



Science For A Better Life



Sal. Oppenheim
HealthCare Conference

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Head of Investor Relations - Sept 1, 2009



Science For A Better Life

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Bayer's Well-Proven Strategy



- Improve performance
- Improve portfolio
- Develop new growth opportunities
- Deleverage balance sheet

Bayer's Well-Proven Strategy



Improve performance (2009 targets)

- HealthCare targets above market growth and improvement of uEBITDA-margin towards 28%
- CropScience outlook projects further growth and uEBITDA-margin of about 25%
- MaterialScience Q3 outlook projects positive uEBITDA

Improve portfolio

- Strategic investment focus remains on HealthCare
- Opportunities in AgBioScience will be explored, MaterialScience system house concept extended

Develop new growth opportunities

- €2.9bn investment in R&D
- Strategy for growth in emerging markets in place

Deleverage balance sheet

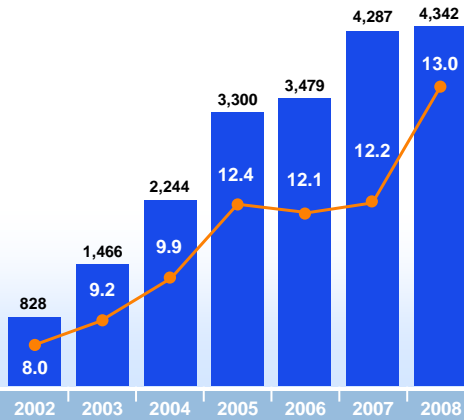
- Target is to reduce net financial debt towards €10bn by year-end 2009

The Success of Bayer's Strategy is Evident



Underlying EBIT in €million

● CFROl in %

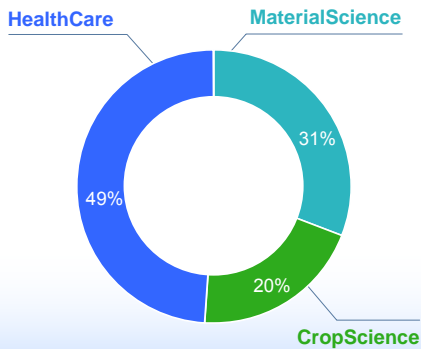


Major Milestones Achieved

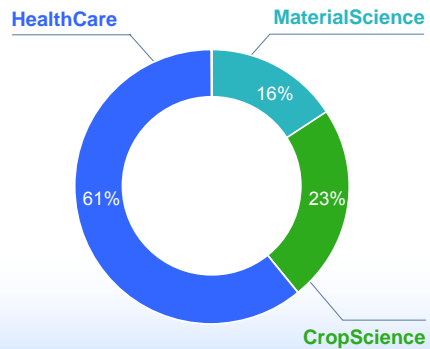
- Improved underlying EBIT by more than factor 5
- Improved underlying EBITDA-margin from 12% to 21%
- Record returns over cost of capital
- Achieved all group (earnings) targets
- Active portfolio management: transaction volume >€43bn
- More than €20bn investment to grow HealthCare to almost 50% of group sales

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The New Bayer – A Leader in Its Markets



Sales 2008: €32.9bn



Underlying EBITDA 2008: €6.9bn

Life Sciences Account For ~70% of Sales And ~85% of Underlying EBITDA

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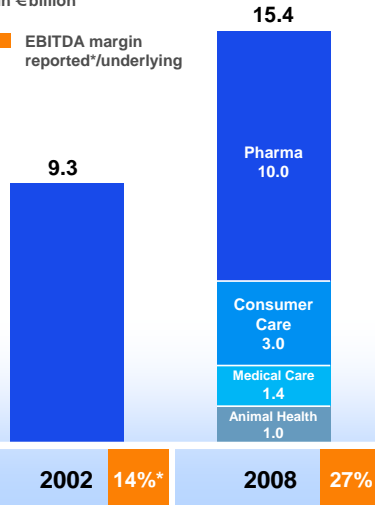
Break-down excluding reconciliation

HealthCare – A Diversified Business Model



in €billion

EBITDA margin reported*/underlying



- Global #6 in specialty pharmaceuticals
- Leading positions in key therapeutic categories
- Underweight in US, overweight in emerging markets
- Outperformed market growth in 2007/2008
- Transformational late-stage pipeline
- Global #2, outpaced market growth in 11 out of last 13 years
- Became #3 in Q1'07, 2008 was the 3rd straight year as fastest growing company
- Global # 3/5, outpacing market growth

