Science For A Better Life

Stockholders' Newsletter

FINANCIAL REPORT AS OF JUNE 30, 2009

2nd quarter: Bayer robust in a difficult environment

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Bayer Group Key Data

	2nd Quarter 2008	2nd Quarter 2009	Change	1st Half 2008	1st Half 2009	Change	Full Year 2008
	€ million	€ million	%	€ million	€ million	%	€ million
Sales	**8,511**	**8,009**	**−5.9**	**17,047**	**15,904**	**−6.7**	**32,918**
Change in sales							
Volume	+8.1%	−6.7%		+7.0%	−8.0%		+2.8%
Price	+1.4%	−2.2%		+1.2%	−1.3%		+1.6%
Currency	−6.4%	+3.0%		−5.6%	+2.4%		−3.4%
Portfolio	+0.5%	0.0%		+0.4%	+0.2%		+0.6%
EBITDA[1]	**1,774**	**1,709**	**−3.7**	**3,829**	**3,370**	**−12.0**	**6,266**
Special items	*(122)*	*(56)*		*(252)*	*(90)*		*(665)*
EBITDA before special items	*1,896*	*1,765*	*−6.9*	*4,081*	*3,460*	*−15.2*	*6,931*
EBITDA margin before special items	22.3%	22.0%		23.9%	21.8%		21.1%
EBIT[2]	**1,105**	**1,021**	**−7.6**	**2,448**	**1,994**	**−18.5**	**3,544**
Special items	*(143)*	*(80)*		*(297)*	*(124)*		*(798)*
EBIT before special items	*1,248*	*1,101*	*−11.8*	*2,745*	*2,118*	*−22.8*	*4,342*
EBIT margin before special items	14.7%	13.7%		16.1%	13.3%		13.2%
Non-operating result	**(262)**	**(292)**	**−11.5**	**(537)**	**(626)**	**−16.6**	**(1,188)**
Net income	**574**	**532**	**−7.3**	**1,336**	**957**	**−28.4**	**1,719**
Earnings per share (€)[3]	0.73	0.67	−8.2	1.69	1.22	−27.8	2.22
Core earnings per share (€)[4]	1.18	1.05	−11.0	2.62	1.96	−25.2	4.17
Gross cash flow[5]	**1,322**	**1,248**	**−5.6**	**2,973**	**2,457**	**−17.4**	**5,295**
Net cash flow[6]	**889**	**1,399**	**+57.4**	**1,417**	**2,092**	**+47.6**	**3,608**
Cash outflows for capital expenditures	**347**	**370**	**+6.6**	**635**	**660**	**+3.9**	**1,759**
Research and development expenses	**648**	**663**	**+2.3**	**1,281**	**1,320**	**+3.0**	**2,653**
Depreciation and amortization	**669**	**688**	**+2.8**	**1,381**	**1,376**	**−0.4**	**2,722**
Number of employees at end of period[7]	**107,100**	**108,400**	**+1.2**	**107,100**	**108,400**	**+1.2**	**108,600**
Personnel expenses (including pension expenses)	1,864	2,057	+10.4	3,852	3,948	+2.5	7,491

[1] EBITDA = EBIT plus amortization of intangible assets and depreciation of property, plant and equipment. EBITDA, EBITDA before special items and EBITDA margin are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company considers underlying EBITDA to be more a suitable indicator of operating performance since it is not affected by depreciation, amortization, write-downs/write-backs or special items. The company also believes that this indicator gives readers a clearer picture of the results of operations and ensures greater comparability of data over time. The underlying EBITDA margin is calculated by dividing underlying EBITDA by sales. See also page 24.

[2] EBIT as per income statements

[3] Earnings per share as defined in IAS 33 = net income divided by the average number of shares. For details see page 43.

[4] Core earnings per share is not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company believes 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 on page 30.

[5] Gross cash flow = income from continuing operations after taxes, plus income taxes, plus/minus non-operating result, minus income taxes paid or accrued, plus depreciation, amortization and write-downs, minus write-backs, plus/minus changes in pension provisions, minus gains/plus losses on retirements of noncurrent assets, plus non-cash effects of the remeasurement of acquired assets. The change in pension provisions includes the elimination of non-cash components of the operating result. It also contains benefit payments during the year. For details see page 25.

[6] Net cash flow = cash flow from operating activities according to IAS 7

[7] Number of employees in full-time equivalents

HealthCare strong – MaterialScience stabilized

2nd quarter: Bayer robust in a difficult environment

- Sales €8.0 billion (-5.9%)
- EBITDA before special items €1.8 billion (-6.9%)
- EBIT before special items €1.1 billion (-11.8%)
- Net income €0.5 billion (-7.3%)
- Net cash flow €1.4 billion (+57.4%)

Overview of Sales, Earnings and Financial Position

SECOND QUARTER OF 2009

The Bayer Group's businesses turned in a robust performance in the second quarter. HealthCare saw encouraging growth in sales and earnings. CropScience further increased sales and matched the good earnings level of the previous year. MaterialScience improved its performance compared with the first quarter of 2009 but remained well below the prior year.

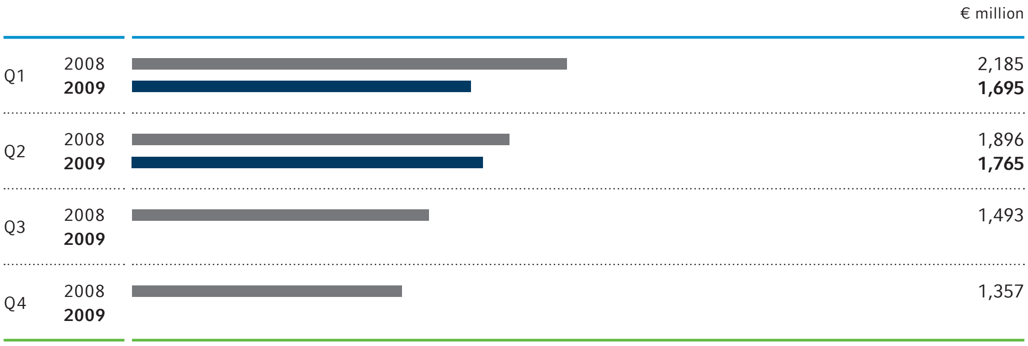
Group sales came in at €8,009 million, down 5.9% from the €8,511 million recorded for the prior-year period. Adjusted for currency and portfolio effects (Fx & portfolio adj.), sales receded by 8.9%. Sales of HealthCare grew by 8.3% (Fx & portfolio adj. +4.8%), while business at Crop-Science expanded by 2.7% (Fx adj. +2.0%). At MaterialScience, the ongoing economic weakness in important customer industries led to a 30.2% drop in sales (Fx & portfolio adj. -34.4%).

Sales by Quarter

		Domestic € million	Foreign € million	Total
Q1	2008	1,325	7,211	8,536
	2009	**1,153**	**6,742**	**7,895**
Q2	2008	1,202	7,309	8,511
	2009	**994**	**7,015**	**8,009**
Q3	2008	1,227	6,721	7,948
	2009			
Q4	2008	1,043	6,880	7,923
	2009			

EBITDA before special items in the second quarter of 2009 fell 6.9% to €1,765 million (Q2 2008: €1,896 million). HealthCare improved earnings by 11.9% to €1,112 million (Q2 2008: €994 million). Those of CropScience held steady year on year at €497 million (Q2 2008: €501 million.). At MaterialScience, EBITDA before special items came in at €121 million (Q2 2008: €372 million), well ahead of the first quarter (minus €116 million). Group EBITDA for the second quarter amounted to €1,709 million (-3.7%).

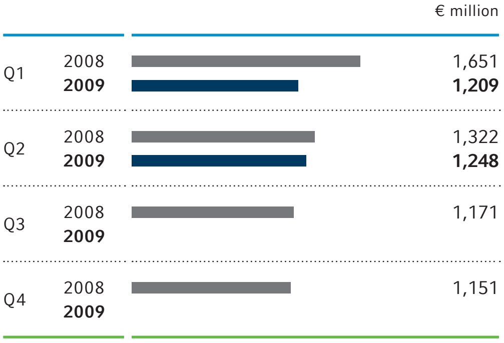
EBITDA Before Special Items by Quarter



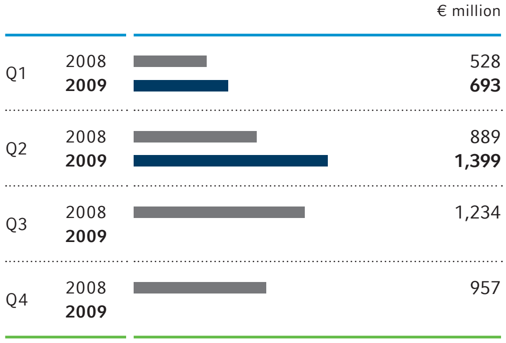
EBIT before special items in the second quarter of 2009 dropped by 11.8% to €1,101 million (Q2 2008: €1,248 million). Special items totaled minus €80 million (Q2 2008: minus €143 million). Of this amount, additional funding for the German corporate pension assurance association, necessitated by record bankruptcy losses, accounted for minus €70 million, restructuring at CropScience and MaterialScience for minus €64 million, and litigations for minus €35 million. These charges were partially offset by a net amount of €89 million in income from the integration of Schering, Berlin, Germany, consisting mainly of gains from divestments of business activities in the Schering portfolio. EBIT shrank by 7.6% to €1,021 million (Q2 2008: €1,105 million).

After a non-operating result of minus €292 million (Q2 2008: minus €262 million), income before income taxes came in at €729 million (Q2 2008: €843 million). The main components of the non-operating result were €154 million (Q2 2008: €187 million) in net interest expense, €107 million (Q2 2008: €67 million) in interest cost for pension and other provisions, and a €21 million (Q2 2008: €6 million) net loss from investments in affiliated companies. After tax expense of €199 million (Q2 2008: €262 million) and accounting for €2 million in losses (Q2 2008: €7 million in income) attributable to non-controlling interest, net income came in at €532 million (Q2 2008: €574 million). Earnings per share were €0.67 (Q2 2008: €0.73). Core earnings per share moved back to €1.05 (Q2 2008: €1.18). The calculation of core earnings per share is explained on page 30.

Gross Cash Flow by Quarter



Net Cash Flow by Quarter



Gross cash flow declined by 5.6% year on year in the second quarter of 2009, to €1,248 million (Q2 2008: €1,322 million). Net cash flow climbed by 57.4% to €1,399 million (Q2 2008: €889 million) due to improvements in working capital. The increase was due mainly to a further reduction in cash tied up in inventories and to lower income tax payments. Net financial debt dropped to €11.7 billion as of June 30, 2009, compared with €14.0 billion on March 31, 2009, due largely to the conversion of the mandatory convertible bond. The net pension liability – the aggregate of pension obligations and plan assets – rose by €0.6 billion compared with March 31, 2009, to €6.4 billion, mainly because of lower long-term interest rates on the capital market.

