page 44

¹ until April 30, 2010: Arthur Higgins; from May 1 through August 14, 2010: Marijn Dekkers; effective August 15, 2010: Jörg Reinhardt

 WWW.BAYERHEALTHCARE.COM



Marijn Dekkers¹
Chairman

Above: illustration
of blood cells



Bayer HealthCare is among the world's foremost innovators in the field of pharmaceutical and medical products. This subgroup's mission is to research, develop, manufacture and market innovative products that improve the health of people and animals throughout the world.

The subgroup has four operating divisions:

- **Animal Health** (veterinary medicines and grooming products);
- **Bayer Schering Pharma** (prescription medicines);
- **Consumer Care** (over-the-counter medicines and dietary supplements);
- **Medical Care** (blood glucose monitoring devices; medical equipment for diagnosis and treatment).

BUSINESS DEVELOPMENT

In 2009 Bayer HealthCare raised sales by 3.8 percent to some €16 billion. EBITDA before special items rose by 7.5 percent to €4.5 billion. Sales of the Bayer Schering Pharma Division increased by 4.4 percent to €10.5 billion. The Consumer Care Division grew sales in 2009 by 2.0 percent to €3.1 billion. Sales of the Medical Care Division advanced by 5.0 percent in 2009, to €1.5 billion. In the Animal Health Division, sales rose by 1.5 percent to €977 million.

Figures | Facts

Sales	€ million
2008	15,407
2009	15,988

Number of employees	Employees
2008	53,100
2009	53,400

Research and development expenses	€ million
2008	1,742
2009	1,847

RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development at Bayer HealthCare focus on identifying and developing new active substances to treat diseases with a high unmet medical need. In 2009 Bayer HealthCare, with R&D spending of €1.8 billion, accounted for some 67 percent of all R&D expenditures by the Bayer Group.

The Bayer Schering Pharma Division carries out research and product development mainly in the fields of Cardiology and Hematology, Oncology, Women's Healthcare and Diagnostic Imaging. Topical examples of the results of pharmaceutical research are:

- **Xarelto®**: drug product for the prevention and treatment of venous thromboembolism;
- **Nexavar®**: anti-cancer medicine designed to inhibit tumor growth by combining two special mechanisms of action;
- **Visanne®**: drug to treat endometriosis;
- **cinaciguat**: active substance to treat acute heart failure;
- **riociguat**: active substance to treat various forms of pulmonary hypertension.

Research and development activities in the Consumer Care Division are aimed at identifying, developing and commercializing non-prescription products.

The research and development activities of our Medical Care Division focus on blood glucose monitoring and the continuing development of medical equipment used in the diagnosis or treatment of various diseases. We are also investing to expand further segments such as medical data management systems.

Research and development activities in the Animal Health Division focus on antibiotics, parasiticides and substances to treat non-infectious diseases in animals.

Best-Selling Products*

Adalat® (drug for the treatment of hypertension)
Advantage® (line of flea control products for dogs and cats)
Aspirin® (pain reliever based on acetylsalicylic acid)
Avalox®/Avelox® (drug to treat respiratory infections)
Betaferon®/Betaseron® (specialty medicine to treat multiple sclerosis)
Cipro®/Ciprobay® (medicine to treat infectious diseases)
Contour® (umbrella brand for blood glucose monitoring systems and services)
Kogenate® (hemophilia treatment)
Levitra® (erectile dysfunction medicine)
Mirena® (hormonal contraceptive)
Nexavar® (drug to treat kidney and liver cancer)
YAZ®/Yasmin®/Yasminelle® (hormonal contraceptives)

Status: December 31, 2009

* in alphabetical order

Bayer researchers Dr. Johannes-Peter Stasch (left) and Professor Hossein Ardeschir Ghofrani from Giessen University Hospital work with a model of a lung.

Healthy circulation

The risk of cardiovascular disease increases with age, but the drug products currently available offer only limited prospects for successful treatment. Scientists at Bayer are addressing this challenge by focusing on novel substances to treat serious heart and lung diseases. Their efforts have met with success, and the first promising compounds for the treatment of pulmonary hypertension and heart failure are at an advanced stage of clinical development.





Bayer CropScience

Corporate Data

Company	Bayer CropScience
Headquarters	Monheim, Germany
Chairman	Friedrich Berschauer ¹
Business units	Crop Protection Environmental Science BioScience
Sales	€6,510 million
EBITDA <i>before special items</i> *	€1,508 million
R&D expenses	€653 million
Employees	18,700

Status: December 31, 2009

* For notes see page 44

¹ until September 30, 2010; effective October 1, 2010: Sandra E. Peterson

 WWW.BAYERCROPSCIENCE.COM



Friedrich Berschauer ¹
Chairman

Above: detailed photograph
of a canola leaf



Bayer CropScience, with its highly effective products, pioneering innovations and keen customer focus, holds global leadership positions in crop protection and non-agricultural pest control. The company also has major activities in seeds and plant traits.