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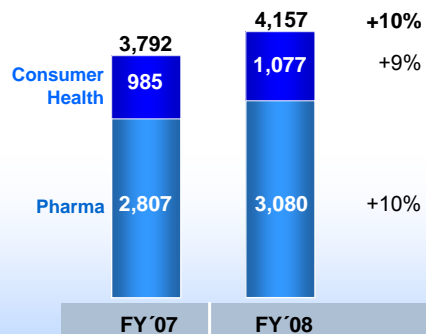
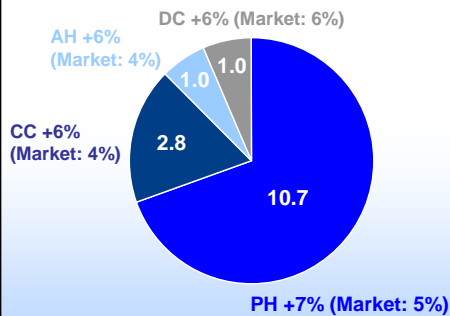
HealthCare Posted Record Performance And Achieved All Targets in 2008



FY 2008 Sales

FY 2008 underlying EBITDA

€15.4bn, +7% yoy*



PH: Pharmaceuticals
CC: Consumer Care
AH: Animal Health
DC: Diabetes Care, now Medical Care

* Currency & portfolio adjusted

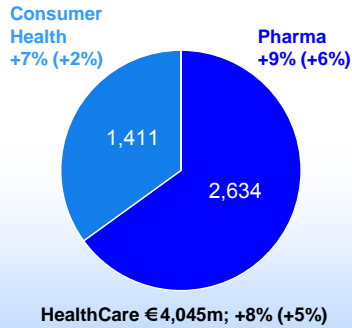
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HealthCare – Business Momentum Gained



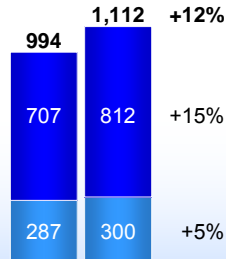
Q2 '09 Sales

In € million, Δ% y-o-y

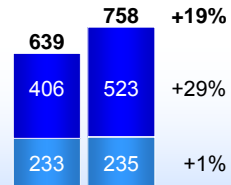


Earnings

Underlying EBITDA



Underlying EBIT



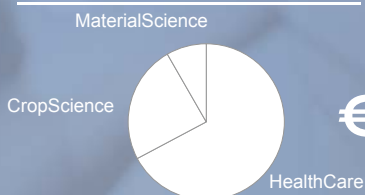
Q2 '08 Q2 '09 Q2 '08 Q2 '09

() Currency & portfolio adjusted

Innovation Pipeline Progresses Dynamically



R&D Budget 2009



€2.9bn

Key Pharma Pipeline Assets Hold Significant Promise



	What it does	What it is / could be used for	Status
Nexavar	inhibits enzymes important for tumor growth	cancer treatment	launched > 200 trials ongoing
Xarelto	inhibits blood clot formation	treatment of diseases caused by blood clots	1st indication launched/ filed; phase III
Riociguat	lowers blood pressure in the lung	treatment of high blood pressure in the lungs	phase III
VEGF Trap-Eye	inhibits formation of new blood vessels	various eye diseases	phase III
DAST-Inhibitor	inhibits enzymes important for tumor growth	cancer treatment	phase II

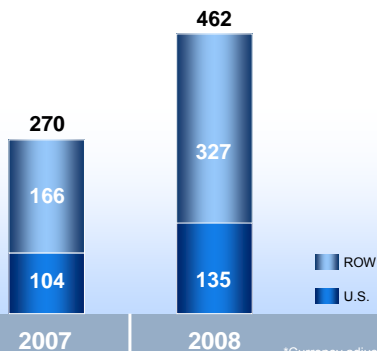
Nexavar: A Franchise Building Opportunity



Sales in € million

Nexavar
(sorafenib) tablets

+76%*



- Dual-targeted mechanism – antiangiogenic and antiproliferative
- First targeted therapy in kidney cancer (RCC)
- Leadership advantage in liver cancer (HCC) – only approved drug with overall survival benefit in HCC
- Approved in >70 countries for RCC, >60 countries for HCC
- Peak sales potential in approved indications of RCC and HCC combined ~EUR 750 million
- > 200 active trials exploring potential i.e., adjuvant RCC and HCC; lung cancer, thyroid and breast

