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Investor News

Interim report for the second quarter of 2011:

Bayer continues positive momentum

- Sales up 5.4 percent on an adjusted basis to EUR 9,252 million
- Operating result (EBIT) advances 25.9 percent to EUR 1,273 million
- EBITDA before special items increases by 5.8 percent to EUR 2,035 million
- Net income rises by substantial 40.9 percent to EUR 747 million
- Group outlook for 2011 confirmed
- Significant progress with innovation projects
- Efficiency measures advancing well

Leverkusen, July 28, 2011 – The Bayer Group continued its successful performance in the second quarter of 2011. “We are pleased with the way our business performed,” said Bayer CEO Dr. Marijn Dekkers when he presented the company’s interim report on Thursday. “We have also achieved significant progress with products from our research and development pipeline.” Furthermore, the efficiency-enhancing measures announced in November 2010 are being implemented as planned. Bayer’s CEO is optimistic for the current fiscal year and confirmed the sales and earnings forecast for 2011 that was raised in April.

Sales of the Bayer Group grew by 0.8 percent in the second quarter to EUR 9,252 million (Q2 2010: EUR 9,179 million). The currency- and portfolio-adjusted (Fx & portfolio adj.) increase was 5.4 percent. Business performance in the emerging markets made an above-average contribution to this development. The operating result (EBIT) advanced by a substantial 25.9 percent to EUR 1,273 million (Q2 2010: EUR 1,011 million).

Special items totaled minus EUR 144 million (Q2 2010: minus EUR 255 million). Restructuring, particularly at CropScience and HealthCare, accounted for EUR 179 million of this figure. By contrast, valuation adjustments for our pension provisions in the United Kingdom resulted in income of EUR 35 million.

EBIT before special items increased by 11.9 percent to EUR 1,417 million (Q2 2010: EUR 1,266 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) – before special items – improved by 5.8 percent to EUR 2,035 million (Q2 2010: EUR 1,923 million). Bayer grew net income by a very substantial 40.9 percent, to EUR 747 million (Q2 2010: EUR 530 million). Core earnings per share rose by 11.2 percent to EUR 1.29 (Q2 2010: EUR 1.16).

Gross cash flow moved forward by 18.6 percent to EUR 1,532 million (Q2 2010: EUR 1,292 million), while net cash flow remained level year on year at EUR 1,530 million (Q2 2010: EUR 1,545 million). Net financial debt climbed only slightly despite the high outflows for the dividend, variable compensation and interest payments that are typical for the second quarter, increasing from EUR 7.1 billion on March 31, 2011 to EUR 7.4 billion on June 30, 2011.

HealthCare successful in emerging markets

Sales of the HealthCare subgroup declined by 2.3 percent in the second quarter to EUR 4,208 million (Q2 2010: EUR 4,305 million). This corresponds to a currency- and portfolio-adjusted gain of 1.8 percent. “HealthCare posted gratifying growth in the Asia/Pacific and Latin America/Africa/Middle East regions, while sales in North America and Europe fell back slightly,” said Dekkers.

Sales in the Pharmaceuticals segment came to EUR 2,666 million, an increase of 0.5 percent (Fx & portfolio adj.). Growth in sales in the emerging markets, especially China, offset the weak performance in North America and Western Europe. In the United States, sales of the YAZ™ line of oral contraceptives were down again because of generic competition. Sales worldwide decreased by 7.0 percent on a currency-adjusted (Fx adj.) basis. The Pharmaceuticals business was additionally impacted by health reforms in various countries. By contrast, sales of our anti-coagulant Kogenate™ and the hormone-releasing intrauterine device Mirena™ grew by a gratifying 15.4 percent and 26.2 percent (Fx adj.), respectively. Sales of Aspirin™ Cardio increased by 10.0 percent (Fx adj.). Marketing activities for this product in China were expanded. By contrast, sales of our erectile dysfunction treatment Levitra™ and our antibiotic Avalox™/Avelox™ were down by 10.6 percent and 6.8 percent (Fx adj.), respectively, because of a partial reorganization of distribution activities in the United States. Sales of our multiple sclerosis drug Betaferon™/Betaseron™ declined by 4.7 percent (Fx adj.). Here, increased

competition and price reductions in connection with health system reforms in Europe had a negative effect.

