Science For A Better Life

Nomura

German Swiss Investor Conference, Tokyo

November 17, 2009

V Nov '09

Science For A Better Life

The New Bayer

- Well-proven strategy
- Significant pharma newsflow expected
- Fundamental growth drivers for CropScience intact
- Recovery at MaterialScience visible

Bayer's Well-Proven Strategy-2009 Targets

Improve performance (2009 target)

- Reaffirm ambitious target of limiting the decline in group uEBITDA to approx. -5%. Sales are expected between €31 and 32bn

Improve quality of portfolio

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

Develop new growth opportunities

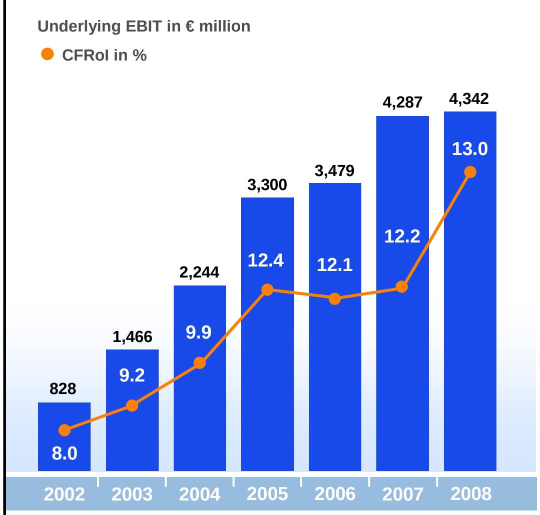
- €2.9bn (2009) investment in R&D to continue to build our innovation pipeline
- Strategy for growth in emerging markets in place

Deleverage balance sheet

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

uEBITDA = underlying EBITDA

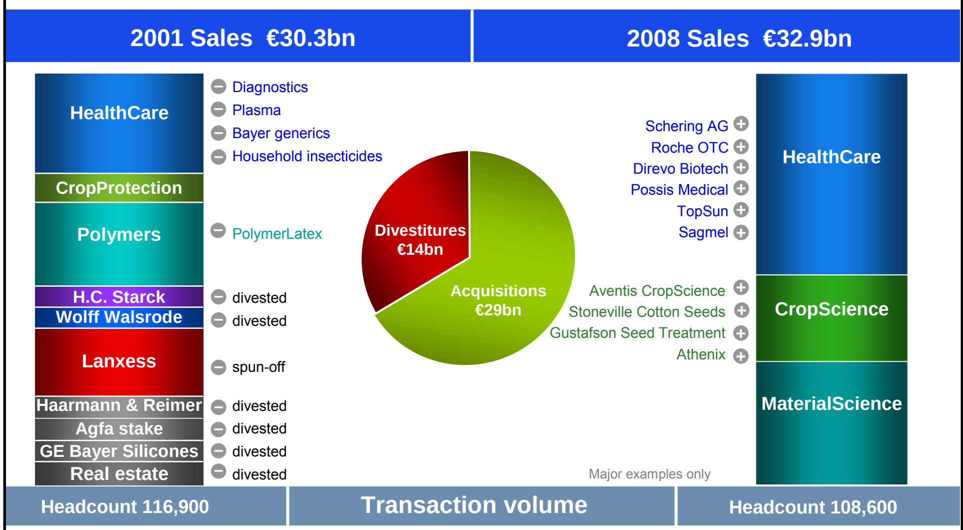
The Success of Bayer’s Strategy is Evident



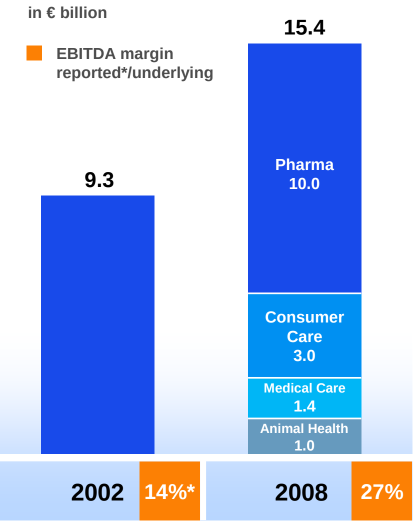
Achievements

- 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

Seven Years of Increasing Focus For Growth – Transaction Volume > €43bn Since 2002