It is structured into six operational business units: four regional units for the **Crop Protection** business plus the **Environmental Science** and **BioScience** units.

BUSINESS DEVELOPMENT

Despite a weakening market environment, Bayer CropScience increased sales in 2009 by 2.0 percent to €6.5 billion. Following the positive trend in 2008, conditions in the global seed and crop protection market deteriorated markedly during 2009. Declining prices for the major agricultural crops, lower insect and disease infestation pressure and adverse weather patterns led to a tangible drop in demand for crop protection products, particularly in the second half of the year.

Sales of Crop Protection rose by 1.6 percent in 2009, to €5.4 billion. Business in the Environmental Science business unit declined by 1.4 percent to €583 million, while BioScience saw sales rise by a substantial 11.3 percent to €503 million.

EBITDA before special items of the subgroup receded by 5.9 percent to €1.5 billion, due mainly to higher raw material costs.

Figures | Facts

Sales	€ million
2008	6,382
2009	6,510

Number of employees	Employees
2008	18,300
2009	18,700

Research and development expenses	€ million
2008	649
2009	653

RESEARCH AND DEVELOPMENT ACTIVITIES

In 2009, €653 million, or roughly 24 percent of the Bayer Group's research and development budget, was spent at Bayer CropScience.

Major areas of focus – apart from conventional crop protection research – include seeds and plant traits, the main aim here being to improve the agronomic characteristics and quality of crop plants. The technologies employed in this area comprise all the tools required to improve important crops such as cotton, canola and rice for producers and industry partners – from the identification of a target gene to the development of a plant. Topical examples of active ingredients to emerge from research at Bayer CropScience are:

- **Isotianil** (major brand: Routine®): protects rice against fungal pathogens that causes rice blast by stimulating the plants' natural defense mechanisms;
- **Indaziflam**: herbicide with a long duration of action;
- **Bacillus firmus** (major brand: Votivo®): biological pest control agent used as a seed treatment;
- **Thiencarbazone-methyl** (major brands: Adengo®, Corvus®): active ingredient for weed control in corn and cereals.

To further strengthen the innovative capability of Bayer CropScience, the company plans to gradually increase research and development activities, particularly in the areas of seeds and plant traits.

Plants of the future

Feeding the world's growing population is one of the greatest challenges of our time, requiring a substantial increase in global crop yields. That's where scientific developments such as plant biotechnology and modern breeding methods can help. Bayer CropScience has set the course for the future by greatly expanding research activities in its seeds and traits business.

Best-Selling Products*

Atlantis® (herbicide)

Basta®/Liberty®/Rely®/Ignite® (herbicides)

Confidor®/Gaucho®/Admire®/Merit® (insecticides)

Decis®/K-Othrine® (insecticides)

Fandango® (fungicide)

Flint®/Stratego®/Sphere®/Nativo® (fungicides)

Folicur®/Raxil® (fungicides)

Poncho® (seed treatment)

Proline®/Input®/Prosaro® (fungicides)

Puma® (herbicide)

Status: December 31, 2009

* in alphabetical order

Vivian Oliver (left) and Gary Henniger from Bayer CropScience examine cotton plants at the new u.s. research center in Lubbock, Texas.





Bayer MaterialScience is a renowned supplier of high-performance materials such as polycarbonates, polyurethanes or innovative system solutions, which are used in a wide variety of everyday products. Products holding leading positions on the world market account for a large proportion of its sales.

The subgroup comprises three business units

- **Polyurethanes**
 - **Polycarbonates**
 - **Coatings, Adhesives, Specialties**
- and the **Industrial Operations** unit.

BUSINESS DEVELOPMENT

The business performance of Bayer MaterialScience in 2009 was impacted by the effects of the global financial and economic crisis. The subgroup saw a dramatic decline in sales worldwide at the beginning of the year, but business recovered markedly over the course of 2009. After a very weak first quarter, there was a successive, significant improvement in the earnings situation over the course of the year. Sales of Bayer MaterialScience came in at €7.5 billion in 2009, down 22.8 percent from the prior year. The Polyurethanes business unit posted sales of €3.8 billion (-25.4%). The decline was due both to lower selling prices and to a drop in volumes. At Polycarbonates, sales fell to €1.9 billion (-21.0 percent). Business in the Coatings, Adhesives, Specialties unit was also down, shrinking by 17.2 percent to €1.4 billion. This was primarily due to receding volumes in all product groups and regions, as well as to a slight decrease in selling prices. Sales in Industrial Operations also fell, posting a 23.0 percent decline to €500 million. EBITDA before special items for 2009, at €446 million, was well below the previous year.