Sales in the Consumer Health segment climbed by 4.1 percent (Fx & portfolio adj.) to EUR 1,542 million, with all regions contributing to this success. In the non-prescription medicines business (Consumer Care), the analgesics Aleve™/naproxen and Aspirin™ posted gratifying currency-adjusted gains of 11.6 percent and 7.4 percent (Fx adj.), respectively. Sales of the Bepanthen™/Bepanthol™ line of skincare products rose by 7.1 percent (Fx adj.). Sales of the Medical Care Division came in at the prior-year level, despite the decline in our Diabetes Care business in the United States. By contrast, business in our Animal Health Division expanded, driven mainly by 9.8 percent (Fx adj.) growth of our Advantage™ line of flea, tick and worm control products.

Second-quarter EBITDA before special items of Bayer HealthCare climbed by 3.0 percent to EUR 1,156 million (Q2 2010: EUR 1,122 million). This improvement was due especially to lower costs at Pharmaceuticals.

Continued positive development at CropScience

Sales of the CropScience subgroup climbed by 3.1 percent (Fx & portfolio adj. 9.2 percent) to EUR 1,943 million (Q2 2010: EUR 1,884 million). “In the second quarter, we again benefited from a generally good season in the northern hemisphere, with particularly strong growth in our BioScience business,” said Dekkers. Moreover, high prices for agricultural raw materials led to a favorable market environment compared to the difficult prior-year quarter. The strongest growth was posted in North America, where sales increased by 19.2 percent (Fx & portfolio adj.) compared to the weak prior-year quarter. Business performance in Europe was also gratifying, with growth of 6.4 percent (Fx & portfolio adj.). The Asia/Pacific and Latin America/Africa/Middle East regions grew by 3.7 percent and 4.5 percent, respectively, after adjusting for currency and portfolio effects.

In the Crop Protection business, growth was contributed above all by seed treatments and fungicides – up 16.5 percent and 13.8 percent respectively on a currency- and portfolio-adjusted basis. Sales of herbicides also advanced substantially, by 8.9 percent (Fx & portfolio adj.). By contrast, insecticide sales grew by just 2.3 percent (Fx & portfolio adj.) after cessation of marketing for older products. Our BioScience business, which specializes in seeds and plant traits, remained highly successful and improved sales by

21.9 percent on a currency- and portfolio-adjusted basis. Sales of canola seed in Canada and cotton and rice seeds in Asia saw particularly dynamic growth. Sales in the Environmental Science business unit declined by a currency- and portfolio-adjusted 1.7 percent to just below the prior-year level. The consumer products business stagnated, whereas business with products for professional users was down in Europe, the Middle East and Africa.

EBITDA before special items of CropScience rose by 23.9 percent to EUR 471 million (Q2 2010: EUR 380 million), due above all to the good business development and improved production capacity utilization.

MaterialScience expands business further

In the second quarter of 2011, sales of high-performance materials increased again by 3.5 percent (Fx & portfolio adj. 8.3 percent) to EUR 2,782 million (Q2 2010: EUR 2,689 million). “MaterialScience benefited from the increase in selling prices in all business units and regions, especially in Europe and North America. By contrast, volume sales were down slightly against the prior-year level,” said Dekkers. A significant expansion of volumes in Europe was not sufficient to fully compensate the declines in the Asia/Pacific and North America regions. Volumes were level year on year in the Latin America/Africa/ Middle East region.

Sales of raw materials for foams (polyurethanes) increased by 8.4 percent (Fx & portfolio adj.), while business with high-tech plastics (polycarbonates) grew by 6.7 percent (Fx & portfolio adj.) year on year. Coatings, Adhesives, Specialties raised sales of raw materials by 6.3 percent (Fx & portfolio adj.) and Industrial Operations posted sales growth of 20.6 percent (Fx. & portfolio adj.).

EBITDA before special items of MaterialScience was level year on year at EUR 372 million (Q2 2010: EUR 373 million). The significant increase in raw material and energy costs was more than offset by higher selling prices. Earnings were diminished by higher costs, partly in connection with the commissioning of our TDI train in China, and by negative currency effects.

