150 Years
Science For A Better Life

→ COVER PICTURE

Stockholders' Newsletter

FINANCIAL REPORT AS OF MARCH 31, 2013 AND
REPORT ON THE ANNUAL STOCKHOLDERS' MEETING ON APRIL 26, 2013 IN COLOGNE

First quarter of 2013:
Bayer: Life Sciences off to a good start in anniversary year

CONTENTS

For direct access to a chapter, simply click on its name

Bayer Group Key Data

	1st Quarter 2012	1st Quarter 2013	Change	Full Year 2012
	€ million	€ million	%	€ million
Sales	**10,054**	**10,266**	**+2.1**	**39,741**
Change in sales				
Volume	+5.1%	+1.4%		+4.7%
Price	+0.1%	+2.3%		+0.6%
Currency	+2.2%	−1.8%		+4.0%
Portfolio	−0.6%	+0.2%		−0.5%
EBIT[1]	**1,631**	**1,771**	**+8.6**	**3,928**
Special items	*(169)*	*(45)*		*(1,711)*
EBIT before special items[2]	***1,800***	***1,816***	***+0.9***	***5,639***
EBIT margin before special items[3]	17.9%	17.7%		14.2%
EBITDA[4]	**2,378**	**2,416**	**+1.6**	**6,916**
Special items	*(65)*	*(37)*		*(1,364)*
EBITDA before special items[2]	***2,443***	***2,453***	***+0.4***	***8,280***
EBITDA margin before special items[3]	24.3%	23.9%		20.8%
Financial result	**(188)**	**(190)**	**−1.1**	**(752)**
Net income	**1,040**	**1,160**	**+11.5**	**2,403**
Earnings per share (€)	1.26	1.40	+11.1	2.90
Core earnings per share (€)[5]	1.67	1.70	+1.8	5.30
Gross cash flow[6]	**1,600**	**1,807**	**+12.9**	**4,556**
Net cash flow[7]	**237**	**327**	**+38.0**	**4,531**
Cash outflows for capital expenditures	**256**	**365**	**+42.6**	**1,930**
Research and development expenses	**699**	**723**	**+3.4**	**3,013**
Depreciation, amortization and impairments	**747**	**645**	**−13.7**	**2,988**
Number of employees at end of period[8]	**111,600**	**111,600**	**0.0**	**110,000**
Personnel expenses (including pension expenses)	2,289	2,370	+3.5	9,195

2012 figures restated
In some cases, the sum of the figures given in this report may not precisely equal the stated totals and percentages may not be exact due to rounding.
[1] EBIT = earnings before financial result and taxes
[2] EBIT before special items and EBITDA before special items are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company considers EBITDA before special items to be a more suitable indicator of operating performance since it is not affected by depreciation, amortization, impairments or special items. By reporting this indicator, the company aims to give readers a clearer picture of the results of operations and ensure greater comparability of data over time. See also Chapter 6 "Calculation of EBIT(DA) before special items."
[3] The EBIT(DA) margin before special items is calculated by dividing EBIT(DA) before special items by sales.
[4] EBITDA = EBIT plus amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment, minus impairment loss reversals.
[5] Core earnings per share are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company considers that this indicator gives readers a clearer picture of the results of operations and ensures greater comparability of data over time. The calculation of core earnings per share is explained in Chapter 7 "Core Earnings per Share."
[6] Gross cash flow = income after taxes, plus income taxes, plus financial result, minus income taxes paid or accrued, plus depreciation, amortization and impairment losses, minus impairment loss reversals, plus/minus changes in pension provisions, minus gains/plus losses on retirements of noncurrent assets, minus gains from the remeasurement of already held assets in step acquisitions. The change in pension provisions includes the elimination of non-cash components of EBIT. It also contains benefit payments during the year. For details see Chapter 8 "Financial Position of the Bayer Group."
[7] Net cash flow = cash flow from operating activities according to IAS 7
[8] Full-time equivalents

COVER PICTURE

Bayer celebrates its 150th anniversary this year. To mark the occasion, Bayer commissioned the construction of an airship in the corporate colors, emblazoned with the Bayer Cross and the company's mission "Science For A Better Life." It is serving as a global brand ambassador, taking to the sky above a number of major cities in Germany and around the world.

First quarter of 2013:

Bayer: Life Sciences off to a good start in anniversary year

- New pharmaceutical products spur growth at HealthCare, continuing strong development at CropScience, cost pressure at MaterialScience
- Group sales €10.3 billion (Fx & portfolio adj. +3.7%)
- EBIT €1.8 billion (+8.6%)
- EBITDA before special items €2.5 billion (+0.4%)
- Net income €1.2 billion (+11.5%)
- Gratifying development in Emerging Markets (Fx adj. +6.8%)
- Group outlook for 2013 confirmed

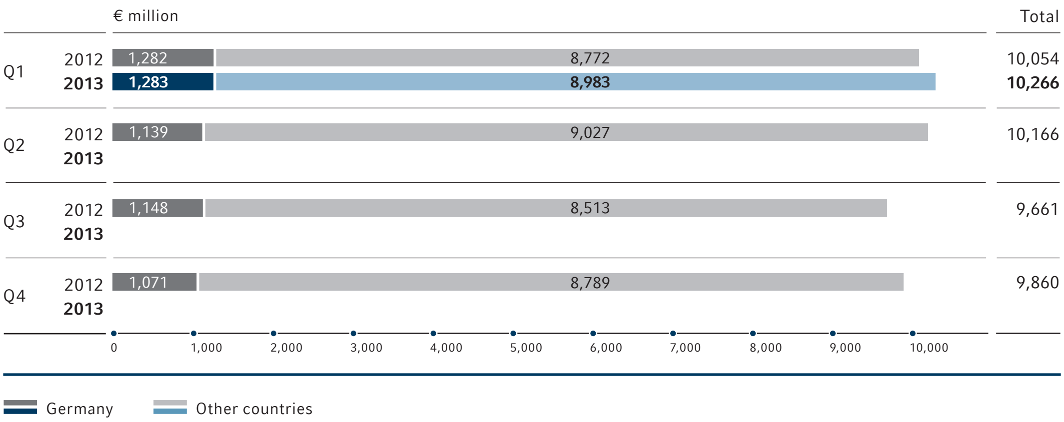
The main feature of the first quarter of 2013 was the positive development of our Life Sciences businesses. HealthCare benefited from the continuing success of new product launches in Pharmaceuticals and strong growth in Consumer Care. CropScience saw profitable growth in a persistently favorable market environment. At MaterialScience, sales were level with the prior year, but earnings were held back by higher raw material prices, lower volumes, and costs for a maintenance shutdown. Our business in the Emerging Markets* continued to expand strongly, especially in the BRIC countries.

*for definition see Chapter 9 "Growth and Innovation"

1. Overview of Sales, Earnings and Financial Position

FIRST QUARTER OF 2013

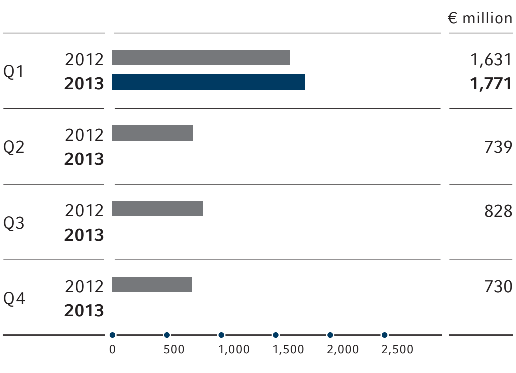
Bayer Group Quarterly Sales [Graphic 1]



2012 figures restated

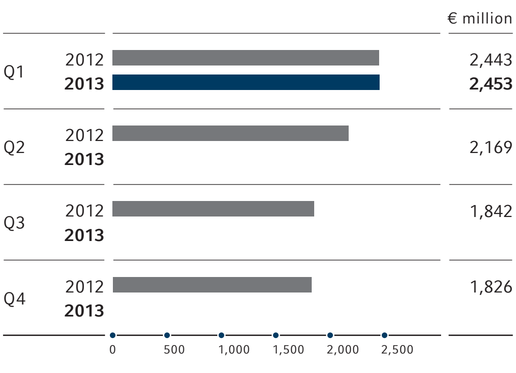
Sales of the Bayer Group advanced by 3.7% after adjusting for currency and portfolio effects (Fx & portfolio adj.) in the first quarter of 2013 to €10,266 million (reported: +2.1%; Q1 2012: €10,054 million). Sales of HealthCare climbed by 4.9% (Fx & portfolio adj.) to €4,443 million (reported: +2.3%; Q1 2012: €4,341 million). CropScience raised sales by 7.2% (Fx & portfolio adj.) against the prior-year quarter to €2,764 million (reported: +5.9%; Q1 2012: €2,610 million). Sales of MaterialScience were flat with the prior-year period at €2,775 million (Fx & portfolio adj. +0.3%; reported: −0.4%; Q1 2012: €2,787 million).

Bayer Group Quarterly EBIT [Graphic 2]



2012 figures restated

Bayer Group Quarterly EBITDA Before Special Items [Graphic 3]

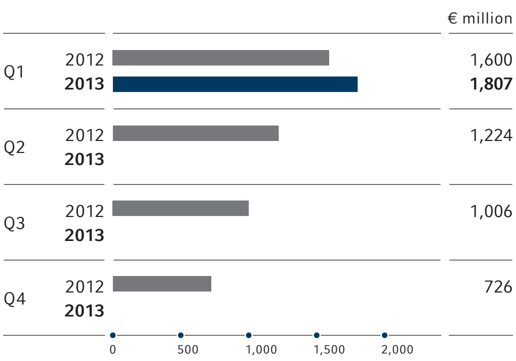


2012 figures restated

EBIT of the Bayer Group grew by 8.6% to €1,771 million (Q1 2012: €1,631 million). Special items, which in the first quarter of 2013 resulted entirely from restructuring measures, amounted to minus €45 million (total special items in Q1 2012: minus €169 million). EBIT before special items of the Bayer Group came in at €1,816 million (+0.9%; Q1 2012: €1,800 million). **EBITDA** before special items was level with the prior-year period at €2,453 million (+0.4%; Q1 2012: €2,443 million). HealthCare improved EBITDA before special items by 8.1% to €1,277 million (Q1 2012: €1,181 million), due particularly to the good business development at Pharmaceuticals and Consumer Care. EBITDA before special items of CropScience grew by 9.9% to €1,081 million (Q1 2012: €984 million), largely as a result of price rises and volume growth. EBITDA before special items of MaterialScience receded by 26.9% to €204 million (Q1 2012: €279 million) as a consequence of increases in raw material prices, lower volumes, and high costs for a maintenance shutdown. In the Reconciliation, EBITDA before special items was diminished mainly by expenses of €36 million for stock-based compensation (LTI) and by costs related to our 150th anniversary celebrations, and came in at minus €109 million (Q1 2012: minus €1 million).

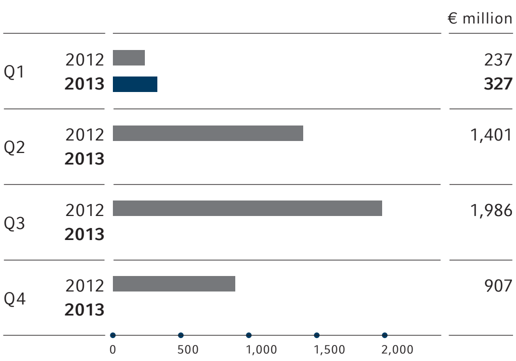
After a **financial result** of minus €190 million (Q1 2012: minus €188 million), **income before income taxes** rose by 9.6% to €1,581 million (Q1 2012: €1,443 million). Among the components of the financial result, interest expense was lower at €63 million (Q1 2012: €96 million), while the interest cost for pension and other provisions amounted to €80 million (Q1 2012: €87 million); exchange losses of €39 million (Q1 2012: €3 million) had a negative effect. After tax expense of €419 million (Q1 2012: €402 million) and non-controlling interest, **net income** in the first quarter of 2013 advanced by 11.5% against the prior-year period to €1,160 million (Q1 2012: €1,040 million). Earnings per share rose to €1.40 (Q1 2012: €1.26), and core earnings per share to €1.70 (Q1 2012: €1.67).

Quarterly Gross Cash Flow [Graphic 4]



2012 figures restated

Quarterly Net Cash Flow [Graphic 5]



2012 figures restated

Gross cash flow in the first quarter of 2013 moved ahead by 12.9% to €1,807 million (Q1 2012: €1,600 million), mainly as a result of lower taxes. There was a largely seasonal increase of €1.5 billion (Q1 2012: €1.4 billion) in cash tied up in working capital. Net cash flow advanced by 38.0% to €327 million (Q1 2012: €237 million).

Net financial debt rose from €7.0 billion on December 31, 2012 to €7.5 billion on March 31, 2013, mainly because of cash outflows for operating activities. The net amount recognized for post-employment benefits increased from €9.2 billion on December 31, 2012, to €9.4 billion, largely as a result of lower long-term capital market interest rates in Germany and the United Kingdom.

2. Economic Outlook

Economic Outlook [Table 1]

	Growth* in 2012	Growth* forecast for 2013
World	+2.6%	+2.6%
European Union	−0.3%	0.0%
of which Germany	+0.7%	+0.4%
United States	+2.2%	+1.8%
Emerging Markets**	+4.9%	+5.3%

* real GDP growth, source: Global Insight; source for Germany: Federal Ministry of Economics and Technology
** including about 50 countries defined by Global Insight as Emerging Markets in line with the World Bank
As of April 2013

The prospects for the **global economy** remain uncertain. The economic weakness in Europe will probably continue in view of the ongoing debt crisis. On the other hand, the Emerging Markets are predicted to grow somewhat faster this year than last. While in Japan the pace of economic growth is likely to slacken, the U.S. economy should continue to recover at a moderate pace.

Economic Outlook for the Subgroups [Table 2]

	Growth* in 2012	Growth* forecast for 2013
HealthCare		
Pharmaceuticals market	+3%	+3%
Consumer care market	+4%	+4%
Medical care market	0%	−2%
Animal health market	+4%	+5%
CropScience		
Seed and crop protection markets	> 10%	≥ 5%
MaterialScience (main customer industries)		
Automotive	+6%	+2%
Construction	+3%	+4%
Electrical/electronics	+3%	+5%
Furniture	+4%	+5%

* Bayer's estimate (except pharmaceuticals market; source: IMS Health, IMS Market Prognosis). Copyright 2013. All rights reserved; currency-adjusted; certain 2012 data provisional
As of April 2013

We expect that growth in the **pharmaceuticals market** in 2013 will continue to be driven by Emerging Markets such as China, Brazil, India and Russia. The United States and a number of European countries remain likely to experience declines as a result of persistently restrictive health system policies.

We expect the **consumer care market** to expand at the same pace in 2013 as in the previous year, with higher rates of increase in the Emerging Markets but slower growth in Europe and North America. We anticipate that the **medical care market** will shrink slightly in 2013 compared to 2012. Here we expect the diabetes care market to decline, while the market for our radiology and interventional business should slightly expand. We continue to expect the **animal health market** as a whole to grow in 2013 at a rate comparable to prior years.

Based on persistently high prices for agricultural commodities, we anticipate slightly weaker but nonetheless positive development overall in the global **seed and crop protection market** in 2013, with growth impetus coming mainly from Latin American and Eastern European markets. In North America, too, the crop protection market is predicted to expand.

The forecast for the principal global customer industries of **MaterialScience** is currently marked by a high degree of uncertainty. Our planning is nevertheless based on slight growth in these sectors as a whole. The ongoing eurozone crisis, in particular, continues to dampen consumer behavior. By contrast, the gradual market recovery in the United States is likely to have a positive effect. We believe the economic growth momentum will persist in Asia.

3. Sales and Earnings Forecast

The following forecasts for 2013 are based on the business performance described in this report, taking into account the potential risks and opportunities. Further details of the business forecast are given in Chapter 17.3 of the Annual Report 2012.

BAYER GROUP

We confirm our forecast for 2013, which we published at the end of February.

We continue to expect Group sales for the full year 2013 to increase by 4%–5% after adjusting for currency and portfolio effects to approximately €41 billion, based on unchanged currency assumptions. As before, we plan to increase EBITDA before special items by a mid-single-digit percentage and core earnings per share (calculated as explained in Chapter 7) by a high-single-digit percentage.

	Forecast 2013
Group sales*	4%–5% increase to approx. €41 billion
EBITDA before special items	Mid-single-digit percentage increase
Core earnings per share	High-single-digit percentage increase

* currency- and portfolio-adjusted

HEALTHCARE

HealthCare's ongoing priority for 2013 is to successfully commercialize the new pharmaceutical products. We continue to expect sales to advance by a mid-single-digit percentage on a currency- and portfolio-adjusted basis to approximately €19 billion, with an increase in EBITDA before special items. Earnings growth is likely to be restrained by negative currency effects and increasing expenses during the year for research and development and launches of our new products. We aim to slightly improve the EBITDA margin before special items.

In the Pharmaceuticals segment we continue to expect sales to move ahead in 2013 by a mid-single-digit percentage on a currency- and portfolio-adjusted basis to about €11 billion. We plan to increase EBITDA before special items and slightly improve the EBITDA margin before special items.

We continue to predict that sales of the Consumer Health segment will grow by a mid-single-digit percentage on a currency- and portfolio-adjusted basis to around €8 billion. We expect EBITDA before special items to increase and the EBITDA margin before special items to be level with the prior year.

CROPSCIENCE

At CropScience we continue to expect that business growth will outpace the market, with sales advancing by a high-single-digit percentage on a currency- and portfolio-adjusted basis toward €9 billion. We also plan to raise EBITDA before special items by a high-single-digit percentage.

MATERIALSCIENCE

For 2013 we are planning a slight increase in sales on a currency- and portfolio-adjusted basis to about €12 billion. In light of the business development in the first quarter, we are now aiming for EBITDA before special items to approximately match the prior-year figure (previously: further improve).

In the second quarter of 2013, we expect sales to exceed the first quarter and EBITDA before special items to come in significantly higher.

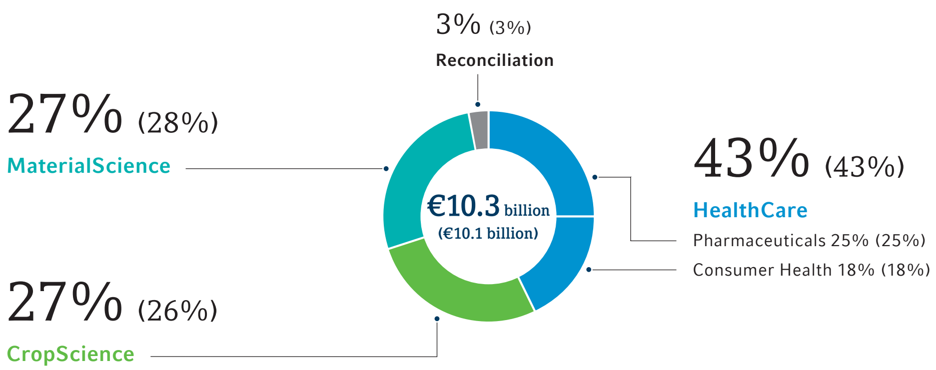
RECONCILIATION

For 2013 we expect sales on a currency- and portfolio-adjusted basis to be level with the previous year. We anticipate EBITDA before special items to be in the region of minus €200 million (2012: minus €127 million).

4. Corporate Structure

Bayer AG, headquartered in Leverkusen, Germany, is the strategic management holding company for the Bayer Group. Business operations are conducted by the HealthCare, CropScience and MaterialScience subgroups.

Sales in the 1st Quarter of 2013 [Graphic 6]



2012 in parentheses

Our subgroups are supported by the Business Services, Technology Services and Currenta service companies, which are reported in the reconciliation as “All Other Segments” along with “Corporate Center and Consolidation.”

Key Data by Subgroup and Segment [Table 3]

	Sales		EBIT		EBITDA before special items*	
	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013
	€ million	€ million	€ million	€ million	€ million	€ million
HealthCare	**4,341**	**4,443**	**741**	**922**	**1,181**	**1,277**
Pharmaceuticals	2,517	2,564	505	601	740	832
Consumer Health	1,824	1,879	236	321	441	445
CropScience	**2,610**	**2,764**	**854**	**964**	**984**	**1,081**
MaterialScience	**2,787**	**2,775**	**121**	**42**	**279**	**204**
Reconciliation	**316**	**284**	**(85)**	**(157)**	**(1)**	**(109)**
Group	**10,054**	**10,266**	**1,631**	**1,771**	**2,443**	**2,453**

2012 figures restated
* For definition see Chapter 6 “Calculation of EBIT(DA) Before Special Items.”