FIRST HALF OF 2009

The Bayer Group's business was hampered in the **first half of 2009** by the effects of the financial and economic crisis. **Sales** from continuing operations receded by 6.7% to €15,904 million (H1 2008: €17,047 million). Adjusted for currency and portfolio effects, business was down by 9.3%. HealthCare posted 2.5% and CropScience 4.8% growth in sales. Business at MaterialScience fell by a substantial 36.4% in the wake of the economic crisis.

EBITDA before special items declined by 15.2% to €3,460 million (H1 2008: €4,081 million). First-half **EBIT** before special items receded by 22.8% to €2,118 million (H1 2008: €2,745 million). Special items totaled minus €124 million (H1 2008: minus €297 million) overall. EBIT of the Bayer Group fell by 18.5% to €1,994 million (H1 2008: €2,448 million).

After a non-operating result of minus €626 million (H1 2008: minus €537 million), income before income taxes for the first half came in at €1,368 million (H1 2008: €1,911 million). The non-operating result contained net interest expense of €333 million (H1 2008: €376 million) After tax expense of €414 million (H1 2008: €568 million), after-tax income was €954 million (H1 2008: €1,343 million).

After non-controlling interest, net income for the first half amounted to €957 million (H1 2008: €1,336 million). Earnings per share were €1.22 (H1 2008: €1.69). Core earnings per share moved back to €1.96 (H1 2008: €2.62). The calculation of core earnings per share is explained on page 30.

Gross cash flow fell by 17.4% compared with the first half of 2008, to €2,457 million (H1 2008: €2,973 million), mainly because of the weak business performance at MaterialScience. Net cash flow rose to €2,092 million (H1 2008: €1,417 million). Net financial debt dropped to €11.7 billion as of June 30, 2009, compared with €14.2 billion on December 31, 2008, due largely to the conversion of the mandatory convertible bond. The net pension liability – the aggregate of pension obligations and plan assets – rose by €0.4 billion compared with December 31, 2008, to €6.4 billion, mainly because of lower long-term interest rates on the capital market.

Future Perspectives

ECONOMIC OUTLOOK

At mid-year, the **global economy** remains in crisis. According to the most recent indicators, however, the bottom of the economic cycle has probably been reached. Expectations for the coming months have improved among both companies and consumers.

We continue to anticipate a moderate expansion of the **pharmaceutical market** over the year as a whole, but with growth continuing to slow in the United States and the major European countries. By contrast, growth in the emerging markets should be only slightly restrained. While development of the **consumer health markets** is likely to be somewhat hampered by the overall economic situation, the basically positive climate in this sector should continue.

We expect the global **crop protection and seed market** to develop positively, albeit at markedly lower rates than in the record year 2008. Unfavorable weather patterns in some major growing areas in the first half of 2009 contributed to the slower pace of expansion. However, farmers in general should continue to benefit from attractive prices for plant-based raw materials compared to the long-term average, as well as from low energy and fertilizer costs than in the previous year.

Despite extensive stimulus packages launched by governments around the world, the main customer industries of **MaterialScience** (automotive, construction, furniture, electronics) continue to operate in a difficult environment. Although there are signs that the bottom of the cycle has been reached, the recovery is likely to take some time. Any notable expansion of production in our customer industries depends primarily on a sustained increase in general consumer confidence and investment activity.

SALES AND EARNINGS FORECAST

For HealthCare and CropScience we continue to expect a positive trend in 2009, with growth in sales and EBITDA before special items. HealthCare plans to achieve currency-adjusted growth rates ahead of the market average in all divisions. We aim to further improve the EBITDA margin before special items toward 28%. CropScience still plans to continue expanding sales in a generally favorable market environment. Here we aim to maintain the EBITDA margin before special items at the high level of about 25%.

At MaterialScience, second-quarter sales and earnings exceeded the very low levels of the first quarter as expected. While the signs that the downturn was bottoming out have been confirmed, there is no indication yet of a sustained improvement. Moreover, earnings are likely to be held back by a renewed increase in raw material costs. We nevertheless expect this subgroup to report positive EBITDA before special items in the third quarter.

Against this background we expect to post full-year Group sales of between €31 billion and €32 billion and are adhering to our ambitious target of limiting the decline in Group EBITDA before special items to 5%.

The ongoing restructuring programs and the remaining measures connected with the Schering integration are expected to lead to special charges of approximately €250 million.

We still plan to make capital expenditures of €1.4 billion. We estimate depreciation and amortization at about €2.7 billion (previously: €2.8 billion), including €1.2 billion (previously: €1.3 billion) in depreciation of property, plant and equipment. Research and development expenses are planned to rise to approximately €2.9 billion.

We continue to assume that we will reduce net financial debt toward €10 billion in 2009. This forecast does not take into account any possible portfolio changes.

Performance by Subgroup and Segment

CORPORATE STRUCTURE

Bayer AG, headquartered in Leverkusen, Germany, is the strategic management holding company for the Bayer Group. Business activities are conducted by the HealthCare, CropScience and MaterialScience subgroups, supported by the service companies Bayer Business Services, Bayer Technology Services and Currenta.

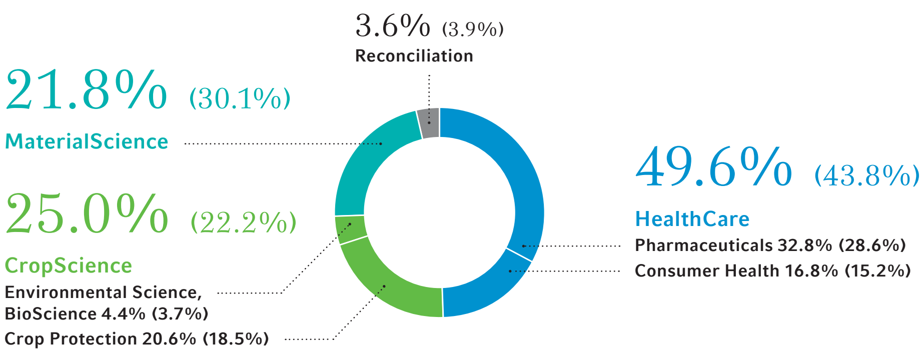
We have implemented a number of organizational changes that affect our segment reporting effective January 1, 2009 as described below. The prior-year figures have been restated accordingly.

MaterialScience is reported as a single segment. The integration of the thermoplastic polyurethanes businesses into the Polyurethanes and the Coatings, Adhesives, Specialties business units completes an important phase in the reorganization of the MaterialScience portfolio. The Thermoplastic Polyurethanes (TPU) business unit has been dissolved. The TPU resins business has been integrated into the Polyurethanes business unit, while the TPU films activities now form part of the Coatings, Adhesives, Specialties business unit (Functional Films). In light of organizational changes, the non-core businesses previously reported as "Other Systems" are reported under Industrial Operations.

We have also made organizational changes in the HealthCare subgroup. Our dermatology business (Intendis) is no longer part of the Pharmaceuticals segment, but has been integrated into the Consumer Care Division within the Consumer Health segment. The Diabetes Care Division has been combined with our medical equipment business Medrad – which previously formed part of the Diagnostic Imaging business unit in the Pharmaceuticals segment – to create the Medical Care Division. In the Pharmaceuticals segment we now conduct our business in the General Medicine (formerly Primary Care and Cardiology), Specialty Medicine (formerly Specialized Therapeutics, Oncology and Hematology), Women's Healthcare and Diagnostic Imaging business units.

The commentaries in this report relate exclusively to continuing operations, except where specific reference is made to discontinued operations or to a total value.

Sales by Segment, 1st Half 2009 (1st Half 2008 in parentheses)



Key Data by Subgroup and Segment, 2nd Quarter

	Sales		EBIT before special items*		EBITDA before special items*		EBITDA margin before special items*	
	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009
	€ million	€ million	€ million	€ million	€ million	€ million	%	%
HealthCare	**3,734**	**4,045**	**639**	**758**	**994**	**1,112**	**26.6**	**27.5**
Pharmaceuticals	2,414	2,634	406	523	707	812	29.3	30.8
Consumer Health	1,320	1,411	233	235	287	300	21.7	21.3
CropScience	**1,804**	**1,852**	**375**	**374**	**501**	**497**	**27.8**	**26.8**
Crop Protection	1,526	1,540	329	315	435	423	28.5	27.5
Environmental Science, BioScience	278	312	46	59	66	74	23.7	23.7
MaterialScience	**2,622**	**1,830**	**253**	**(22)**	**372**	**121**	**14.2**	**6.6**
Reconciliation	**351**	**282**	**(19)**	**(9)**	**29**	**35**	**8.3**	**12.4**
Continuing operations	**8,511**	**8,009**	**1,248**	**1,101**	**1,896**	**1,765**	**22.3**	**22.0**

2008 figures restated
* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24

Key Data by Subgroup and Segment, 1st Half

	Sales		EBIT before special items*		EBITDA before special items*		EBITDA margin before special items*	
	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million	€ million	€ million	%	%
HealthCare	**7,465**	**7,888**	**1,302**	**1,451**	**2,044**	**2,173**	**27.4**	**27.5**
Pharmaceuticals	4,883	5,221	835	1,046	1,467	1,639	30.0	31.4
Consumer Health	2,582	2,667	467	405	577	534	22.3	20.0
CropScience	**3,782**	**3,972**	**953**	**991**	**1,214**	**1,234**	**32.1**	**31.1**
Crop Protection	3,148	3,274	822	821	1,042	1,034	33.1	31.6
Environmental Science, BioScience	634	698	131	170	172	200	27.1	28.7
MaterialScience	**5,134**	**3,466**	**534**	**(285)**	**779**	**5**	**15.2**	**0.1**
Reconciliation	**666**	**578**	**(44)**	**(39)**	**44**	**48**	**6.6**	**8.3**
Continuing operations	**17,047**	**15,904**	**2,745**	**2,118**	**4,081**	**3,460**	**23.9**	**21.8**

2008 figures restated
* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24

Bayer HealthCare

Key Data – HealthCare	2nd Quarter 2008	2nd Quarter 2009	Change	1st Half 2008	1st Half 2009	Change
	€ million	€ million	%	€ million	€ million	%
Sales	**3,734**	**4,045**	**+8.3**	**7,465**	**7,888**	**+5.7**
Pharmaceuticals	2,414	2,634	+9.1	4,883	5,221	+6.9
Consumer Health	1,320	1,411	+6.9	2,582	2,667	+3.3
Sales by Region						
Europe	1,538	1,576	+2.5	3,164	3,148	−0.5
North America	1,085	1,223	+12.7	2,130	2,327	+9.2
Asia/Pacific	545	652	+19.6	1,071	1,287	+20.2
Latin America/Africa/Middle East	566	594	+4.9	1,100	1,126	+2.4
EBITDA*	**887**	**1,176**	**+32.6**	**1,857**	**2,219**	**+19.5**
Special items	*(107)*	*64*		*(187)*	*46*	
*EBITDA before special items**	*994*	*1,112*	*+11.9*	*2,044*	*2,173*	*+6.3*
EBITDA margin before special items*	26.6%	27.5%		27.4%	27.5%	
EBIT*	**513**	**821**	**+60.0**	**1,076**	**1,496**	**+39.0**
Special items	*(126)*	*63*		*(226)*	*45*	
*EBIT before special items**	*639*	*758*	*+18.6*	*1,302*	*1,451*	*+11.4*
Gross cash flow**	**606**	**760**	**+25.4**	**1,343**	**1,505**	**+12.1**
Net cash flow**	**154**	**596**	**•**	**731**	**1,295**	**+77.2**

2008 figures restated
* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24
** for definition see chapter "Liquidity and Capital Resources," page 25

Sales of the HealthCare subgroup rose by 8.3% in the **second quarter of 2009**, to €4,045 million (Q2 2008: €3,734 million). Adjusted for currency and portfolio effects, business was up by 4.8%.