All subgroups raise sales and earnings in the first half

Bayer significantly improved sales and earnings in the first half of 2011. “All three subgroups contributed to this pleasing performance,” said Dekkers. In the first six months, sales climbed by 6.7 percent (Fx & portfolio adj. 7.8 percent) to EUR 18,667 million (H1 2010: EUR 17,495 million). EBIT improved by 14.5 percent to EUR 2,421 million (H1 2010: EUR 2,115 million). EBITDA before special items advanced by 13.8 percent to EUR 4,267 million (H1 2010: EUR 3,748 million), while net income of the Bayer Group improved by 23.3 percent to EUR 1,431 million (H1 2010: EUR 1,161 million). Core earnings per share rose by 19.7 percent to EUR 2.74 (H1 2010: EUR 2.29).

Growth through innovation and the development of new markets

“Innovation and the development of new markets drive our company's growth,” said Dekkers. In the second quarter of 2011, Bayer made significant progress with products from its research and development pipeline, especially the anticoagulant Xarelto™, VEGF Trap-Eye for the treatment of wet age-related macular degeneration and the cancer drug Alpharadin™. “We plan to invest a total of EUR 15 billion in our company’s future through 2013, with research and development accounting for around two thirds of this amount,” emphasized Dekkers. Bayer spent a total of EUR 1,464 million on research and development in the first six months of 2011. In the same period, capital expenditures for property, plant and equipment and intangible assets came to EUR 536 million.

The emerging markets contributed significantly to sales growth in the first half of 2011. Bayer has defined these markets as the Asia/Pacific region (excluding Japan, Australia and New Zealand), Latin America, Eastern Europe, Africa and the Middle East. Sales in these emerging markets advanced by 11.1 percent after adjusting for currency changes to EUR 6,415 million. The second quarter accounted for EUR 3,297 million, an increase of 6.9 percent (Fx. adj.). The strongest growth in the second quarter was recorded in Eastern Europe and Asia.

Progress being made with efficiency measures

Bayer is making progress in its efforts to refocus resources on growth and innovation. In November 2010, the company announced an initiative aimed at achieving annual savings of EUR 800 million worldwide starting in 2013. About half of this amount is to be

reinvested in research and development, in marketing new products and in expanding business activities in the emerging markets. The necessary resources are being freed up by improving the efficiency of processes and structures and by savings, both of which are resulting in job reductions. “We are making good progress with the projects,” said Dekkers.

Outlook for the full year 2011 remains good

“We confirm the full-year sales and earnings forecast that we raised in April,” said Dekkers. Bayer continues to target a currency- and portfolio-adjusted sales increase of between 5 and 7 percent. This corresponds to Group sales of between EUR 36 billion and EUR 37 billion. This guidance is based on the exchange rates prevailing at the end of the second quarter of 2011. Bayer still plans to increase EBITDA before special items to more than EUR 7.5 billion. As before, core earnings per share are expected to improve by about 15 percent. The special charges included in EBITDA for ongoing restructuring programs are expected to remain unchanged at EUR 0.5 billion.

The outlook for HealthCare was also confirmed. In 2011 the subgroup still plans to increase sales by a low- to mid-single-digit percentage (Fx & portfolio adj.) and to achieve a small improvement in EBITDA before special items. In the Pharmaceuticals segment, sales are not yet expected to resume growing with the market in 2011. It is still planned to increase sales by a low- to mid-single-digit percentage (Fx & portfolio adj.), and to raise the EBITDA margin before special items. In the Consumer Health segment, the subgroup continues to anticipate above-market growth in sales (Fx & portfolio adj.). As before, sales and EBITDA before special items are expected to increase by mid-single-digit percentages.

The CropScience business continues to trend positively. The subgroup still aims to improve sales by a high-single-digit percentage (Fx & portfolio adj.) in 2011. It is planned to expand EBITDA before special items by about 20 percent compared to the weak prior-year quarter – or more if the season progresses well in the second half of 2011.