HealthCare –
A Diversified Business Model



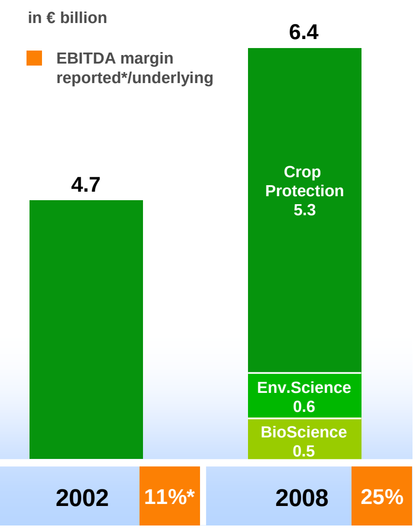
- Global #6 in specialty pharmaceuticals
- Leading positions in key therapeutic categories
- Underweight in US, overweight in emerging markets
- Outperformed market growth in 2007/2008
- Transformational late-stage pipeline

- 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

CropScience –
Strategy Driven by Innovation

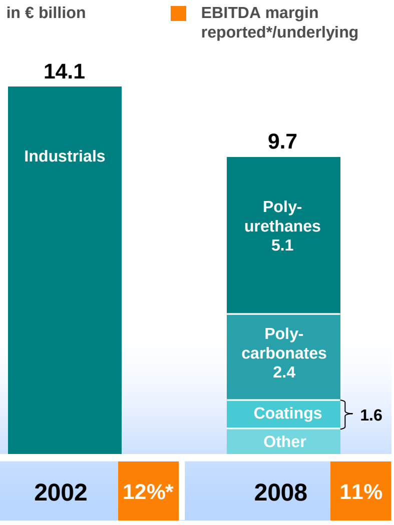


- Global #2, with leading positions in all market segments and regions
- Gained market share in Brazil during 2008, the world's largest agchem market
- Proven track record of innovation – launched 21 new active ingredients since 2000

- Global #1, extends the Crop Protection active ingredients' life cycle

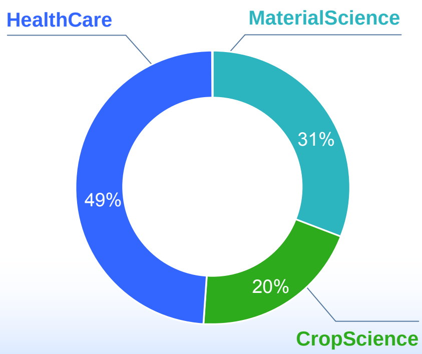
- Hybrid canola #1, cotton #1, hybrid rice and vegetables #4
- LibertyLink trait technology also available in soybean and corn

MaterialScience – A Genuine Market Leader

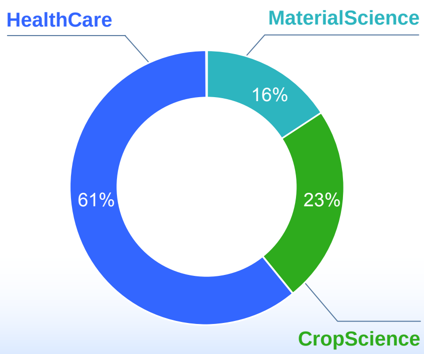


- Global #1 in all business segments
- Focus is on fast-growing isocyanates and polycarbonates
- Long-term fundamental growth drivers remain intact
- Earned attractive returns over cost of capital between 2004–2008
- Short-term challenges are addressed
  - Restructuring programs accelerated and expanded
  - Temporary plant shut-downs
  - CapEx budget trimmed

The New Bayer – A Leader in Its Markets



Sales 2008: **€32.9bn**

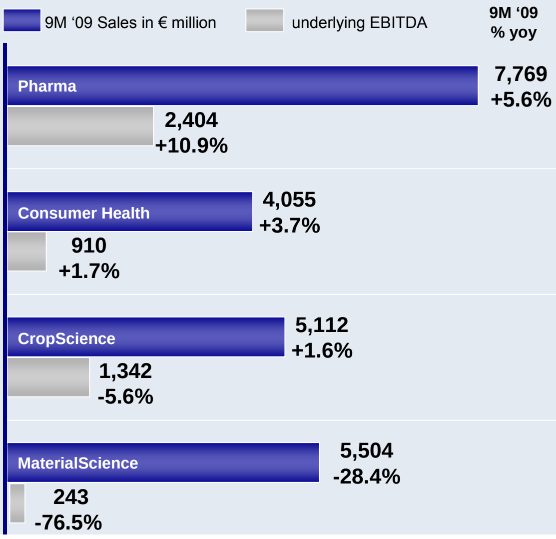


Underlying EBITDA 2008: **€6.9bn**

Life sciences account for ~70% of sales and ~85% of underlying EBITDA

Break-down excluding reconciliation

Robust Performance in Challenging Environment



Positive performance driven by growth of main products

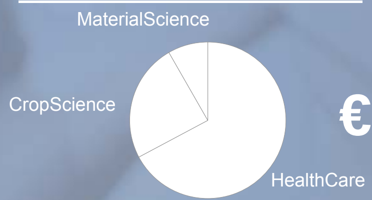
Driven by emerging markets, business in North America gained momentum in Q3