5. Business Development by Subgroup, Segment and Region

5.1 HealthCare

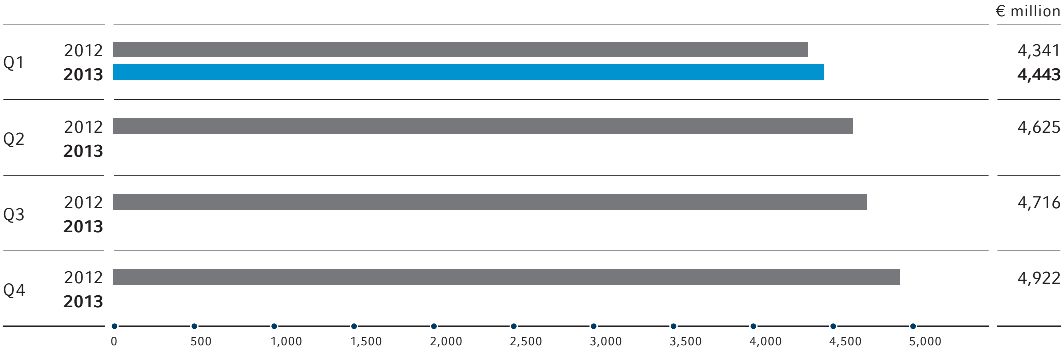
Key Data – HealthCare [Table 4]

	1st Quarter 2012	1st Quarter 2013	Change	
	€ million	€ million	%	Fx (& p) adj. %
Sales	**4,341**	**4,443**	**+2.3**	**+4.9**
Change in sales				
Volume	+2.3%	+4.2%		
Price	−0.2%	+0.7%		
Currency	+2.4%	−2.6%		
Portfolio	−0.3%	0.0%		
Sales by segment				
Pharmaceuticals	2,517	2,564	+1.9	+5.0
Consumer Health	1,824	1,879	+3.0	+4.8
Sales by region				
Europe	1,601	1,622	+1.3	+1.5
North America	1,125	1,176	+4.5	+5.2
Asia/Pacific	923	993	+7.6	+13.5
Latin America/Africa/Middle East	692	652	−5.8	+0.7
EBIT	**741**	**922**	**+24.4**	
Special items	*(120)*	*(31)*		
EBIT before special items*	***861***	***953***	***+10.7***	
EBITDA*	**1,164**	**1,253**	**+7.6**	
Special items	*(17)*	*(24)*		
EBITDA before special items*	***1,181***	***1,277***	***+8.1***	
EBITDA margin before special items*	27.2%	28.7%		
Gross cash flow**	**804**	**887**	**+10.3**	
Net cash flow**	**499**	**805**	**+61.3**	

2012 figures restated
Fx (& p) adj. = currency- (and portfolio-)adjusted (Fx & p adj.: Sales and Sales by segment; Fx adj.: Sales by region)
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales of the **HealthCare** subgroup increased by 4.9% (Fx & portfolio adj.) in the first quarter of 2013, to €4,443 million (reported: +2.3%). This positive development was primarily driven by our new pharmaceutical products. Our Consumer Care Division also experienced a strong quarter. Sales in the Emerging Markets, particularly those of Asia and Eastern Europe, maintained their momentum, posting double-digit growth rates.

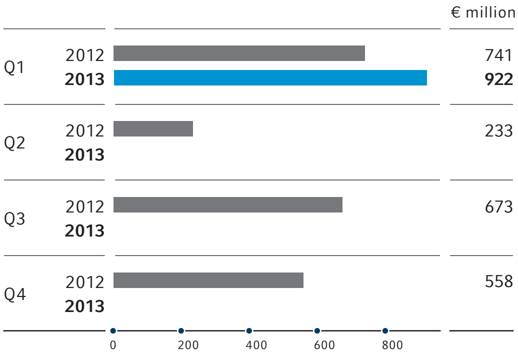
HealthCare Quarterly Sales [Graphic 7]



2012 figures restated

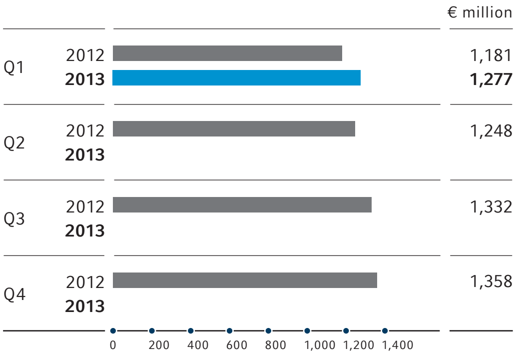
EBIT of HealthCare rose by 24.4% in the first quarter of 2013 to €922 million after special items of minus €31 million (Q1 2012: minus €120 million), which in Q1 2013 consisted entirely of restructuring charges. EBIT before special items advanced by 10.7% to €953 million. **EBITDA** before special items improved by 8.1% to €1,277 million. The higher earnings were mainly attributable to the good business development at Pharmaceuticals and Consumer Care. However, earnings development was held back by higher selling expenses.

HealthCare Quarterly EBIT [Graphic 8]



2012 figures restated

HealthCare Quarterly EBITDA Before Special Items [Graphic 9]



2012 figures restated

PHARMACEUTICALS

Key Data – Pharmaceuticals [Table 5]

	1st Quarter 2012	1st Quarter 2013	Change	
	€ million	€ million	%	Fx (& p) adj. %
Sales	**2,517**	**2,564**	**+1.9**	**+5.0**
Sales by region				
Europe	908	907	−0.1	+0.1
North America	545	576	+5.7	+6.2
Asia/Pacific	643	700	+8.9	+15.7
Latin America/Africa/Middle East	421	381	−9.5	−2.9
EBIT	**505**	**601**	**+19.0**	
Special items	*(15)*	*(9)*		
EBIT before special items*	***520***	***610***	***+17.3***	
EBITDA*	**725**	**830**	**+14.5**	
Special items	*(15)*	*(2)*		
EBITDA before special items*	***740***	***832***	***+12.4***	
EBITDA margin before special items*	29.4%	32.4%		
Gross cash flow**	**488**	**582**	**+19.3**	
Net cash flow**	**318**	**553**	**+73.9**	

2012 figures restated
Fx (& p) adj. = currency- (and portfolio-)adjusted (Fx & p adj.: Sales; Fx adj.: Sales by region)
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

In the first quarter of 2013, **sales** in our **Pharmaceuticals** segment rose by 5.0% (Fx & portfolio adj.) to €2,564 million. Our new products Xarelto™, Eylea™ and Stivarga™ made a particularly strong contribution with sales of €244 million (Q1 2012: €42 million). In regional terms, our pharmaceuticals business expanded mainly in China, Germany and the United States.

Best-Selling Pharmaceuticals Products [Table 6]

	1st Quarter 2012	1st Quarter 2013	Change	
	€ million	€ million	%	Fx adj. %
Kogenate™	295	301	+2.0	+3.7
Betaferon™/Betaseron™	276	254	−8.0	−6.9
YAZ™/Yasmin™/Yasminelle™	244	206	−15.6	−12.5
Nexavar™	186	173	−7.0	−4.1
Mirena™	160	166	+3.8	+4.9
Adalat™	158	155	−1.9	+3.4
Xarelto™	42	155	+269.0	+274.3
Avalox™/Avelox™	131	115	−12.2	−11.7
Aspirin™ Cardio	108	102	−5.6	−3.1
Glucobay™	84	101	+20.2	+20.3
Levitra™	75	68	−9.3	−6.5
Eylea™	0	49	–	–
Cipro™/Ciprobay™	51	46	−9.8	−6.9
Zetia™	47	41	−12.8	+3.7
Stivarga™	0	40	–	–
Total	**1,857**	**1,972**	**+6.2**	**+4.0**
Proportion of Pharmaceuticals sales	74%	77%		

Fx adj. = currency-adjusted

Our anticoagulant Xarelto™ continued to post very gratifying sales gains, especially in Germany and France, following indication expansions. Strong sales increases were also registered in the United States, where the product is marketed by our distribution partner Janssen Pharmaceuticals, Inc. Eylea™, our medicine to treat wet age-related macular degeneration, met with success in the early launch phase in Japan and Australia. Our cancer drug Stivarga™ contributed significantly to sales growth following its successful launch in the United States.

Sales of our oral diabetes treatment Glucobay™ once again climbed significantly as a result of the continuous expansion of distribution activities in China. Business with our hormone-releasing intrauterine device Mirena™ edged forward despite a strong prior-year quarter in the United States. Growth in sales of our blood-clotting drug Kogenate™ was largely the result of higher volumes. Sales of Adalat™ to treat high blood pressure and coronary heart disease rose in China.

Sales of our YAZ™/Yasmin™/Yasminelle™ line of oral contraceptives were hampered above all by generic competition in Western Europe. Business with our multiple sclerosis drug Betaferon™/Betaseron™ was down as expected due to lower volumes, particularly in the United States and Brazil. Sales of the antibiotic Avelox™ and our erectile dysfunction treatment Levitra™ receded, mainly as a result of lower demand. We also registered a decline in sales of our cancer drug Nexavar™, mainly due to inventory reductions at specialized oncology centers in the United States. Sales of Aspirin™ Cardio to prevent heart attacks rose in some countries, particularly China, although business with Aspirin™ Cardio was down overall.

EBIT of the Pharmaceuticals segment climbed by 19.0% in the first quarter of 2013 to €601 million after special items of minus €9 million (Q1 2012: minus €15 million). EBIT before special items rose by 17.3% to €610 million. **EBITDA** before special items moved ahead by 12.4% to €832 million. The increase in earnings was mainly driven by the strong sales gains for our new products and a drop in production costs resulting from an improved product mix. On the other hand, earnings were negatively impacted by higher expenses for marketing our new products.

CONSUMER HEALTH

Key Data – Consumer Health [Table 7]

	1st Quarter 2012	1st Quarter 2013	Change	
	€ million	€ million	%	Fx (& p) adj. %
Sales	**1,824**	**1,879**	**+3.0**	**+4.8**
Consumer Care	886	955	+7.8	+9.5
Medical Care	619	597	−3.6	−1.6
Animal Health	319	327	+2.5	+3.4
Sales by region				
Europe	693	715	+3.2	+3.3
North America	580	600	+3.4	+4.3
Asia/Pacific	280	293	+4.6	+8.6
Latin America/Africa/Middle East	271	271	0.0	+6.3
EBIT	**236**	**321**	**+36.0**	
Special items	*(105)*	*(22)*		
EBIT before special items*	***341***	***343***	***+0.6***	
EBITDA*	**439**	**423**	**−3.6**	
Special items	*(2)*	*(22)*		
EBITDA before special items*	***441***	***445***	***+0.9***	
EBITDA margin before special items*	24.2%	23.7%		
Gross cash flow**	**316**	**305**	**−3.5**	
Net cash flow**	**181**	**252**	**+39.2**	

2012 figures restated
Fx (& p) adj. = currency- (and portfolio-)adjusted (Fx & p adj.: Sales; Fx adj.: Sales by region)
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales in the **Consumer Health** segment improved by 4.8% (Fx & portfolio adj.) in the first quarter of 2013 to €1,879 million. This positive development was mainly attributable to sales growth in the Consumer Care Division, especially in the Emerging Markets.

Best-Selling Consumer Health Products [Table 8]

	1st Quarter 2012	1st Quarter 2013	Change	
	€ million	€ million	%	Fx adj. %
Contour™ (Medical Care)	166	170	+2.4	+2.6
Advantage™ product line (Animal Health)	122	123	+0.8	+1.7
Aspirin™* (Consumer Care)	115	116	+0.9	+2.6
Ultravist™ (Medical Care)	76	78	+2.6	+2.9
Bepanthen™/Bepanthol™ (Consumer Care)	67	76	+13.4	+13.9
Aleve™/naproxen (Consumer Care)	70	75	+7.1	+7.6
Canesten™ (Consumer Care)	56	62	+10.7	+11.6
Gadovist™/Gadavist™ (Medical Care)	47	50	+6.4	+5.7
Alka-Seltzer Plus™ (Consumer Care)	21	41	+95.2	–
Baytril™ (Animal Health)	39	40	+2.6	+4.2
Total	**779**	**831**	**+6.7**	**+7.5**
Proportion of Consumer Health sales	43%	44%		

2012 figures restated
Fx adj. = currency-adjusted
* Total sales of Aspirin™ (including Aspirin™ Complex) and including Aspirin™ Cardio, which is reflected in sales of the Pharmaceuticals segment, decreased by 2.2% (Fx adj. −0.1%) in Q1 2013 to €218 million (Q1 2012: €223 million).

Sales in our **Consumer Care** Division rose by 9.5% (Fx & portfolio adj.) to €955 million. Our cold medicine Alka-Seltzer Plus™ saw pleasing growth in sales as a result of a strong cold season. Business with our Bepanthen™/Bepanthol™ line of skincare products and our antifungal Canesten™ benefited from higher volumes in Europe. Sales of our analgesics Aleve™/naproxen and Aspirin™ advanced particularly in Latin America thanks to marketing activities.

Sales of the **Medical Care** Division fell slightly by 1.6% (Fx & portfolio adj.) to €597 million. Our Diabetes Care business declined slightly overall, particularly as a result of price and reimbursement pressure. However, we registered growth in sales of our Contour™ line of blood glucose meters, mainly due to the launch of Contour™ Next in Germany and the United States. Sales of our Radiology and Interventional unit were slightly below the prior-year period.

Sales in the **Animal Health** Division rose by 3.4% (Fx & portfolio adj.) to €327 million. Growth was mainly attributable to the launch of our Seresto™ flea and tick collar in the United States. Business with our Advantage™ line of flea, tick and worm control products showed a slight increase, particularly in the United States.

EBIT of the **Consumer Health** segment improved by a substantial 36.0% in the first quarter of 2013 to €321 million. This increase resulted from the considerably lower special items of minus €22 million (Q1 2012: minus €105 million), which in Q1 2013 were due to restructuring. EBIT before special items was just slightly above the prior-year period at €343 million (+0.6%). **EBITDA** before special items also showed a slight increase to €445 million (+0.9%), the earnings increase from the growth in sales being largely offset by higher marketing expenses in all divisions combined with a one-time effect.

5.2 CropScience

Key Data – CropScience [Table 9]

	1st Quarter 2012	1st Quarter 2013	Change	
	€ million	€ million	%	Fx (& p) adj. %
Sales	**2,610**	**2,764**	**+5.9**	**+7.2**
Change in sales				
Volume	+13.7%	+3.9%		
Price	+0.7%	+3.3%		
Currency	+2.0%	−1.6%		
Portfolio	−0.8%	+0.3%		
Sales by business group				
Crop Protection/Seeds	2,423	2,600	+7.3	+8.5
Environmental Science	187	164	−12.3	−10.2
Sales by region				
Europe	1,052	1,077	+2.4	+2.8
North America	867	984	+13.5	+14.3
Asia/Pacific	344	341	−0.9	+4.9
Latin America/Africa/Middle East	347	362	+4.3	+7.2
EBIT	**854**	**964**	**+12.9**	
Special items	*(10)*	*(5)*		
EBIT before special items*	***864***	***969***	***+12.2***	
EBITDA*	**975**	**1,077**	**+10.5**	
Special items	*(9)*	*(4)*		
EBITDA before special items*	***984***	***1,081***	***+9.9***	
EBITDA margin before special items*	37.7%	39.1%		
Gross cash flow**	**681**	**743**	**+9.1**	
Net cash flow**	**(655)**	**(817)**	**−24.7**	

2012 figures restated

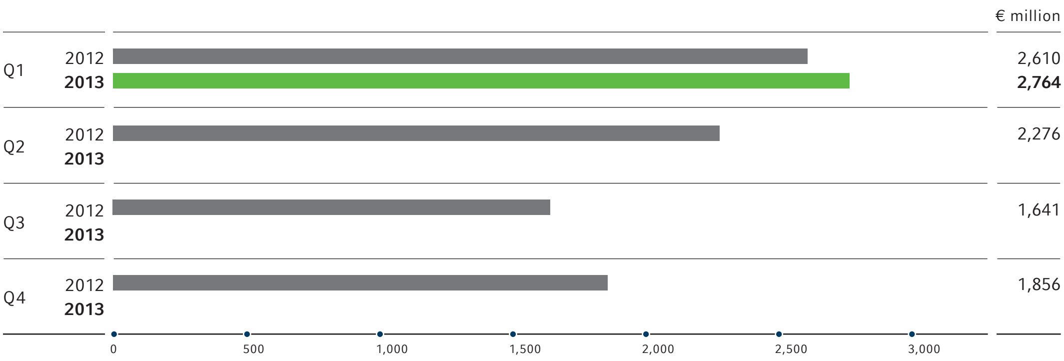
Fx (& p) adj. = currency- (and portfolio-)adjusted (Fx & p adj.: Sales and Sales by business group; Fx adj.: Sales by region)

* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."

** For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales of the **CropScience** subgroup increased in the first quarter of 2013 by 7.2% on a currency- and portfolio-adjusted basis (reported +5.9%) to €2,764 million despite a late start to the season in the northern hemisphere. Growth was particularly strong in North America, but the other regions also showed positive development. Our business continued to be supported by the persistently high price levels for agricultural commodities.

CropScience Quarterly Sales [Graphic 10]



Sales in **Crop Protection/Seeds** rose in the first quarter of 2013 by 8.5% (Fx & portfolio adj.) against the prior-year period, to €2,600 million.

The **Crop Protection business** posted sales growth of 10.6% (Fx & portfolio adj.) and developed positively in all business units and regions. The steepest percentage increase occurred in SeedGrowth, our business with seed treatment products, largely as a result of higher product sales for application in corn and soybeans in the United States. The herbicides business also registered double-digit growth. The fungicides business benefited particularly from sales of our Prosaro™ product family. Insecticides sales also advanced, especially those of the Belt™ family.

Sales – Crop Protection/Seeds [Table 10]

	1st Quarter 2012	1st Quarter 2013	Change	
	€ million	€ million	%	Fx & p adj. %
Sales				
Herbicides	848	947	+11.7	+13.3
Fungicides	554	597	+7.8	+8.7
Insecticides	336	342	+1.8	+4.8
SeedGrowth	199	225	+13.1	+14.6
Crop Protection	1,937	2,111	+9.0	+10.6
Seeds	486	489	+0.6	+0.2
Crop Protection/Seeds	**2,423**	**2,600**	**+7.3**	**+8.5**

Fx & p adj. = currency- and portfolio-adjusted

Sales in **Europe** moved ahead by 4.5% (Fx adj.) to €940 million, mainly due to higher sales of fungicides in France and Ukraine. SeedGrowth sales also increased, driven by the positive development of our products for oilseed rape seed in Germany. European sales in the Insecticides and Herbicides units came in level with the prior-year period despite unfavorable weather conditions.

We achieved strong growth in **North America** in the first quarter of 2013. Sales climbed by 28.2% (Fx adj.) to €550 million. We considerably grew the business particularly in the United States, mainly through higher sales of corn herbicides. We were also successful in Canada, where apart from strong growth in Fungicides, the Herbicides and SeedGrowth businesses also developed very positively.

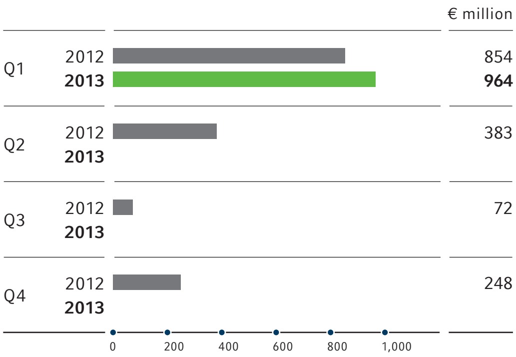
Sales in the **Asia/Pacific** region grew by 8.1% (Fx adj.) to €303 million. Here the increase was largely attributable to a sales increase in the Herbicides unit, especially for products used on rice and plantation crops. Sales improved markedly in India, China and Japan. Business in Australia was down against the strong prior-year quarter, which featured the launch of our Sakura™ herbicide for control of grass weeds.

Sales in the **Latin America/Africa/Middle East** region moved forward by 6.9% (Fx adj.) year on year to €318 million driven by growth in Latin America, especially Brazil. The Fungicides and Insecticides units turned in particularly strong performances, especially with products for soybeans. Sales in Argentina declined, mainly as a result of adverse weather conditions. Business in Africa was in line with the prior-year quarter, while sales in the Middle East were lower.

Sales of the **Seeds** business unit matched the very strong level of the prior-year quarter at €489 million (Fx & portfolio adj. +0.2%). We achieved higher sales particularly in Latin and North America, and also in Europe. By contrast, business in the Asia/Pacific region receded. The rise in sales of soybean seed did not fully offset the decline in business with cotton seed resulting from reduced cotton acreages. Sales of our vegetable seeds posted gratifying gains.