Bayer MaterialScience

Corporate Data

Company	Bayer MaterialScience
Headquarters	Leverkusen, Germany
Chairman	Patrick Thomas
Business Units	Polyurethanes Polycarbonates Coatings, Adhesives, Specialties
Sales	€7,520 million
EBITDA before special items*	€446 million
R&D expenses	€207 million
Employees	14,300

Status: December 31, 2009

* For notes see page 44

 WWW.BAYERMATERIALSCIENCE.COM



Patrick Thomas
Chairman

Above: thermoplastic
polyurethane film

Figures | Facts

Sales	€ million
2008	9,738
2009	7,520

Number of employees	Employees
2008	15,100
2009	14,300

Research and development expenses	€ million
2008	221
2009	207

RESEARCH AND DEVELOPMENT ACTIVITIES

In 2009, Bayer MaterialScience spent €207 million on research and development (not including joint development activities with customers). This was about 8 percent of the Bayer Group's total investment in research and development. In this way the subgroup aims to further expand its leading position in the market and in process technology as a global supplier of high-quality customized materials and system solutions. In the Polyurethanes; Polycarbonates; and Coatings, Adhesives, Specialties business units, the latest technologies and production processes are employed to create new products and new applications in cooperation with customers and other external partners.

Product development work in the Polyurethanes business unit is focused on expanding applications for materials and optimizing the properties of polyurethane systems. In the construction industry, for example, rigid polyurethane foam based on products from Bayer MaterialScience is used as a highly efficient insulating material and thus contributes actively to climate protection. The company also carries out research in the following areas:

- lightweight materials for the transportation sector (such as polycarbonate automotive glazing);
- holograms as a security feature on bank cards and identification documents, for example;
- expansion of applications for polyurethane systems and improvement of material properties.

The New Business section of Bayer MaterialScience constantly tracks and evaluates new technological and market trends, channeling the most promising ideas into new research and development projects.

Visions with films

Whether it's foldable electronic newspapers, cellphones as thin as business cards or luminescent wallpaper, a glimpse into the future of specialty films reveals a world of undreamed-of technological possibilities. The new Functional Films unit at Bayer MaterialScience is looking to use innovative ideas based on proven materials to bring visions to life and transform them into products that meet tomorrow's needs.

Principal Products*

Bayblend® (brand name for polymer blends based on polycarbonate and acrylonitrile-butadiene-styrene)

Baydur® (polyurethane integral-skin foam for appliance housings, medical equipment, sports goods, sanitary items and furniture)

Bayflex® (family of elastic polyurethane systems with customizable properties for a range of applications)

BaySystems® (global umbrella brand for the polyurethane systems business)

Baytubes® (brand name for multi-wall carbon nanotubes)

Desmodur®/Desmophen® (raw materials for automotive and industrial coatings and anti-corrosion systems)

Desmopan® (thermoplastic polyurethanes for a variety of high-tech applications)

Makrolon® (transparent, impact-resistant polycarbonate for CDs, DVDs, automotive applications, architectural glazing and applications in the electrical/electronics industry)

Multitec® (innovative polyurethane spray system for the manufacture of large-area parts)

Status: December 31, 2009

* in alphabetical order

At Bayer's Singapore facility, Cally Lim (left) is pictured holding ultra-thin solar cells, while Wilfredo Aguilar and Dr. Stefan Bahnmüller (right) are working with luminescent films from the Functional Films unit.



Service Companies

The central functions serving the Bayer subgroups' operational businesses are organized into three service companies:

BAYER BUSINESS SERVICES

Bayer Business Services is the Bayer Group's global competence center for IT and business services. The focus of this company's offering is on services in the core areas of IT infrastructure and applications, procurement and logistics, human resources and management services, and finance and accounting.

 WWW.BAYERBBS.COM

BAYER TECHNOLOGY SERVICES

Bayer Technology Services forms the global technological backbone of the Group and is an important innovation driver. Its services comprise the development, planning, construction and optimization of processes and plants. This service company offers fully integrated solutions throughout the life cycles of processes and products.

 WWW.BAYERTECHNOLOGY.COM

CURRENTA

Currenta offers services for the chemical industry, including utility supply, waste management, infrastructure, safety, security, analytics and vocational training. This service company, a joint venture between Bayer and Lanxess, operates the Chempark sites in Leverkusen, Dormagen and Krefeld-Uerdingen, Germany.