Sales matched record year 2008, earnings impacted by Fx and softer Q3

Impacted by economic crises, recovery led by Asia

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
Regorafenib	inhibits enzymes important for tumor growth	cancer treatment	phase II
Alpharadin	targeted treatment of bone metastases in prostate cancer	cancer treatment	phase III

Significant Newsflow From Pharma Pipeline Expected

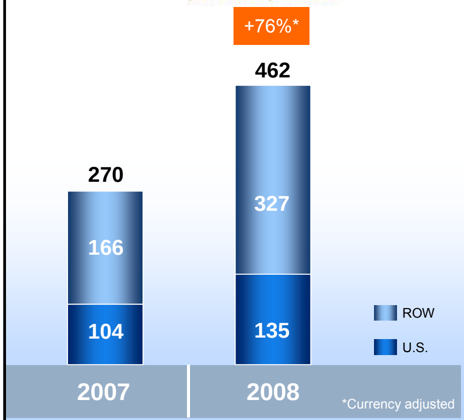
selection

Xarelto	Phase III data from EINSTEIN-Extension study (secondary prevention of VTE) planned for presentation at ASH	ASH (Dec 5-8 2009)
Riociguat	Phase II data (PH due to lung disease)	End 2009
Kogenate Lipo	Long-lasting formulation for Hemophilia A	Interim data end 2009
Regorafenib	Initiation of phase III (colorectal cancer 3/4th line)	Early 2010
Nexavar	Phase III initiation in breast cancer	Q1 2010
Xarelto	Data from Phase III studies in chronic indications (including ROCKET-AF and further data from the EINSTEIN program)	2010
VEGF-Trap-Eye	First data from phase III program in wet-AMD (VIEW)	End 2010 / 2011
Potential approvals in 2010 **(assuming standard review times)**	■ Qlaira (OC and treatment of heavy/prolonged menstrual bleeding) (US) ■ Levitra orodispersible tablet (US, EU) ■ YAZ plus (US) ■ Xarelto (VTE prevention after hip/knee replacement surgery) (US) ■ Visanne (Endometriosis) (EU)	2010

Nexavar: A Franchise Building Opportunity

Sales in € million

Nexavar (sorafenib) tablets



- 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 >90 countries for RCC, >80 countries for HCC
- Peak sales potential in approved indications of RCC and HCC combined ~EUR 750 million

Comprehensive Development Program For Nexavar Underway

Signal-generating phase II-trials

- **Breast cancer**
  - Paclitaxel ± Nexavar ✓
  - Capecitabine ± Nexavar ✓
  - Gemcitabine ± Nexavar
  - Docetaxel or letrozole ± Nexavar
- **Ovarian cancer**
  - Maintenace treatment after 1st-line treatment
- **Colorectal cancer**
  - 1st-line treatment in combination with FOLFOX

Phase III-trials

- **Liver cancer**
  - Adjuvant therapy vs. placebo (STORM-trial)
  - 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

Phase II/III highlights only

More than 200 active trials exploring Nexavar´s anti-tumor potential

Nexavar – First Results From Phase II Breast Cancer Program

Paclitaxel ± Nexavar

- HER-2 negative, locally advanced or metastatic breast cancer
- Double-blind, randomized, placebo controlled phase II trial
- 237 patients (first line)
- Preliminary results:
  Combination of Nexavar + Paclitaxel demonstrated a positive trend towards improvement of progression-free survival *(p*=0.09*).*

Capecitabine ± Nexavar

- HER-2 negative, locally advanced or metastatic breast cancer
- Double-blind, randomized, placebo controlled phase II trial
- 229 patients (first and second line)
- Combination of Nexavar + Capecitabine significantly improved median progression-free survival by 74% vs. Capecitabine + Placebo (6.4 months vs. 4.1 months; HR=0.567, *p*=0.0006)*