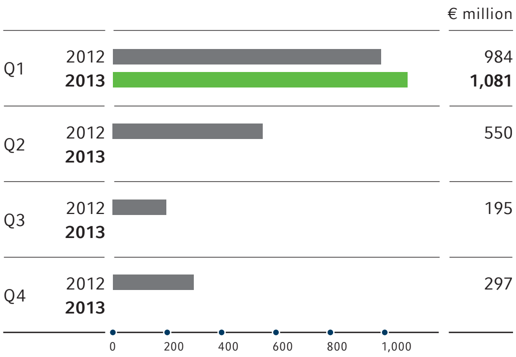
Sales of the **Environmental Science** business unit decreased by 10.2% (Fx & portfolio adj.) in the first quarter of 2013, to €164 million. This was primarily due to the long winter in the northern hemisphere, which held back demand from both professional users and consumers.

CropScience
Quarterly EBIT [Graphic 11]



2012 figures restated

CropScience
Quarterly EBITDA Before Special Items [Graphic 12]



2012 figures restated

EBIT of **CropScience** rose by a substantial 12.9% from €854 million in the prior-year quarter to €964 million in the first quarter of 2013. Special charges of €5 million (Q1 2012: €10 million) were incurred for restructuring at Crop Protection. EBIT before special items advanced by 12.2% to €969 million and **EBITDA** before special items by 9.9% to €1,081 million, mainly as a result of price increases and higher volumes.

5.3 MaterialScience

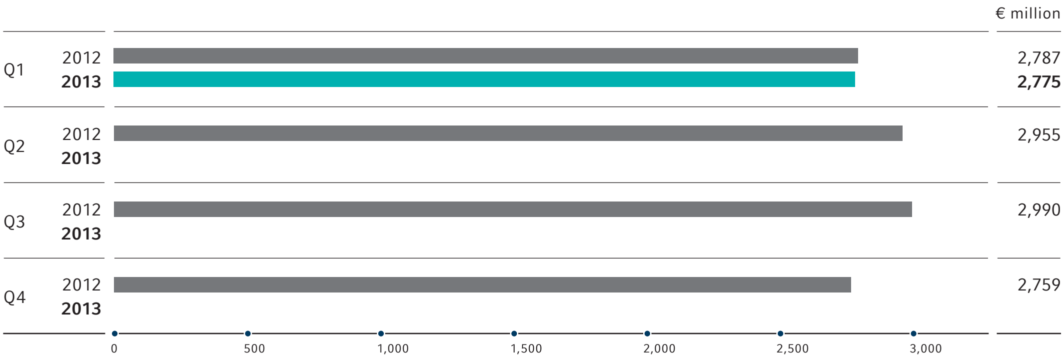
Key Data – MaterialScience [Table 11]

	1st Quarter 2012	1st Quarter 2013	Change	
	€ million	€ million	%	Fx (& p) adj. %
Sales	**2,787**	**2,775**	**−0.4**	**+0.3**
Change in sales				
Volume	+2.8%	−3.9%		
Price	−0.3%	+4.2%		
Currency	+2.2%	−1.0%		
Portfolio	−0.9%	+0.3%		
Sales by business unit				
Polyurethanes	1,423	1,469	+3.2	+4.4
Polycarbonates	705	663	−6.0	−5.8
Coatings, Adhesives, Specialties	483	467	−3.3	−3.1
Industrial Operations	176	176	0.0	+0.6
Sales by region				
Europe	1,130	1,086	−3.9	−3.8
North America	574	594	+3.5	+4.2
Asia/Pacific	724	731	+1.0	+2.3
Latin America/Africa/Middle East	359	364	+1.4	+5.0
EBIT	**121**	**42**	**−65.3**	
Special items	*–*	*(1)*		
EBIT before special items*	***121***	***43***	***−64.5***	
EBITDA*	**279**	**203**	**−27.2**	
Special items	*–*	*(1)*		
EBITDA before special items*	***279***	***204***	***−26.9***	
EBITDA margin before special items*	10.0%	7.4%		
Gross cash flow**	**209**	**177**	**−15.3**	
Net cash flow**	**33**	**(100)**	**.**	

2012 figures restated
Fx (& p) adj. = currency- (and portfolio-)adjusted (Fx & p adj.: Sales and Sales by business unit; Fx adj.: Sales by region)
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

The **MaterialScience** subgroup posted **sales** of €2,775 million in the first quarter of 2013, matching the prior-year period on a currency- and portfolio adjusted basis (+0.3%; reported: −0.4%). An overall increase in selling prices compensated for a drop in volumes in Europe and North America.

MaterialScience Quarterly Sales [Graphic 13]



2012 figures restated

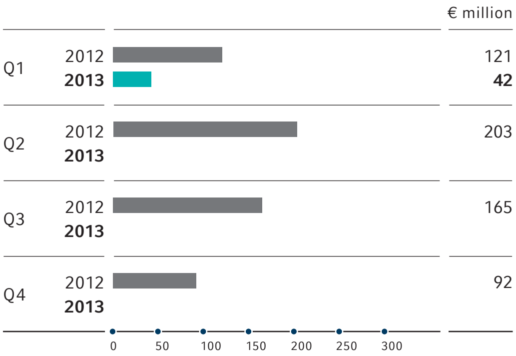
Sales of the **Polyurethanes** business unit rose by 4.4% (Fx & portfolio adj.) to €1,469 million, driven by higher selling prices in all product groups and regions. Volumes declined overall despite increases in Asia/Pacific and Latin America/Africa/Middle East. This was mainly due to lower sales in Europe and a maintenance shutdown in North America. Volumes were down against the prior year for diphenylmethane diisocyanate (MDI) and polyether (PET), but moved higher for toluene diisocyanate (TDI).

Sales in the **Polycarbonates** business unit declined by 5.8% (Fx & portfolio adj.) to €663 million due to lower volumes in nearly all regions. We achieved slightly higher price levels in North America and Europe.

In the **Coatings, Adhesives, Specialties** business unit, sales were down by 3.1% (Fx & portfolio adj.) to €467 million due to lower volumes in all product groups. Selling prices as a whole were flat with the previous year.

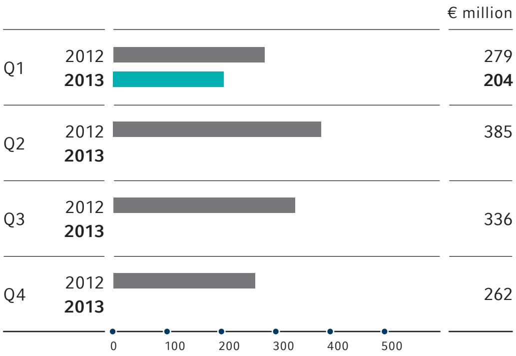
Sales of **Industrial Operations**, at €176 million, came in at the prior-period level (Fx & portfolio adj. +0.6%). Lower volumes were more than offset by higher prices.

MaterialScience
Quarterly EBIT [Graphic 14]



2012 figures restated

MaterialScience
Quarterly EBITDA Before Special Items [Graphic 15]



2012 figures restated

EBIT of **MaterialScience** in the first quarter of 2013 fell to €42 million (Q1 2012: €121 million) after special items of minus €1 million (Q1 2012: €0 million). EBIT before special items amounted to €43 million (–64.5%). **EBITDA** before special items shrank by 26.9% to €204 million. This decline was largely due to a sharp rise in raw material prices. Earnings were also hampered by a drop in volumes and high costs for the maintenance shutdown in North America. Positive factors were price increases and savings from efficiency improvements.

5.4 Business Development by Region

Sales by Region and Segment (by Market)

	Europe				North America			
	1st Quarter 2012	1st Quarter 2013			1st Quarter 2012	1st Quarter 2013		
	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy
HealthCare	**1,601**	**1,622**	**+1.3**	**+1.5**	**1,125**	**1,176**	**+4.5**	**+5.2**
Pharmaceuticals	908	907	−0.1	+0.1	545	576	+5.7	+6.2
Consumer Health	693	715	+3.2	+3.3	580	600	+3.4	+4.3
CropScience	**1,052**	**1,077**	**+2.4**	**+2.8**	**867**	**984**	**+13.5**	**+14.3**
MaterialScience	**1,130**	**1,086**	**−3.9**	**−3.8**	**574**	**594**	**+3.5**	**+4.2**
Group (incl. reconciliation)	**4,065**	**4,043**	**−0.5**	**−0.3**	**2,571**	**2,758**	**+7.3**	**+8.1**

2012 figures restated
yoy = year on year; Fx. adj. = currency-adjusted

6. Calculation of EBIT(DA) Before Special Items

Key performance indicators for the Bayer Group are EBIT before special items and EBITDA before special items. These indicators are reported in order to allow a more accurate assessment of business operations. The special items – comprising effects that are non-recurring or do not regularly recur or attain similar magnitudes – are detailed in the following table. EBITDA, EBITDA before special items and EBIT before special items are not defined in the International Financial Reporting Standards (IFRS) and should therefore be regarded only as supplementary information. The company considers EBITDA before special items to be a more suitable indicator of operating performance since it is not affected by depreciation, amortization, impairments or special items. By reporting this indicator, the company aims to give readers a clearer picture of the results of operations and ensure greater comparability of data over time. The EBITDA margin before special items, which is the ratio of EBITDA before special items to sales, serves as a relative indicator for the internal and external comparison of operational earning power.

Depreciation, amortization and impairments decreased by 13.7% in the first quarter of 2013 to €645 million (Q1 2012: €747 million), comprising €321 million (Q1 2012: €429 million) in amortization and impairments of intangible assets and €324 million (Q1 2012: €311 million) in depreciation and impairments of property, plant and equipment. Included here were impairments of €0 million (Q1 2012: €104 million). Of the €645 million (Q1 2012: €643 million) in depreciation and amortization, €8 million (Q1 2012: €3 million) were included in special items.

[Table 12]

	Asia/Pacific				Latin America/Africa/Middle East				Total			
	1st Quarter 2012	1st Quarter 2013			1st Quarter 2012	1st Quarter 2013			1st Quarter 2012	1st Quarter 2013		
	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy
	923	**993**	**+7.6**	**+13.5**	**692**	**652**	**−5.8**	**+0.7**	**4,341**	**4,443**	**+2.3**	**+4.9**
	643	700	+8.9	+15.7	421	381	−9.5	−2.9	2,517	2,564	+1.9	+5.0
	280	293	+4.6	+8.6	271	271	0.0	+6.3	1,824	1,879	+3.0	+4.9
	344	**341**	**−0.9**	**+4.9**	**347**	**362**	**+4.3**	**+7.2**	**2,610**	**2,764**	**+5.9**	**+7.5**
	724	**731**	**+1.0**	**+2.3**	**359**	**364**	**+1.4**	**+5.0**	**2,787**	**2,775**	**−0.4**	**+0.6**
	1,998	**2,070**	**+3.6**	**+7.9**	**1,420**	**1,395**	**−1.8**	**+3.1**	**10,054**	**10,266**	**+2.1**	**+3.9**

Special Items Reconciliation [Table 13]

	EBIT* 1st Quarter 2012	EBIT* 1st Quarter 2013	EBITDA** 1st Quarter 2012	EBITDA** 1st Quarter 2013
	€ million	€ million	€ million	€ million
Before special items	**1,800**	**1,816**	**2,443**	**2,453**
HealthCare	**(120)**	**(31)**	**(17)**	**(24)**
Impairment losses	(100)	–	–	–
Restructuring	(16)	(31)	(13)	(24)
Litigations	(4)	–	(4)	–
CropScience	**(10)**	**(5)**	**(9)**	**(4)**
Restructuring	(10)	(5)	(9)	(4)
MaterialScience	**–**	**(1)**	**–**	**(1)**
Restructuring	–	(1)	–	(1)
Reconciliation	**(39)**	**(8)**	**(39)**	**(8)**
Restructuring	(13)	(8)	(13)	(8)
Litigations	(26)	–	(26)	–
Total special items	**(169)**	**(45)**	**(65)**	**(37)**
After special items	**1,631**	**1,771**	**2,378**	**2,416**

2012 figures restated
* EBIT = earnings before financial result and taxes
** EBITDA = EBIT plus amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment, minus impairment loss reversals

7. Core Earnings Per Share

Earnings per share according to IFRS are affected by the purchase price allocation for acquisitions and other special factors. To enhance comparability, we also determine core net income after eliminating amortization and impairments of intangible assets, impairments of property, plant and equipment, and special items in EBITDA including the related tax effects.

From this core net income we calculate core earnings per share in the same way as earnings per share. Core earnings per share form the basis for our dividend policy. Core earnings per share in the first quarter of 2013 amounted to €1.70 (Q1 2012: €1.67).

Core Earnings Per Share [Table 14]

	1st Quarter 2012	1st Quarter 2013
	€ million	€ million
EBIT (as per income statements)	**1,631**	**1,771**
Amortization and impairment losses on intangible assets	429	321
Impairment losses on property, plant and equipment	4	0
Special items (other than depreciation, amortization and impairments)	65	37
Core EBIT	**2,129**	**2,129**
Financial result (as per income statements)	(188)	(190)
Income taxes (as per income statements)	(402)	(419)
Tax effects related to amortization, impairments and special items	(160)	(109)
Income after taxes attributable to non-controlling interest (as per income statements)	(1)	(2)
Core net income	**1,378**	**1,409**
	Shares	Shares
Number of issued ordinary shares	**826,947,808**	**826,947,808**
Core earnings per share (€)	**1.67**	**1.70**

2012 figures restated

Core net income, core earnings per share and core EBIT are not defined in IFRS.

8. Financial Position of the Bayer Group

Bayer Group Summary Statements of Cash Flows [Table 15]

	1st Quarter 2012	1st Quarter 2013
	€ million	€ million
Gross cash flow*	**1,600**	**1,807**
Changes in working capital/other non-cash items	(1,363)	(1,480)
Net cash provided by (used in) operating activities (net cash flow)	**237**	**327**
Net cash provided by (used in) investing activities	**(893)**	**(377)**
Net cash provided by (used in) financing activities	**160**	**(165)**
Change in cash and cash equivalents due to business activities	**(496)**	**(215)**
Cash and cash equivalents at beginning of period	**1,767**	**1,698**
Change due to exchange rate movements and to changes in scope of consolidation	5	(4)
Cash and cash equivalents at end of period	**1,276**	**1,479**

2012 figures restated

* Gross cash flow = income after taxes, plus income taxes, plus financial result, minus income taxes paid or accrued, plus depreciation, amortization and impairment losses, minus impairment loss reversals, plus/minus changes in pension provisions, minus gains/plus losses on retirements of noncurrent assets, minus gains from the remeasurement of already held assets in step acquisitions. The change in pension provisions includes the elimination of non-cash components of EBIT. It also contains benefit payments during the year.

OPERATING CASH FLOW

Gross cash flow in the first quarter of 2013 moved ahead by 12.9% against the prior-year period to €1,807 million, mainly because of lower taxes. There was a largely seasonal increase of €1.5 billion (Q1 2012: €1.4 billion) in cash tied up in working capital. Net cash flow advanced by 38.0% to €327 million. The increase in working capital was chiefly the result of a €1,678 million rise in trade accounts receivable, a €424 million decrease in trade accounts payable and a €299 million increase in inventories. Contributing to the net cash flow was the release of €921 million in other working capital, of which €200 million comprised proceeds from the sale of securities held for trading. Net cash flow reflected income tax payments of €346 million (Q1 2012: €304 million).

INVESTING CASH FLOW

Net cash outflow for investing activities in the first quarter of 2013 was €377 million. Disbursements for property, plant and equipment and intangible assets rose by 42.6% to €365 million (Q1 2012: €256 million). Of this amount, HealthCare accounted for €158 million (Q1 2012: €62 million), CropScience for €75 million (Q1 2012: €71 million) and MaterialScience for €104 million (Q1 2012: €99 million). The €122 million (Q1 2012: €48 million) in outflows for acquisitions related to the purchases of U.S.-based Teva Animal Health Inc., German company Prophyta Biologischer Pflanzenschutz GmbH and – in Brazil – soybean seed producer Wehrtec Ltda and the soybean business of Agricola Wehrmann Ltda. The cash inflows from divestitures totaling €17 million (Q1 2012: €27 million) arose from the sale of the hematological oncology portfolio to Genzyme Corp., United States. Cash inflows for noncurrent and current financial assets amounted to €54 million (Q1 2012: outflow of €656 million).

FINANCING CASH FLOW

In the first quarter of 2013 there was a net cash outflow of €165 million for financing activities, including net loan repayments of €109 million (Q1 2012: net borrowings of €247 million). Net interest payments were 36.9% lower at €53 million (Q1 2012: €84 million).

LIQUID ASSETS AND NET FINANCIAL DEBT

Net Financial Debt [Table 16]

	Dec. 31, 2012	March 31, 2013
	€ million	€ million
Bonds and notes/promissory notes	5,528	5,467
of which hybrid bond	1,364	1,354
Liabilities to banks	2,841	2,857
Liabilities under finance leases	542	460
Liabilities from derivatives	304	405
Other financial liabilities	310	359
Positive fair values of hedges of recorded transactions	(456)	(405)
Financial debt	**9,069**	**9,143**
Cash and cash equivalents	(1,698)	(1,479)
Current financial assets	(349)	(151)
Net financial debt	**7,022**	**7,513**

2012 figures restated

Net financial debt of the Bayer Group increased by 7.0% to €7.5 billion as of March 31, 2013, mainly because of cash outflows for operating activities. Financial debt included the subordinated hybrid bond issued in July 2005, which was reflected at €1.4 billion. Net financial debt should be viewed against the fact that Moody's and Standard & Poor's treat 75% and 50%, respectively, of the hybrid bond as equity. The hybrid bond thus has a more limited effect on the Group's rating-specific debt indicators than conventional borrowings. Our noncurrent financial liabilities declined in the first quarter of 2013 from €7.0 billion to €6.8 billion. At the same time, current financial liabilities increased from €2.6 billion to €2.7 billion.

After the end of the reporting period, Bayer Nordic SE on April 4, 2013, issued a bond under the multi-currency European Medium Term Notes program with a nominal volume of €200 million, a floating-rate coupon comprising the three-month Euribor plus 35 basis points, and a term of three years.

Standard & Poor's gives Bayer a long-term issuer rating of A– with positive outlook. On April 12, 2013, Moody's changed the outlook for Bayer to positive, leaving the long-term A3 rating unaltered. The short-term ratings are A-2 (Standard & Poor's) and P-2 (Moody's). These investment-grade ratings document good creditworthiness.

NET LIABILITY FOR POST-EMPLOYMENT BENEFITS

Net Amount Recognized for Post-Employment Benefits [Table 17]

	Dec. 31, 2012	March 31, 2013
	€ million	€ million
Provisions for pensions and other post-employment benefits	9,246	9,388
Benefit plan assets in excess of obligation	(27)	(38)
Net amount recognized for post-employment benefits	**9,219**	**9,350**

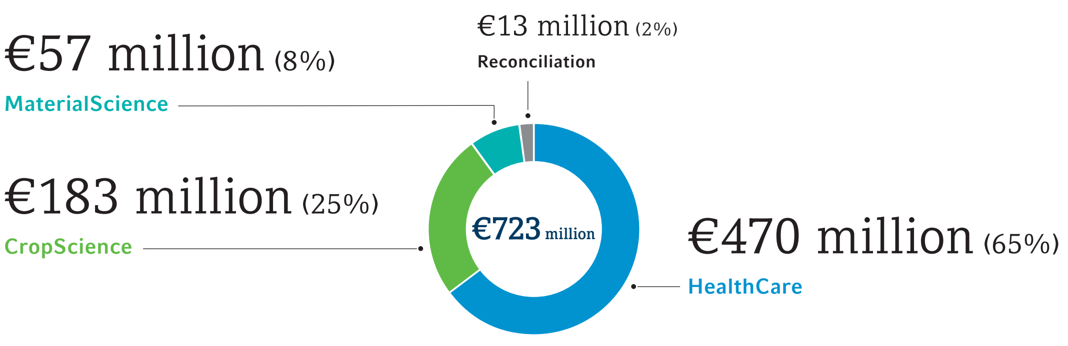
2012 figures restated

The net amount recognized for post-employment benefits increased from €9.2 billion to €9.4 billion in the first quarter of 2013, due especially to lower long-term capital market interest rates in Germany and the United Kingdom.

9. Growth and Innovation

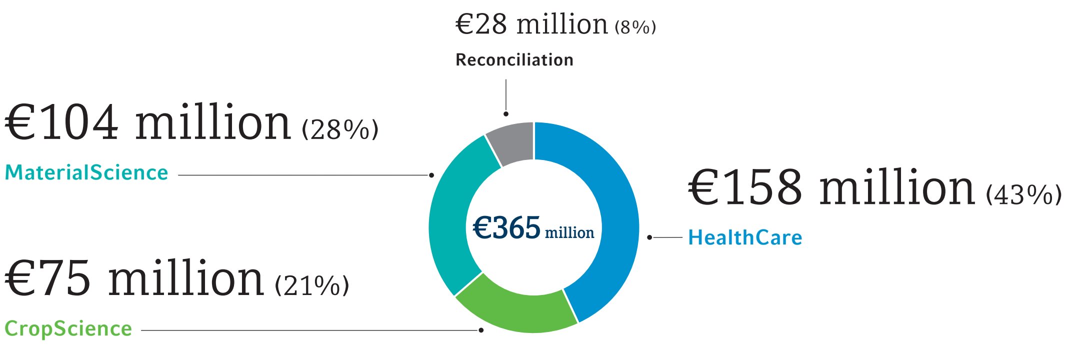
In the first quarter of 2013 we spent €723 million on research and development, while capital expenditures for property, plant and equipment and intangible assets totaled €365 million.