 WWW.CURRENTA.COM



Corporate Data

Company	Bayer Business Services GmbH
Headquarters	Leverkusen, Germany
Chairman of the Executive Board	Daniel Hartert
Employees	5,600*
Services	IT and business services

Status: December 31, 2009



Daniel Hartert
Chairman



Corporate Data

Company	Bayer Technology Services GmbH
Headquarters	Leverkusen, Germany
Managing Director	Dirk Van Meirvenne
Employees	2,600**
Services	Technological solutions for processes, plants and products

Status: December 31, 2009



Dirk Van Meirvenne¹
Managing Director



Corporate Data

Company	Currenta GmbH & Co. OHG
Headquarters	Leverkusen, Germany
Chairman of the Executive Board	Klaus Schäfer
Employees	5,400***
Services	Services for the chemical industry; management and operation of Chempark

Status: December 31, 2009



Klaus Schäfer
Chairman

¹ until May 31, 2010: Achim Noack

* number of employees in full-time equivalents, excluding local services and ex-trainee pool

** number of employees in full-time equivalents

*** number of employees in full-time equivalents, including employees of subsidiaries, excluding trainees

Research and Development

Innovation plays an important role in overcoming global challenges and is a key driver of future growth at Bayer.

In 2009 Bayer spent €2,746 million on research and development (R&D), which was equivalent to 8.8 percent of sales. Special importance is placed on developing new products that strengthen the core businesses. Mindful of its corporate growth objectives, Bayer works to continuously rejuvenate and expand its product portfolio and optimize its production processes. Its R&D is closely aligned to market requirements and therefore subject to a continuous process of adjustment. It is supplemented by an international network of collaborations with leading universities, public-sector research institutes and partner companies. Through this pooling of expertise, Bayer aims to rapidly translate new ideas into successful products. These activities are also supported by systematic employee development in the company's R&D units.

RESEARCH IN THE THREE SUBGROUPS

Of the Group's entire R&D expenditures in 2009, Bayer HealthCare accounted for 67.3 percent, Bayer CropScience for 23.8 percent and Bayer MaterialScience for 7.5 percent. Further information on each subgroup's R&D activities is provided in the respective chapter of this brochure.

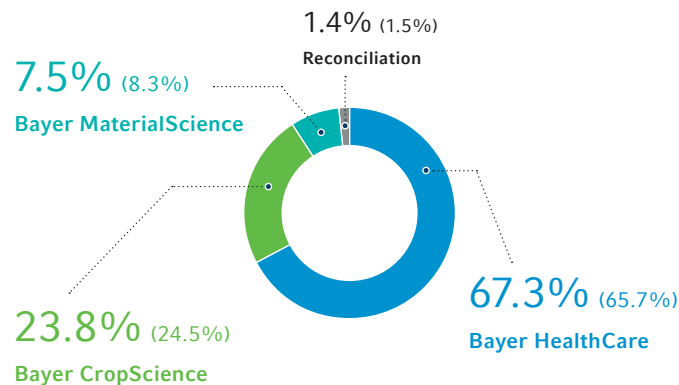
BAYER TECHNOLOGY SERVICES

All Bayer subgroups work closely with Bayer Technology Services worldwide on technology solutions, particularly in the fields of process technology, plant engineering, automation and product development. For example, this service company cooperates with Bayer MaterialScience to develop new production processes that make efficient use of energy and raw materials, thereby helping the subgroup to safeguard its technological and cost leadership. Centralized development work on technologies relevant to more than one subgroup, such as nanotechnology and biotechnology, along with expertise in mathematical simulation and statistical data analysis, helps Bayer HealthCare and Bayer CropScience to shorten development times for new products. Another key strategic factor here is international knowledge sourcing. This takes place in areas ranging from country-specific expertise in the handling of capital expenditure projects to the global exploitation of innovations.

BAYER INNOVATION

Bayer Innovation investigates and evaluates innovative areas adjacent to the subgroups' current core activities and develops them into viable new businesses for the Bayer Group. An example is the manufacture of plant-made pharmaceuticals. In 2009 the U.S. Food and Drug Administration approved Bayer's application for a clinical trial involving a personalized cancer vaccine for the therapy of non-Hodgkin's lymphoma. In the field of medical technology, an innovative dressing made from bioresorbable silica gel fibers for the treatment of chronic wounds is undergoing clinical testing. In the agricultural sector, novel hybrid concepts based on polymer technologies and crop protection products are under development. The full potential of these technologies is being evaluated in close cooperation with the subgroups and external partners.

Research and Development Expenses by Subgroup
(prior-year figures in parentheses)



(Status: December 31, 2009)

Employees

As of December 31, 2009 the Bayer Group employed 108,400 people worldwide, compared with 108,600 at the end of the previous year. In Germany there were 36,700 employees (December 31, 2008: 37,400), who made up 33.9 percent of the Group workforce. Personnel expenses rose by 3.8 percent to €7.8 billion.