HealthCare improved **EBITDA** before special items by 11.9% to €1,112 million (Q2 2008: €994 million). The higher earnings were mainly attributable to the encouraging growth in business at both Pharmaceuticals and Consumer Health, along with synergies from the integration of Schering, Berlin, Germany. **EBIT** before special items grew by 18.6% to €758 million (Q2 2008: €639 million). After net positive special items of €63 million, EBIT rose by a substantial 60.0% to €821 million (Q2 2008: €513 million).

PHARMACEUTICALS

Key Data – Pharmaceuticals	2nd Quarter 2008	2nd Quarter 2009	Change	1st Half 2008	1st Half 2009	Change
	€ million	€ million	%	€ million	€ million	%
Sales	**2,414**	**2,634**	**+9.1**	**4,883**	**5,221**	**+6.9**
General Medicine	760	854	+12.4	1,558	1,685	+8.2
Specialty Medicine	716	786	+9.8	1,478	1,600	+8.3
Women's Healthcare	723	765	+5.8	1,419	1,487	+4.8
Diagnostic Imaging	215	229	+6.5	428	449	+4.9
Sales by Region						
Europe	1,004	1,028	+2.4	2,092	2,063	–1.4
North America	628	700	+11.5	1,273	1,403	+10.2
Asia/Pacific	432	526	+21.8	847	1,036	+22.3
Latin America/Africa/Middle East	350	380	+8.6	671	719	+7.2
EBITDA*	**636**	**879**	**+38.2**	**1,317**	**1,688**	**+28.2**
Special items	*(71)*	*67*		*(150)*	*49*	
*EBITDA before special items**	*707*	*812*	*+14.9*	*1,467*	*1,639*	*+11.7*
EBITDA margin before special items*	29.3%	30.8%		30.0%	31.4%	
EBIT*	**316**	**589**	**+86.4**	**646**	**1,094**	**+69.3**
Special items	*(90)*	*66*		*(189)*	*48*	
*EBIT before special items**	*406*	*523*	*+28.8*	*835*	*1,046*	*+25.3*
Gross cash flow**	**421**	**543**	**+29.0**	**939**	**1,108**	**+18.0**
Net cash flow**	**106**	**428**	**•**	**503**	**940**	**+86.9**

2008 figures restated
* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24
** for definition see chapter "Liquidity and Capital Resources," page 25

Sales of the Pharmaceuticals segment climbed by 9.1% in the **second quarter of 2009** to €2,634 million (Q2 2008: €2,414 million). Adjusted for currency and portfolio effects, sales advanced by a gratifying 6.1%.

Best-Selling Pharmaceutical Products	2nd Quarter 2008	2nd Quarter 2009	Change	Currency-adjusted change	1st Half 2008	1st Half 2009	Change	Currency-adjusted change
	€ million	€ million	%	%	€ million	€ million	%	%
YAZ®/Yasmin®/Yasminelle® (Women's Healthcare)	305	325	+6.6	+4.1	602	644	+7.0	+4.3
Betaferon®/Betaseron® (Specialty Medicine)	274	320	+16.8	+13.3	548	621	+13.3	+10.3
Kogenate® (Specialty Medicine)	182	184	+1.1	–3.5	415	433	+4.3	+0.3
Adalat® (General Medicine)	158	162	+2.5	–5.2	308	318	+3.2	–4.2
Nexavar® (Specialty Medicine)	108	147	+36.1	+29.5	209	284	+35.9	+29.1
Mirena® (Women's Healthcare)	118	137	+16.1	+9.3	230	262	+13.9	+8.1
Avalox®/Avelox® (General Medicine)	90	92	+2.2	–2.5	233	221	–5.2	–9.6
Levitra® (General Medicine)	84	90	+7.1	+1.2	166	173	+4.2	–0.9
Cipro®/Ciprobay® (General Medicine)	77	90	+16.9	+11.1	158	170	+7.6	+3.3
Glucobay® (General Medicine)	74	84	+13.5	+3.2	154	166	+7.8	–2.7
Aspirin Cardio® (General Medicine)	67	81	+20.9	+14.6	131	154	+17.6	+12.3
Ultravist® (Diagnostic Imaging)	65	66	+1.5	+1.8	133	128	–3.8	–2.3
Magnevist® (Diagnostic Imaging)	59	60	+1.7	–8.6	119	116	–2.5	–11.8
Iopamiron® (Diagnostic Imaging)	48	52	+8.3	–9.3	91	98	+7.7	–11.1
Kinzal®/Pritor® (General Medicine)	36	42	+16.7	+18.6	70	79	+12.9	+13.5
Total	**1,745**	**1,932**	**+10.7**	**+5.4**	**3,567**	**3,867**	**+8.4**	**+3.5**
Proportion of Pharmaceuticals sales	72%	73%			73%	74%		

Sales of the **General Medicine** business unit advanced by 12.4% to €854 million (Q2 2008: €760 million). Revenues rose by 6.4% on a currency-adjusted (Fx adj.) basis. Business with Aspirin Cardio® continued to expand (Fx adj. +14.6%). Sales of this product in China moved significantly higher. We also increased sales of the antihypertensive product Kinzal®/Pritor® (Fx adj. +18.6%) in Europe. Business with Cipro®/Ciprobay® (Fx adj. +11.1%) benefited from a U.S. government contract concluded in 2008. Sales of Adalat®, however, fell by 5.2% (Fx adj.) overall.

The **Specialty Medicine** business unit saw sales grow by 9.8% to €786 million (Q2 2008: €716 million). After adjusting for currency and portfolio effects, sales rose by 8.7%. A significant share of this increase was attributable to continuing growth in sales of our multiple sclerosis drug Betaferon®/Betaseron® (Fx adj. +13.3%). This resulted mainly from the positive business performance in the United States and a tender contract awarded in Russia. Sales of our cancer drug Nexavar® also developed particularly well (Fx adj. +29.5%). By contrast, business with our blood-clotting drug Kogenate® declined (Fx adj. -3.5%), mainly as a result of fluctuations in the ordering schedule of our distribution partner.

Sales of the **Women's Healthcare** business unit moved ahead by 5.8% to €765 million (Q2 2008: €723 million). On a currency-adjusted basis, sales gained 4.3%. Sales of the hormone-releasing intrauterine device Mirena® continued to grow (Fx adj. +9.3%), particularly due to a significant increase in the United States. Our YAZ®/Yasmin®/Yasminelle® line of oral contraceptives also performed well (Fx adj. +4.1%). In May 2009 we initiated market introduction of the new oral contraceptive Qlaira® in Europe. The product is already available in several European countries, including Germany, and further launches are planned for the fall of 2009.

Sales of the **Diagnostic Imaging** business unit climbed by 6.5% to €229 million (Q2 2008: €215 million). Adjusted for currency and portfolio effects, business edged forward by 1.7%. The steady decline in sales of Magnevist® (Fx adj. -8.6%) was offset by the expanding Gadovist® business (Fx adj. +24.2%). Sales of Iopamiron® continued to fall as a result of generic competition (Fx adj. -9.3%).

EBITDA before special items of the Pharmaceuticals segment advanced by 14.9% in the second quarter of 2009 to €812 million (Q2 2008: €707 million). This increase was due chiefly to the positive business performance and synergies from the Schering integration. **EBIT** before special items rose by 28.8% to €523 million (Q2 2008: €406 million). The net special gain of €66 million (Q2 2008: charge of €90 million) was the balance of an €89 million net positive amount related to the Schering integration (mainly comprising gains from divestments of business activities in the Schering portfolio) and a €23 million charge for the Pharmaceuticals segment's share of the funding for the German pension assurance association. EBIT climbed by 86.4% to €589 million (Q2 2008: €316 million).

In the **first half of 2009**, **sales** of our Pharmaceuticals segment moved ahead by 6.9% to €5,221 million (H1 2008: €4,883 million). Adjusted for currency and portfolio effects, growth came to 4.2%. The main factors in this development were the gratifying increases in sales of Nexavar® (Fx adj. +29.1%), Betaferon®/Betaseron® (Fx adj. +10.3%) and Mirena® (Fx adj. +8.1%). Sales of Avalox®/Avelox® (Fx adj. -9.6%) and Iopamiron® (Fx adj. -11.1%), however, trended downward. **EBITDA** before special items improved by 11.7% in the first half of 2009, to €1,639 million (H1 2008: €1,467 million). **EBIT** before special items rose by 25.3% to €1,046 million (H1 2008: €835 million). The net special gain of €48 million (H1 2008: charge of €189 million) related chiefly to the integration of Schering. EBIT climbed by 69.3% to €1,094 million (H1 2008: €646 million).