Research and Development Expenses in the 1st Quarter of 2013 [Graphic 16]



Subgroup shares in parentheses

Capital Expenditures in the 1st Quarter of 2013 [Graphic 17]



Subgroup shares in parentheses

The Emerging Markets accounted for a disproportionately large share of sales growth in the first quarter of 2013. For reporting purposes we have defined the Emerging Markets as Asia (excluding Japan), Latin America, Eastern Europe, Africa and the Middle East.

Sales in the Emerging Markets advanced by 6.8% (Fx adj.) in the first quarter of 2013 to €3,490 million (Q1 2012: €3,338 million), with encouraging growth in Eastern Europe, Asia and Latin America. The Emerging Markets accounted for 34.0% of total sales (Q1 2012: 33.2%).

Sales Development in the 1st Quarter of 2013 [Graphic 18]

currency-adjusted changes in parentheses

9.1 HealthCare

RESEARCH AND DEVELOPMENT

In the first quarter of 2013 we invested €470 million in research and development at HealthCare. We made further progress with our research and development pipeline during this period. (The following description does not include ongoing activities already described in the Annual Report 2012.)

The most important drug candidates already submitted for approval are:

Products Submitted for Approval* [Table 18]

	Indication
Aflibercept	E.U., Japan; treatment following central retinal vein occlusion
FC-Patch Low	E.U.; contraceptive patch
Octocog alfa** (recombinant Factor VIII)	U.S.A.; prophylaxis in adult patients with hemophilia A
Radium-223 dichloride	E.U., U.S.A.; treatment of patients with hormone-refractory prostate cancer and bone metastases
Regorafenib	E.U.; treatment of colorectal cancer
Regorafenib	Japan; treatment of metastatic and/or unresectable gastrointestinal stromal tumors
Riociguat	E.U., U.S.A.; treatment of pulmonary hypertension (CTEPH)
Riociguat	E.U., U.S.A.; treatment of pulmonary hypertension (PAH)
Rivaroxaban	E.U., U.S.A.; secondary prophylaxis of acute coronary syndrome
YAZ™ Flex Plus	U.S.A.; oral contraception with flexible dosage regimen and folic acid supplementation

* as of April 15, 2013
** octocog alfa = active ingredient of Kogenate™

The following table shows our most important drug candidates currently in Phase II or III of clinical testing:

Research and Development Projects (Phases II and III)* [Table 19]

	Indication	Status
Aflibercept	Treatment of diabetic macular edema	Phase III
Aflibercept	Prevention of abnormal retinal angiogenesis following pathological myopia	Phase III
Amikacin Inhale	Treatment of pulmonary infections	Phase III
BAY 86-6150 (rFVIIa mutein)	Treatment of hemophilia A/B	Phase II/III
BAY 94-9027 (rFVIII mutein)	Treatment of hemophilia A	Phase III
Ciprofloxacin Inhale	Treatment of pulmonary infections	Phase III
LCS-16 (ULD LNG Contraceptive System)	Intrauterine contraception, duration of use: up to 5 years	Phase III
Prasterone**	Treatment of vulvovaginal atrophy	Phase III
Regorafenib	Treatment of refractory liver cancer	Phase III
Rivaroxaban	Prevention of major adverse cardiac events (MACE)	Phase III
Rivaroxaban	Anti-coagulation in patients with chronic heart failure	Phase III
Sodium deoxycholate***	Injection for reduction of submental fat	Phase III
Sorafenib	Treatment of breast cancer	Phase III
Sorafenib	Treatment of liver cancer, adjuvant therapy	Phase III
Sorafenib	Treatment of kidney cancer, adjuvant therapy	Phase III
Sorafenib	Treatment of thyroid cancer	Phase III
Tedizolid	Treatment of complicated skin and pulmonary infections	Phase III
BAY 80-6946 (PI3k inhibitor)	Treatment of recurrent/resistant non-Hodgkin's lymphoma	Phase II
BAY 85-8501 (neutrophil elastase inhibitor)	Lung diseases	Phase II
BAY 94-8862 (MR antagonist)	Chronic heart failure	Phase II
Radium-223 dichloride	Treatment of bone metastases in cancer	Phase II
Refametinib (MEK inhibitor)	Cancer therapy	Phase II
Regorafenib	Cancer therapy	Phase II
Riociguat	Pulmonary hypertension	Phase II
Sorafenib	Cancer therapy	Phase II

* as of April 15, 2013
** prasterone = Vaginorm
*** sodium deoxycholate = ATX-101
The nature of drug discovery and development is such that not all compounds can be expected to meet the pre-defined project goals. It is possible that any or all of the projects listed above may have to be discontinued due to scientific and/or commercial reasons and will not result in commercialized products. It is also possible that the requisite Food and Drug Administration (FDA), European Medicines Agency (EMA) or other regulatory approvals will not be granted for these compounds.

In March 2013, the U.S. Food and Drug Administration (FDA) issued a second complete response letter regarding the approval process for **Xarelto™** (active ingredient: rivaroxaban) for the reduction of cardiovascular events in patients with acute coronary syndrome (ACS). We and our cooperation partner Janssen Research & Development LLC, United States, are closely consulting with the FDA regarding the future course of action. The European Committee for Medicinal Products for Human Use (CHMP) recommended in March 2013 that Xarelto™ be approved for the prevention of atherothrombotic events after an acute coronary syndrome. A decision by the E.U. Commission regarding the approval is expected in the first half of 2013.

In February 2013, the U.S. FDA approved the cancer drug **Stivarga™** (active ingredient: regorafenib) to treat patients with locally advanced, unresectable or metastatic gastrointestinal stromal tumor (GIST) who have been previously treated with imatinib mesylate and sunitinib malate. In February 2013, the Japanese Ministry of Health, Labour and Welfare (MHLW) granted priority review to the application for approval of regorafenib in the indication GIST. In March 2013, the MHLW approved Stivarga™ for the treatment of patients with unresectable, advanced/recurrent colorectal cancer.

In February 2013, the U.S. FDA granted priority review to the application for the approval of **radium-223 dichloride** for the treatment of patients with hormone-refractory prostate cancer (CRPC) and bone metastases. We intend to co-market the product in the United States with our development partner Algeta ASA, Norway.

In March 2013, positive results were presented from an interim analysis of the ongoing long-term CHEST-2 trial with **riociguat**, a drug to treat pulmonary hypertension. The data demonstrate the positive long-term safety profile of riociguat and its sustained clinical effectiveness in patients with chronic thromboembolic pulmonary hypertension (CTEPH), and thus corroborate the results of the Phase III CHEST-1 trial.

In April 2013, the U.S. Food and Drug Administration (FDA) granted priority review to the application for approval of riociguat for the treatment of patients with chronic thromboembolic pulmonary hypertension (CTEPH) and patients with pulmonary arterial hypertension (PAH).

CAPITAL EXPENDITURES, ACQUISITIONS AND COOPERATIONS

In April 2013, we signed an agreement with the German Cancer Research Center (DKFZ), Heidelberg, to further expand our strategic research alliance by additionally focusing on the field of immunotherapy. The first projects are scheduled to begin by mid-2013.

EMERGING MARKETS

In the Emerging Markets, HealthCare increased sales by 9.1% (Fx adj.) in the first quarter of 2013 to €1,478 million (Q1 2012: €1,396 million). The strongest absolute growth was recorded in China, where we raised sales by 29.3% (Fx adj.) through increased marketing activities, particularly the continued expansion of our distribution network. By contrast, sales receded in the Africa and Middle East region. The Emerging Markets accounted for 33.3% (Q1 2012: 32.2%) of total HealthCare sales.

9.2 CropScience

RESEARCH AND DEVELOPMENT

CropScience spent €183 million on research and development in the first quarter of 2013.

In March 2013, CropScience and Syngenta submitted applications for the approval of a new herbicide-tolerance soybean trait in various countries. The application is currently being reviewed by the regulatory authorities in the United States, Canada, and major soybean-importing regions including the European Union. This trait gives soybean plants tolerance toward the three active ingredients mesotrione, glufosinate-ammonium (Liberty™) and isoxaflutole, and represents an important new way to combat difficult-to-control weeds. Its estimated launch date is between 2015 and 2020.

CAPITAL EXPENDITURES, ACQUISITIONS AND COOPERATIONS

In January 2013, CropScience acquired Prophyta Biologischer Pflanzenschutz GmbH, a leading supplier of biological crop protection products headquartered in Malchow, Germany. The acquisition comprises state-of-the-art production and formulation plants along with research and development facilities. This transaction further expands CropScience's portfolio of biological crop protection products and supplements the acquisition in 2012 of U.S.-based AgraQuest, Inc.

In March 2013, CropScience completed the acquisition of soybean seed producer Wehrtec Ltda and the soybean business of Agricola Wehrmann Ltda. Both companies are headquartered in Cristalina, Brazil. This transaction strengthens the research and development activities of CropScience in soybeans and contributes to the development of varieties tailored to the requirements of Brazilian soybean growers.

EMERGING MARKETS

CropScience raised sales in the Emerging Markets by 10.7% (Fx adj.) in the first quarter of 2013 to €833 million (Q1 2012: €766 million). The strongest growth in this period was recorded in Eastern Europe and Latin America, with pleasing gains in Asia, too. By contrast, sales in Africa/Middle East receded. The Emerging Markets' share of total CropScience sales in the first quarter of 2013 was 30.1% (Q1 2012: 29.3%).

9.3 MaterialScience

RESEARCH AND DEVELOPMENT

MaterialScience spent €57 million on research and development in the first quarter of 2013. This investment went mainly to explore new areas of application and improve process technologies and products. In addition, MaterialScience spent €24 million on joint development projects with customers.

CAPITAL EXPENDITURES, ACQUISITIONS AND COOPERATIONS

In January 2013, we opened our first development and technology center for high-tech plastics in Yongin, South Korea. The aim of the center is to develop new applications for polycarbonates, mainly in the automotive and IT sectors, in close cooperation with Korean companies. This new facility strengthens our global network of research and development sites.

In February 2013, the regulatory permit to build and operate a major new plant at the Dormagen site became final. This will be a high-tech facility for the production of toluene diisocyanate (TDI), a precursor for flexible polyurethane foam, using a particularly eco-friendly technology. The new 300,000-tons-per-year facility is due to replace the existing TDI plants in Dormagen and Brunsbüttel in the medium term.

EMERGING MARKETS

In the Emerging Markets, MaterialScience had sales of €1,158 million in the first quarter of 2013 (Q1 2012: €1,148 million). On a currency-adjusted basis, sales grew by 2.1%. We achieved the strongest growth in Latin America, especially Mexico and Brazil, and also raised sales in Eastern Europe. Sales in the Asia region were at the prior-year level, with business continuing to expand in China and India. The Emerging Markets accounted for 41.7% of total MaterialScience sales (Q1 2012: 41.2%).

10. Employees

On March 31, 2013, the Bayer Group employed 111,600 people worldwide (December 31, 2012: 110,000). The number of employees thus showed an increase of 1,600 (+1.5%).

HealthCare employed 55,700 people (December 31, 2012: 54,800). The number of employees at CropScience increased to 21,200 (December 31, 2012: 20,800). There was a slight decline at MaterialScience to 14,400 employees (December 31, 2012: 14,500). The remaining 20,300 (Q1 2012: 19,900) employees mainly worked for the service companies.

Personnel expenses rose by 3.5% in the first quarter of 2013 to €2,370 million (Q1 2012: €2,289 million).

11. Opportunities and Risks

As a global enterprise with a diversified business portfolio, the Bayer Group enjoys many opportunities and is also exposed to numerous risks. The anticipated development opportunities and risks are materially unchanged from those outlined in Chapter 17.1 of the Bayer Annual Report 2012.

A risk management system is in place. Apart from financial risks, there are also industry-specific selling market, procurement market, product development, patent, production, environmental, personnel and regulatory risks. Legal risks exist particularly in the areas of product liability, competition and antitrust law, patent disputes, tax assessments and environmental matters. Significant developments that have occurred in respect of the legal risks since publication of the Bayer Annual Report 2012 are described in the Notes to the Condensed Consolidated Interim Financial Statements of the Bayer Group on page 58ff. under "Legal Risks." Information on the Bayer Group's risk situation is provided in the Bayer Annual Report 2012 on pages 148–158 and 271–276. The Bayer Annual Report 2012 can be downloaded free of charge at WWW.BAYER.COM.

At present, no potential risks have been identified that either individually or in combination could endanger the continued existence of the Bayer Group.

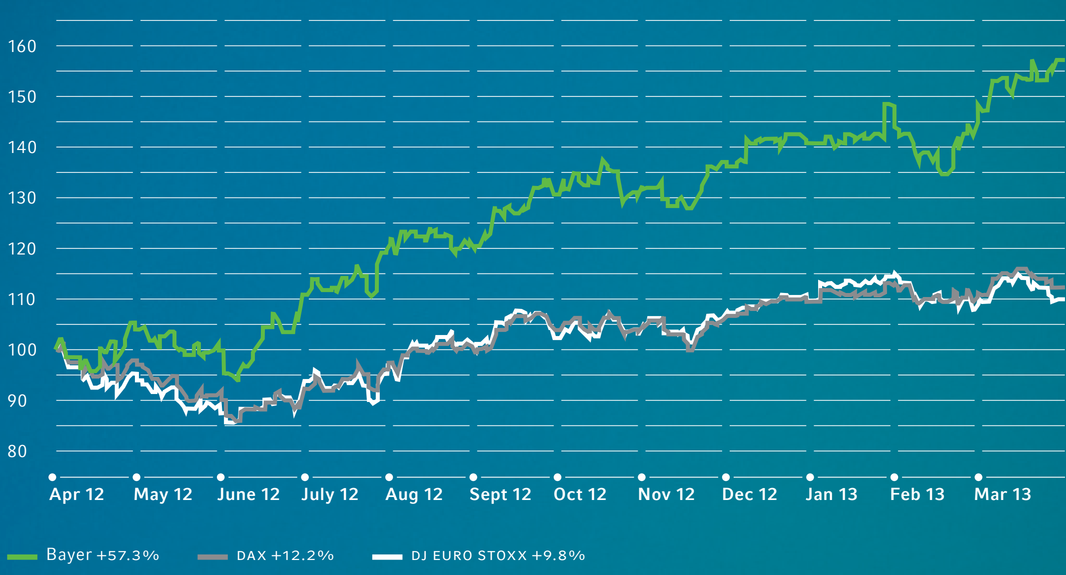
12. Events After the End of the Reporting Period

On April 4, 2013, Bayer Nordic SE issued a bond under the multi-currency European Medium Term Notes program with a nominal volume of €200 million, a floating-rate coupon comprising the three-month Euribor plus 35 basis points, and a term of three years.

Investor Information

Performance of Bayer Stock over the Past Twelve Months [Graphic 19]

indexed; 100 = Xetra closing price on March 31, 2012 (source: Bloomberg)



Bayer stock posted above-average positive development in the first quarter of 2013, ending the period at €80.47. This was also its high for the period and at the same time a historic high. The performance of Bayer stock in the first three months of 2013 amounted to 11.9%.

The DAX rose by 2.4% over the same period to 7,795 points. The EURO STOXX 50 (performance index) declined by 0.1%, closing the first quarter of 2013 at 4,625 points.

Bayer Stock Data [Table 20]

		1st Quarter 2012	1st Quarter 2013	Year 2012	
High for the period	€	57.31	80.47	72.95	
Low for the period	€	50.81	69.01	47.97	
Average daily trading volume	million shares	2.7	2.3	2.7	
		March 31, 2012	March 31, 2013	Dec. 31, 2012	Change March 31, 2013/ Dec. 31, 2012 %
Share price	€	52.74	80.47	71.89	+11.9
Market capitalization	€ million	43,613	66,545	59,449	+11.9
Equity as per statements of financial position	€ million	20,048	19,780	18,551	+6.6
Shares entitled to the dividend	million shares	826.95	826.95	826.95	0.0
DAX		6,947	7,795	7,612	+2.4

Xetra closing prices (source: Bloomberg)
2012 figures restated

Condensed Consolidated Interim Financial Statements of the Bayer Group as of March 31, 2013

Bayer Group Consolidated Income Statements

[Table 21]

	1st Quarter 2012	1st Quarter 2013
	€ million	€ million
Net sales	**10,054**	**10,266**
Cost of goods sold	(4,755)	(4,803)
Gross profit	**5,299**	**5,463**
Selling expenses	(2,295)	(2,437)
Research and development expenses	(699)	(723)
General administration expenses	(446)	(465)
Other operating income	163	161
Other operating expenses	(391)	(228)
EBIT*	**1,631**	**1,771**
Equity-method loss	(6)	(6)
Financial income	111	69
Financial expenses	(293)	(253)
Financial result	**(188)**	**(190)**
Income before income taxes	**1,443**	**1,581**
Income taxes	(402)	(419)
Income after taxes	**1,041**	**1,162**
of which attributable to non-controlling interest	1	2
of which attributable to Bayer AG stockholders (net income)	**1,040**	**1,160**
	€	€
Earnings per share		
Basic	1.26	1.40
Diluted	1.26	1.40

2012 figures restated
* EBIT = earnings before financial result and taxes

Bayer Group Consolidated Statements of Comprehensive Income

[Table 22]

	1st Quarter 2012	1st Quarter 2013
	€ million	€ million
Income after taxes	**1,041**	**1,162**
of which attributable to non-controlling interest	*1*	*2*
of which attributable to Bayer AG stockholders	*1,040*	*1,160*
Changes in actuarial gains/losses on defined benefit obligations for pensions and other post-employment benefits and effects of the asset ceiling	(358)	(143)
Income taxes	91	38
Change in the amount recognized outside profit or loss (actuarial gains/losses on defined benefit obligations for pensions and other post-employment benefits and effects of the asset ceiling)	**(267)**	**(105)**
Total changes recognized outside profit or loss that will not be reclassified to profit or loss	**(267)**	**(105)**
Changes in fair values of derivatives designated as cash flow hedges	52	(32)
Reclassified to profit or loss	(2)	(17)
Income taxes	(14)	14
Change in the amount recognized outside profit or loss (cash flow hedges)	**36**	**(35)**
Changes in fair values of available-for-sale financial assets	(2)	11
Reclassified to profit or loss	–	–
Income taxes	–	(4)
Change in the amount recognized outside profit or loss (available-for-sale financial assets)	**(2)**	**7**
Change in exchange differences recognized on translation of operations outside the eurozone	(12)	201
Reclassified to profit or loss	–	–
Change in the amount recognized outside profit or loss (exchange differences)	**(12)**	**201**
Total changes recognized outside profit or loss that may be reclassified subsequently to profit or loss	**22**	**173**
Effects of changes in scope of consolidation	**(2)**	**–**
Total changes recognized outside profit or loss	**(247)**	**68**
of which attributable to non-controlling interest	*–*	*4*
of which attributable to Bayer AG stockholders	*(247)*	*64*
Total comprehensive income	**794**	**1,230**
of which attributable to non-controlling interest	*1*	*6*
of which attributable to Bayer AG stockholders	*793*	*1,224*

2012 figures restated

Bayer Group Consolidated Statements of Financial Position

[Table 23]

	March 31, 2012	March 31, 2013	Dec. 31, 2012
	€ million	€ million	€ million
Noncurrent assets			
Goodwill	9,106	9,411	9,293
Other intangible assets	9,893	9,350	9,464
Property, plant and equipment	9,587	10,053	9,898
Investments accounted for using the equity method	224	224	225
Other financial assets	1,355	1,282	1,308
Other receivables	463	472	541
Deferred taxes	1,304	1,562	1,579
	31,932	**32,354**	**32,308**
Current assets			
Inventories	6,554	7,344	6,991
Trade accounts receivable	8,776	9,190	7,433
Other financial assets	3,393	629	857
Other receivables	1,906	1,470	1,655
Claims for income tax refunds	315	404	376
Cash and cash equivalents	1,276	1,479	1,698
Assets held for sale	144	–	–
	22,364	**20,516**	**19,010**
Total assets	**54,296**	**52,870**	**51,318**
Equity			
Capital stock of Bayer AG	2,117	2,117	2,117
Capital reserves of Bayer AG	6,167	6,167	6,167
Other reserves	11,705	11,391	10,167
Equity attributable to Bayer AG stockholders	**19,989**	**19,675**	**18,451**
Equity attributable to non-controlling interest	59	105	100
	20,048	**19,780**	**18,551**
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	8,059	9,388	9,246
Other provisions	1,848	1,890	2,111
Financial liabilities	7,925	6,836	6,962
Other liabilities	424	374	409
Deferred taxes	1,849	829	935
	20,105	**19,317**	**19,663**
Current liabilities			
Other provisions	5,099	5,661	4,844
Financial liabilities	3,712	2,716	2,568
Trade accounts payable	3,456	3,861	4,305
Income tax liabilities	159	85	72
Other liabilities	1,710	1,450	1,315
Provisions directly related to assets held for sale	7	–	–
	14,143	**13,773**	**13,104**
Total equity and liabilities	**54,296**	**52,870**	**51,318**