Comprehensive Development Program For Nexavar Underway



Signal-Generating Phase II-Trials

■ Breast cancer

- Paclitaxel ± Nexavar
- Capecitabine ± Nexavar
- Gemcitabine ± Nexavar
- Docetaxel or letrozole ± Nexavar

Additional data from phase II program expected 2H 2009
Start of Phase III program expected Q1 2010

■ Ovarian cancer

- Maintenance treatment after 1st-line treatment

■ Colorectal cancer

- 1st-line treatment in combination with FOLFOX

Phase II/III highlights only

Phase III-Trials

■ Liver cancer

- Adjuvant therapy vs. placebo (STORM-trial)
- Post-TACE
- Combination therapy with erlotinib (Tarceva®)

■ Kidney cancer

- Adjuvant treatment vs. placebo (EU)
- Adjuvant treatment (ECOG)

■ Non-small cell lung cancer

- 1st-line combination therapy with gemcitabine and cisplatin (NEXUS-trial)
- 3rd/4th-line monotherapy in NSCLC

■ Thyroid cancer

- Nexavar monotherapy (planned)

Start PH III expected in 2009

More Than 200 Active Trials Exploring Nexavar's Anti-Tumor Potential

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Nexavar - Upcoming Newsflow



- Phase II breast cancer combination w. capecitabine at ECCO / ESMO, Sept. 23
- Start of Phase III breast program probably Q1 2010
- Start of Phase III thyroid cancer program expected still this year



More Than 200 Active Trials Exploring Nexavar's Potential

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Xarelto Target Indications With High Unmet Medical Need

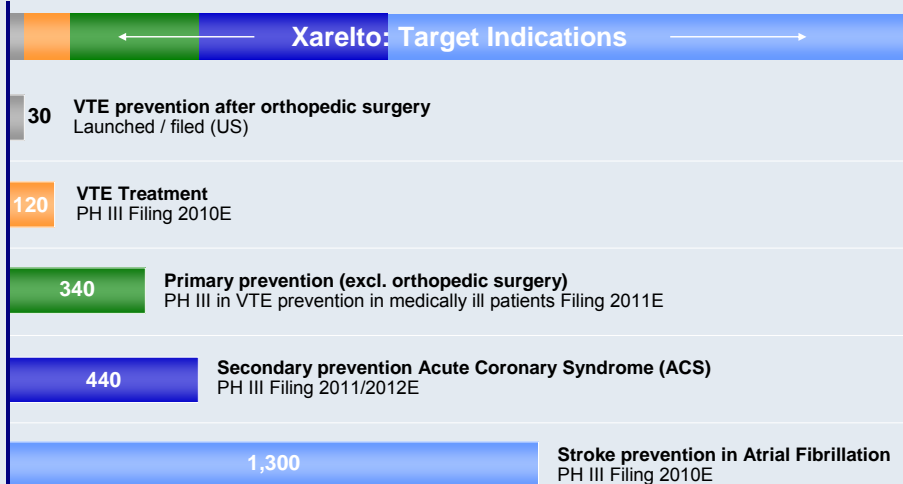


- Thromboembolism is the single largest cause of morbidity and mortality in the Western world
- In the US, VTE affects almost 1 million people each year and is responsible for more deaths each year than breast cancer, HIV disease, and motor vehicle crashes combined
- VTE is the third most common cardiovascular disease in the Western world, and contributes to around 10% of hospital deaths
- Almost all of the hospital deaths resulting from pulmonary embolism are preventable

The Market For Anticoagulants



Estimated treatment days in 2007* (in millions)



Late-Stage Development Program For Xarelto in Five Indications is on Track and Addresses Market Needs



Market	Study	Facts	Phase II	Phase III	Filing
Acute Indications	RECORD	>12,500 patients vs. standard therapy (enoxaparin)	VTE prevention after orthopedic surgery		✓
	MAGELLON	~8,000 patients vs. standard therapy (enoxaparin)	VTE prevention in medically ill patients		2011e
Chronic Indications	ENSTEIN	~7,500 patients vs. standard therapy (enoxaparin & warfarin)	VTE treatment and secondary prevention		2010e
	ROCKET AF	~14,000 patients non-inferiority vs. standard therapy (warfarin)	Stroke prevention in atrial fibrillation		2010e
	ATLAS	up to 16,000 patients in addition to standard therapy	Secondary prevention ACS		2011/ 2012e