TRAINING AND DEVELOPMENT

Vocational training and employee development are crucial to the company's future viability in view of demographic change and a widely anticipated shortage of skilled employees in many fields. In the area of vocational training, Bayer maintains its traditionally strong commitment. At our German sites alone, more than 900 young people entered the vocational training programs offered in 2009 to prepare for careers in more than 20 occupations. They included 156 youngsters who were first given preparatory courses to improve basic skills. Bayer also offers vocational training in numerous other countries. In 2009, for example, 16 young people entered the company's dual training programs in Mexico, 30 in Argentina and 35 in China.

The average age of Bayer's employees worldwide in 2009 was 41. At the heart of the company's strategy for addressing demographic change is the provision of advanced training for employees in all age groups. In 2009 Bayer spent more than €60 million in Germany alone to enhance its employees' occupational skills and help them meet changing requirements.

SHARING IN THE COMPANY'S SUCCESS

A largely standardized system of compensation for all employee groups and their regular participation in the company's financial success have long been firm features of Bayer's human resources policy. More than €460 million in variable one-time payments for 2009 were made to the employees under the Group-wide short-term incentive program alone. Further awards were made in many countries and organizational units under local bonus programs.

REALIGNING THE HUMAN RESOURCES FUNCTION

In 2009 Bayer continued the global realignment of its human resources (HR) function as part of the "Transforming Human Resources" project. The aim of this reorganization is to in-

crease the value the HR function contributes to the business and enhance the quality and efficiency of HR processes throughout the Group. With the transformation in Germany successfully completed at the beginning of 2009, the country organizations in Spain, Belgium, Mexico and Brazil implemented the new operating model during the year.

Employee Data

	Dec. 31, 2008	Dec. 31, 2009
	FTE	FTE
Employees by region		
Europe	55,500	54,500
North America	17,000	16,300
Asia/Pacific	20,800	21,600
Latin America/Africa/Middle East	15,300	16,000
Employees by function		
Production	49,100	47,800
Sales	38,000	38,900
Research and development	12,300	12,400
Administration	9,200	9,300
Total	108,600	108,400
of which trainees	2,900	2,700
	%	%
Percentage of women in Bayer Group senior management	4.7	5.5
Number of nationalities in Bayer Group senior management	23	22
Proportion of full-time employees with contractually agreed working time not exceeding 48 hours per week	100	100
Proportion of employees with health insurance	97	95
Proportion of employees eligible for a company pension plan or company-financed retirement benefits	76	74
Proportion of employees covered by collective agreements, particularly on pay and conditions	57	56

The total number of employees with permanent or temporary contracts is reported in full-time equivalents, with part-time employees included in proportion to their contractual working hours.

(Status: December 31, 2009)

Sustainability

Sustainable development is an important theme of the Bayer Group's Values and Leadership Principles, the primary objective being to balance economic growth with ecological and social responsibility in keeping with our mission statement "Science For A Better Life." This objective is underscored by our commitment to international sustainability initiatives such as the United Nations Global Compact and the Responsible Care Global Charter.

The sustainability principle is implemented at three levels: through our products and innovations, which are designed to benefit people and contribute to a higher quality of life; through responsible behavior toward our stakeholders in the conduct of our business activities; and through our social commitment.

SUSTAINABILITY PROGRAM

Our strategy is oriented toward the global megatrends and the related challenges that we can help to solve – providing health care, safeguarding food supplies, conserving resources and protecting the climate. We aim to align our product portfolio and our sustainability commitment even more clearly toward these future issues. In 2009, therefore, we refocused our strategy for sustainable development, drawing up a sustainability program with three main areas of focus: alliances for sustainable health care provision; partnerships to increase the supply of high-quality food; and ways to better protect the climate and use natural resources more efficiently.

ACHIEVEMENTS AND KEY INDICATORS

A key element in sustainability management at Bayer is the steering of these activities using performance indicators that provide transparent and verifiable evidence both of our achievements in this area and of the challenges the company still faces. In 2009 Bayer maintained or improved the status of most of its sustainability indicators. There was an increase in the number of environmental incidents. Such events are carefully analyzed and evaluated so that steps can be taken to prevent a recurrence. As part of our commitment in the field of occupational health and safety, we implemented a new Group regulation on transportation safety in 2009 and updated the Group regulations on occupational safety, occupational health, and process and plant safety. Action to enforce the updated regulations will be taken in 2010.