2012 figures restated

Bayer Group Consolidated Statements of Cash Flows

[Table 24]

	1st Quarter 2012	1st Quarter 2013
	€ million	€ million
Income after taxes	1,041	1,162
Income taxes	402	419
Financial result	188	190
Income taxes paid or accrued	(619)	(473)
Depreciation, amortization and impairments	747	645
Change in pension provisions	(126)	(124)
(Gains) losses on retirements of noncurrent assets	(33)	(12)
Gross cash flow	**1,600**	**1,807**
Decrease (increase) in inventories	(209)	(299)
Decrease (increase) in trade accounts receivable	(1,808)	(1,678)
Decrease (increase) in trade accounts payable	(263)	(424)
Changes in other working capital, other non-cash items	917	921
Net cash provided by (used in) operating activities (net cash flow)	**237**	**327**
Cash outflows for additions to property, plant, equipment and intangible assets	(256)	(365)
Cash inflows from sales of property, plant, equipment and other assets	23	27
Cash inflows from divestitures	27	17
Cash inflows from (outflows for) noncurrent financial assets	(113)	56
Cash outflows for acquisitions less acquired cash	(48)	(122)
Interest and dividends received	17	12
Cash inflows from (outflows for) current financial assets	(543)	(2)
Net cash provided by (used in) investing activities	**(893)**	**(377)**
Dividend payments and withholding tax on dividends	(1)	(1)
Issuances of debt	417	267
Retirements of debt	(170)	(376)
Interest paid including interest-rate swaps	(96)	(73)
Interest received from interest-rate swaps	12	20
Cash outflows for the purchase of additional interests in subsidiaries	(2)	(2)
Net cash provided by (used in) financing activities	**160**	**(165)**
Change in cash and cash equivalents due to business activities	**(496)**	**(215)**
Cash and cash equivalents at beginning of period	**1,767**	**1,698**
Change in cash and cash equivalents due to exchange rate movements	5	(4)
Cash and cash equivalents at end of period	**1,276**	**1,479**

2012 figures restated

Bayer Group Consolidated Statements of Changes in Equity

[Table 25]

	Capital stock of Bayer AG	Capital reserves of Bayer AG	Other reserves incl. OCI*	Equity attributable to Bayer AG stockholders	Equity attributable to non-controlling interest incl. OCI*	Equity
	€ million	€ million	€ million	€ million	€ million	€ million
Dec. 31, 2011	**2,117**	**6,167**	**10,912**	**19,196**	**59**	**19,255**
Equity transactions with owners						
Capital increase/decrease						
Dividend payments						
Other changes					(1)	(1)
Total comprehensive income**			793	793	1	794
March 31, 2012	2,117	6,167	11,705	19,989	59	20,048
Dec. 31, 2012	**2,117**	**6,167**	**10,167**	**18,451**	**100**	**18,551**
Equity transactions with owners						
Capital increase/decrease						
Dividend payments					(1)	(1)
Other changes						
Total comprehensive income**			1,224	1,224	6	1,230
March 31, 2013	**2,117**	**6,167**	**11,391**	**19,675**	**105**	**19,780**

2012 figures restated
* OCI = other comprehensive income
** net of tax

Notes to the Condensed Consolidated Interim Financial Statements of the Bayer Group as of March 31, 2013

Key Data by Segment and Region

	HealthCare			
	Pharmaceuticals		Consumer Health	
	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013
	€ million	€ million	€ million	€ million
Net sales (external)	2,517	2,564	1,824	1,879
Change	+4.1%	+1.9%	+4.4%	+3.0%
Currency-adjusted change	+1.6%	+5.0%	+2.2%	+4.9%
Intersegment sales	36	16	1	1
Net sales (total)	2,553	2,580	1,825	1,880
EBIT	505	601	236	321
EBIT before special items	520	610	341	343
EBITDA before special items	740	832	441	445
Gross cash flow*	488	582	316	305
Net cash flow*	318	553	181	252
Depreciation, amortization and impairments	220	229	203	102
Number of employees (as of March 31)**	37,500	37,500	17,900	18,200

2012 figures restated
* For definition see chapter 8 "Financial Position of the Bayer Group."
** Number of employees in full-time equivalents

	Europe		North America	
	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013
	€ million	€ million	€ million	€ million
Net sales (external) – by market	4,065	4,043	2,571	2,758
Change	+1.9%	−0.5%	+13.9%	+7.3%
Currency-adjusted change	+1.9%	−0.3%	+9.6%	+8.1%
Net sales (external) – by point of origin	4,480	4,420	2,551	2,728
Change	+3.0%	−1.3%	+12.0%	+6.9%
Currency-adjusted change	+2.9%	−1.2%	+7.6%	+7.7%
Interregional sales	2,069	2,207	773	807
EBIT	988	1,131	457	507
Number of employees (as of March 31)*	53,700	52,700	15,500	15,400

2012 figures restated
* Number of employees in full-time equivalents

[Table 26]

	CropScience		MaterialScience		Reconciliation					
	CropScience		MaterialScience		All Other Segments		Corporate Center and Consolidation		Group	
	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	2,610	2,764	2,787	2,775	315	283	1	1	10,054	10,266
	+15.6%	+5.9%	+3.8%	−0.4%	+3.3%	−10.2%	–	–	+6.8%	+2.1%
	+13.6%	+7.5%	+1.5%	+0.6%	+3.3%	−9.8%	–	–	+4.6%	+3.9%
	6	7	11	14	463	515	(517)	(553)	–	–
	2,616	2,771	2,798	2,789	778	798	(516)	(552)	10,054	10,266
	854	964	121	42	(19)	(25)	(66)	(132)	1,631	1,771
	864	969	121	43	20	(17)	(66)	(132)	1,800	1,816
	984	1,081	279	204	64	22	(65)	(131)	2,443	2,453
	681	743	209	177	(42)	89	(52)	(89)	1,600	1,807
	(655)	(817)	33	(100)	(14)	322	374	117	237	327
	121	113	158	161	44	39	1	1	747	645
	21,000	21,200	14,700	14,400	19,900	19,600	600	700	111,600	111,600

[Table 27]

	Asia/Pacific		Latin America/ Africa/Middle East		Reconciliation		Total	
	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013	1st Quarter 2012	1st Quarter 2013
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	1,998	2,070	1,420	1,395	–	–	10,054	10,266
	+8.0%	+3.6%	+7.7%	−1.8%	–	–	+6.8%	+2.1%
	+1.7%	+7.9%	+8.2%	+3.1%	–	–	+4.6%	+3.9%
	1,923	2,018	1,100	1,100	–	–	10,054	10,266
	+9.1%	+4.9%	+7.4%	0.0%	–	–	+6.8%	+2.1%
	+2.6%	+9.4%	+8.6%	+6.4%	–	–	+4.6%	+3.9%
	144	155	110	117	(3,096)	(3,286)	–	–
	155	182	97	83	(66)	(132)	1,631	1,771
	26,100	26,900	16,300	16,600	–	–	111,600	111,600

Explanatory Notes

ACCOUNTING POLICIES

Pursuant to Section 37x Paragraph 3 of the German Securities Trading Act, the consolidated interim financial statements as of March 31, 2013 have been prepared in condensed form according to the International Financial Reporting Standards (IFRS) – including IAS 34 – of the International Accounting Standards Board (IASB), London, which are endorsed by the European Union, and the Interpretations of the IFRS Interpretations Committee in effect at the closing date.

Reference should be made as appropriate to the Notes to the Consolidated Financial Statements for the 2012 fiscal year, particularly with regard to the main recognition and measurement principles, except where financial reporting standards have been applied for the first time in 2013 or accounting policies have changed.

FINANCIAL REPORTING STANDARDS APPLIED FOR THE FIRST TIME IN 2013 AND CHANGES IN ACCOUNTING POLICIES

The following new financial reporting standards had no impact, or no material impact, on the presentation of the Group financial position or results of operations, or on earnings per share.

IFRS 10 (Consolidated Financial Statements) sets forth the requirements for the preparation and presentation of consolidated financial statements and supersedes IAS 27 (Consolidated and Separate Financial Statements) and SIC-12 (Consolidation – Special Purpose Entities). The standard defines a uniformly applicable control concept for all company forms to serve as the basis for determining which companies are to be fully consolidated. The Bayer Group is deemed to control another company when it is exposed, or has rights, to variable returns from its involvement with that company and has the ability to affect those returns through its power over the company. IFRS 10 was applied for the first time retrospectively in compliance with the transitional provisions.

IFRS 12 (Disclosure of Interests in Other Entities) revises the requirements for the information to be disclosed in the notes to the financial statements about interests in subsidiaries, associates, joint arrangements and non-consolidated structured entities. None of these provisions are applicable in interim financial statements unless material circumstances result in a disclosure obligation. Explanatory notes in this regard have not been included in the condensed consolidated interim financial statements.

The revised **IAS 27 (Separate Financial Statements)** is now devoted entirely to accounting for interests in subsidiaries, associates and joint ventures in IFRS separate financial statements.

IFRS 13 (Fair Value Measurement) provides a uniform definition of fair value and how it is measured. Fair value is now defined as the price that would be received to sell an asset or paid to transfer a liability. IFRS 13 also requires specific notes to the consolidated financial statements for assets and liabilities measured at fair value. IAS 34 requires for the first time that certain explanatory notes pertaining to the fair values of financial instruments carried at amortized cost or measured at fair value also be included in interim financial statements. IFRS 13 was applied for the first time prospectively.

IFRS 7 (Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)) requires gross and net offsetting amounts reflected in the statement of financial position – along with other existing rights of set-off that do not meet the requirements for set-off in the statement of financial position – to be presented in tabular form, unless a different form of presentation is more appropriate. The amendments are to be applied retrospectively. This provision is not applicable in interim financial statements unless material circumstances result in a disclosure obligation. Explanatory notes in this regard have not been included in the condensed consolidated interim financial statements.

Pursuant to the amendments to **IAS 1 (Presentation of Financial Statements)** published in June 2011, items of other comprehensive income are for the first time reported separately according to whether or not they may subsequently become reclassifiable to profit or loss.

In addition, the first-time application of the following financial reporting standards was of material importance and the prior-year figures were therefore restated as of January 1, 2013.

IAS 19 Employee Benefits (Revised 2011), referred to in the following as IAS 19R, contains revised accounting rules for defined benefit pension plans and severance agreements. Contrary to the previous rule, IAS 19R requires that past service cost be recognized immediately in profit and loss. In addition, net interest cost calculated on the net pension liability by applying a discount rate for high-quality corporate bonds is now recognized in profit or loss. Measurement effects resulting from actuarial gains and losses and the effect of the asset ceiling are recognized outside profit or loss in the statement of comprehensive income. Net interest expense continues to be recognized in the financial result.

IAS 19R further specifies that severance payments to be earned in future periods must be recognized in profit or loss over the respective period of service. This revision led to a change in the accounting for top-up payments to employees under pre-retirement part-time working agreements in Germany. In the past, provisions were established at the time the offer of a pre-retirement part-time working agreement was made or the agreement was concluded, even when service remained to be provided by the employee in the future.

The Bayer Group is applying IAS 19R retrospectively. The data in the statement of financial position as of January 1, 2012, and in the income statement and the statement of comprehensive income for the first quarter of 2012 were restated due to changes in accounting policies for past service cost and severance-payment expenses and in light of the first-time application of the net interest method to net pension obligations. In view of the clarifying information contained in IAS 19R, "other post-employment benefit obligations" in Germany (particularly from pre- and early retirement obligations) were reclassified from provisions for pensions and other post-employment benefits to other provisions for severance obligations.

Deferred taxes were recognized upon the retrospective application of IAS 19R.

IFRS 11 (Joint Arrangements) prescribes the accounting for joint arrangements and supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers). A joint arrangement as defined by IFRS 11 is deemed to exist if the Bayer Group through a contractual agreement jointly controls activities managed with a third party. Joint control is only deemed to exist if decisions regarding the jointly managed activities require the unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures. The Bayer Group recognizes in relation to its interest in joint operations its share of assets, liabilities, revenues and expenses in accordance with its rights and obligations. The investment in a joint venture is accounted for using the equity method in accordance with the provisions of the amended IAS 28 (Investments in Associates and Joint Ventures). IFRS 11 was applied retrospectively in compliance with the transitional provisions.

Due to the first-time application of IFRS 11, Lyondell Bayer Manufacturing Maasvlakte VOF, Netherlands – which was previously accounted for using the equity method – is now accounted for as a joint operation and therefore the share of the Bayer Group in the assets, liabilities, expenses and revenues is included in the consolidated financial statements in accordance with the Bayer Group's rights and obligations. The €15 million difference, arising from the reclassification, between the previous carrying amount according to the equity method and the pro-rated net assets was reflected as a reduction in other reserves.

Pursuant to IFRS 11, the joint ventures Bayer IMSA, S.A. de C.V., Mexico, and Bayer Zydus Pharma Private Limited, India, which were previously included by proportionate consolidation, are now accounted for using the equity method.

The interest in Baulé S.A.S., France, was accounted for retrospectively for the first quarter of 2012 using the equity method. Prior to the application of IFRS 11 it was included by proportionate consolidation. The remaining shares of Baulé were acquired effective March 31, 2012, and the company has been fully consolidated since that date.

CHANGE IN THE REPORTING OF LONG-TERM STOCK-BASED COMPENSATION

The following change in accounting policies with effect from January 1, 2013, impacted segment reporting.

In 2013 Bayer adjusted the allocation of the stock-based compensation (long-term incentive – LTI) among the segments to increase the transparency and information value of its segment reporting and improve planning and steering processes. A normalized expense based on 100% target attainment is now allocated to the respective operating segments. Higher or lower expenses arising from fluctuations in the performance of Bayer stock are no longer allocated to the operating segments but instead reflected in the reconciliation under Corporate Center and Consolidation. The prior-year figures are restated accordingly.

Accounting Changes: LTI [Table 28]

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2012
	€ million	€ million	€ million	€ million	€ million
EBIT/EBITDA					
Pharmaceuticals	(1)	1	21	12	33
Consumer Health	–	–	14	9	23
CropScience	3	1	8	4	16
MaterialScience	1	–	5	4	10
All Other Segments	1	1	4	3	9
Corporate Center and Consolidation	(4)	(3)	(52)	(32)	(91)
Group	–	–	–	–	–

The effects that the new financial reporting standards and other changes in accounting policies, applied for the first time in 2013, would have had on the relevant figures for the prior-year period or the respective opening/closing dates are shown in tables 29–35.

ACCOUNTING CHANGES: BAYER GROUP CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER OF 2012

Accounting Changes: Consolidated Income Statement (Previous Year) [Table 29]

	1st Quarter 2012				
		Accounting changes			
			IFRS 11		
	Before accounting changes	IAS 19R (2011)	Transition to accounting for share in assets and liabilities	Transition to equity method	After accounting changes
	€ million	€ million	€ million	€ million	€ million
Net sales	**10,056**	**–**	**–**	**(2)**	**10,054**
Cost of goods sold	(4,750)	–	(6)	1	(4,755)
Gross profit	**5,306**	**–**	**(6)**	**(1)**	**5,299**
Selling expenses	(2,297)	–	–	2	(2,295)
Other operating expenses	(390)	(2)	–	1	(391)
EBIT*	**1,637**	**(2)**	**(6)**	**2**	**1,631**
Equity-method loss	(12)	–	8	(2)	(6)
Financial expenses	(276)	(17)	–	–	(293)
Financial result	**(177)**	**(17)**	**8**	**(2)**	**(188)**
Income before income taxes	**1,460**	**(19)**	**2**	**–**	**1,443**
Income taxes	(409)	8	–	(1)	(402)
Income after taxes	**1,051**	**(11)**	**2**	**(1)**	**1,041**
of which attributable to Bayer AG stockholders (net income)	**1,050**	**(11)**	**2**	**(1)**	**1,040**

* EBIT = earnings before financial result and taxes

ACCOUNTING CHANGES: BAYER GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER OF 2012

Accounting Changes: Consolidated Statement of Comprehensive Income (Previous Year) [Table 30]

	1st Quarter 2012				
		Accounting changes			
			IFRS 11		
	Before accounting changes	IAS 19R (2011)	Transition to accounting for share in assets and liabilities	Transition to equity method	After accounting changes
	€ million	€ million	€ million	€ million	€ million
Income after taxes	**1,051**	**(11)**	**2**	**(1)**	**1,041**
of which attributable to Bayer AG stockholders	*1,050*	*(11)*	*2*	*(1)*	*1,040*
Changes in actuarial gains/losses on defined benefit obligations for pensions and other post-employment benefits and effects of the asset ceiling	(375)	17	–	–	(358)
Income taxes	98	(7)	–	–	91
Change in the amount recognized outside profit or loss (actuarial gains/losses on defined benefit obligations for pensions and other post-employment benefits and effects of the asset ceiling)	**(277)**	**10**	**–**	**–**	**(267)**
Total changes recognized outside profit or loss that will not be reclassified to profit or loss	**(277)**	**10**	**–**	**–**	**(267)**
Change in exchange differences recognized on translation of operations outside the eurozone	(11)	–	–	(1)	(12)
Change in the amount recognized outside profit or loss (exchange differences)	**(11)**	**–**	**–**	**(1)**	**(12)**
Total changes recognized outside profit or loss that may be reclassified subsequently to profit or loss	**23**	**–**	**–**	**(1)**	**22**
Total changes recognized outside profit or loss	**(256)**	**10**	**–**	**(1)**	**(247)**
of which attributable to Bayer AG stockholders	*(256)*	*10*	*–*	*(1)*	*(247)*
Total comprehensive income	**795**	**(1)**	**2**	**(2)**	**794**
of which attributable to Bayer AG stockholders	*794*	*(1)*	*2*	*(2)*	*793*

ACCOUNTING CHANGES: BAYER GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JANUARY 1, 2012

Accounting Changes: Consolidated Statement of Financial Position as of January 1, 2012 [Table 31]

	Jan. 1, 2012				
		Accounting changes			
			IFRS 11		
	Before accounting changes	IAS 19R (2011)	Transition to accounting for share in assets and liabilities	Transition to equity method	After accounting changes
	€ million	€ million	€ million	€ million	€ million
Noncurrent assets					
Goodwill	9,160	–	–	(12)	9,148
Other intangible assets	10,295	–	–	(11)	10,284
Property, plant and equipment	9,823	–	66	(2)	9,887
Investments accounted for using the equity method	319	–	(89)	35	265
Other financial assets	1,364	–	(17)	1	1,348
Deferred taxes	1,311	1	–	–	1,312
	32,697	**1**	**(40)**	**11**	**32,669**
Current assets					
Inventories	6,368	–	9	(7)	6,370
Trade accounts receivable	7,061	–	–	(1)	7,060
Other receivables	1,628	–	6	2	1,636
Claims for income tax refunds	373	–	–	(1)	372
Cash and cash equivalents	1,770	–	4	(3)	1,771
	20,068	**–**	**19**	**(10)**	**20,077**
Total assets	**52,765**	**1**	**(21)**	**1**	**52,746**
Equity					
Other reserves	10,928	3	(23)	4	10,912
Equity attributable to Bayer AG stockholders	**19,212**	**3**	**(23)**	**4**	**19,196**
	19,271	**3**	**(23)**	**4**	**19,255**
Noncurrent liabilities					
Provisions for pensions and other post-employment benefits	7,870	(83)	–	–	7,787
Other provisions	1,649	78	–	(1)	1,726
Deferred taxes	2,116	3	(3)	–	2,116
	20,104	**(2)**	**(3)**	**(1)**	**20,098**
Current liabilities					
Other provisions	4,218	–	–	(1)	4,217
Financial liabilities	3,684	–	–	(1)	3,683
Trade accounts payable	3,779	–	7	(1)	3,785
Other liabilities	1,630	–	(2)	1	1,629
	13,390	**–**	**5**	**(2)**	**13,393**
Total equity and liabilities	**52,765**	**1**	**(21)**	**1**	**52,746**

ACCOUNTING CHANGES: BAYER GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2012

Accounting Changes: Consolidated Statement of Financial Position as of March 31, 2012 [Table 32]