Initiation of phase III in breast cancer planned for Q1 2010

*reported at ECCO/ESMO September 23, 2009

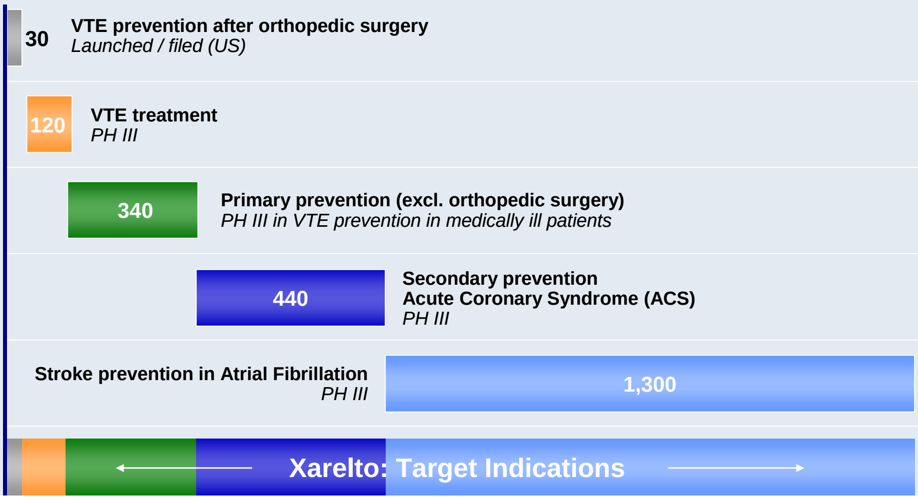
Xarelto Target Indications With High Unmet Medical Need

Xarelto® rivaroxaban

- 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

Xarelto And The Market For Anticoagulants

Estimated treatment days in 2007* (in millions)



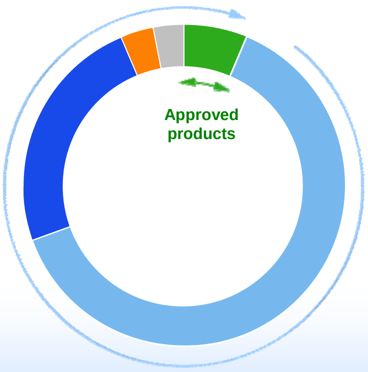
*Sources:
PADDS, IMS Midas, BAYER estimates
Decision resources

Xarelto: Late-Stage Development Program

Market	Study	Facts	Phase II / Phase III	Filing
Acute Indications	RECORD	>12,500 patients *vs.* standard therapy (enoxaparin)	VTE prevention after orthopedic surgery	✓
	MAGELLAN	~8,000 patients *vs.* standard therapy (enoxaparin)	VTE prevention in medically ill patients	2011e
Chronic Indications	EINSTEIN	~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 ACS TIMI 51	up to 16,000 patients in addition to standard therapy	Secondary prevention ACS	2011/ 2012e

Riociguat – An Emerging Treatment For Pulmonary Hypertension

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



No. of patients	
120,000	**Pulmonary arterial hypertension (PAH)** PH III Filing 2011E
>60,000	**due to thromboembolic diseases** PH III Filing 2011E
1,200,000	**due to lung disease** PH II Results end 2009E
460,000	**due to heart disease** Under consideration
	Others

Riociguat

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

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, enrollment completed
- 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

Regorafenib (DAST-Inhibitor):
A Novel Anti-Cancer Compound

Kidney Cancer (RCC)

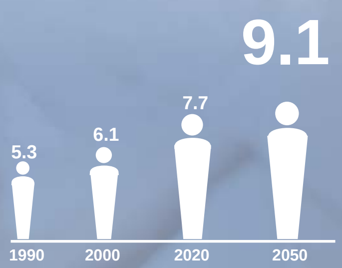
- Phase II, open-label study in kidney cancer with regorafenib (160 mg) administered once daily on a three weeks on/one week off schedule (n=49)
  - 31% partial response (PR, RECIST)
  - 50% stable disease (SD) rate

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

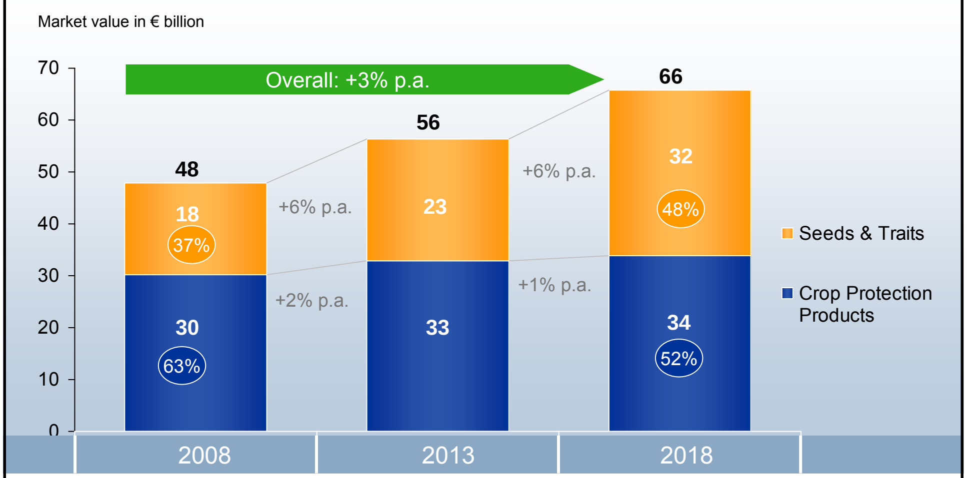
Fundamental Growth Drivers For CropScience Remain Intact