Bayer Sustainability Program

Challenge	Global access to health care	Feeding a growing world population	Climate and environmental protection
Focus	Alliances for sustainable health care provision	Increasing the supply of high-quality food	Solutions for climate protection and use of resources
Light-house projects	<ul style="list-style-type: none"> Family planning Neglected diseases 	<ul style="list-style-type: none"> Food Chain Partnership for vegetables Direct sowing of rice 	<ul style="list-style-type: none"> EcoCommercial Building Program Energy efficiency Resource efficiency

Performance Indicators

Category	Performance Indicators	2008	2009
Health and safety	Industrial injuries to Bayer employees resulting in at least one day's absence*	2.2	2.0
	Reportable industrial injuries to Bayer employees*	3.6	3.1
	Environmental incidents	9	13
	Transportation incidents	10	10
Emissions	Direct greenhouse gas emissions (CO ₂ equivalents in million metric tons)**	5.09	4.57
	Indirect greenhouse gas emissions (CO ₂ equivalents in million metric tons)**	3.57	3.53
	Volatile organic compounds (VOC) (thousand metric tons/year)	3.16	2.59
	Total phosphorus in waste water (thousand metric tons/year)	0.78	0.74
	Total nitrogen in waste water (thousand metric tons/year)	0.67	0.64
	Total organic carbon (TOC) (thousand metric tons/year)	1.59	1.35
Waste	Hazardous waste generated (million metric tons/year)	0.37	0.38
	Hazardous waste landfilled (million metric tons/year)	0,08	0,09
Use of resources	Water use (million m ³ /day)	1.20	1.11
	Energy use (petajoules [10 ¹⁵ joules]/year)	82.79	77.33

2008 figures restated

* number of injuries per million hours worked

** as per Greenhouse Gas Protocol

SUSTAINABLE INVESTMENT

Bayer stock has been included for many years in a number of major sustainability indices and represented in investment funds that focus on companies with sustainable and responsible corporate strategies. Among them are the Dow Jones Sustainability Index World, the FTSE4Good index series, the Storebrand SRI Funds and the ASPI (Advanced Sustainable Performance Indices) Eurozone. In 2009 the Carbon Disclosure Project (CDP) listed Bayer in its Climate Disclosure Leadership Index (CDLI) as the world's best company. The high rating was based on Bayer's detailed and transparent reporting on its climate strategies and greenhouse gas emissions.

SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) forms an integral part of Bayer's philosophy and strategy as a business enterprise. The company regards itself as part of society and therefore considers it its duty to behave as a responsible corporate citizen. Bayer's CSR commitment is exemplified by numerous projects in many parts of the world, some of which the company has organized or supported for many years. In 2009 the Bayer Group provided funding of some €44 million for these activities, focusing on the fields of education and research, environment and nature, health and social needs, sport, and culture. Bayer traditionally places great importance on support for education and research and, as an inventor company, is dependent on recruiting people with excellent scientific skills. The Bayer Science & Education Foundation granted scholarships totaling €151,000 in 2009 to 34 gifted and ambitious students to assist them with specific study projects in the fields of natural sciences and medicine. The foundation also provided a total of some €491,000 in funding for 51 new programs at schools and other educational institutions in communities near our sites to help make science education more innovative and attractive. Under the Bayer Climate Program, it also awarded seven scholarships in 2009 to school students participating in an international sustainability seminar in Pittsburgh, Pennsylvania, United States.

 WWW.SUSTAINABILITY2009.BAYER.COM

 WWW.CLIMATE.BAYER.COM

 WWW.CSR.BAYER.COM

Selected Memberships



Global Compact

Founding member of the U.N. corporate responsibility initiative for sustainability



Responsible Care Global Charter

Initial signatory to the chemical industry's global charter for Responsible Care



World Business Council for Sustainable Development

Active member since 1997



"econsense" – sustainable development forum of German industry

Founding member of the industry-wide initiative for sustainable development



UNEP – Climate Neutral Network

Promotion of industrial and social structures with low CO₂ emissions. Member since 2009



UNEP SBCI

Supporter of the Sustainable Buildings and Climate Initiative (SBCI) as part of the EcoCommercial Building Program



Global Reporting Initiative

Active supporter as an organizational stakeholder

Selected Projects



UNEP

Bayer's partnership with the United Nations Environment Programme (UNEP) has set new standards in public-private partnerships. Among the long-standing joint activities is the "Bayer Young Environmental Envoy" program, in which young people from 19 countries on four continents take part.



"Making Science Make Sense"

In 2009 Brazil joined the list of countries participating in the "Making Science Make Sense" education program. Schoolchildren in a total of twelve countries are now experiencing the commitment of Bayer employees, who volunteer their time to visit schools and perform interesting experiments illustrating the aims and the benefits of the natural sciences.

TB Alliance

In the fight against tuberculosis, Bayer is cooperating with the Global Alliance for TB Drug Development, a U.S. non-profit organization, with the aim of developing a new drug that reduces treatment times.