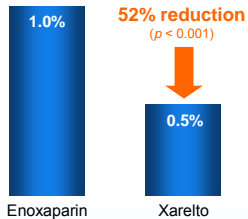
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Pooled Analysis of RECORD 1 – 4 Confirms Excellent Clinical Profile of Xarelto

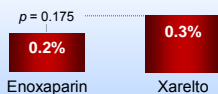


Primary efficacy outcome*

Symptomatic VTE + all-cause mortality



Major bleeding*



- RECORD 1 - 4 was the largest ever trial program of an oral anticoagulant in the prevention of venous thromboembolism (VTE) after major orthopedic surgery.
- ~12,700 patients randomized
- Pre-specified pooled analysis confirmed results of the four individual RECORD studies
- Xarelto significantly reduced the incidence of symptomatic VTE and all-cause mortality.
- Rates of major bleeding were low and statistically not different in the Xarelto and enoxaparin groups.

*) Day 12±2 head-to-head treatment pool

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Xarelto – Upcoming Newsflow



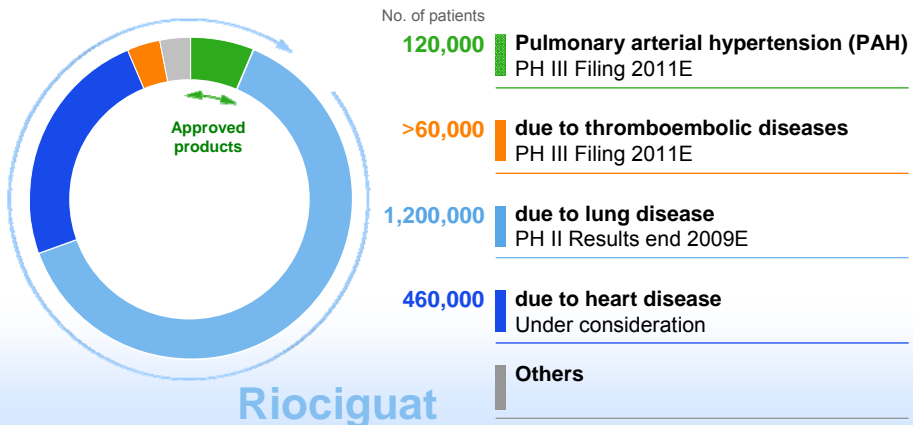
- Presentation of trial data from EINSTEIN extension, target conference is ASH, Dec. 2009
- Submit complete response to FDA, Q4 2009, at the earliest



Riociguat – An Emerging Treatment For Pulmonary Hypertension



Pulmonary hypertension encompasses multiple disease subtypes. Currently treatments are only indicated for pulmonary arterial hypertension (PAH).

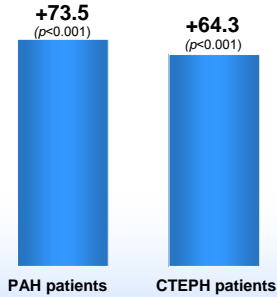


Riociguat Demonstrated Clinically Meaningful Improvement in Pulmonary Hypertension



6-minute walking distance test

Mean improvement over baseline after 12 weeks of treatment (in meters)



Baseline values:
PAH: 317 m; CTEPH: 383 m

PAH: Pulmonary Arterial Hypertension
CTEPH: Chronic Thromboembolic Pulmonary Hypertension

- Open-label, uncontrolled phase II study involving 75 PAH and CTEPH patients
- Exercise capacity significantly improved
 - +23% in PAH-patients
 - +17% in CTEPH-patients
- Improvement on hemodynamic parameters, i.e. pulmonary arterial pressure, pulmonary vascular resistance
- Riociguat was well tolerated and had a favorable safety profile

Riociguat: Major Clinical Studies



Study	Facts	Phase I	Phase II	Phase III	Filing
PATENT-1 / -2	~ 460 patients (treatment-naïve or pre-treated) vs.placebo (PATENT-1); Efficacy study and long-term extension	Pulmonary Arterial Hypertension			2011e
CHEST-1 / -2	~ 270 patients vs.placebo (CHEST-1); Efficacy study and long-term extension	Chronic Thromboembolic Hypertension			2011e
NCT00694850 (PH with ILD)	~ 20 patients (PH with interstitial lung disease - ILD) proof-of-concept; efficacy and dose-finding	PH with ILD			tbd.
NCT00640315 (PH with COPD)	~ 20 patients (PH with chronic obstructive pulmonary disease - COPD) Single-dose hemodynamic study	PH with COPD			tbd.