MaterialScience still expects to raise sales by a high-single-digit percentage (Fx & portfolio adj.). It remains the subgroup's aim to grow EBITDA before special items at a higher rate than sales. However, the company considers this objective to be increasingly ambitious. MaterialScience anticipates that sales and EBITDA before special items in the third quarter of 2011 will be in line with the prior-year level.

Note:

The tables below contain the key data for the Bayer Group and its subgroups for the second quarter and first half of 2011.

The full report for the second quarter is available for online viewing and download at ***www.investor.bayer.com.***

Supplementary features at ***www.investor.bayer.com:***
- presentation charts for the investor conference call at 11:00 a.m. CEST
- live webcast of the investor conference call starting at approx. 1:00 p.m. CEST
- recording of the investor conference call from approximately 5:00 p.m. CEST

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Forward-Looking Statements
This release 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 Key Data, 2nd Quarter and 1st Half of 2011

(certain 2010 figures are restated)

Bayer Group (EUR million)	Q2 2010	**Q2 2011**	Change in %	H1 2010	**H1 2011**	Change in %
Sales	9,179	**9,252**	+0.8	17,495	**18,667**	+6.7
EBIT	1,011	**1,273**	+25.9	2,115	**2,421**	+14.5
Special items	*(255)*	***(144)***	-	*(332)*	***(586)***	-
EBIT before special items	1,266	**1,417**	+11.9	2,447	**3,007**	+22.9
EBITDA	1,800	**1,906**	+5.9	3,548	**3,772**	+6.3
Special items	*(123)*	***(129)***	-	*(200)*	***(495)***	-
EBITDA before special items	1,923	**2,035**	+5.8	3,748	**4,267**	+13.8
Net income	530	**747**	+40.9	1,161	**1,431**	+23.3
Earnings per share (EUR)	0.64	**0.90**	+40.6	1.40	**1.73**	+23.6
Core earnings per share (EUR)	1.16	**1.29**	+11.2	2.29	**2.74**	+19.7

Bayer HealthCare (EUR million)	Q2 2010	**Q2 2011**	Change in %	H1 2010	**H1 2011**	Change in %
Sales	4,305	**4,208**	-2.3	8,174	**8,374**	+2.4
EBIT	595	**786**	+32.1	1,255	**1,555**	+23.9
Special items	*(189)*	***(51)***	-	*(218)*	***(88)***	-
EBIT before special items	784	**837**	+6.8	1,473	**1,643**	+11.5
EBITDA	1,065	**1,105**	+3.8	2,059	**2,208**	+7.2
Special items	*(57)*	***(51)***	-	*(86)*	***(88)***	-
EBITDA before special items	1,122	**1,156**	+3.0	2,145	**2,296**	+7.0

Bayer CropScience (EUR million)	Q2 2010	**Q2 2011**	Change in %	H1 2010	**H1 2011**	Change in %
Sales	1,884	**1,943**	+3.1	3,836	**4,200**	+9.5
EBIT	187	**272**	+45.5	547	**491**	-10.2
Special items	*(66)*	***(81)***	-	*(114)*	***(486)***	-
EBIT before special items	253	**353**	+39.5	661	**977**	+47.8
EBITDA	314	**405**	+29.0	797	**821**	+3.0
Special items	*(66)*	***(66)***	-	*(114)*	***(395)***	-
EBITDA before special items	380	**471**	+23.9	911	**1,216**	+33.5

Bayer MaterialScience (EUR million)	Q2 2010	**Q2 2011**	Change in %	H1 2010	**H1 2011**	Change in %
Sales	2,689	**2,782**	+3.5	4,905	**5,468**	+11.5
EBIT	228	**236**	+3.5	365	**441**	+20.8
Special items	*0*	***0***	-	*0*	***0***	-
EBIT before special items	228	**236**	+3.5	365	**441**	+20.8
EBITDA	373	**372**	-0.3	651	**717**	+10.1
Special items	*0*	***0***	-	*0*	***0***	-
EBITDA before special items	373	**372**	-0.3	651	**717**	+10.1

EBITDA, EBIT(DA) before special items and core earnings per share are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. For the definition of these indicators, see the current annual report at www.bayer.com.