CONSUMER HEALTH

Key Data – Consumer Health	2nd Quarter 2008	2nd Quarter 2009	Change	1st Half 2008	1st Half 2009	Change
	€ million	€ million	%	€ million	€ million	%
Sales	**1,320**	**1,411**	**+6.9**	**2,582**	**2,667**	**+3.3**
Consumer Care	706	749	+6.1	1,421	1,453	+2.3
Medical Care	354	391	+10.5	666	715	+7.4
Animal Health	260	271	+4.2	495	499	+0.8
Sales by Region						
Europe	534	548	+2.6	1,072	1,085	+1.2
North America	457	523	+14.4	857	924	+7.8
Asia/Pacific	113	126	+11.5	224	251	+12.1
Latin America/Africa/Middle East	216	214	−0.9	429	407	−5.1
EBITDA*	**251**	**297**	**+18.3**	**540**	**531**	**−1.7**
Special items	*(36)*	*(3)*		*(37)*	*(3)*	
*EBITDA before special items**	*287*	*300*	*+4.5*	*577*	*534*	*−7.5*
EBITDA margin before special items*	21.7%	21.3%		22.3%	20.0%	
EBIT*	**197**	**232**	**+17.8**	**430**	**402**	**−6.5**
Special items	*(36)*	*(3)*		*(37)*	*(3)*	
*EBIT before special items**	*233*	*235*	*+0.9*	*467*	*405*	*−13.3*
Gross cash flow**	**185**	**217**	**+17.3**	**404**	**397**	**−1.7**
Net cash flow**	**48**	**168**	**•**	**228**	**355**	**+55.7**

2008 figures restated
* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24
** for definition see chapter "Liquidity and Capital Resources," page 25

Sales of the Consumer Health segment increased by 6.9% in the **second quarter of 2009** to €1,411 million (Q2 2008: €1,320 million). Following a weak first quarter marred by factors such as inventory reductions by our customers, business improved by 2.4% compared with the second quarter of 2008 when adjusted for currency and portfolio effects.

Best-Selling Consumer Health Products	2nd Quarter 2008	2nd Quarter 2009	Change	Currency-adjusted change	1st Half 2008	1st Half 2009	Change	Currency-adjusted change
	€ million	€ million	%	%	€ million	€ million	%	%
Contour® (Medical Care)	145	169	+16.6	+10.4	273	293	+7.3	+3.4
Aspirin®* (Consumer Care)	105	94	−10.5	−12.6	219	190	−13.2	−14.5
Advantage® product line (Animal Health)	100	109	+9.0	+2.9	177	187	+5.6	+0.3
Aleve®/naproxen (Consumer Care)	57	56	−1.8	−11.0	105	99	−5.7	−14.2
Bepanthen®/Bepanthol® (Consumer Care)	45	50	+11.1	+14.6	91	98	+7.7	+11.4
Canesten® (Consumer Care)	54	50	−7.4	−6.5	101	93	−7.9	−5.0
Breeze® (Medical Care)	34	41	+20.6	+10.4	68	71	+4.4	−2.9
One-A-Day® (Consumer Care)	27	38	+40.7	+22.5	57	69	+21.1	+7.7
Baytril® (Animal Health)	31	33	+6.5	+1.9	69	68	−1.4	−5.6
Supradyn® (Consumer Care)	33	31	−6.1	−0.9	68	62	−8.8	−5.6
Total	**631**	**671**	**+6.3**	**+1.8**	**1,228**	**1,230**	**+0.2**	**−3.0**
Proportion of Consumer Health sales	48%	48%			48%	46%		

* total Aspirin® second-quarter sales = €175 million (Q2 2008: €172 million), first-half sales = €344 million (H1 2008: €350 million) including Aspirin Cardio®, which is reflected in sales of the Pharmaceuticals segment

In the **Consumer Care** Division, sales advanced by 6.1% to €749 million (Q2 2008: €706 million). After adjusting for currency and portfolio effects, sales rose by 2.5%. This was largely due to the positive business performance in the emerging markets. Among our products, One-A-Day® (Fx adj. +22.5%), Bepanthen®/Bepanthol® (Fx adj. +14.6%) and Redoxon® (Fx adj. +13.7%) recorded especially strong sales gains. However, we registered lower sales of Aspirin® (Fx adj. -12.6%) and Aleve® (Fx adj. –11.0%), particularly in the United States.

Our **Medical Care** Division posted sales of €391 million (+10.5%) in the second quarter of 2009. The currency-adjusted increase was 3.5%. Business with blood glucose monitoring systems (Diabetes Care) developed soundly in all regions, especially Europe. Contour® (Fx adj. +10.4%) reinforced its already strong market position, particularly in Germany. Sales of Breeze® rose by 10.4% (Fx adj.), while those of the older Elite® systems continued to decline (Fx adj. –28.2%). Our medical equipment business held its own in a weak market environment with a currency-adjusted sales decline of 3.4% to €113 million.

The **Animal Health** Division saw sales grow by 4.2% to €271 million (Q2 2008: €260 million). Business held steady year on year (+0.7%) after adjusting for currency effects. Sales of the Advantage® product family rose (Fx adj. +2.9%), especially in Europe, although business receded in the United States.

In the Consumer Health segment we achieved **EBITDA** before special items of €300 million in the second quarter of 2009 (Q2 2008: €287 million). The 4.5% increase from the prior-year period resulted largely from the positive sales performance. Earnings were diminished by adverse effects of currency changes on the cost of goods sold. **EBIT** before special items increased by 0.9% to €235 million. Special charges amounted to €3 million (Q2 2008: €36 million). EBIT rose by €35 million to €232 million (Q2 2008: €197 million).

Sales of the Consumer Health segment rose by €85 million in the **first half of 2009**, to €2,667 million (+3.3%). On a currency- and portfolio-adjusted basis, business declined by 0.8%. This was due to the weak first quarter, which was weighed down mainly by the economic slump in North America. **EBITDA** before special items dropped by 7.5% to €534 million (H1 2008: €577 million). **EBIT** before special items fell by 13.3% to €405 million (H1 2008: €467 million). Special charges amounted to €3 million (H1 2008: €37 million). EBIT came in at €402 million (H1 2008: €430 million).

Bayer CropScience

Key Data – CropScience	2nd Quarter 2008	2nd Quarter 2009	Change	1st Half 2008	1st Half 2009	Change
	€ million	€ million	%	€ million	€ million	%
Sales	**1,804**	**1,852**	**+2.7**	**3,782**	**3,972**	**+5.0**
Crop Protection	1,526	1,540	+0.9	3,148	3,274	+4.0
Environmental Science, BioScience	278	312	+12.2	634	698	+10.1
Sales by Region						
Europe	798	737	−7.6	1,820	1,778	−2.3
North America	453	562	+24.1	909	1,138	+25.2
Asia/Pacific	260	280	+7.7	471	519	+10.2
Latin America/Africa/Middle East	293	273	−6.8	582	537	−7.7
EBITDA*	**493**	**427**	**−13.4**	**1,156**	**1,160**	**+0.3**
Special items	*(8)*	*(70)*		*(58)*	*(74)*	
*EBITDA before special items**	*501*	*497*	*−0.8*	*1,214*	*1,234*	*+1.6*
EBITDA margin before special items*	27.8%	26.8%		32.1%	31.1%	
EBIT*	**367**	**304**	**−17.2**	**891**	**913**	**+2.5**
Special items	*(8)*	*(70)*		*(62)*	*(78)*	
*EBIT before special items**	*375*	*374*	*−0.3*	*953*	*991*	*+4.0*
Gross cash flow**	**377**	**337**	**−10.6**	**866**	**887**	**+2.4**
Net cash flow**	**731**	**471**	**−35.6**	**419**	**50**	**−88.1**

* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24
** for definition see chapter "Liquidity and Capital Resources," page 25

Business in the **CropScience** subgroup moved further ahead in the **second quarter of 2009**. **Sales** rose by 2.7% to €1,852 million (Q2 2008: €1,804 million). The currency-adjusted increase came to 2.0%.

Best-Selling CropScience Products*	2nd Quarter 2008	2nd Quarter 2009	Change	Currency-adjusted change	1st Half 2008	1st Half 2009	Change	Currency-adjusted change
	€ million	€ million	%	%	€ million	€ million	%	%
Confidor®/Gaucho®/Admire®/Merit® (Insecticides/Seed Treatment/Environmental Science)	133	145	+9.0	+2.8	290	308	+6.2	+1.3
Basta®/Liberty®/Rely®/Ignite® (Herbicides)	90	117	+30.0	+25.4	171	226	+32.2	+29.4
Proline®/Input®/Prosaro® (Fungicides)	125	112	−10.4	−7.7	206	219	+6.3	+8.8
Flint®/Stratego®/Sphere®/Nativo® (Fungicides)	91	92	+1.1	−2.0	182	197	+8.2	+2.6
Atlantis® (Herbicides)	12	4	−66.7	−72.1	136	135	−0.7	+3.1
Poncho® (Seed Treatment)	35	65	+85.7	+77.4	107	133	+24.3	+20.6
Folicur®/Raxil® (Fungicides/Seed Treatment)	83	57	−31.3	−30.1	158	132	−16.5	−15.2
Puma® (Herbicides)	84	65	−22.6	−22.2	150	123	−18.0	−15.8
Fandango® (Fungicides)	50	56	+12.0	+16.1	95	100	+5.3	+10.4
Decis®/K-Othrine® (Insecticides/Environmental Science)	53	54	+1.9	+2.0	99	93	−6.1	−4.8
Total	**756**	**767**	**+1.5**	**−0.1**	**1,594**	**1,666**	**+4.5**	**+3.8**
Proportion of CropScience sales	42%	41%			42%	42%		

* Figures are based on active ingredient class. For the sake of clarity, only the principal brands and business units are listed.

Second-quarter **EBITDA** before special items was level with the prior-year period at €497 million (Q2 2008: €501 million), the effects of higher selling prices being offset by somewhat lower volumes and higher raw material costs. **EBIT** before special items came in at €374 million (Q2 2008: €375 million). Special charges totaled €70 million (Q2 2008: €8 million). They were incurred for our cost structure program, defense costs related to litigations pending in the United States concerning genetically modified rice, and for CropScience's share of the funding for the German pension assurance association. EBIT fell by €63 million to €304 million.