	March 31, 2012				
		Accounting changes			
			IFRS 11		
	Before accounting changes	IAS 19R (2011)	Transition to accounting for share in assets and liabilities	Transition to equity method	After accounting changes
	€ million	€ million	€ million	€ million	€ million
Noncurrent assets					
Property, plant and equipment	9,530	–	59	(2)	9,587
Investments accounted for using the equity method	306	–	(85)	3	224
Other financial assets	1,371	–	(17)	1	1,355
Deferred taxes	1,304	1	–	(1)	1,304
	31,973	**1**	**(43)**	**1**	**31,932**
Current assets					
Inventories	6,545	–	13	(4)	6,554
Trade accounts receivable	8,737	–	35	4	8,776
Other receivables	1,903	–	6	(3)	1,906
Cash and cash equivalents	1,306	–	(29)	(1)	1,276
	22,343	**–**	**25**	**(4)**	**22,364**
Total assets	**54,316**	**1**	**(18)**	**(3)**	**54,296**
Equity					
Other reserves	11,722	2	(21)	2	11,705
Equity attributable to Bayer AG stockholders	**20,006**	**2**	**(21)**	**2**	**19,989**
	20,065	**2**	**(21)**	**2**	**20,048**
Noncurrent liabilities					
Provisions for pensions and other post-employment benefits	8,135	(76)	–	–	8,059
Other provisions	1,775	73	–	–	1,848
Deferred taxes	1,850	2	(3)	–	1,849
	20,109	**(1)**	**(3)**	**–**	**20,105**
Current liabilities					
Financial liabilities	3,713	–	–	(1)	3,712
Trade accounts payable	3,452	–	6	(2)	3,456
Other liabilities	1,712	–	–	(2)	1,710
	14,142	**–**	**6**	**(5)**	**14,143**
Total equity and liabilities	**54,316**	**1**	**(18)**	**(3)**	**54,296**

ACCOUNTING CHANGES: BAYER GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2012

Accounting Changes: Consolidated Statement of Financial Position as of December 31, 2012 [Table 33]

	Dec. 31, 2012				
		Accounting changes			
			IFRS 11		
	Before accounting changes	IAS 19R (2011)	Transition to accounting for share in assets and liabilities	Transition to equity method	After accounting changes
	€ million	€ million	€ million	€ million	€ million
Noncurrent assets					
Property, plant and equipment	9,863	–	37	(2)	9,898
Investments accounted for using the equity method	284	–	(63)	4	225
Other financial assets	1,324	–	(17)	1	1,308
Deferred taxes	1,581	(1)	–	(1)	1,579
	32,350	**(1)**	**(43)**	**2**	**32,308**
Current assets					
Inventories	6,980	–	14	(3)	6,991
Trade accounts receivable	7,431	–	–	2	7,433
Other financial assets	856	–	–	1	857
Other receivables	1,648	–	8	(1)	1,655
Cash and cash equivalents	1,695	–	5	(2)	1,698
	18,986	**–**	**27**	**(3)**	**19,010**
Total assets	**51,336**	**(1)**	**(16)**	**(1)**	**51,318**
Equity					
Other reserves	10,185	1	(21)	2	10,167
Equity attributable to Bayer AG stockholders	**18,469**	**1**	**(21)**	**2**	**18,451**
	18,569	**1**	**(21)**	**2**	**18,551**
Noncurrent liabilities					
Provisions for pensions and other post-employment benefits	9,373	(127)	–	–	9,246
Other provisions	1,986	125	–	–	2,111
Deferred taxes	938	–	(3)	–	935
	19,668	**(2)**	**(3)**	**–**	**19,663**
Current liabilities					
Financial liabilities	2,570	–	–	(2)	2,568
Trade accounts payable	4,295	–	11	(1)	4,305
Other liabilities	1,318	–	(3)	–	1,315
	13,099	**–**	**8**	**(3)**	**13,104**
Total equity and liabilities	**51,336**	**(1)**	**(16)**	**(1)**	**51,318**

ACCOUNTING CHANGES: BAYER GROUP CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER OF 2012

Accounting Changes: Consolidated Statement of Cash Flows (Previous Year) [Table 34]

					1st Quarter 2012
		Accounting changes			
			IFRS 11		
	Before accounting changes	IAS 19R (2011)	Transition to accounting for share in assets and liabilities	Transition to equity method	After accounting changes
	€ million	€ million	€ million	€ million	€ million
Income after taxes	1,051	(11)	2	(1)	1,041
Income taxes	409	(8)	–	1	402
Financial result	177	17	(8)	2	188
Depreciation, amortization and impairments	740	–	7	–	747
Change in pension provisions	(130)	4	–	–	(126)
Gross cash flow	**1,595**	**2**	**1**	**2**	**1,600**
			–		
Decrease (increase) in inventories	(205)	–	(4)	–	(209)
Decrease (increase) in trade accounts receivable	(1,768)	–	(35)	(5)	(1,808)
(Decrease) increase in trade accounts payable	(269)	–	–	6	(263)
Changes in other working capital, other non-cash items	918	(2)	1	–	917
Net cash provided by (used in) operating activities (net cash flow)	**271**	**–**	**(37)**	**3**	**237**
Cash inflows from sales of property, plant, equipment and other assets	22	–	1	–	23
Cash inflows from (outflows for) noncurrent financial assets	(117)	–	4	–	(113)
Cash inflows from (outflows for) current financial assets	(542)	–	(1)	–	(543)
Net cash provided by (used in) investing activities	**(897)**	**–**	**4**	**–**	**(893)**
Change in cash and cash equivalents due to business activities	**(466)**	**–**	**(33)**	**3**	**(496)**
Cash and cash equivalents at beginning of period	**1,770**	**–**	**–**	**(3)**	**1,767**
Change in cash and cash equivalents due to exchange rate movements	2	–	4	(1)	5
Cash and cash equivalents at end of period	**1,306**	**–**	**(29)**	**(1)**	**1,276**

ACCOUNTING CHANGES: KEY DATA BY SEGMENT FOR THE FIRST QUARTER OF 2012

Accounting Changes: Key Data By Segment (Previous Year) [Table 35]

	1st Quarter 2012					
		Accounting changes				
			IFRS 11			
	Before accounting changes	IAS 19R (2011)	Transition to accounting for share in assets and liabilities	Transition to equity method	LTI	After accounting changes
	€ million	€ million	€ million	€ million	€ million	€ million
Net sales	**10,056**	**–**	**–**	**(2)**	**–**	**10,054**
Pharmaceuticals	2,517	–	–	–	–	2,517
Consumer Health	1,825	–	–	(1)	–	1,824
CropScience	2,610	–	–	–	–	2,610
MaterialScience	2,788	–	–	(1)	–	2,787
All Other Segments	315	–	–	–	–	315
Corporate Center and Consolidation	1	–	–	–	–	1
EBIT	**1,637**	**(2)**	**(6)**	**2**	**–**	**1,631**
Pharmaceuticals	505	(1)	–	2	(1)	505
Consumer Health	236	–	–	–	–	236
CropScience	851	–	–	–	3	854
MaterialScience	127	(1)	(6)	–	1	121
All Other Segments	(20)	–	–	–	1	(19)
Corporate Center and Consolidation	(62)	–	–	–	(4)	(66)
			–			
EBITDA	**2,377**	**(2)**	**1**	**2**	**–**	**2,378**
Pharmaceuticals	725	(1)	–	2	(1)	725
Consumer Health	439	–	–	–	–	439
CropScience	972	–	–	–	3	975
MaterialScience	278	(1)	1	–	1	279
All Other Segments	24	–	–	–	1	25
Corporate Center and Consolidation	(61)	–	–	–	(4)	(65)

CHANGES IN UNDERLYING PARAMETERS

Changes in the underlying parameters relate primarily to currency exchange rates and the interest rates used to calculate pension obligations.

The exchange rates for major currencies against the euro varied as follows:

Exchange Rates for Major Currencies [Table 36]

		Closing Rate			Average Rate	
€1		Dec. 31, 2012	March 31, 2012	March 31, 2013	1st Quarter 2012	1st Quarter 2013
ARS	Argentina	6.48	5.83	6.56	5.68	6.61
BRL	Brazil	2.69	2.45	2.59	2.32	2.64
CAD	Canada	1.31	1.33	1.30	1.31	1.33
CHF	Switzerland	1.21	1.20	1.22	1.21	1.23
CNY	China	8.22	8.41	7.96	8.26	8.22
GBP	United Kingdom	0.82	0.83	0.85	0.83	0.85
JPY	Japan	113.61	109.56	120.87	103.67	121.42
MXN	Mexico	17.18	17.02	15.81	17.03	16.71
USD	United States	1.32	1.34	1.28	1.31	1.32

The most important interest rates used to calculate the present value of pension obligations are given below:

Discount Rate for Pension Obligations [Table 37]

	Dec. 31, 2012	March 31, 2012	March 31, 2013
	%	%	%
Germany	3.20	4.10	3.10
United Kingdom	4.40	4.65	4.35
United States	3.60	4.30	3.80

SEGMENT REPORTING

The following table contains the reconciliation of EBIT of the segments to income before income taxes of the Group.

Reconciliation of Segments' EBITDA Before Special Items to Group Income Before Income Taxes [Table 38]

	1st Quarter 2012	1st Quarter 2013
	€ million	€ million
EBITDA before special items of segments	2,508	2,584
EBITDA before special items of Corporate Center	(65)	(131)
EBITDA before special items	**2,443**	**2,453**
Depreciation, amortization and impairment losses before special items of segments	(642)	(636)
Depreciation, amortization and impairment losses before special items of Corporate Center	(1)	(1)
Depreciation, amortization and impairment losses before special items	**(643)**	**(637)**
EBIT before special items of segments	1,866	1,948
EBIT before special items of Corporate Center	(66)	(132)
EBIT before special items	**1,800**	**1,816**
Special items of segments	(169)	(45)
Special items of Corporate Center	–	–
Special items	**(169)**	**(45)**
EBIT of segments	1,697	1,903
EBIT of Corporate Center	(66)	(132)
EBIT	**1,631**	**1,771**
Financial result	(188)	(190)
Income before income taxes	**1,443**	**1,581**

2012 figures restated

COMPANIES CONSOLIDATED

Changes in the scope of consolidation

As of March 31, 2013, the Bayer Group comprised 288 fully or proportionately consolidated companies (December 31, 2012: 291 companies). Two companies with joint operations were included by proportionate consolidation according to IAS 11 (Joint Arrangements). In addition, three joint ventures and two associated companies were accounted for in the consolidated financial statements using the equity method according to IAS 28 (Investments in Associates and Joint Ventures) (December 31, 2012: four associated companies).

Acquisitions and divestitures

Acquisitions

On January 2, 2013, HealthCare acquired the U.S. company Teva Animal Health Inc. The acquisition broadens HealthCare's range of anti-infective solutions for livestock and expands the existing product offering to include reproductive hormones. The transaction also adds dermatological products for companion animals, pet wellness products and nutraceuticals to the company's portfolio. The parties agreed on a provisional one-time payment of €40 million plus potential milestone payments, for which an amount of €46 million was included in the purchase price allocation. The milestone payments are mainly dependent on the achievement of various sales targets and product approvals. The purchase price pertained mainly to product trademarks.

On January 18, 2013, CropScience acquired Prophyta Biologischer Pflanzenschutz GmbH, a leading supplier of biological crop protection products headquartered in Malchow on the island of Poel in the German state of Mecklenburg-Western Pomerania. In addition to research and development facilities, the acquisition also includes state-of-the-art production and formulation facilities in the city of Wismar. The acquisition complements the CropScience portfolio and supports the establishment of a leading range of complete agricultural solutions. A provisional one-time payment of €25 million was agreed. The purchase price pertained mainly to technologies, research and development projects and goodwill. In addition, two related distribution rights were acquired for €5 million.

On March 15, 2013, CropScience completed the acquisition of soybean seed producer Wehrtec Ltda and the soybean business of Agricola Wehrmann Ltda. Both companies are headquartered in Cristalina in the Brazilian state of Goiás. This transaction strengthens the research and development activities of CropScience in soybeans and contributes to the development of varieties tailored to the requirements of Brazilian soybean growers. A purchase price of €37 million was agreed along with potential milestone payments of up to €11 million. The purchase price pertained mainly to marketable crop plants, breeding material and goodwill.

The purchase price allocations for Teva Animal Health Inc. and for Wehrtec Ltda and Agricola Wehrmann Ltda currently remain incomplete pending compilation and review of the relevant financial information. It is therefore possible that changes will be made in the allocation of the purchase price to the individual assets and liabilities.

The effects of these transactions on the Group's assets and liabilities as of the respective acquisition dates are shown in the table. Net of acquired cash and cash equivalents and including payments relating to acquisitions made in previous years, they resulted in the following cash outflow:

Acquired Assets and Assumed Liabilities in the 1st Quarter of 2013 [Table 39]

	Fair value
	€ million
Goodwill	39
Other intangible assets	110
Property, plant and equipment	22
Other noncurrent assets	1
Inventories	16
Other current assets	3
Deferred tax assets	12
Cash and cash equivalents	1
Other provisions	(1)
Financial liabilities	(1)
Other liabilities	(4)
Deferred tax liabilities	(42)
Net assets	**156**
Non-controlling interest	–
Changes in non-controlling interest	–
Net purchase prices	**156**
Acquired cash and cash equivalents	(1)
Liabilities for future payments	(33)
Payments for previous years' acquisitions	2
Net cash outflow for acquisitions	**124**

The cash outflows for acquisitions and for the purchase of additional interests in subsidiaries in the first quarter of 2012 amounted to €50 million and related mainly to the purchase of the remaining 50% interest in the systems house joint venture Baulé S.A.S., France.

Divestitures

No divestitures were made in the first quarter of 2013. We received further revenue-based payments of €17 million (Q1 2012: €27 million) in connection with the transfer of the hematological oncology portfolio to Genzyme Corp., United States, effected in May 2009.

FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and a reconciliation to the corresponding line item in the statements of financial position. Since the line items "Other receivables," "Trade accounts payable" and "Other liabilities" contain both financial instruments and non-financial assets or liabilities (such as other tax receivables or advance payments for services to be received in the future), the reconciliation is shown in the column headed "Non-financial assets/liabilities."

Carrying Amounts and Fair Values of Financial Instruments [Table 40]

	March 31, 2013						
	Carried at amortized cost		Carried at fair value			Non-financial assets/ liabilities	
			Based on quoted prices in active markets	Based on market-derived data	Based on individual measurement parameters		
	Carrying amount March 31, 2013	Fair value (for information)	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount in the statement of financial position
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Trade accounts receivable	9,190						9,190
Loans and receivables	9,190	9,186					9,190
Other financial assets	1,000		315	565	31		1,911
Loans and receivables	864	864					864
Available-for-sale financial assets	33		315	5			353
Held-to-maturity financial assets	103	106					103
Derivatives that qualify for hedge accounting				297			297
Derivatives that do not qualify for hedge accounting				263	31		294
Other receivables	630					1,312	1,942
Loans and receivables	630	631					630
Non-financial assets						1,312	1,312
Cash and cash equivalents	1,479						1,479
Loans and receivables	1,479	1,479					1,479
Total financial assets	**12,299**		**315**	**565**	**31**		**13,210**
of which loans and receivables	12,163						12,163
Financial liabilities	9,143			409			9,552
Carried at amortized cost	9,143	9,557					9,143
Derivatives that qualify for hedge accounting				202			202
Derivatives that do not qualify for hedge accounting				207			207
Trade accounts payable	3,803					58	3,861
Carried at amortized cost	3,803	3,803					3,803
Non-financial liabilities						58	58
Other liabilities	746			88	22	968	1,824
Carried at amortized cost	746	746					746
Derivatives that qualify for hedge accounting				59			59
Derivatives that do not qualify for hedge accounting				29	22		51
Non-financial liabilities						968	968
Total financial liabilities	**13,692**			**497**	**22**		**14,211**
of which carried at amortized cost	13,692						13,692
of which derivatives that qualify for hedge accounting				261			261
of which derivatives that do not qualify for hedge accounting				236	22		258

The loans and receivables included in other financial assets and the financial liabilities measured at amortized cost also contain receivables and liabilities, respectively, under finance leases where Bayer is the lessor or lessee and which therefore have to be measured in accordance with IAS 17.

The fair value stated for receivables, loans, held-to-maturity financial investments and non-derivative financial liabilities is the present value of the respective future cash flows. This was determined by discounting the cash flows at a closing-date interest rate that takes into account the term of the assets or liabilities and the creditworthiness of the counterparty. Where a market price was available, however, this was deemed to be the fair value.

Because of the short maturities of most trade accounts receivable and payable, other receivables and liabilities, and cash and cash equivalents, their carrying amounts at the closing date did not significantly differ from the fair values.

The fair values "based on market-derived data" were determined from discounted cash flows and market-based valuation parameters.

The changes in the net amount of financial assets and liabilities recognized at fair value based on individual measurement parameters were as follows:

Changes in the Net Amount of Financial Assets and Liabilities Recognized at Fair Value Based on Individual Measurement Parameters [Table 41]

	2013
	€ million
Carrying amounts, January 1	**22**
Changes recognized in profit or loss	(13)
of which changes related to assets/liabilities still recognized in the statement of financial position	(13)
Changes recognized outside profit or loss	–
Additions	–
Retirements	–
Reclassifications	–
Carrying amounts, March 31	**9**

No gains or losses from divestments were recorded in the first quarter of 2013. The changes recognized in profit or loss were included in other operating income or expenses.

The financial assets and liabilities based on individual measurement parameters and accounted for at fair value mainly comprised embedded derivatives required to be separated from the host contract. These were measured in light of the planned sales and purchase volumes to which the underlying host contracts relate and market data available at the closing date.

LEGAL RISKS

To find out more about the Bayer Group's legal risks, please see pages 271 to 276 of the Bayer Annual Report 2012, which can be downloaded free of charge at www.bayer.com. Since the Bayer Annual Report 2012, the following significant changes have occurred in respect of the legal risks:

HEALTHCARE

Product-related litigations

Yasmin™/YAZ™: As of April 15, 2013, the number of lawsuits pending in the United States and served upon Bayer was about 10,200. In addition, about 1,340 asserted claims were pending that have not been filed in court. The number of claimants in the pending lawsuits and claims totaled about 14,500 (excluding claims already settled). Claimants allege that they have suffered personal injuries, some of them fatal, from the use of Bayer's drospirenone-containing oral contraceptive products such as Yasmin™ and/or YAZ™ or from the use of Ocella™ and/or Gianvi™, generic versions of Yasmin™ and YAZ™, respectively, marketed by Barr Laboratories, Inc. in the United States.

As of April 15, 2013, Bayer had reached agreements, without admission of liability, to settle the claims of approximately 5,700 claimants in the U.S. for a total amount of about US$1.18 billion. Bayer has only been settling claims in the U.S. for venous clot injuries (deep vein thrombosis or pulmonary embolism) after a case-specific analysis of medical records on a rolling basis. Such injuries are alleged by about 2,900 of the pending unsettled claimants. Bayer will continue to consider the option of settling such individual lawsuits in the U.S. on a case-by-case basis.

About 9,000 of the claimants in the pending U.S. lawsuits allege gallbladder injury. In March 2013, Bayer agreed to settle, without admission of liability, lawsuits in which plaintiffs allege a gallbladder injury for a total maximum aggregate amount of US$24 million. Bayer may withdraw from the settlement if fewer than 90 percent of those who are eligible choose to participate.

Patent disputes

YAZ™: In the patent infringement proceedings against Watson, Sandoz and Lupin, the U.S. Court of Appeals for the Federal Circuit in April 2013 invalidated Bayer's patent claims and reversed last year's judgment by the lower court. Bayer disagrees with the appellate court's decision and will consider its legal options.

Finacea™: In March 2013, Bayer filed a patent infringement suit in a U.S. federal court against Glenmark Generics Ltd. In January 2013, Bayer had received a notice from Glenmark that Glenmark had filed an ANDA IV seeking approval of a generic version of Bayer's Finacea™ topical gel in the United States.

RELATED PARTIES

Our business partners include companies in which an interest is held, and companies with which members of the Supervisory Board of Bayer AG are associated. Transactions with these companies are carried out on an arm's-length basis. Business with such companies was not material from the viewpoint of the Bayer Group. The Bayer Group was not a party to any transaction of an unusual nature or structure that was material to it or to companies or persons closely associated with it. Business transactions with companies accounted for in the consolidated financial statements using the equity method, or at cost less impairment charges, mainly comprised trade in goods and services. The value of these transactions was, however, immaterial from the point of view of the Bayer Group. The same applies to financial receivables and payables vis-à-vis related parties.