Source: UN World Population Prospects
The 2008 Revision, March 2009

Expect AgMarkets to Grow Sustainably

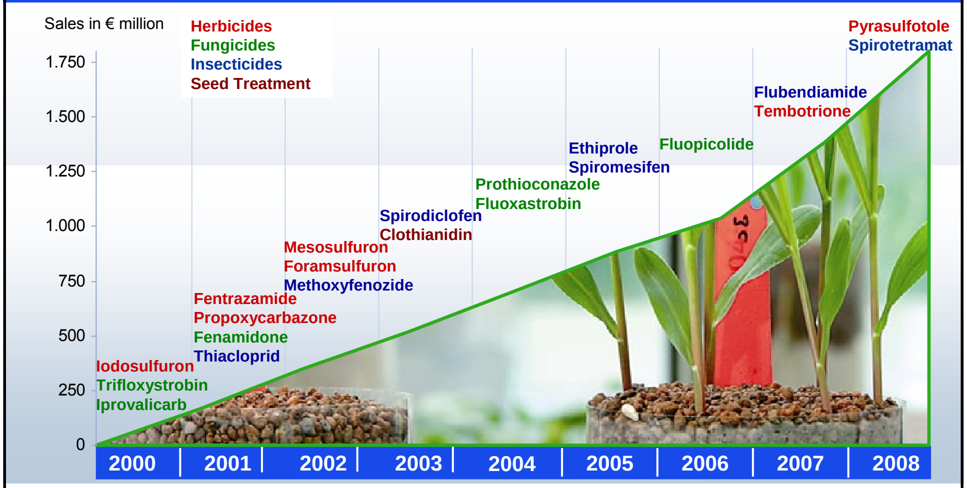
Anticipated market development



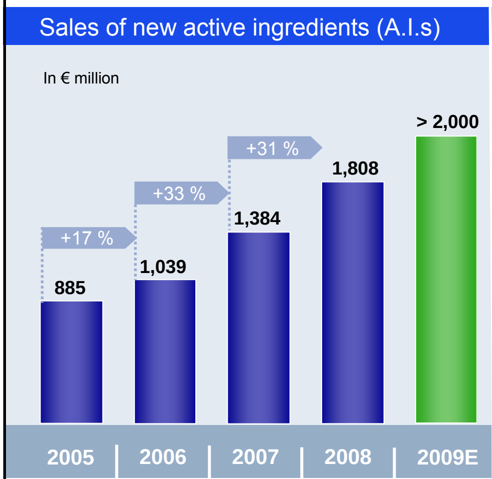
Source: Context Network, Bayer CropScience estimates, 2009

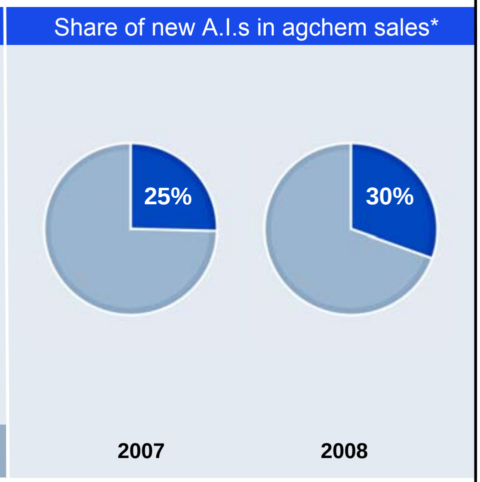
CropScience – Proven Track-Record of Innovation

21 new active ingredients launched since 2000



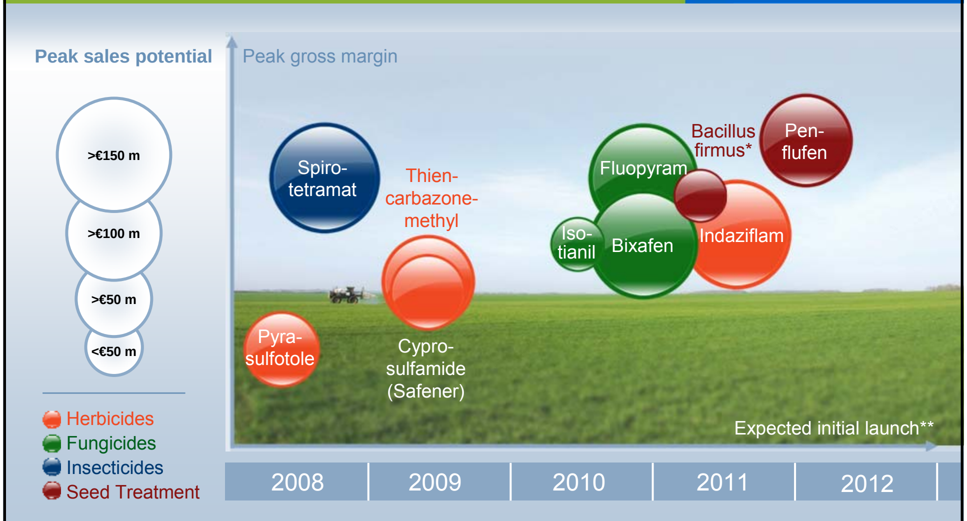
CropScience Targets €2bn New Product Sales in 2009 – Two Years Earlier Than Originally Planned