CROP PROTECTION

Key Data – Crop Protection	2nd Quarter 2008	2nd Quarter 2009	Change	1st Half 2008	1st Half 2009	Change
	€ million	€ million	%	€ million	€ million	%
Sales	**1,526**	**1,540**	**+0.9**	**3,148**	**3,274**	**+4.0**
Herbicides	521	542	+4.0	1,185	1,281	+8.1
Fungicides	576	493	−14.4	1,024	1,002	−2.1
Insecticides	321	361	+12.5	643	651	+1.2
Seed Treatment	108	144	+33.3	296	340	+14.9
Sales by Region						
Europe	695	634	−8.8	1,575	1,545	−1.9
North America	363	448	+23.4	659	826	+25.3
Asia/Pacific	202	214	+5.9	387	421	+8.8
Latin America/Africa/Middle East	266	244	−8.3	527	482	−8.5
EBITDA*	**427**	**391**	**−8.4**	**991**	**998**	**+0.7**
Special items	*(8)*	*(32)*		*(51)*	*(36)*	
*EBITDA before special items**	*435*	*423*	*−2.8*	*1,042*	*1,034*	*−0.8*
EBITDA margin before special items*	28.5%	27.5%		33.1%	31.6%	
EBIT*	**321**	**283**	**−11.8**	**767**	**783**	**+2.1**
Special items	*(8)*	*(32)*		*(55)*	*(38)*	
*EBIT before special items**	*329*	*315*	*−4.3*	*822*	*821*	*−0.1*
Gross cash flow**	**325**	**307**	**−5.5**	**741**	**765**	**+3.2**
Net cash flow**	**630**	**357**	**−43.3**	**364**	**(2)**	**•**

* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24
** for definition see chapter "Liquidity and Capital Resources," page 25

Sales in the **Crop Protection** segment posted a further slight improvement from the strong prior-year quarter to €1,540 million (+0.9%). On a currency-adjusted basis, sales increased by 1.0% year on year. We registered pleasing growth for our herbicides and insecticides despite unfavorable weather patterns in some major growing areas, while sales of fungicides were down in nearly all regions. Our seed treatment business benefited especially from the early receipt of orders for the fall season in North America.

In the **Europe** region, sales fell by 8.8% to €634 million (Q2 2008: €695 million). Adjusted for currency effects, sales decreased by 2.1%. The decline resulted mainly from lower sales of our fungicides in southern Europe following lower disease infestation rates and from a drop in business with herbicides due to reduced cereal acreages. By contrast, we improved sales of our insecticides and seed treatment products, with our young insecticide Biscaya® registering particularly strong gains.

In **North America**, sales of our crop protection products advanced by 23.4% to €448 million (Q2 2008: €363 million). The currency-adjusted increase was 14.1%. Key growth drivers here were our new active ingredients, particularly the herbicides Corvus®, Laudis® and Huskie®/Infinity®/Wolverine®, and the insecticides Movento® and Belt®. Our Liberty®/Ignite® products for use in herbicide-tolerant crops also performed very well in the market. The clear improvement in sales of our corn seed treatment product Poncho® was due partly to earlier ordering for the fall season than in the previous year. Our North American fungicides business declined following exceptionally high demand at the beginning of the year.

Sales in the **Asia/Pacific** region rose by 5.9% to €214 million (Q2 2008: €202 million). Adjusted for currency effects, business expanded by 3.6%. In India, the main contributor to sales growth was our successful insecticides business. We also posted very pleasing sales gains in Southeast Asia, where business was driven primarily by stronger demand for our fungicides. These positive performances more than offset lower sales in Australia resulting from a late start to the season.

In the **Latin America/Africa/Middle East** region, sales fell by 8.3% to €244 million (Q2 2008: €266 million). The currency-adjusted decline was 10.8%. Sales in Latin America, particularly those of insecticides and fungicides, were well down from the previous year due to the continuing drought in southern Brazil and in Argentina coupled with generally lower infestation rates for the major agricultural crops. We raised sales in Africa, while business in the Middle East as a whole remained at the prior-year level.

EBITDA before special items of the Crop Protection segment declined by 2.8% in the second quarter of 2009, to €423 million (Q2 2008: €435 million). Higher raw material costs in particular had a negative impact on earnings. **EBIT** before special items was down by 4.3% to €315 million (Q2 2008: €329 million). After special items totaling minus €32 million (Q2 2008: minus €8 million), including charges in connection with our ongoing cost structure program, EBIT fell by 11.8% to €283 million (Q2 2008: €321 million).

First-half sales of the Crop Protection segment grew by 4.0% to €3,274 million (H1 2008: €3,148 million). This corresponds to a currency-adjusted increase of 4.1%. The business expanded considerably, particularly in North America and also in Asia, our young products being the principal growth drivers. Sales in Latin America were down chiefly as a result of the unfavorable weather patterns in major growing areas. We also slightly improved our European business in the first half of the year on a currency-adjusted basis, especially as a result of higher sales of our herbicides and seed treatment products. **EBITDA** before special items dipped by 0.8% to €1,034 million. **EBIT** before special items held steady year on year at €821 million (-0.1%). After special charges of €38 million (H1 2008: €55 million), EBIT rose by 2.1% to €783 million (H1 2008: €767 million).

ENVIRONMENTAL SCIENCE, BIOSCIENCE

Key Data – Environmental Science, BioScience	2nd Quarter 2008	2nd Quarter 2009	Change	1st Half 2008	1st Half 2009	Change
	€ million	€ million	%	€ million	€ million	%
Sales	**278**	**312**	**+12.2**	**634**	**698**	**+10.1**
Environmental Science	165	172	+4.2	330	336	+1.8
BioScience	113	140	+23.9	304	362	+19.1
Sales by Region						
Europe	103	103	+0.0	245	233	−4.9
North America	90	114	+26.7	250	312	+24.8
Asia/Pacific	58	66	+13.8	84	98	+16.7
Latin America/Africa/Middle East	27	29	+7.4	55	55	+0.0
EBITDA*	**66**	**36**	**−45.5**	**165**	**162**	**−1.8**
Special items	*0*	*(38)*		*(7)*	*(38)*	
*EBITDA before special items**	*66*	*74*	*+12.1*	*172*	*200*	*+16.3*
EBITDA margin before special items*	23.7%	23.7%		27.1%	28.7%	
EBIT*	**46**	**21**	**−54.3**	**124**	**130**	**+4.8**
Special items	*0*	*(38)*		*(7)*	*(40)*	
*EBIT before special items**	*46*	*59*	*+28.3*	*131*	*170*	*+29.8*
Gross cash flow**	**52**	**30**	**−42.3**	**125**	**122**	**−2.4**
Net cash flow**	**101**	**114**	**+12.9**	**55**	**52**	**−5.5**

* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24
** for definition see chapter "Liquidity and Capital Resources," page 25

Sales in the **Environmental Science, BioScience** segment posted a gratifying 12.2% increase in the second quarter of 2009, to €312 million (Q2 2008: €278 million). Adjusted for currency changes, business grew by 7.4%.

Sales of the **Environmental Science** business unit climbed by 4.2% to €172 million (Q2 2008: €165 million). The currency-adjusted increase was 0.6%. We registered strong growth with our products for private customers in the United States. Business with professional products for use in non-agricultural applications again shrank in North America, while sales in other regions remained at about the prior-year level.

In the **BioScience** business unit, sales climbed by 23.9% to €140 million (Q2 2008: €113 million). Adjusted for currency effects, the increase was 17.3%. This expansion came mainly from higher sales of vegetable seed. We also saw further growth in our hybrid rice and cotton seed businesses.

EBITDA before special items in the Environmental Science, BioScience segment improved by €8 million in the second quarter of 2009, to €74 million (+12.1%), due largely to the expansion of business. Earnings were held back slightly by higher research and development expenditures at BioScience. **EBIT** before special items advanced by 28.3% to €59 million (Q2 2008: €46 million). The special charges of €38 million (Q2 2008: €0 million) comprise mainly defense costs related to the litigation pending in the United States concerning genetically modified rice and one-time costs resulting from our restructuring program. EBIT fell by 54.3% to €21 million.

Sales in the Environmental Science, BioScience segment improved by 10.1% in the first half of 2009, to €698 million (H1 2008: €634 million). When adjusted for currency effects, business expanded by 8.3%. **EBITDA** before special items rose by 16.3% to €200 million. **EBIT** before special items grew by 29.8% to €170 million (H1 2008: €131 million). After special items totaling €40 million (H1 2008: €7 million), EBIT advanced by 4.8% to €130 million (H1 2008: €124 million).

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Bayer MaterialScience

Key Data – MaterialScience	2nd Quarter 2008	2nd Quarter 2009	Change	1st Half 2008	1st Half 2009	Change
	€ million	€ million	%	€ million	€ million	%
Sales	**2,622**	**1,830**	**−30.2**	**5,134**	**3,466**	**−32.5**
Polyurethanes	1,398	918	−34.3	2,703	1,762	−34.8
Polycarbonates	625	450	−28.0	1,235	824	−33.3
Coatings, Adhesives, Specialties	447	337	−24.6	887	613	−30.9
Industrial Operations	152	125	−17.8	309	267	−13.6
Sales by Region						
Europe	1,169	726	−37.9	2,304	1,407	−38.9
North America	548	380	−30.7	1,069	754	−29.5
Asia/Pacific	577	480	−16.8	1,106	852	−23.0
Latin America/Africa/Middle East	328	244	−25.6	655	453	−30.8
EBITDA*	**365**	**82**	**−77.5**	**772**	**(46)**	**•**
Special items	*(7)*	*(39)*		*(7)*	*(51)*	
*EBITDA before special items**	*372*	*121*	*−67.5*	*779*	*5*	*−99.4*
EBITDA margin before special items*	14.2%	6.6%		15.2%	0.1%	
EBIT*	**244**	**(84)**	**•**	**525**	**(365)**	**•**
Special items	*(9)*	*(62)*		*(9)*	*(80)*	
*EBIT before special items**	*253*	*(22)*	*•*	*534*	*(285)*	*•*
Gross cash flow**	**278**	**74**	**−73.4**	**588**	**14**	**−97.6**
Net cash flow**	**276**	**207**	**−25.0**	**422**	**414**	**−1.9**

2008 figures restated
* for definition see chapter "Calculation of EBIT(DA) Before Special Items," page 24
** for definition see chapter "Liquidity and Capital Resources," page 25

The MaterialScience subgroup had **sales** of €1,830 million in the **second quarter of 2009**, which was well below the prior-year figure of €2,622 million (-30.2%). Adjusted for currency and portfolio effects, business declined by 34.4%. Demand from our major customer industries was significantly lower than in the same period in 2008 in the wake of the financial and economic crisis. As a result, both volumes and selling prices fell compared to the prior-year quarter, although business stabilized compared with the first quarter of 2009 (€1,636 million).

MaterialScience has responded extensively to the slump in demand. Substantial production capacities were temporarily shut down at an early stage (300,000 tons Polycarbonates, 260,000 tons Polyurethanes, 20,000 tons Coatings, Adhesives, Specialties). In the second quarter the decision was made to shut down permanently certain production capacities in Polyurethanes; Coatings, Adhesives, Specialties; and Basic Chemicals by the end of the year 2009. Further structural measures will take place depending on market developments, especially in Polycarbonates. Implementation of all the restructuring programs previously announced will be accelerated.