Leverkusen, April 23, 2013
Bayer Aktiengesellschaft

The Board of Management

Dr. Marijn Dekkers

Werner Baumann | Michael König | Prof. Dr. Wolfgang Plischke | Dr. Richard Pott

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

"Bayer is a world-class innovation company"

- 2012 operationally a very successful year
- Highest sales in the company's 150-year history
- Dividend for 2012 raised to €1.90 per share
- Employees to benefit from the company's success with bonuses totaling over €700 million
- Life Sciences off to a good start in anniversary year

Last year was operationally very successful for the Bayer Group. "In 2012 we achieved the highest sales in our company's history," said Management Board Chairman Dr. Marijn Dekkers at the Annual Stockholders' Meeting in Cologne. All three subgroups achieved sales gains and raised underlying earnings. The stockholders are benefiting from this gratifying performance with a dividend for 2012 of €1.90 (2011: €1.65) per share. The payout amounts to €1.6 billion. The first quarter of 2013 was marked by the positive development of the Life Sciences businesses, Dekkers said, adding that Bayer is optimistic for the future. He underscored the tremendous innovation potential that has determined the company's success since it was founded 150 years ago: "Bayer has undergone a remarkable development – from the invention of synthetic dyestuffs to the treatment of cancer patients and products that improve the health of plants. Today, Bayer is a world-class innovation company."

On a currency- and portfolio-adjusted (Fx & portfolio adj.) basis, sales increased by more than 5 percent in 2012 to €39.8 billion, Dekkers reported. Earnings before the financial result and taxes – in other words EBIT – declined by nearly 5 percent compared with 2011, to €4 billion. This was mainly due to special items of €1.7 billion, mainly for restructuring and litigations. However, EBITDA before special items rose by nearly 9 percent to roughly €8.3 billion, and core earnings per share increased by almost 11 percent to €5.35.

Dekkers made special mention of the dynamic pace of growth in the Emerging Markets, where sales rose by more than 7 percent (Fx & portfolio adj.) overall in 2012, and also in the Life Sciences businesses. Sales in both HealthCare segments – Pharmaceuticals and Consumer Health – advanced by about 4 percent (Fx & portfolio adj.). EBITDA before special items of this subgroup grew by nearly 8 percent. CropScience was particularly successful for the second year in a row. Here, sales climbed by 12 percent (Fx & portfolio adj.), while underlying EBITDA rose by more than 21 percent. MaterialScience also contributed to Bayer's success last year. This subgroup raised sales by 3 percent (Fx & portfolio adj.) and EBITDA before special items by 7 percent.

"We were very successful with our innovations last year," continued Dekkers. He said the company was particularly pleased at the progress made with its pharmaceuticals pipeline, the five most promising products having a combined peak sales potential of over €5.5 billion. One of these products is the anticoagulant Xarelto™, with which more than 4 million patients are estimated to have been treated since it was launched. Dekkers also drew attention to Bayer's success with innovations in the area of animal health. For CropScience, with its well-stocked development pipelines in both crop protection and seed technology, he predicted a combined peak sales potential of more than €4 billion for new products with estimated launch dates between 2011 and 2016. The focus of Bayer's research at MaterialScience is on developing energy- and resource-efficient manufacturing processes and potential new applications for high-tech materials.

In addition, Bayer made further good progress last year with its strategy of systematically strengthening its existing businesses in the Life Sciences with bolt-on acquisitions. Examples cited by Dekkers included the acquisition of AgraQuest, which enables Bayer to build a leading technology platform for biological products at CropScience, and the purchase of the U.S. animal health business of Teva.

Gratifying start to the year in the Life Sciences

In the first quarter of 2013, sales of the Bayer Group rose by 3.7 percent (Fx & portfolio adj.) to €10.3 billion. EBIT rose by a substantial 8.6 percent to €1.8 billion, after special charges that amounted to €45 million compared with €169 million in the prior-year period. EBITDA before special items came in level with the prior-year quarter at €2.5 billion. While both of the Life Sciences businesses – HealthCare and CropScience – contributed to this performance, earnings at MaterialScience posted a significant decline. Group net income rose by 11.5 percent to €1.2 billion.

Dekkers expressed his confidence for the company's continuing development in its anniversary year and confirmed the Group outlook for 2013: "In the Bayer Group as a whole, we expect sales for the full year 2013 to increase by about 4 to 5 percent on an adjusted basis to approximately €41 billion."

Strong performance by Bayer stock

The company's positive development is also reflected in the stock performance, said Dekkers. Bayer stock gained 50 percent in 2012 if the dividend is included – leaving all the relevant indices far behind. The DAX, for example, rose by only 29 percent last year. "Looking at the five years from 2008 through 2012, we considerably outperformed both the DAX and the Euro Stoxx 50. And there was a good annual yield of 5.9 percent including dividends," he continued. For the 10-year period from 2003 through 2012, the annual yield came to 17.6 percent. This strong performance has continued so far in 2013, with Bayer stock reaching historic highs of over €80. Compared with the closing price at the end of 2012, Bayer stock had risen more than 12 percent by April 25, 2013. The DAX only rose by just under 2 percent over the same period.

Tremendous opportunities as an innovation company

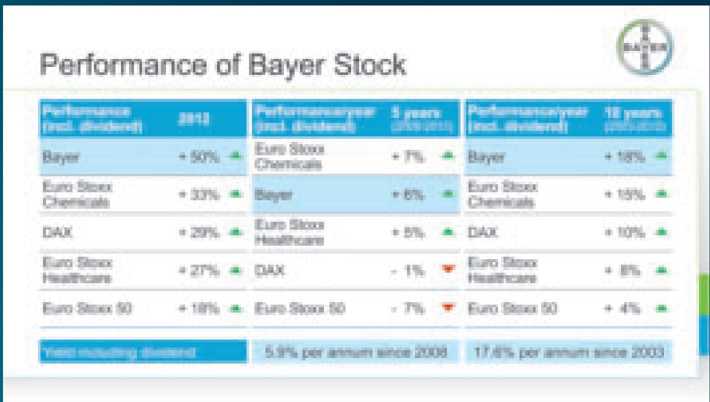
Dekkers also said he is convinced of the company's long-term prospects: "Our portfolio reflects the existential global challenges at the beginning of the third millennium: population growth and demographic change, ecology and sustainability. These challenges can only be addressed through innovation. And that creates major opportunities for us as an innovation company."

In line with the company's mission – "Bayer: Science For A Better Life" – innovation means always generating value for customers and for society as a whole, said Dekkers. "We have created the foundation for this over many decades and developed a unique understanding of human, animal and plant health, and we also possess great expertise in high-quality materials." Bayer is steadily building on this foundation, Dekkers said. This year Bayer plans to increase its investment in research and development by some €200 million to €3.2 billion – the largest R&D budget of any company in the German chemical and pharmaceutical industry. Bayer employs nearly 13,000 researchers worldwide, whose work led to more than 600 patent applications last year alone.

As a world-class innovation company, Bayer benefits from a distinct innovation culture, Dekkers said: "Throughout the organization we have a common understanding of what is innovative. What's more, we know how to turn a scientific breakthrough into a commercial breakthrough." He said the company sets itself clear goals and priorities: "We are prepared to deploy the necessary resources for promising projects. But we also have the courage to quickly terminate projects if they fail to meet our expectations." Dekkers said the company also offers an environment in which young scientists can develop their careers.

"People with creative minds who are passionate about their work"

Innovation is not simply a matter of money, Dekkers pointed out. "Innovation can only take place if we have people with creative minds who are passionate about their work. Innovation demands curiosity, as well as the desire for change



and continuous improvement. This in turn requires an inspirational environment that must be systematically created and nurtured."

It is therefore essential to have the right conditions for innovation, Dekkers said. "The most important condition of all is that society is open to new ideas and developments. We should not resign ourselves to a situation in which opportunities are ignored for fear of the risks." It is therefore important to promote scientific skills and openness toward new technologies, Dekkers remarked – saying this is a task that demands a commitment on everyone's part: in politics, in industry, and in schools and universities.

Employees to benefit financially from the company's success

Dekkers made special mention of the contribution made by the employees around the world. "They played a crucial role in our successful business development, and for that we would like to thank them most sincerely." He said the employees would therefore also benefit financially, with more than €700 million to be paid out in employee bonuses under the Group-wide short-term incentive program alone.

Last year Bayer hired over 4,600 specialists and managers with academic qualifications throughout the Group, Dekkers continued. "And we are proud that Bayer is a very attractive employer for young and well-educated women around the world." Women accounted for 43 percent of all the university graduates hired by Bayer last year.

According to Dekkers, a diverse employee structure is crucial to the company's competitiveness. But diversity is not confined to gender balance, he added – it also means having an international workforce. Bayer is also pursuing this aim in the Emerging Markets of Asia and Latin America, where it intends to significantly increase the proportion of local managers in the medium term.

To implement its growth strategy, the company is counting on its employees and their continuing development, Dekkers added. For that reason, Bayer recently stepped up its employee training and management development programs. "Last year we invested more than €180 million worldwide in vocational and further training." For example, more than 500 senior managers have already taken part in workshops to strengthen their individual innovation expertise. "After all, innovation doesn't just mean developing products, it also involves developing new business models, providing new services or improving processes," Dekkers said.

Change on the Board of Management of Bayer AG

Supervisory Board Chairman Werner Wenning honored the service of Labor Director Dr. Richard Pott, who retires at the end of May after 11 years on the Board of Management. Wenning then introduced Pott's successor, Michael König. Read more about the change on the Board of Management on page 67.

INTERNET

Read more about the Annual Stockholders' Meeting at WWW.ASM2013.BAYER.COM

A summary of the discussion with the stockholders, along with the results of the voting, is provided starting on page 64.

Bayer CEO Dr. Marijn Dekkers responded to the stockholders' questions.

Discussion at the Annual Stockholders' Meeting

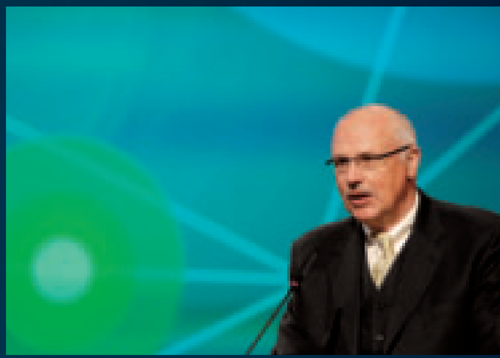
Much praise for Bayer's course

"Bayer is unbelievably strong at the moment," said Marc Tüngler, Managing Director of the German private investors' association DSW, at the Annual Stockholders' Meeting of Bayer AG in Cologne. The company's good business development and the outstanding performance of Bayer stock were among the main topics of the discussion led by Supervisory Board Chairman Werner Wenning.

Several speakers praised Bayer for the good start to its anniversary year. "The first quarter gives us all reason to hope that this will be another good year," said Joachim Kregel of the stockholders' association SdK. Kregel described Bayer as a "terrific company with an excellent international reputation – one of the best in the DAX." He expressed his gratitude to the employees throughout the Bayer Group and to the company's management. "We're full of vigor," added a stockholder representative. He said Bayer "shows no sign of fatigue" in its 150th anniversary year."

More than 3,200 stockholders, stockholder representatives and guests attended Bayer's Annual Stockholders' Meeting.

Joachim Kregel from the stockholders' association SdK praised the "fulminant" performance of Bayer stock.



Another focus of comments by the stockholders was the positive development of Bayer stock. "We've seen a fulminant performance in the past twelve months, and we're well satisfied. Bayer has left the DAX, the Euro Stoxx 50 and health care indices behind. Not many companies have managed that," said another stockholder representative.

Against the backdrop of the positive business development, the stockholders were also interested in the potential of the pharmaceutical products. "This year we already aim to generate about €1 billion in sales with our new products. And we expect that figure to grow to more €2.5 billion by 2015," said Dekkers. He said that meant these products' maximum sales potential of more than €5.5 billion could be achieved in the years after 2015, depending not only on the success of clinical trials in further indications but also on the competitive environment at the time and how the products' life cycles can be managed. The company aims to raise the margin of the Pharmaceuticals segment to at least 31 percent by 2015.

Cooperation in Life Sciences businesses

A further topic that arose in the discussion with the stockholders was the increased cooperation between the company's Life Sciences businesses. This, said Dekkers, is where Bayer is in an exceptionally good position, "because we have extensive expertise on the health of people, animals and plants." He explained that in future, the company plans to systematically research the potential for new products at the interfaces between these two areas with the aim of finding out more about basic cell mechanisms. He said chemists from HealthCare are already conducting research at CropScience. In return, this subgroup has sent scientists to HealthCare. "The exchange program links the subgroups more closely together and in this way strengthens our innovation capability," explained Dekkers.

Collaborations a part of the innovation culture

Also important for the development of new and innovative products are research collaborations with external institutes and universities, Dekkers said. "After all, companies these days can't possibly do everything by themselves. Cooperation agreements and alliances are now an established part of the innovation culture at research-based companies."

He stressed the importance of designing such partnerships intelligently from the outset and finding the right model in light of the collaboration objective and the partners' capabilities. Each partner contributes specific expertise with the aim of reaching the objective more quickly and efficiently. According to Dekkers, strategic partnerships have an important role to play at Bayer. He said the focus in this respect is on jointly developing ideas and continuing to cooperate along the value chain.

The impressive film about Bayer's anniversary, shown on a 6-by-60 meter screen, was enthusiastically received by the attendees at the Annual Stockholders' Meeting.

Strong positions in attractive markets

As in past years, the stockholders also wanted to know the prospects for Bayer MaterialScience. "All of Bayer's businesses hold very good positions in markets that are experiencing long-term growth and promise good returns," Dekkers replied, saying this also applies to MaterialScience. "This subgroup has strong positions in attractive markets." He said that over the past ten years, MaterialScience has always generated a free operating cash flow in excess of its own investment needs, and that the subgroup will be earning its cost of capital again within three years at the latest thanks to improved capacity utilization at its production facilities, improved structures and a detailed program to raise efficiency. The goal, he said, is to boost the EBITDA margin before special items by 1.5 percentage points through a range of individual measures.

Another topic raised during the several hours of discussion was diversity. "It is very important for us to achieve a good gender balance and mix of nationalities at Bayer," Dekkers emphasized. He said the company is on track to achieve the targets it set itself, the proportion of women in management having increased from 21 percent in 2010 to 24 percent in 2012. The target for 2015 is 30 percent. Dekkers explained that the company is taking a number of steps to speed up this positive development.

With executive salaries currently a topic of public debate, questions were also asked about the Board of Management's compensation. Supervisory Board Chairman Wenning said the fact that a sense of proportion had been lacking in isolated cases should not be used to justify government intervention in corporate compensation systems as a whole. According to Wenning, the vast majority of companies listed

Resolutions of the Annual Stockholders' Meeting

Of the €2,117 million capital stock, more than 32 percent was represented at the Meeting. All the resolutions proposed by the Board of Management and the Supervisory Board were passed by overwhelming majorities.

The decisions taken were as follows:

- The distributable profit of €1.57 billion will be used to pay a dividend of €1.90 per share.
- The actions of the members of the Board of Management and Supervisory Board are ratified.
- The Control and Profit and Loss Transfer Agreement between the Company and Bayer Beteiligungsverwaltung Goslar GmbH is approved.
- PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Essen, is appointed as auditor for the 2013 fiscal year.

Werner Wenning (left) and Dr. Marijn Dekkers clearly thought the Annual Stockholders' Meeting went well.

on the stock market have appropriate compensation systems – including Bayer. "We believe it's important that all employee groups be rewarded for good work. That's why variable bonus awards totaling €700 million are being paid out for 2012 under the incentive program for managerial employees worldwide and non-managerial employees in Germany." Wenning explained that the performance of all recipients of variable compensation components is assessed according to the same criteria as that of the Board of Management.

Bee health was another focus of the question-and-answer session. "We are well aware that having healthy bees as pollinators is important for food production. We have been working on ways to improve bee health for more than 25 years," said Dekkers. Although certain regions continue to report bee losses, he said, the number of honeybee colonies worldwide has risen by nearly 50 percent in the past 50 years.

Other topics raised during the discussion included the safety of hormonal contraceptives, the way the company's history is depicted, and the carbon monoxide pipeline. Supervisory Board Chairman Wenning, Bayer CEO Dekkers and Chief Financial Officer Werner Baumann gave full and detailed answers to all the questions. When the votes were taken, the stockholders approved the motions submitted by the Supervisory Board and the Board of Management by large majorities (see inset on page 66).

Change on the Bayer AG Board of Management

Michael König succeeds Dr. Richard Pott

Dr. Richard Pott

At the start of the Annual Stockholders' Meeting, Supervisory Board Chairman Werner Wenning paid tribute to the achievements of Labor Director Dr. Richard Pott, who was appointed to the Board of Management 11 years ago and is its longest-serving member. Pott retires at the end of May. "When I look back at the period from 2002 until now," said Wenning, "these have been economically very successful years for Bayer, but also a time of major structural changes in the Bayer Group." He stressed how important it has been to involve the employees in all these changes, with Pott as Labor Director being the first point of contact.

"With your dependability and unpretentious manner, you have always been a trusted and highly respected company representative for both management and employees and have succeeded in the essential task of involving the employees in change processes," said Wenning, thanking Pott on behalf of the entire Supervisory Board for his many years of service to Bayer. "And let me add on a personal note: you and I worked together for eight years on the company's Board of Management, and I always found you to be an immensely competent and loyal colleague. And for that I owe you my personal thanks. We all wish you the very best for your retirement."

Michael König

Wenning then introduced Pott's successor, Michael König, whom the Supervisory Board appointed as a member of the Board of Management effective April 1, 2013, and as Labor Director effective June 1, 2013. König has held various positions at Bayer since 1990. Prior to joining the Board of Management, he served as head of Bayer MaterialScience's Polycarbonates business unit, based in Shanghai. Said Wenning: "Mr. König, on behalf of the entire Supervisory Board I wish you every success in your new duties."

In the exhibition on "Science For A Better Life," which includes interactive features, each letter of Bayer's mission stands for a particular topic.

Celebrating 150 years of Bayer worldwide

The Bayer Group is celebrating its 150th anniversary this year with numerous events around the world. The highlights include an airship in the corporate colors of blue and green, which has already embarked on a journey around the globe. Another key event is an exhibition of the most important works from the Bayer art collection, which are now on display for the very first time outside the company. And an interactive exhibition visualizing the company's mission "Science For A Better Life" will travel to various locations throughout the world.

As CEO Dr. Marijn Dekkers explains, Bayer can look back on a long and highly successful history as an innovation company: "What started as a small but innovative dyestuffs factory in Barmen, now part of the city of Wuppertal, has become a global enterprise with more than 110,000 employees. Time and again over the past 150 years, Bayer inventions have helped improve people's quality of life. To us, this great tradition also represents an obligation for the future."

To mark the anniversary, Bayer commissioned the construction of an airship in the corporate colors, emblazoned with the Bayer Cross and the company's mission "Science For A Better Life." "We decided to use the airship as a global brand ambassador because it's a remarkable sight in the sky yet at the same time quiet and unobtrusive," says Michael Schade, Head of Communications at Bayer. "Millions of people will see our corporate emblem in this way. As an attraction at numerous international events, the airship will also give its passengers a unique flying experience." Following its premiere at the Financial News Conference in Leverkusen, the airship was taken to Australia where it made its first flight abroad against the impressive backdrop of the Sydney skyline. It is also scheduled to visit Johannesburg, New York, Tokyo, Singapore, Rio de Janeiro and Barcelona as well as several German cities including Hamburg, Cologne and Munich.


Premiere at the Financial News Conference in Leverkusen: the airship above Bayer's headquarters building.

Interactive exhibition on a world tour

An interactive exhibition is also traveling the globe. It comprises 22 approximately two-meter high cases, each with a large capital letter representing a particular field of activity at Bayer – from A for Aspirin and E for energy-efficient mobility to R for rice. Each case contains images and informational text on the scientific background and social aspects of the Bayer topic in question. Many of the exhibits also have interactive features. The cases are arranged to spell Bayer's mission: Science For A Better Life. "Many people are only indirectly familiar with Bayer's services and products. The exhibits provide real-life examples of how Bayer, through research and innovative products, helps improve the lives of millions of people around the world," explains Schade. The exhibition's itinerary includes London, São Paulo, Shanghai and Sydney, along with numerous Bayer sites worldwide.

From Beckmann to Warhol

The opening of the exhibition "From Beckmann to Warhol – Art of the 20th and 21st Centuries – the Bayer Collection" in the Martin-Gropius-Bau in Berlin has been a resounding success. Running until June 9, 2013, the exhibition focuses above all on artists representing a veritable who's who of the global art scene and includes works by Max Beckmann, Ernst-Ludwig Kirchner, Pablo Picasso, Joan Miró, Andy Warhol, Gerhard Richter and many more. Also on display will be pieces by very young artists who are receiving support from Bayer. With around 2,000 works, the Bayer Collection is one of Germany's largest and most traditional corporate art collections. "As art in the workplace, the Bayer Collection was not and is not accessible to the general public. We are therefore delighted in our 150th anniversary year to share this important collection with art lovers outside the company," Schade commented at the opening ceremony. "In this way, Bayer is bringing a real treasure to light for everyone to enjoy," said German Minister of Culture Bernd Neumann.