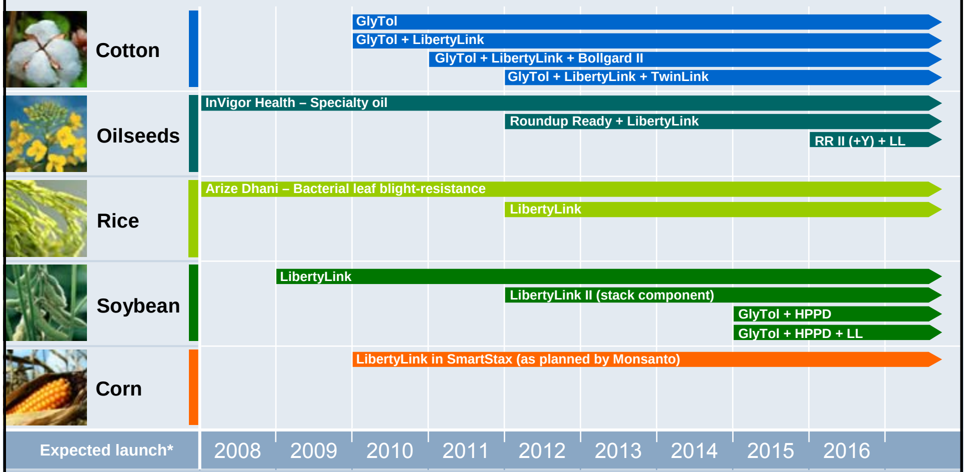
Agchem sales: include Crop Protection and Environmental Science, exclude BioScience business
* Crop Protection only: 28.5 % in FY'07, 33.5% in FY'08

CropScience AgChem Pipeline - Combined Peak Sales Potential of €1.25bn



* Biological control agent; ** Subject to regulatory approval

Well-filled Seeds & Traits Pipeline With €500m Peak Sales Potential



SmartStax, Bollgard, Roundup Ready are registered trademarks of Monsanto Co.

* Subject to regulatory approval

Leverage Potential of Trait IP in Key Technologies Through Outlicensing

Monsanto	Mertec, M.S. Technologies	DuPont / Pioneer	Monsanto
(Jun. 2007): LibertyLink® for corn & soybeans	(Nov. 2007): Cooperation on soybeans	(Jun. 2009): Licensing agreement, including corn & soybeans	(Jun. 2009): LibertyLink® for oilseeds

- Expanding options for farmers, for example improved weed resistance management using alternative herbicide-tolerant products
- Four comprehensive, long-term licensing agreements for key technologies achieved with renowned partners
- Combined licensing income potential of more than €500 million

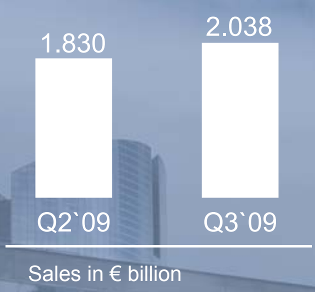
Further Strengthening Our Traits Pipeline With The Acquisition of Athenix Corp.

Athenix

- US biotech company with extensive traits pipeline and powerful gene discovery platform
- Numerous traits for various important crops under development
- 65 employees, incl. several renowned scientists in plant biotechnology
- Purchase price: $365m (nearly €250m) plus milestone payments of up to $35m (approx. €24m)

- Enriching our traits pipeline and strengthen our position as a trait provider and partner of choice for the seed industry
- Potential additional trait fee income to be generated from established Athenix collaborations with large agbiotech players starting mid of next decade
- Expansion of R&D capacity in North America, the most important seed technology market worldwide

