Bayer AG
Investor Relations
51368 Leverkusen
Germany
www.investor.bayer.com

Investor News

Bayer CEO Dr. Marijn Dekkers at the Bayer AG Annual Stockholders' Meeting:

"Our goal is to make Bayer a world-class innovative company"

- Group targets achieved in 2010
- Proposal to raise dividend for 2010 to EUR 1.50 per share
- Successful start to 2011 with sales and earnings gains in all subgroups
- Investment for the future planned to total EUR 15 billion through 2013

Leverkusen, April 29, 2011 – 2010 was a good year for the Bayer Group overall. "We reached our targets for the Group," said Management Board Chairman Dr. Marijn Dekkers at Friday's Annual Stockholders' Meeting in Cologne. The company proposes to raise the dividend to EUR 1.50 (2009: EUR 1.40) per share so that the stockholders benefit from its operational success. This is equivalent to a total dividend payment of EUR 1.24 billion. Dekkers said the increase is also a sign of Bayer's optimism for the future. "We got off to a good start this year," he said, adding that Bayer continues to have good prospects thanks to its strong product pipeline. "Our basic goal is to make Bayer a world-class innovative company," Dekkers said. Through 2013 the company aims to invest a total of EUR 15 billion in its future, with research and development accounting for about two thirds of this figure and capital expenditures for one third.

In his review of 2010, Dekkers explained that Bayer's operating performance was back on track compared with the crisis year 2009. The Group had sales of EUR 35.1 billion, the highest figure in its history. The reported sales increase of 12.6 percent corresponded to 8.0 percent after adjusting for currency and portfolio effects (Fx&p adj.). Earnings before interest, taxes, depreciation and amortization (EBITDA) – before special items – climbed by 9.7 percent to EUR 7.1 billion, while the underlying EBITDA margin moved back by 0.6 percentage points. "The year 2010 was marked by factors we could not have predicted," Dekkers explained. "A very positive development was that MaterialScience emerged from the crisis better and faster than expected. A negative factor, however, was that HealthCare and CropScience did not meet our expectations. A second positive factor

was currency effects, which boosted EBITDA before special items by more than EUR 400 million."

The operating result (EBIT) declined by 9.2 percent in 2010 to EUR 2.7 billion, while net income fell by 4.3 percent to EUR 1.3 billion. This was mainly attributable to high special charges, totaling EUR 1.7 billion, which resulted mainly from asset impairments and from litigations.

"A very pleasing development, on the other hand, was the EUR 1.8 billion reduction in net financial debt to EUR 7.9 billion," said Dekkers, pointing out that the rating agency Standard & Poor's recently confirmed Bayer's good credit rating (A-) and raised the outlook from "negative" to "stable." "This positive development was partly the result of our good working capital management. The funds that we freed up enabled us to reduce debt."

All subgroups lifted first-quarter sales and earnings

Bayer posted sales and earnings increases in all three subgroups in the first quarter of 2011. Group sales climbed by 13.2 percent (Fx&p adj. 10.4 percent), to EUR 9.4 billion. EBIT improved by only 4.0 percent to EUR 1.1 billion. Bayer again had to take substantial special charges of EUR 442 million. These comprised provisions totaling EUR 248 million for the announced restructuring measures at CropScience and HealthCare, along with charges of EUR 194 million that related mainly to the ongoing litigation concerning genetically modified rice in the United States. "We hope this subject is now dealt with to a large extent," Dekkers said. First-quarter EBITDA before special items advanced by 22.3 percent to EUR 2.2 billion. Bayer's net income improved by 8.4 percent to EUR 684 million. Net debt was further reduced to EUR 7.1 billion as of March 31, 2011.

"These improvements were mainly attributable to the good start to the season at CropScience," Dekkers emphasized. He said the HealthCare subgroup performed solidly, thanks mainly to the gratifying trend in the Consumer Health business and positive currency effects. And at MaterialScience, the positive trend continued in the first quarter in spite of higher raw material and energy prices. "That means we are seeing improvements in sales and earnings in all three subgroups. But we must also put this into perspective. We should not forget that the comparison is with the first quarter of 2010, which was relatively weak overall, with MaterialScience still hampered by the effects of the crisis," Dekkers commented.

Good annual return on Bayer stock over the past five years

With a gain of 1.8 percent in 2010, Bayer stock could not keep up with the DAX, which rose by 16.1 percent in the same period. However, Dekkers emphasized the long-term strength of Bayer stock. Over the five-year period since 2006, Bayer was level with the EURO STOXX Chemicals index and above the other indices, he said. Including the dividend, there was an annual return of 12.4 percent in this period.