ILD: Interstitial Lung Disease; COPD: Chronic Obstructive Pulmonary Disease

VEGF Trap-Eye: Potential New Treatment For Wet Age-Related Macular Degeneration



- Wet age-related macular degeneration (wet AMD) is the leading cause of blindness in the elderly
- Abnormal growth of blood-vessels in the eye as underlying disease mechanism
- Approx. 1.5 million patients annually in the US
- Anti-VEGF therapy has become a validated treatment option



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VEGF Trap-Eye: Clinical Program Expanded to Additional Eye Diseases



- VEGF Trap-Eye is a novel anti-VEGF therapy with high binding affinity for all forms of VEGF-A and placental growth factor
- Potential for differentiation from current standard of care
- Phase III program (VIEW 1 & 2) in wet AMD in collaboration with Regeneron underway
- Additional vascular eye diseases explored
 - Phase III program in central retinal vein occlusion (CRVO) initiated
 - Phase II program in diabetic macular edema (DME) underway

Initial Data From The VIEW Program Could be Expected End of 2010

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Regorafenib (BAY 73-4506, DAST-Inhibitor): A Novel Anti-Cancer Compound



Kidney Cancer (RCC)

- Phase II, open-label study in kidney cancer with BAY 73-4506 (160 mg) administered once daily on a three weeks on/one week off schedule (n=49)
 - 27 % partial response (PR, RECIST)
 - 44 % stable disease (SD) rate

Colorectal Cancer (CRC)

- Phase I dose-finding study in patients with advanced colorectal cancer (n=38)
 - 74% disease control rate in evaluable patients

- Regorafenib is an orally active multikinase inhibitor
- Distinct profile targeting angiogenic, stromal, and oncogenic receptor tyrosine kinases
- Potential for clinical differentiation from other VEGF-receptor inhibitors

- Phase III development program planned to be initiated in early 2010

BRICMS: Market Leading Positions in Fast Growing Markets



- IMS predicts that the contribution from “pharmerging” Markets to Pharma’s global growth will be 51% in 2009 (6% in 2000)
- IMS predicts that the contribution from the US to Pharma’s global growth will be 0% in 2009 (57% in 2000)

*pharmerging markets: Russia, Turkey, China, Korea, India, Brazil, Mexico



Overweight in Emerging Markets



- Bayer HealthCare is on average a TOP 5 healthcare company in BRICMS (Brazil, Russia, India, China, Mexico, South Korea)
- Number 1 international healthcare company in China growing +41% in 2008
- Pharma sales in BRICMS representing 13% of global sales, growing 21% in 2008
- BRICMS countries contribute 32% of absolute growth of Pharma in 2008
- Top Pharma products in BRICMS include Glucobay, YAZ-family and Adalat, all growing more than 20% in 2008
- Commitment to invest in BRICMS

Growth rates on currency adjusted basis

FY'09 Outlook



Reaffirm ambitious target of limiting the decline in group uEBITDA to approx. -5%

2009 Financial Outlook



Group

Reaffirm ambitious target of limiting the decline in Group underlying EBITDA to approx. -5%

CapEx approx. €1.4bn

R&D spending about €2.9bn

Net debt reduction towards €10bn (before portfolio changes)

Subgroups

■ HealthCare - confirmed

Sales growth above market and improvement of underlying EBITDA margin towards 28%

■ CropScience - confirmed

Continued growth, underlying EBITDA margin in the range of 25%

■ MaterialScience - updated

Q3: Positive underlying EBITDA

Reporting Events and AGM



Date	Event	Publication
Tuesday, October 27, 2009	Investor Conference Call	Third Quarter Results Stockholders' Newsletter
Friday, February 26, 2010	Investor Conference Call	Full Year 2009 Results Annual Report
Thursday, April 29, 2010	Investor Conference Call	First Quarter Results Stockholders' Newsletter
Friday, April 30, 2010	Annual General Meeting	
Thursday, July 29, 2010	Investor Conference Call	Second Quarter Results Stockholders' Newsletter
Thursday, October 28, 2010	Investor Conference Call	Third Quarter Results Stockholders' Newsletter

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