Sales of our **Polyurethanes** business unit fell by 34.3% to €918 million (Q2 2008: €1,398 million). Adjusted for currency and portfolio effects, business was down by 38.6%. The decline was attributable to lower volumes and to price erosion in all polyurethane product groups – diphenylmethane diisocyanate (MDI), toluene diisocyanate (TDI) and polyether (PET). Only in the Asia/Pacific region did we record year-on-year volume growth in the MDI product group.

Our **Polycarbonates** business unit had sales of €450 million, down 28.0% from the prior-year figure of €625 million (currency-adjusted: -32.3%). Volumes declined significantly in both product groups (granules and sheet), although they improved slightly from the prior-year period in the Asia/Pacific region. Despite an overall drop in selling prices, we successfully implemented modest price increases for polycarbonate sheet.

Sales of the **Coatings, Adhesives, Specialties** business unit receded by 24.6% to €337 million (Q2 2008: €447 million). On a currency- and portfolio-adjusted basis, sales decreased by 29.3%, due particularly to a significant fall in volumes in Europe and North America as well as a slight drop in selling prices.

The **Industrial Operations** business unit saw sales move back by 17.8% year on year to €125 million (Q2 2008: €152 million). The currency-adjusted decrease came to 20.6%. Price increases in our Basic Chemicals business only partially offset the decline in volumes.

MaterialScience generated **EBITDA** before special items of €121 million in the second quarter of 2009, down 67.5% from the prior-year figure of €372 million. Contributing to this drop in earnings were much lower volumes and a decline in selling prices. Despite an increase in production compared with the first quarter of 2009, capacity utilization at our facilities remained below the second quarter of 2008. Earnings were helped by lower costs for raw materials and energies and a €15 million divestment gain. Savings also resulted from the restructuring program launched in 2007. **EBIT** before special items in the second quarter came to minus €22 million (Q2 2008: plus €253 million). The subgroup took total special charges of €62 million for the restructuring program launched in 2007 and extended during the economic crisis, and for MaterialScience's share of the funding for the German pension assurance association. EBIT came in at minus €84 million (Q2 2008: plus €244 million).

Half-year sales of the MaterialScience subgroup dropped by 32.5% to €3,466 million (H1 2008: €5,134 million). Adjusted for currency and portfolio effects, business shrank by 36.4%. This was attributable to marked volume and price declines as a consequence of the global financial and economic crisis. In the second quarter of 2009 we registered a slight recovery in demand compared with the first three months of the year. **EBITDA** before special items in the first half was €5 million (H1 2008: €779 million). **EBIT** before special items amounted to minus €285 million (H1 2008: plus €534 million). First-half EBIT came in at minus €365 million (H1 2008: plus €525 million).

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Performance by Region

Sales by Region and Segment (by Market)	Europe				North America			
	2nd Quarter 2008	2nd Quarter 2009			2nd Quarter 2008	2nd Quarter 2009		
	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy
HealthCare	**1,538**	**1,576**	**+2.5**	**+5.8**	**1,085**	**1,223**	**+12.7**	**+0.0**
Pharmaceuticals	1,004	1,028	+2.4	+5.7	628	700	+11.5	−0.7
Consumer Health	534	548	+2.6	+5.9	457	523	+14.4	+0.9
CropScience	**798**	**737**	**−7.6**	**−1.5**	**453**	**562**	**+24.1**	**+12.7**
Crop Protection	695	634	−8.8	−2.1	363	448	+23.4	+14.1
Environmental Science, BioScience	103	103	+0.0	+2.0	90	114	+26.7	+7.2
MaterialScience	**1,169**	**726**	**−37.9**	**−38.0**	**548**	**380**	**−30.7**	**−38.9**
Continuing operations (incl. reconciliation)	**3,833**	**3,293**	**−14.1**	**−11.5**	**2,087**	**2,166**	**+3.8**	**−7.5**

2008 figures restated
yoy = year on year; Fx adj. = currency-adjusted

Sales by Region and Segment (by Market)	Europe				North America			
	1st Half 2008	1st Half 2009			1st Half 2008	1st Half 2009		
	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy
HealthCare	**3,164**	**3,148**	**−0.5**	**+2.8**	**2,130**	**2,327**	**+9.2**	**−2.7**
Pharmaceuticals	2,092	2,063	−1.4	+1.9	1,273	1,403	+10.2	−1.5
Consumer Health	1,072	1,085	+1.2	+4.5	857	924	+7.8	−4.6
CropScience	**1,820**	**1,778**	**−2.3**	**+2.6**	**909**	**1,138**	**+25.2**	**+16.4**
Crop Protection	1,575	1,545	−1.9	+3.4	659	826	+25.3	+16.3
Environmental Science, BioScience	245	233	−4.9	−2.7	250	312	+24.8	+16.6
MaterialScience	**2,304**	**1,407**	**−38.9**	**−39.0**	**1,069**	**754**	**−29.5**	**−37.7**
Continuing operations (incl. reconciliation)	**7,905**	**6,856**	**−13.3**	**−10.8**	**4,113**	**4,223**	**+2.7**	**−7.6**

2008 figures restated
yoy = year on year; Fx adj. = currency-adjusted

	Asia/Pacific				Latin America/Africa/Middle East				Continuing Operations			
	2nd Quarter 2008	2nd Quarter 2009			2nd Quarter 2008	2nd Quarter 2009			2nd Quarter 2008	2nd Quarter 2009		
	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy
	545	**652**	**+19.6**	**+6.6**	**566**	**594**	**+4.9**	**+7.5**	**3,734**	**4,045**	**+8.3**	**+4.5**
	432	526	+21.8	+6.7	350	380	+8.6	+10.7	2,414	2,634	+9.1	+5.0
	113	126	+11.5	+6.2	216	214	−0.9	+2.3	1,320	1,411	+6.9	+3.7
	260	**280**	**+7.7**	**+6.1**	**293**	**273**	**−6.8**	**−8.6**	**1,804**	**1,852**	**+2.7**	**+2.0**
	202	214	+5.9	+3.6	266	244	−8.3	−10.8	1,526	1,540	+0.9	+1.0
	58	66	+13.8	+14.8	27	29	+7.4	+13.1	278	312	+12.2	+7.4
	577	**480**	**−16.8**	**−26.7**	**328**	**244**	**−25.6**	**−23.8**	**2,622**	**1,830**	**−30.2**	**−33.9**
	1,390	**1,426**	**+2.6**	**−7.0**	**1,201**	**1,124**	**−6.4**	**−5.1**	**8,511**	**8,009**	**−5.9**	**−8.9**

	Asia/Pacific				Latin America/Africa/Middle East				Continuing Operations			
	1st Half 2008	1st Half 2009			1st Half 2008	1st Half 2009			1st Half 2008	1st Half 2009		
	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy
	1,071	**1,287**	**+20.2**	**+7.6**	**1,100**	**1,126**	**+2.4**	**+7.1**	**7,465**	**7,888**	**+5.7**	**+2.6**
	847	1,036	+22.3	+7.5	671	719	+7.2	+11.7	4,883	5,221	+6.9	+3.3
	224	251	+12.1	+7.9	429	407	−5.1	−0.2	2,582	2,667	+3.3	+1.1
	471	**519**	**+10.2**	**+8.0**	**582**	**537**	**−7.7**	**−9.1**	**3,782**	**3,972**	**+5.0**	**+4.8**
	387	421	+8.8	+6.4	527	482	−8.5	−10.9	3,148	3,274	+4.0	+4.1
	84	98	+16.7	+15.6	55	55	+0.0	+8.8	634	698	+10.1	+8.3
	1,106	**852**	**−23.0**	**−32.3**	**655**	**453**	**−30.8**	**−27.9**	**5,134**	**3,466**	**−32.5**	**−35.9**
	2,666	**2,682**	**+0.6**	**−8.7**	**2,363**	**2,143**	**−9.3**	**−6.6**	**17,047**	**15,904**	**−6.7**	**−9.1**

Calculation of EBIT(DA) Before Special Items

Key performance indicators for the Bayer Group are EBIT before special items, EBITDA before special items and the EBITDA margin before special items. These indicators are reported in order to allow a more accurate assessment of business operations. The special items – one-time 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 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, write-downs/write-backs or special items. The company also believes that this indicator gives readers a clearer picture of the results of operations and ensures 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 and amortization in the first half of 2009 was level with the previous year at €1,376 million (-0.4%), comprising €746 million in amortization and write-downs of intangible assets and €630 million in depreciation and write-downs of property, plant and equipment. Of the included write-downs, €34 million constituted special items.

Special Items Reconciliation	EBIT* 2nd Quarter 2008	EBIT* 2nd Quarter 2009	EBIT* 1st Half 2008	EBIT* 1st Half 2009	EBITDA** 2nd Quarter 2008	EBITDA** 2nd Quarter 2009	EBITDA** 1st Half 2008	EBITDA** 1st Half 2009
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
After special items	**1,105**	**1,021**	**2,448**	**1,994**	**1,774**	**1,709**	**3,829**	**3,370**
HealthCare	**126**	**(63)**	**226**	**(45)**	**107**	**(64)**	**187**	**(46)**
Schering PPA effects***	55	0	106	0	55	0	106	0
Schering integration	(18)	(89)	31	(71)	(27)	(90)	2	(72)
of which gain from divestitures	*(69)*	*(114)*	*(69)*	*(114)*	*(69)*	*(114)*	*(69)*	*(114)*
Write-downs	21	0	21	0	11	0	11	0
Litigations	68	0	68	0	68	0	68	0
Pension assurance association	0	26	0	26	0	26	0	26
CropScience	**8**	**70**	**62**	**78**	**8**	**70**	**58**	**74**
Restructuring	8	20	62	28	8	20	58	24
Litigations	0	35	0	35	0	35	0	35
Pension assurance association	0	15	0	15	0	15	0	15
MaterialScience	**9**	**62**	**9**	**80**	**7**	**39**	**7**	**51**
Restructuring	9	44	9	62	7	21	7	33
Pension assurance association	0	18	0	18	0	18	0	18
Reconciliation	**0**	**11**	**0**	**11**	**0**	**11**	**0**	**11**
Pension assurance association	0	11	0	11	0	11	0	11
Total special items	**143**	**80**	**297**	**124**	**122**	**56**	**252**	**90**
Before special items	**1,248**	**1,101**	**2,745**	**2,118**	**1,896**	**1,765**	**4,081**	**3,460**

* EBIT as per income statements
** EBITDA: EBIT plus amortization of intangible assets and depreciation of property, plant and equipment
*** The purchase price paid for Schering AG, Germany, was allocated among the acquired assets and assumed liabilities in accordance with the International Financial Reporting Standards (IFRS). To ensure comparability with future earnings data, the expected long-term effects of the step-up are reflected in EBIT and EBITDA before special items, whereas temporary, non-cash effects of the purchase price allocation are eliminated and deducted when calculating EBIT before special items.