Innovation for the benefit of people

Bayer has good perspectives for its further development, Dekkers continued. “Our mission sums it up – Bayer: Science For A Better Life.” Bayer stands for innovation for the benefit of many people, Dekkers explained. And that innovation is certainly needed, said the Bayer Chairman, stressing that the global population is forecast to grow to more than 9 billion by 2050, while life expectancy is rising. “The demand for health care will therefore increase considerably. Our HealthCare business addresses this trend,” said Dekkers. He said it is also essential to ensure the supply of healthy food for the growing world population – despite the limited amount of arable land. Bayer’s CropScience business offers ways to increase agricultural productivity, said Dekkers, adding that it is also important to use energy and resources more efficiently – especially given the increase in living standards in the emerging countries. This is where Bayer’s MaterialScience business, with its high-tech products, has many contributions to make, he concluded.

Dekkers emphasized that Bayer as a company also needs innovations it can successfully commercialize. “Innovation is our lifeblood and safeguards our long-term success. That’s why I see it as my fundamental duty to do everything I can to promote Bayer’s innovative potential.” For example, the company plans to keep its research and development expenditures in 2011 level with the record EUR 3.1 billion spent in 2010. Through 2013, Bayer aims to invest EUR 15 billion in its future, with research and development accounting for about two thirds of this figure and capital expenditures for one third.

Dekkers added that he aims to continue expanding the company’s existing strengths – including in particular Bayer’s successful products and innovative product pipeline, its global alignment and the good position it holds in the emerging markets. In addition, he

intends to further encourage the already dedicated efforts of the company's employees and continue to strengthen the world-class Bayer brand.

Dekkers also said that, over the past few months, Bayer has identified improvement potential in view of the rapidly changing business environment. "Specifically, I'm talking about making Bayer more international," said Dekkers. He said the company aims to streamline its administration processes – for example by making more decisions at the local level rather than centrally. Bayer also wants to get better at marketing its high-quality, innovative products.

The savings program Bayer announced is also partly related to this, Dekkers explained. He said that of the approximately EUR 800 million per year to be saved starting in 2013, the company plans to reinvest EUR 400 million. Some of this money is to be spent to improve the company's innovative capability. This includes not just research and development, but also the commercialization of new products – especially at HealthCare and CropScience. Bayer is also investing in growth areas, such as the expansion of its business in the emerging markets.

The further savings are intended to improve Bayer's earning power. "Unfortunately, this program also involves cutting jobs," Dekkers said. He added, however, that the talks with the Works Council in Germany are proceeding constructively, and that a number of measures have already been identified and discussed.

Employees to benefit from the company's success

Dekkers expressly thanked Bayer's employees for their contribution to the company's economic success in 2010. "Our employees are one of Bayer's major strengths. We want them to benefit from our success," said the Management Board Chairman, commenting that more than half a billion euros is earmarked for the Group-wide bonus program for 2010.

Also of special importance are the targets Bayer has set for human resources development. The company intends to strengthen the role of the performance management process as an open dialogue about performance and development opportunities. "It will help to provide our employees – and therefore our company as well – with opportunities for improvement," explained Dekkers. He said Bayer also wants to define and implement

a new strategy for talent development, saying that talented people are a key factor for its future success.

“We also intend to promote diversity within the Group,” Dekkers went on. For example, Bayer aims to raise the proportion of female executives in the Group as a whole toward 30 percent by 2015, compared with the current figure of just over 20 percent. He said the statutory quota under discussion would not be appropriate, explaining that skills, experience and talent should always be the deciding factors. Diversity isn’t confined to gender balance, however, but also has an international aspect. Local employees around the world must be given more opportunities for development, he said, pointing out that about two thirds of Bayer’s workforce is based outside of Germany.

Also linked to this is the global introduction of the new values for the Group, which are summarized by the acronym “LIFE.” “The new LIFE values are the cornerstones of a common understanding of what Bayer is about, how we work and how we relate to one another,” said Dekkers. LIFE stands for Leadership, Integrity, Flexibility and Efficiency. Based on these keywords, Bayer will take up further important issues for the Group.

On the agenda: amendment of the Articles of Incorporation and reorganization of the property holdings

Among the items the stockholders will vote on at the Annual Stockholders’ Meeting on Friday is an amendment to the Articles of Incorporation concerning the term of office of the stockholder representatives on the Supervisory Board. According to this proposal, the standard five-year term of office is generally to be maintained. In the interests of achieving greater flexibility, however, the Annual Stockholders’ Meeting is to be given the opportunity to specify a shorter term of office for one or more of the stockholder representatives. Also on the agenda is the proposed spin-off of the property holdings of Bayer AG to its wholly owned subsidiary Bayer Real Estate GmbH, which has served as the Bayer Group’s real estate service provider since 2008. The transfer of the property holdings would once again combine the property management function and their legal assignment, Dekkers explained.

Bayer AG, Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)
Dr. Juergen Beunink (+49-214-30-65742)
Peter Dahlhoff (+49-214-30-33022)
Judith Nestmann (+49-214-30-66836)
Dr. Olaf Weber (+49-214-30-33567)
Fabian Klingen (+49-214-30-35426)
Ute Menke (+49-214-30-33021)

Forward-Looking Statements
This release may contain forward-looking statements based on current assumptions and forecasts made by the 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.