Recovery at MaterialScience Visible

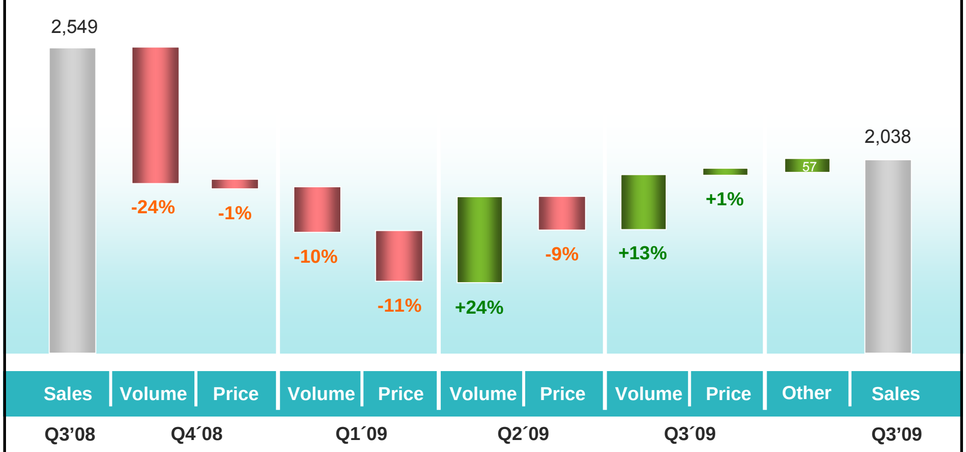


+14%

Fx and portfolio adjusted qoq sales growth

Q3´09 is First Period Since Q2'08 With Both Price And Volume Uptrend Sequentially

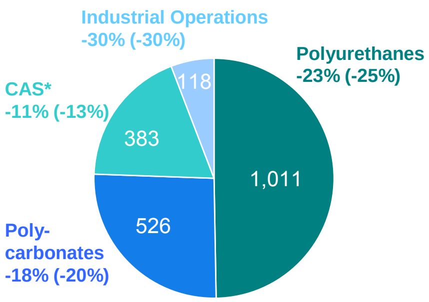
Sales in € million; quarter-on-quarter changes in %



MaterialScience – Recovery Clearly Visible

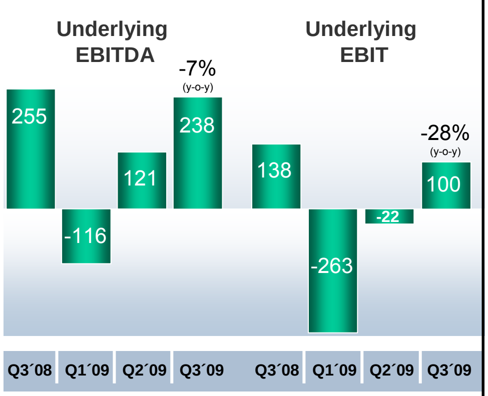
Q3´09 Sales

In € million, Δ% y-o-y



MaterialScience € 2,038m; -20% (-22%)

Earnings



* Coatings, Adhesives and Specialties
( ) Currency & portfolio adjusted

Capitalize on Global Market Trends And Spur Future Growth

Scarce resources
- Energy savings
- Lightweight construction

Climate change
- Energy efficiency
- Fuel efficiency

Mobility
- Lightweight transportation

Growing wealth
- Increasing living standards
- Demand for entertainment

MaterialScience contributions
- Building insulation
- Insulation along the cold chain
- Lightweight roofing
- Materials for solar modules
- Lightweight materials for cars
- Waterborne Coatings
- Automotive glazing
- Foam mattresses
- Blends for electro/electronic housing
- PCS sheets in large-frame screens

Major product examples only

Q3’09 And FY'09 Outlook

Third quarter of 2009

Bayer back on the uptrend: underlying EBITDA above the prior-year period

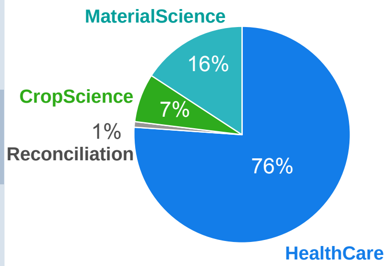
Q3 2009 – Underlying EBITDA Above Prior Year Despite Negative Fx-Effect

Key Figures

In € million, Δ% y-o-y

	Sales 7,392	EBITDA* 1,499	EBIT* 837	Core EPS €0.78
Δ%	- 7%	+0.4%	- 6%	-8%
Δ% Adj. **	- 7%			