Liquidity and Capital Resources

Bayer Group Summary Statements of Cash Flows	2nd Quarter 2008	2nd Quarter 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
Gross cash flow*	1,322	1,248	2,973	2,457
Changes in working capital/other non-cash items	(433)	151	(1,556)	(365)
Net cash provided by (used in) operating activities (net cash flow), continuing operations	889	1,399	1,417	2,092
Net cash provided by (used in) operating activities (net cash flow), discontinued operations	0	0	0	0
Net cash provided by (used in) operating activities (net cash flow), (total)	889	1,399	1,417	2,092
Net cash provided by (used in) investing activities (total)	(321)	(158)	(785)	(236)
Net cash provided by (used in) financing activities (total)	(1,227)	(3,770)	(1,096)	(2,118)
Change in cash and cash equivalents due to business activities (total)	(659)	(2,529)	(464)	(262)
Cash and cash equivalents at beginning of period	2,717	4,365	2,531	2,094
Change due to exchange rate movements and to changes in scope of consolidation	0	(2)	(9)	2
Cash and cash equivalents at end of period	2,058	1,834	2,058	1,834

* Gross cash flow = income from continuing operations after taxes, plus income taxes, plus/minus non-operating result, minus income taxes paid or accrued, plus depreciation, amortization and write-downs, minus write-backs, plus/minus changes in pension provisions, minus gains/plus losses on retirements of noncurrent assets, plus non-cash effects of the remeasurement of acquired assets. The change in pension provisions includes the elimination of non-cash components of the operating result. It also contains benefit payments during the year.

OPERATING CASH FLOW

Gross cash flow moved back by 5.6% year on year in the second quarter of 2009 to €1,248 million (Q2 2008: €1,322 million), mainly because of the weak business performance at MaterialScience. Net cash flow rose 57.4% to €1,399 million (Q2 2008: €889 million). The increase was attributable in part to significantly lower net income tax payments of €114 million (Q2 2008: €560 million) and also to a decline in cash tied up in inventories at HealthCare and MaterialScience.

Gross cash flow in the first half of 2009 fell by 17.4% year on year to €2,457 million (H1 2008: €2,973 million), due largely to the lower operating result. Net cash flow rose to €2,092 million (H1 2008: €1,417 million).

INVESTING CASH FLOW

Net cash outflow for investing activities in the second quarter of 2009 totaled €158 million (Q2 2008: €321 million). Cash outflows for additions to property, plant, equipment and intangible assets rose 6.6% to €370 million. This figure included disbursements related to the expansion of our polymers production facilities in Shanghai, China, and the acquisition of a license to develop and market MEK inhibitors for cancer therapy. The cash outflows for acquisitions totaling €42 million comprised mainly the purchase of the remaining interests in Berlimed, Spain (49%) and Bayer Polymers Shanghai, China (10%). The prior-year figure of €306 million consisted primarily of payments in connection with the acquisition of Possis Medical, Inc., and the OTC business of Sagmel. The principal cash inflows were €251 million (Q2 2008: €224 million) in interest and dividends and a total of €51 million in divestment proceeds related to the agreement with U.S.-based Genzyme, the sale of the Thermoplastics Testing Center in Krefeld, Germany, and the divestment of our 51% interest in Justesa Imagen, Spain.

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Net cash outflow for investing activities in the **first six months** of 2009 totaled €236 million (H1 2008: €785 million). Cash outflows for additions to property, plant, equipment and intangible assets, at €660 million, exceeded those of the prior-year period (+3.9%). Of this figure, HealthCare accounted for €179 million (H1 2008: €168 million), CropScience for €144 million (H1 2008: €95 million) and MaterialScience for €244 million (H1 2008: €299 million). The cash outflows for acquisitions totaling €42 million comprised mainly the purchase of the remaining interests in Berlimed, Spain (49%) and Bayer Polymers Shanghai, China (10%). The prior-year figure of €552 million consisted primarily of payments in connection with the acquisition of Possis Medical, Inc., and the OTC business of Sagmel. The principal cash inflow item was €315 million (H1 2008: €298 million) in interest and dividends received.

FINANCING CASH FLOW

Net cash outflow for financing activities in the **second quarter of 2009** amounted to €3,770 million (Q2 2008: €1,227 million). This figure includes interest expense of €650 million and, in particular, an amount of €1,600 million for the redemption of the floating-rate EMTN note. There was a €969 million outflow for "dividend payments and withholding tax on dividends" (Q2 2008: €1,031 million), comprising the balance of Bayer AG's €1,070 million dividend payment made in May 2009 and €101 million in refunds of withholding tax on intra-Group dividend payments.

Net cash outflow for financing activities in the **first half of 2009** amounted to €2,118 million (H1 2008: €1,096 million). This total contained net loan repayments of €326 million. Interest payments increased to €819 million (H1 2008: €756 million). There was a €973 million outflow for "dividend payments and withholding tax on dividends" (H1 2008: €1,040 million).

LIQUID ASSETS AND NET FINANCIAL DEBT

Net Financial Debt	Dec. 31, 2008	March 31, 2009	June 30, 2009
	€ million	€ million	€ million
Bonds and notes	10,729	12,226	8,305
of which hybrid bond	1,245	1,261	1,254
of which mandatory convertible bond	2,296	2,298	0
Liabilities to banks	4,438	4,596	4,287
Liabilities under finance leases	535	549	567
Liabilities from derivatives	612	808	529
Other financial liabilities	333	624	291
Positive fair values of hedges of recorded transactions	(454)	(522)	(463)
Financial debt	**16,193**	**18,281**	**13,516**
Cash and cash equivalents*	(2,037)	(4,306)	(1,790)
Current financial assets	(4)	(8)	(11)
Net financial debt from continuing operations	**14,152**	**13,967**	**11,715**
Net financial debt from discontinued operations	0	0	0
Net financial debt (total)	**14,152**	**13,967**	**11,715**

* In view of the restriction on its use, the €44 million liquidity in escrow accounts in the 2nd quarter of 2009 (March 31, 2009: €59 million; Dec. 31, 2008: €57 million) was not deducted when calculating net financial debt.
June 30, 2009: €1,790 million = €1,834 million - €44 million (March 31, 2009: €4,306 million = €4,365 million - €59 million; Dec. 31, 2008: €2,037 million = €2,094 million - €57 million).

Net financial debt (total) of the Bayer Group declined by €2.3 billion in the second quarter, amounting to €11.7 billion on June 30, 2009. This was largely due to the conversion of the mandatory convertible bond issued in 2006 into 62,605,888 new shares with a value of €2,299 million. As of June 30, 2009 the Group had cash and cash equivalents of €1,834 million. Financial liabilities amounted to €13.5 billion, including the €1.3 billion subordinated hybrid bond issued in July 2005. 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. Unlike conventional borrowings, the hybrid bond thus only has a limited effect on the Group's rating-specific indicators. Our noncurrent financial liabilities as of June 30, 2009 amounted to €11.8 billion.

Standard & Poor's gives Bayer a long-term issuer rating of A– with negative outlook, while Moody's gives the company a rating of A3 with stable outlook. The short-term ratings are A-2 (Standard & Poor's) and P-2 (Moody's). These investment-grade ratings document good creditworthiness.

NET PENSION LIABILITY

	Dec. 31, 2008	March 31, 2009	June 30, 2009
	€ million	€ million	€ million
Provisions for pensions and other post-employment benefits	6,347	6,094	6,480
Prepaid benefit assets	(351)	(306)	(106)
Net pension liability	**5,996**	**5,788**	**6,374**

The net pension liability increased from €5.8 billion to €6.4 billion in the second quarter of 2009, due especially to lower long-term capital market interest rates. Provisions for pensions and other post-employment benefits rose from €6.1 billion to €6.5 billion. At the same time prepaid benefit assets, reflected in the statement of financial position as other receivables, fell to €0.1 billion.

Employees

On June 30, 2009, the Bayer Group had 108,400 employees, 200 less than on December 31, 2008. We employed 16,600 people in North America, 21,600 in the Asia/Pacific region and 16,000 in Latin America/Africa/Middle East. The number of employees in Europe was 54,200. In Germany we had 36,400 employees, who made up 33.6% of the Group workforce. The above figures include 2,400 trainees worldwide.

Personnel expenses in the first half of 2009 amounted to €3,948 million (H1 2008: €3,852 million). The increase was largely attributable to currency effects and to the additional funding for the German pension assurance association.

The number of employees has been converted to full-time equivalents, which means part-time employees are included in proportion to their contractual working hours.

Opportunities and Risks

As a global enterprise with a diverse business portfolio, the Bayer Group enjoys a variety of opportunities and is also exposed to numerous risks. The anticipated development opportunities are materially unchanged from those outlined in the Bayer Annual Report 2008.

A risk management system is in place. Apart from financial risks there are also business-specific selling market, procurement market, product development, patent, production, environmental 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 changes that have occurred in respect of the legal risks since publication of the Bayer Annual Report 2008 are described in the Notes to the Condensed Consolidated Interim Financial Statements on page 44 under "Legal Risks." Information on the Bayer Group's risk situation is provided in the Bayer Annual Report 2008 on pages 117 – 125 and 231 – 237. The Bayer Annual Report 2008 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.

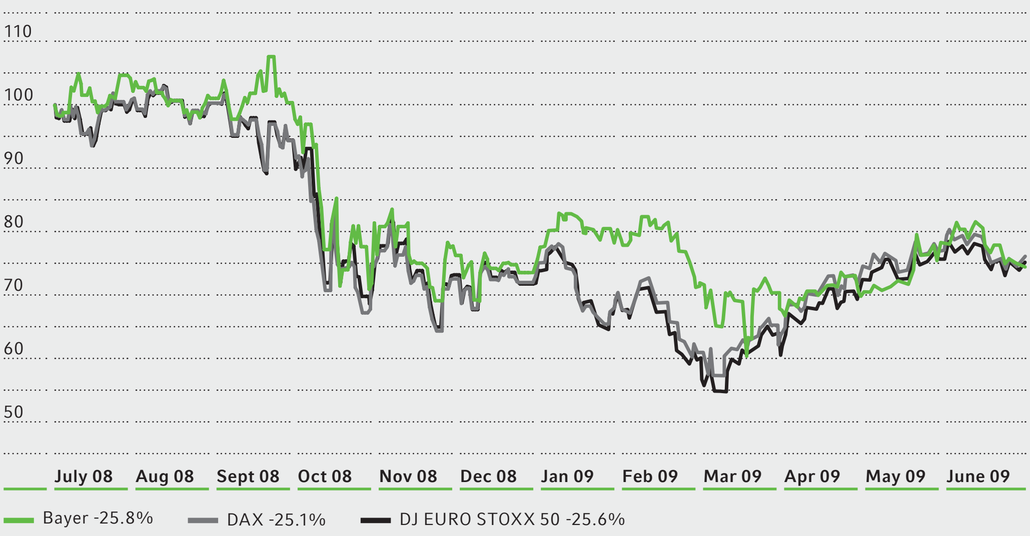
Events After the Reporting Period

Since June 30, 2009, no events of special significance have occurred that we expect to have a material impact on the financial position or results of operations of the Bayer Group.