History

19th CENTURY

1863



On August 1, businessman Friedrich Bayer and master dyer Johann Friedrich Weskott establish a dyestuffs factory in Barmen, now part of the city of Wuppertal.

1881

On July 1, the descendants of Bayer and Weskott establish the joint stock company Farbenfabriken vorm. Friedr. Bayer & Co.

1891

The Leverkusen site is purchased.

1897

Bayer scientist Dr. Felix Hoffmann succeeds in synthesizing a chemically pure and stable form of acetylsalicylic acid, the active ingredient of Aspirin®.

1884



The chemist Carl Duisberg starts his career with Bayer. Under his leadership, the scientists make groundbreaking discoveries.

1899



Aspirin® is registered as a trademark and soon achieves worldwide fame as a painkiller.

1865

The company founders purchase an interest in a coal tar dye factory in the United States and begin exporting intermediates.

1888

The company establishes a pharmaceutical department.

1876

A branch factory is opened in Moscow.

1939



Bayer scientist Gerhard Domagk is awarded the Nobel Prize for Medicine for his discovery of the antibacterial effects of sulfonamides (Prontosil).

1991



Bayer's Communication Center (BayKomm) is inaugurated in Leverkusen.

name for all products and the Bayer Cross trademark in the United States and Canada, which had been confiscated after the First World War.

1999



To mark the 100th birthday of Aspirin® on March 6, professional mountaineers wrap Bayer's former high-rise headquarters building in Leverkusen, transforming it into the "world's biggest Aspirin® pack" and earning the company three entries in the Guinness Book of Records.

1973

Ground is broken for the Brunsbüttel production site and six years later, in 1979, for the Agricultural Center (now the corporate headquarters of Bayer CropScience) in Monheim.

1994

The first production facility of Bayer Bitterfeld GmbH comes on stream. In the same year, Bayer acquires the North American self-medication business of Sterling Winthrop, at the same time regaining full rights to the Bayer

20th CENTURY

1912



The company's headquarters are transferred to Leverkusen.

1925

Farbenfabriken vorm. Friedr. Bayer & Co. merges with other companies to form I.G. Farbenindustrie AG. Leverkusen becomes the main site of the Lower Rhine Consortium of I.G. Farbenindustrie. As Germany's most important chemical company, I.G. Farbenindustrie also becomes involved in the events of the Third Reich. After the Second World War, the Allies seize and subsequently break up the I.G. Farben.

21st CENTURY

2000

Acquisition of the polyols business of Lyondell Chemical Company, United States, makes Bayer the world's biggest producer of raw materials for polyurethanes.

2001

On December 6, the company's management announces plans to establish independent operating subsidiaries under the umbrella of a management holding company.

21ST CENTURY

2002

In June, Bayer acquires Aventis CropScience, making it a world leader in crop protection.

2002

In October, Bayer CropScience AG becomes the first legally independent Bayer subgroup.

2003



In February, the World Health Organization (WHO) includes acetylsalicylic acid, the active ingredient in Aspirin®, in its "List of essential medicines."

2003

In October, the subgroups Bayer Chemicals AG and Bayer HealthCare AG and the service company Bayer Technology Services GmbH gain legal independence as part of the reorganization of the Bayer Group. The subgroup Bayer MaterialScience AG and the service companies Bayer Business Services GmbH and Bayer Industry Services GmbH & Co. OHG (now Currenta GmbH & Co. OHG) follow in December.

2004



Centennial celebration: in January the Bayer Group's world-renowned trademark celebrates its 100th anniversary.

2004



In June, Bayer becomes the first private-sector partner to the United Nations Environment Programme (UNEP) in the area of youth and environment.

2005

In January, Bayer completes the acquisition of the Roche consumer health business, advancing to become one of the world's top three suppliers of non-prescription medicines.

2005

Lanxess AG is spun off from the Bayer Group

on January 28. This company continues Bayer's chemicals business and parts of its polymers business.

2005

In December, the u.s. Food and Drug Administration approves sorafenib (tradename: Nexavar®), an active ingredient jointly developed by Bayer HealthCare and Onyx Pharmaceuticals Inc., for the treatment of advanced renal cell carcinoma.

2006

In March, Bayer announces a public takeover offer for Schering* AG, Berlin, Germany. In July, Bayer gains control of 92.4 percent of the approximately 191 million outstanding Schering* shares. In December, Schering* AG is officially re-named Bayer Schering Pharma* AG. The company is headquartered in Berlin.

2007

In January, Bayer sells the Diagnostics Division of Bayer HealthCare to Siemens AG, Munich, for €4.2 billion.

2007



In March it is announced that the BayArena stadium, home of German Bundesliga soccer team Bayer 04 Leverkusen, is to be modernized and enlarged to accommodate a crowd of over 30,000.