Events marathon in anniversary year

The celebrations marking the anniversary will focus on the more than 110,000 employees worldwide. Events for employees include what will surely be the company's biggest-ever birthday party in the Leverkusen BayArena, a global Celebration Day with a special anniversary lunch in all cafeterias, and an international song competition. The company also intends to celebrate with neighbors, customers and other stakeholders, and a scientific symposium is planned for the fall. In the area of corporate social responsibility, Bayer is expanding its volunteering program and supporting 150 social projects worldwide in which Bayer employees or retirees are involved.


At the opening, TV host Günter Jauch described the exhibition as a "special experience."

INTERNET

For more information go to WWW.150.BAYER.COM

Prize for cancer researcher Hans-Georg Rammensee

Professor Hans-Georg Rammensee of the University of Tübingen has received the Hansen Family Award for 2013. The Bayer Science & Education Foundation awarded the science prize to the 59-year-old researcher for his outstanding contributions to the field of cancer treatment. Dr. Marijn Dekkers, Chairman of the Board of Management of Bayer AG, and Professor Wolfgang Plischke, member of the Board of Management responsible for Technology, Innovation and Sustainability, presented the winner with the award, worth €75,000, at a ceremony in Berlin.

In his address to some 200 guests from the scientific, industrial and political communities, Dekkers explained the significance of research at Bayer: "Research plays a central role for the innovation company Bayer. Society's knowledge, acceptance and use of new technologies, particularly in the life sciences, are key factors to which Bayer aims to contribute, partly through its foundations and by presenting this award." In the 150 years since it was founded, Bayer has repeatedly helped improve people's quality of life with its innumerable inventions, he added. "The company continues to pursue this goal in its anniversary year 2013: this year alone, Bayer is spending €3.2 billion on research and development," Dekkers said. The Chairman emphasized the significance of Professor Rammensee's work toward personalized medicine as a means for fighting cancer. Personalized cancer therapy, he pointed out, is also gaining importance for Bayer. "In this way Bayer hopes to achieve an improved response rate to the selected treatment, with fewer side-effects and in some cases a shorter treatment duration – in other words added value for all stakeholders in the health sector." In his address, Professor Ernst-Ludwig Winnacker, Secretary General of the Human Frontier Science Program Organization and Chairman of the foundation's Board of Trustees, explained that "Hans-Georg Rammensee is a pioneer in the development of innovative, personalized immunotherapy for cancer based on multi-peptide vaccination. The first clinical studies were more successful than expected, impressively extending the survival of patients with kidney or colon cancer."

Award ceremony in Berlin (from left): Dr. Marijn Dekkers, Prof. Ernst-Ludwig Winnacker, Prof. Hans-Georg Rammensee and Prof. Wolfgang Plischke

Riociguat submitted for U.S. and E.U. approval

Bayer HealthCare has submitted its oral investigational drug riociguat for regulatory approval in the United States and the European Union in two distinct forms of pulmonary hypertension: inoperable chronic thromboembolic pulmonary hypertension (CTEPH) and pulmonary arterial hypertension (PAH). The application has been granted priority review by the U.S. Food and Drug Administration (FDA). Riociguat was discovered and developed by Bayer and is the first member of a novel class of compounds, the stimulators of soluble guanylate cyclase (sGC). Riociguat is the first drug to demonstrate clinical efficacy in a placebo-controlled Phase III study in inoperable CTEPH patients.

The submission is based on the results of two registration-relevant, global Phase III studies – CHEST-1 and PATENT-1. The results of both studies were presented at the annual congress of the American College of Chest Physicians in Atlanta, United States, in 2012. Both Phase III studies on riociguat met their primary endpoint in exercise capacity. Riociguat was generally well tolerated, with no unexpected adverse events reported.

PAH is a rare but life-threatening disease in which the pressure in the pulmonary arteries is above normal. CTEPH is a rare but life-threatening disease in which it is believed that thromboembolic occlusion (blood clots) of pulmonary vessels gradually leads to increased pressure in the pulmonary arteries, resulting in an overload of the right heart.

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

Cancer drug approved in the U.S. and Japan

The U.S. Food and Drug Administration (FDA) has approved Bayer's Stivarga™ (regorafenib) to treat patients with locally advanced, unresectable or metastatic gastrointestinal stromal tumor (GIST) who have been previously treated with imatinib mesylate and sunitinib malate. The approval of Stivarga™ is based on results from the pivotal Phase III study GRID, which demonstrated a statistically significant improvement in progression-free survival compared to placebo in patients with GIST whose disease had continued to progress after administration of the currently approved standard therapies. Stivarga™ is also approved by the FDA for the treatment of patients with metastatic colorectal cancer (mCRC).

Bayer HealthCare has received approval from the Ministry of Health, Labour and Welfare (MHLW) in Japan for Stivarga™ for the treatment of patients with unresectable, advanced/recurrent colorectal cancer (CRC). An application for approval in GIST is under priority review by the Japanese health ministry. Bayer has also submitted for marketing approval of regorafenib for the treatment of metastatic CRC in Europe.

Stivarga™ is an oral multi-kinase inhibitor that inhibits various kinases within the mechanisms involved in tumor growth and progression.

Regorafenib is a Bayer compound and is being marketed in the United States by Bayer and Onyx Pharmaceuticals, Inc., United States. Onyx would receive a royalty on global net sales of regorafenib in oncology.

Bayer employee Melanie Piazza at the filling line for the cancer drug regorafenib

Positive results for Nexavar

The Phase III clinical trial DECISION investigating Nexavar™ (sorafenib) as a monotherapy in patients with locally advanced or metastatic radioactive iodine (RAI)-refractory thyroid cancer has met its primary endpoint of a statistically significant improvement in progression-free survival. The safety and tolerability were generally consistent with the known profile of Nexavar™. Bayer plans to submit Nexavar™ for marketing authorization in the treatment of RAI-refractory differentiated thyroid cancer based on these data.

Formulating Nexavar: Dirk Unterberg and Ömür Capar (from left)

Nexavar™, a drug for the treatment of liver and kidney cancer, is approved in more than 100 countries worldwide. Nexavar™ is approved in Europe for the treatment of hepatocellular carcinoma and also of patients with advanced renal cell carcinoma who have not responded to treatment with interferon-alpha or interleukin-2 or for whom this treatment is not indicated.

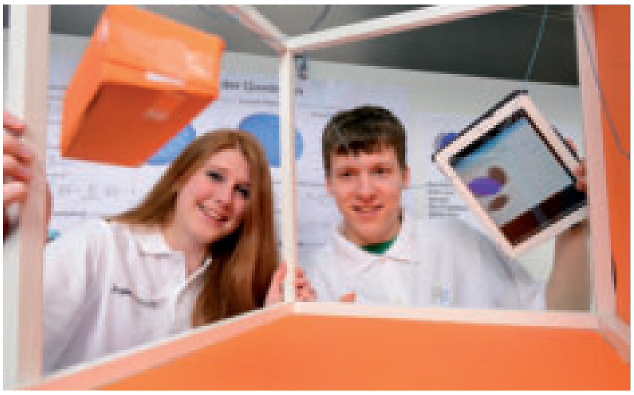
World-scale TDI plant in Dormagen approved

Green light for the new world-scale TDI plant in Dormagen: Following a detailed appraisal, the Cologne district authority has granted Bayer MaterialScience the permit to build and operate the new high-tech facility for the production of the chemical toluene diisocyanate (TDI). TDI is needed as a precursor for the manufacture of high-quality flexible polyurethane foams used in products such as mattresses, chairs and car seats. With an annual capacity of 300,000 metric tons, the future world-scale facility represents the final element in Bayer MaterialScience's long-term investment strategy to turn its Dormagen site into a global technology center for the development and production of polyurethanes.

"Jugend forscht" at Bayer

Bayer is the official sponsor of the 2013 German national "Jugend forscht" competition, the 48th such student research contest to be held. The final of Europe's most successful competition for emerging talent in the areas of mathematics, IT, the natural sciences and technology will take place in Leverkusen. The patron of the contest is the German Federal President. Bayer has shown its commitment to this educational initiative since it was first held in 1965-66 and is organizing the latest competition – in the year of the company's 150th anniversary – for the fourth time, following 1970, 1979 and 1999. The theme for 2013 is "Do you have an idea that you just can't get out of your head?"

"Promoting talent in science and technology is close to our hearts. As an innovation company with the mission "Science For A Better Life," we always need to be able to hire highly qualified new employees," said Bayer CEO Dr. Marijn Dekkers. "And we consider it part of our social responsibility to invest in the future perspectives of young people." The 2013 round of the competition comprises 80 regional contests, 16 "Jugend forscht" state contests and the national final. The winners of the contest held in Bayer's home state of North Rhine-Westphalia were chosen in Leverkusen in March.



Winners of the 2013 North Rhine-Westphalia state contest in mathematics: Laura Mähler (left) and Sebastian Kassing of Aldegrever High School in Soest

The national contest with more than 200 young research scientists will also take place at the Leverkusen BayArena from May 30 to June 2, 2013.

Priority review for radium-223 dichloride

The U.S. Food and Drug Administration (FDA) has granted priority review to the New Drug Application (NDA) filed in December 2012 for the investigational oncology compound radium-223 dichloride (radium-223). Radium-223 was submitted for approval in December 2012 both in the United States and the European Union for the treatment of patients with hormone-refractory prostate cancer and bone metastases.

The submissions are based on the Phase III ALSYMPCA (ALpharadin in SYMptomatic Prostate CAncer) trial, in which radium-223 significantly increased overall survival by 44 percent.

Radium-223 is an investigational agent in development for cancer patients with bone metastases. In September 2009, Bayer signed an agreement with Algeta ASA, Oslo, Norway, for the development and commercialization of radium-223.

Biological crop protection

For Bayer CropScience, another milestone on the road to becoming a leader in complete agricultural solutions was reached on January 18, 2013, with the acquisition of German company Prophyta Biologischer Pflanzenschutz GmbH. Headquartered in Malchow on the island of Poel in the state of Mecklenburg-Western Pomerania, Prophyta is a leading supplier of microbial crop protection products. In addition to research and development facilities, the acquisition also includes state-of-the-art production and formulation facilities in the nearby city of Wismar. The acquisition complements the portfolio of Bayer CropScience and supports the establishment of a leading range of complete agricultural solutions based on high-value seed, innovative crop protection solutions and customized services.

"This acquisition not only further strengthens our successful fruits and vegetables business," said Dr. Rüdiger Scheitza, Member of the Board of Management of Bayer CropScience AG and Head of Strategy & Business Management. "Prophyta's patented solid-state fermentation technology and strong expertise in the formulation of live fungal spores will also help us bring new, innovative solutions to market." The acquisition of Prophyta expands Bayer CropScience's existing biological pest control portfolio and allows the company to further leverage its technology platform acquired through Athenix Corporation and AgraQuest. Prophyta, founded in 1992, offers customers well-established products primarily based on biological control agents. Its products are registered in more than 30 countries worldwide.

Bayer CropScience is expanding its activities to include crop protection with micro-organisms.

Controlling weeds in soybean crops

Bayer CropScience and Syngenta have submitted applications in various countries for the approval of a new herbicide-tolerance soybean trait that represents an important new way to combat difficult-to-control weeds. The application is currently being reviewed by the regulatory authorities in the United States, Canada, and major soybean-importing regions including the European Union. The estimated launch date for the new trait is between 2015 and 2020. It gives soybean plants tolerance toward the three active ingredients mesotrione, glufosinate-ammonium and isoxaflutole (collectively known as MGI). This MGI herbicide-tolerance trait offers an important new tool for soybean growers faced with challenging weeds.

Bayer employee Jayme Williams harvests soybeans at Research Triangle Park, North Carolina, United States.

The new trait will broaden the herbicide options available to soybean growers by offering tolerance to Callisto™ and Balance™ herbicides, the leading HPPD inhibitor products. Further assisting growers in weed resistance management, the new soybean product will also be tolerant to Liberty™ herbicide, while maintaining soybean yield and agronomic performance. "This new trait and herbicide system will enable growers to build highly effective weed management programs in soybeans while utilizing rotation of multiple and highly effective herbicide modes of action – critical in the ongoing fight against weed resistance," says Tim Zurliene, Global Trait Marketing and Licensing Manager at Bayer CropScience.

In addition, Bayer CropScience is expanding its successful partnership with U.S. research company Nature Source Genetics, Ithaca, New York. A new five-year agreement involves collaboration in the pre-breeding and enhancement of soybean germplasm. The goal is to create improved seed by making use of innovative technologies to identify and incorporate previously non-detectable, naturally occurring genes. The partnership also builds on a successful collaboration in cotton breeding, which began in 2008.

Identifying new treatments for blood disorders

Bayer researcher Maxine Bauzon at the U.S. Innovation Center in Mission Bay, San Francisco

In the fight against rare blood diseases, Bayer HealthCare has signed a master collaboration agreement with the Children's Hospital & Research Center in Oakland, California, to research hemoglobin disorders, particularly in the area of sickle cell anemia. The agreement aims to utilize promising research approaches to help identify potential new therapies for this rare blood disease. Scientists based at Bayer HealthCare's U.S. Innovation Center in San Francisco's Mission Bay will work with Children's Hospital researchers and have formed a joint steering committee to coordinate the research efforts, which will be funded by Bayer.
According to the World Health Organization, some 5 percent of the world's population carries trait genes for hemoglobin disorders, mainly sickle cell anemia and thalassemia.

Technology center opened in South Korea

New polycarbonate applications for Korean companies: Bayer MaterialScience has opened a development and technology center for high-performance plastics in South Korea. New polycarbonate-based applications for products used primarily in the automotive and IT sectors will be developed there in close collaboration with Korean companies. The new center in Yongin just outside the capital city of Seoul strengthens Bayer MaterialScience's worldwide research and development network and its network of large-scale production sites in the Asia-Pacific region. The objective is to give customers in the region even better access to the company's expertise, experience and application technologies.

New long-term contraceptive

Bayer HealthCare has received approval from the U.S. Food and Drug Administration (FDA) for its new low-dose levonorgestrel-releasing intrauterine system (IUS). This IUS, to be marketed in the U.S. under the Skyla™ trademark, is a new contraceptive option for women who do not want to take a pill every day. Placed in the uterus, it protects against pregnancy for up to three years. Skyla™ is a small, flexible plastic T-shaped device containing the hormone levonorgestrel. It slowly releases a low dose of levonorgestrel locally in the uterus, and therefore only small amounts of the hormone enter the bloodstream. Skyla™ also offers a rapid return to a woman's usual level of fertility after removal. In December 2012, Bayer HealthCare successfully concluded the European registration procedure for the new IUS, which Bayer plans to market in the E.U. under the brandname "Jaydess".

Physician-patient consultation about contraception

Five-point plan to combat hunger

Sustainably increasing harvests and thus helping to ensure an ample supply of healthy food for the world's population: that is the objective of the "New Revolution in Agriculture" that Bayer CropScience is propagating together with its partners. The first "Green Revolution" in agriculture took place in the 1960s. The term was coined in reference to the increases in agricultural productivity made possible by innovations such as enhanced crop varieties and targeted crop protection. The challenges facing us today may be even more complex than those in the 1960s. A "New Revolution in Agriculture" is therefore urgently needed, with an even stronger focus on environmentally friendly, sustainable development.

"Our planet has reached its ecological limits. That's why we urgently need to find new ideas and answers – and we have to better utilize the available land," said Liam Condon, Chairman of the Board of Management of Bayer CropScience, at the Global Forum for Food and Agriculture in Berlin. The main objective is to minimize agriculture's impact on the environment and the climate, while at the same time ensuring that the existing arable land can be efficiently farmed to overcome future challenges.

Condon presented a five-point plan aimed at promoting a "New Revolution in Agriculture."

1. Targeted investment in **agricultural innovation**: Bayer CropScience is investing €5 billion in research and development between 2011 and 2016. The company conducts research not only into new chemical approaches but also into biological crop protection and stress-tolerant seeds, for example.
2. Striving to improve farmers' **access to technologies and know-how** worldwide: Bayer CropScience's Model Village Project, for example, is designed to support farmers in India in becoming self-sufficient, independent entrepreneurs and at the same time helps to improve rural living conditions.
3. **Sustainable expansion of agricultural productivity:** Bayer CropScience has developed a way to grow rice that requires significantly less water than the conventional method. Solutions like these reduce water consumption and methane emissions – and thus help to protect the environment.
4. Promoting **human health**: "One third of all children worldwide cannot develop to their full potential because of malnutrition," said Condon. The nutritional value of plants can be elevated by in creasing their content of nutrients such as zinc, iron and iodine.
5. Intensifying **international cooperation** between political and industrial players: In addition to researching and developing new products, Bayer plans to work with partners to address challenges such as educational shortfalls, poor infrastructures or uncertain regulatory environments. Condon, German Economic Cooperation and Development Minister Dirk Niebel and Microsoft founder Bill Gates announced collaborations for greater food security at a press conference.

Speaking to the media in Berlin (from right): Liam Condon, Bill Gates and Dirk Niebel

Bayer materials enable the cost-effective production of particularly break-resistant, durable and lightweight rotor blades for wind turbines.

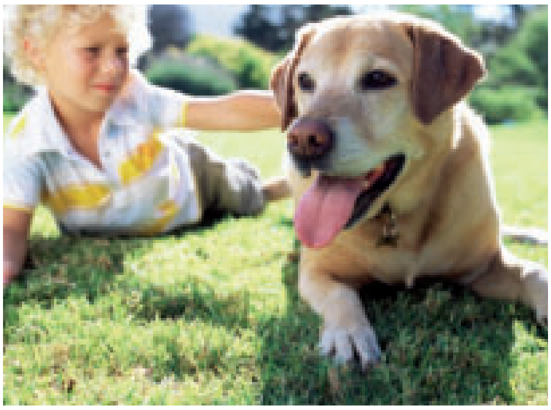
Efficient rotor blade production

Polyurethane infusion resins from Bayer MaterialScience can be used to manufacture complete rotor blades for wind turbines on an industrial scale. This is the outcome of a recent project of the new Wind Power Competence Center in the Danish city of Otterup, which steers and coordinates the company's global activities in this field. To manufacture the blades, the resins are combined with fibers in a mold, forming a very strong composite material. The finished rotor blades are stronger, more durable and lighter than those produced with the epoxy resins and unsaturated polyesters previously used. However, the most important advantage is the greater process and cost efficiency. As polyurethane resins are more free-flowing than conventional materials, they spread better in the mold and can be processed more quickly. They also cure faster and under simplified conditions. Bayer MaterialScience is confident that the manufacture of rotor blades can be automated using robots.

The rotor blades alone account for about a quarter of the cost of a wind turbine. Cost savings are therefore a key driver of wind power development. According to Kim Harnow Klausen, head of the Bayer MaterialScience Wind Power Competence Center, "The use of polyurethane resins could reduce the cycle time per blade from 16 to 24 hours currently to seven to eight hours, thus significantly increasing productivity. We are working to reduce the cycle time even further."

Innovative collar protects dogs and cats

Effective long-term protection for companion animals: Bayer HealthCare has launched the flea and tick collar Seresto™ for cats and dogs in the U.S. market. The innovative collar consists of a patented polymer matrix, which releases a combination of the proven active ingredients imidacloprid and flumethrin in controlled, low doses, maintaining the necessary level of active ingredient and protecting the animals against fleas and ticks for up to eight months. Seresto™ also is Bayer's first cat product for repelling ticks. It prevents the parasites from attaching to the cat, reducing the risk of tick-borne diseases.



Protection against fleas and ticks: the innovative collar Seresto™ releases low doses of active ingredient over a long period.

"Seresto™ is an ideal addition to our existing portfolio of products for monthly application. People can now choose the best and most convenient tick and flea treatment for their pets," says Dr. Dirk Ehle, Head of Bayer HealthCare's Animal Health Division. According to market studies, pet owners tend to forget to re-apply the monthly treatment on schedule, resulting in a lack of protection until the product is used again. This gap does not occur with Seresto™ thanks to its special release mechanism. The innovative collar has been on the market in Europe and New Zealand since 2012.

Financial Calendar

Q2 2013 Interim Report	**July 31, 2013**
Q3 2013 Interim Report	**October 31, 2013**
2013 Annual Report	**February 28, 2014**
Q1 2014 Interim Report	**April 28, 2014**
Annual Stockholders' Meeting 2014	**April 29, 2014**

MASTHEAD

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Germany

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Date of publication
Monday, April 29, 2013
(Financial Report: Thursday, April 25, 2013)

Bayer on the internet
WWW.BAYER.COM

ISSN 0343/1975

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