Underlying EBITDA by Subgroup

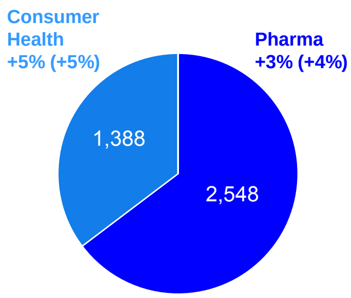


* Before special items
** Currency & portfolio adjusted

HealthCare – Again With Strong Quarter

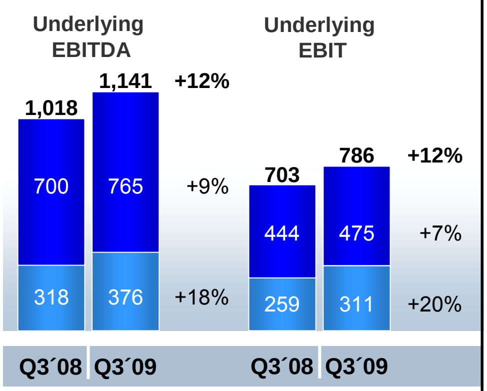
Q3´09 Sales

In € million, Δ% y-o-y



HealthCare € 3,936m; +4% (+4%)

Earnings

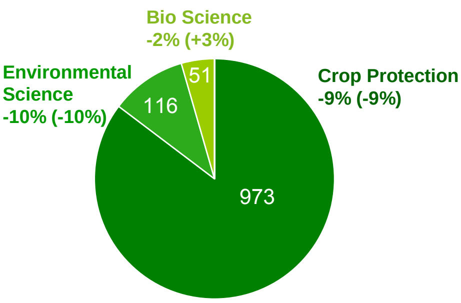


( ) Currency & portfolio adjusted

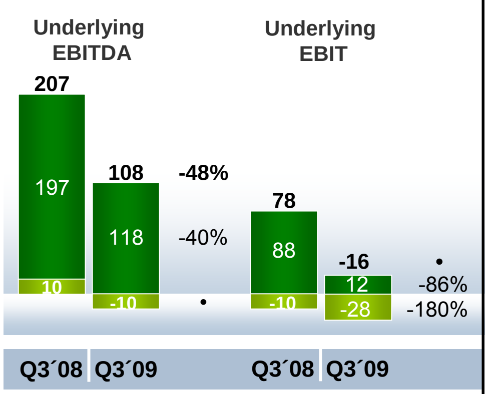
CropScience – Nine Months Sales Above Prior Year Despite Weaker Quarter

Q3´09 Sales	Earnings

In € million, Δ% y-o-y



CropScience € 1,140m; -9% (-8%)

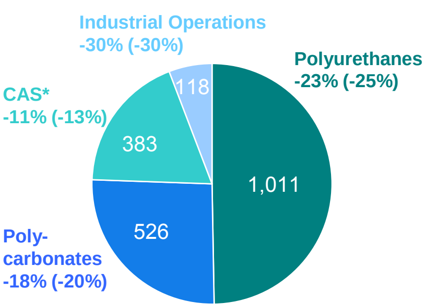


( ) Currency & portfolio adjusted

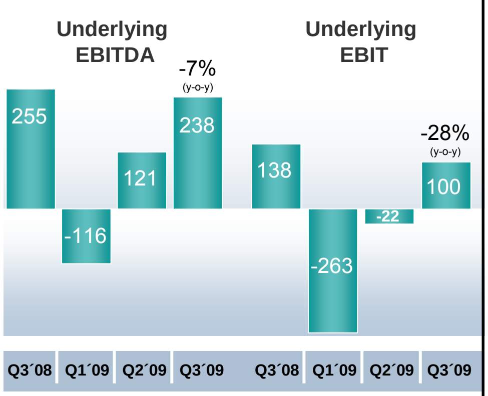
MaterialScience – Recovery Clearly Visible

Q3´09 Sales	Earnings

In € million, Δ% y-o-y



MaterialScience € 2,038m; -20% (-22%)



* Coatings, Adhesives and Specialties
( ) Currency & portfolio adjusted

Cash Flow And Net Debt Development

Q3´09 Cash Flow

In € million

	GCF	NCF cont.	Invest-ments	oFCF
	1, 172	1,517	420	1,097
Δ % y-o-y	0%	+23%	-15%	+48%

Net Debt Development

In € billion

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**
  Slight growth in Q4 versus strong prior year quarter and improvement of full year underlying EBITDA margin towards 28%
- **CropScience – updated**
  Higher sales in Q4 and FY 2009, underlying EBITDA margin between 23 and 24% (prev. 25%)
- **MaterialScience – updated**
  Q4´09 underlying EBITDA below Q3´09 level but well above Q4´08

The New Bayer

- Well-proven strategy
- Significant pharma newsflow expected
- Fundamental growth drivers for CropScience intact
- Recovery at MaterialScience visible

Reporting Events and AGM

Date	Event	Publication
Wednesday, February 24, 2010	Supervisory Board Meeting	Dividend Proposal
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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