2007

Centennial celebration: the Bayer Archive has served as the company's "memory" since March 1907.

2007



In August Bayer hosts the Tunza International Youth Conference in Leverkusen, the first time this youth environmental summit has been held in central Europe. 180 young people from 85 countries debate global environmental issues.

2007

Centennial celebration: in September, the 100th season of the Bayer Cultural Affairs Department gets under way.

2007

November sees the launch of the integrated, Group-wide Bayer Climate Program, the aims of which include reducing the company's CO₂ emissions.

2008



Use of the new oxygen depolarized cathode technology saves energy and reduces CO₂ emissions.

2008

The squeeze-out of the minority stockholders of Bayer Schering Pharma* AG is effected in September. At the turn of the year 2008/2009, the pharmaceutical businesses of Bayer and Bayer Schering Pharma* in Germany are combined in a single legal entity.

2008

In October the world's largest MDI production facility goes on stream in Shanghai. MDI is an important raw material for rigid polyurethane foam.

2008

In November, Bayer and the German Cancer Research Center form a strategic research alliance scheduled to run for an initial period of two years.

2009



In November, Bayer implements its zero-emissions building concept for the first time with the opening of a children's daycare center in Monheim, Germany.

2009

In November, Bayer CropScience completes the acquisition of Athenix Corp., a privately held u.s. biotechnology company.

2009



In December, a Bayer team wins the German Future Prize for the development of the new anticoagulant rivaroxaban (Xarelto®).

* The names "Bayer Schering Pharma" or "Schering" as used in this publication always refer to Bayer Schering Pharma AG, Berlin, Germany, or its predecessor, Schering AG, Berlin, Germany, respectively.

Dialogue

Bayer places great importance on communication, regarding it as a company's duty to society and at the same time an essential tool for shaping its public image. Bayer seeks an open dialogue on people's questions and problems in order to ensure credibility, trust and acceptance.

PRINT AND ONLINE PUBLICATIONS

Bayer AG issues a range of publications to keep the general public, employees and stockholders abreast of developments:

- **Annual Report**
- **Stockholders' Newsletter**
- **Sustainable Development Report**
- **research** (scientific magazine)
- **report** (company magazine)
- **direkt** (newspaper for employees/neighbors)

A comprehensive overview of the Bayer Group and its global activities can also be found on the company's Internet site at WWW.BAYER.COM, which also contains an innovative Podcast Center with a range of audio and video clips. Further information on the subgroups and service companies is provided on their respective homepages.

BAYKOMM

Another focus of the company's information offering is the Bayer Communication Center "BayKomm" in Leverkusen, which was opened in 1991. BayKomm features exhibition areas and numerous events devoted to specific subjects. Visitors can learn about Bayer's activities and acquaint themselves with a variety of scientific topics – from the development of new medicines and the safeguarding of global harvests to modern materials that contribute to climate protection. Also on offer are guided tours to the approximately 300 exhibits, experimental lectures and projects for school students.

In February 2010, a further laboratory for schoolchildren – Baylab – was opened at BayKomm. The company's fourth Baylab is designed to arouse the enthusiasm of children and young people for the world of science. The young visitors to the laboratory become research scientists for a day.

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Sustainable Development Report	www.sd.bayer.com
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News releases	www.press.bayer.com
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MASTHEAD

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Language Service

Bayer on the Internet

www.bayer.com

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- 1 **EBITDA:** EBIT plus amortization of intangible assets and depreciation of property, plant and equipment. EBITDA, EBITDA before special items and EBITDA margin are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company considers underlying EBITDA to be a more suitable indicator of operating performance since it is not affected by depreciation, amortization, write-downs/write-backs or special items. The company also believes that this indicator gives readers a clearer picture of the results of operations and ensures greater comparability of data over time. The underlying EBITDA margin is calculated by dividing underlying EBITDA by sales.
- 2 **EBIT** as shown in the income statement
- 3 **Earnings per share** as defined in IAS 33 = net income divided by the average number of shares
- 4 **Gross cash flow:** income from continuing operations after taxes, plus income taxes, plus non-operating result, minus income taxes paid or accrued, plus depreciation, amortization and write-downs, minus write-backs, plus/minus changes in pension provisions, minus gains/plus losses on retirements of noncurrent assets, plus non-cash effects of the remeasurement of acquired assets. The change in pension provisions includes the elimination of non-cash components of the operating result. It also contains benefit payments during the year.
- 5 **Net cash flow** = cash flow from operating activities according to IAS 7

Forward-Looking Statements

This publication 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 described in Bayer's published 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.

Important information

The names "Bayer Schering Pharma" or "Schering" as used in this publication always refer to Bayer Schering Pharma AG, Berlin, Germany, or its predecessor, Schering AG, Berlin, Germany, respectively.