Investor Information

Performance of Bayer Stock over the Past Twelve Months

indexed; 100 = Xetra closing price on June 30, 2008. Source: Bloomberg



Including the dividend of €1.40 per share paid on May 13, 2009, the second-quarter performance of Bayer stock came to 10.2%.

With a closing price of €38.22 on June 30, 2009, the stock was down 8.0% from the end of 2008 (performance: -4.5%). The DAX remained flat over this period, closing nearly unchanged at 4,809 points. The European reference index EURO STOXX 50 improved by 1.0% since the beginning of the year, closing the first half at 3,776 points.

At the Annual Stockholders' Meeting on May 12, 2009 in Düsseldorf, 56 percent of the voting capital was represented. Among the matters resolved at the meeting was the switch from bearer shares to registered shares of Bayer AG, which is planned for the end of September 2009.

Bayer Stock Key Data		2nd Quarter 2008	2nd Quarter 2009	1st Half 2008	1st Half 2009
High for the period	€	57.00	41.92	65.68	44.29
Low for the period	€	50.61	35.81	45.90	32.69
Average daily share turnover on German stock exchanges	million	4.3	4.8	5.8	4.9

		June 30, 2008	June 30, 2009	Dec. 31, 2008	Change June 30, 2009/ Dec. 31, 2008 %
Share price	€	53.46	38.22	41.55	−8.0
Market capitalization	€ million	40,862	31,606	31,758	−0.5
Equity as per statements of financial position	€ million	17,412	18,507	16,340	+13.3
Number of shares entitled to the dividend	million	764.34	826.95	764.34	+8.2
DAX		6,418	4,809	4,810	0.0

XETRA closing prices (source: Bloomberg)

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CALCULATION OF 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 from continuing operations after elimination of the amortization of intangible assets, asset write-downs (including any impairment losses), special items in EBITDA including the related tax effects, and one-time tax income or expense.

The calculation of earnings per share in accordance with IFRS is explained in the Notes to the Condensed Consolidated Interim Financial Statements on page 43. Adjusted core net income, core earnings per share and core EBIT are not defined in the IFRS. Therefore they should be regarded as supplementary information rather than stand-alone indicators.

Calculation of Core EBIT and Core Earnings per Share	2nd Quarter 2008	2nd Quarter 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
EBIT as per income statements	**1,105**	**1,021**	**2,448**	**1,994**
Amortization and write-downs of intangible assets	378	368	785	746
Write-downs of property, plant and equipment	29	29	60	42
Special items (other than write-downs)	122	56	252	90
Core EBIT	**1,634**	**1,474**	**3,545**	**2,872**
Non-operating result (as per income statements)	(262)	(292)	(537)	(626)
Income taxes (as per income statements)	(262)	(199)	(568)	(414)
Tax adjustment	(160)	(135)	(333)	(262)
Income after taxes attributable to non-controlling interest (as per income statements)	(7)	2	(7)	3
Core net income from continuing operations	**943**	**850**	**2,100**	**1,573**
Financing expenses for the mandatory convertible bond, net of tax effects	28	19	56	47
Adjusted core net income	**971**	**869**	**2,156**	**1,620**
	Shares	Shares	Shares	Shares
Weighted average number of issued ordinary shares	**764,341,920**	**784,983,834**	**764,341,920**	**774,720,762**
(Potential) shares (to be) issued upon conversion of the mandatory convertible bond	59,904,897	40,823,622	59,743,798	50,328,170
Adjusted weighted average total number of issued (and potential) ordinary shares	**824,246,817**	**825,807,456**	**824,085,718**	**825,048,932**
	€	€	€	€
Core earnings per share from continuing operations	**1.18**	**1.05**	**2.62**	**1.96**

Condensed Consolidated Interim Financial Statements of the Bayer Group as of June 30, 2009

Bayer Group Consolidated Statements of Financial Position

	June 30, 2008	June 30, 2009	Dec. 31, 2008
	€ million	€ million	€ million
Noncurrent assets			
Goodwill	8,287	8,564	8,647
Other intangible assets	14,042	13,179	13,951
Property, plant and equipment	8,637	9,417	9,492
Investments in associates	456	415	450
Other financial assets	1,364	1,292	1,197
Other receivables	870	492	458
Deferred taxes	458	1,403	1,156
	34,114	**34,762**	**35,351**
Current assets			
Inventories	6,232	6,312	6,681
Trade accounts receivable	6,805	6,785	5,953
Other financial assets	484	473	634
Other receivables	1,361	1,271	1,284
Claims for income tax refunds	301	255	506
Cash and cash equivalents	2,058	1,834	2,094
Assets held for sale and discontinued operations	82	0	8
	17,323	**16,930**	**17,160**
Total assets	**51,437**	**51,692**	**52,511**
Equity			
Capital stock of Bayer AG	1,957	2,117	1,957
Capital reserves of Bayer AG	4,028	6,167	4,028
Other reserves	11,347	10,167	10,278
	17,332	**18,451**	**16,263**
Equity attributable to non-controlling interest	80	56	77
	17,412	**18,507**	**16,340**
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	4,696	6,480	6,347
Other provisions	1,379	1,366	1,351
Financial liabilities	9,315	11,835	10,614
Other liabilities	259	444	432
Deferred taxes	3,698	3,568	3,592
	19,347	**23,693**	**22,336**
Current liabilities			
Other provisions	3,599	3,568	3,163
Financial liabilities	6,070	2,304	6,256
Trade accounts payable	2,284	2,013	2,377
Income tax liabilities	129	71	65
Other liabilities	2,467	1,536	1,961
Liabilities directly related to assets held for sale and discontinued operations	129	0	13
	14,678	**9,492**	**13,835**
Total equity and liabilities	**51,437**	**51,692**	**52,511**

2008 figures restated

Bayer Group Consolidated Income Statements

	2nd Quarter 2008	2nd Quarter 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
Net sales	**8,511**	**8,009**	**17,047**	**15,904**
Cost of goods sold	(4,256)	(3,794)	(8,359)	(7,580)
Gross profit	**4,255**	**4,215**	**8,688**	**8,324**
Selling expenses	(2,034)	(2,033)	(3,936)	(3,993)
Research and development expenses	(648)	(663)	(1,281)	(1,320)
General administration expenses	(439)	(404)	(858)	(806)
Other operating income	563	412	850	546
Other operating expenses	(592)	(506)	(1,015)	(757)
Operating result [EBIT]	**1,105**	**1,021**	**2,448**	**1,994**
Equity-method loss	(13)	(13)	(23)	(26)
Non-operating income	161	195	289	478
Non-operating expenses	(410)	(474)	(803)	(1,078)
Non-operating result	**(262)**	**(292)**	**(537)**	**(626)**
Income before income taxes	**843**	**729**	**1,911**	**1,368**
Income taxes	(262)	(199)	(568)	(414)
Income from continuing operations after taxes	**581**	**530**	**1,343**	**954**
Income from discontinued operations after taxes	**0**	**0**	**0**	**0**
Income after taxes	**581**	**530**	**1,343**	**954**
of which attributable to non-controlling interest	7	(2)	7	(3)
of which attributable to Bayer AG stockholders (net income)	**574**	**532**	**1,336**	**957**
	€	€	€	€
Earnings per share				
From continuing operations				
Basic*	0.73	0.67	1.69	1.22
Diluted*	0.73	0.67	1.69	1.22
From discontinued operations				
Basic*	0.00	0.00	0.00	0.00
Diluted*	0.00	0.00	0.00	0.00
From continuing and discontinued operations				
Basic*	0.73	0.67	1.69	1.22
Diluted*	0.73	0.67	1.69	1.22

* The ordinary shares that resulted from conversion of the mandatory convertible bond were treated as already issued shares since the issuance of the bond.

Bayer Group Consolidated Statements of Comprehensive Income

	2nd Quarter 2008	2nd Quarter 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
Income after taxes	**581**	**530**	**1,343**	**954**
of which attributable to non-controlling interest	*7*	*(2)*	*7*	*(3)*
of which attributable to Bayer AG stockholders	*574*	*532*	*1,336*	*957*
Changes in fair values of derivatives designated as cash flow hedges	113	164	186	56
Recognized in profit or loss	(41)	12	(49)	39
Income taxes	(26)	(58)	(46)	(34)
Changes recognized outside profit or loss (cash flow hedges)	**46**	**118**	**91**	**61**
Changes in fair values of available-for-sale financial assets	6	10	(17)	7
Recognized in profit or loss	0	0	0	0
Income taxes	(2)	(3)	6	(1)
Changes recognized outside profit or loss (available-for-sale financial assets)	**4**	**7**	**(11)**	**6**
Changes in actuarial gains/losses on defined benefit obligations for pensions and other post-employment benefits and effects of the limitation on pension plan assets	128	(650)	945	(406)
Income taxes	(34)	215	(283)	122
Changes recognized outside profit or loss (actuarial gains/losses on defined benefit obligations for pensions and other post-employment benefits and effects of the limitation on pension plan assets)	**94**	**(435)**	**662**	**(284)**
Exchange differences on translation of operations outside the euro zone	121	(26)	(431)	215
Recognized in profit or loss	0	0	0	0
Changes recognized outside profit or loss (exchange differences)	**121**	**(26)**	**(431)**	**215**
Changes in revaluation surplus (IFRS 3)	**2**	**1**	**6**	**0**
Effects of changes in liabilities from non-controlling interests in partnerships on other comprehensive income	**(9)**	**5**	**(29)**	**5**
Changes due to changes in the scope of consolidation	**(1)**	**(1)**	**0**	**(1)**
Other comprehensive income (changes recognized outside profit or loss)	**257**	**(331)**	**288**	**2**
of which attributable to non-controlling interest	*(5)*	*(2)*	*(6)*	*0*
of which attributable to Bayer AG stockholders	*262*	*(329)*	*294*	*2*
Total comprehensive income	**838**	**199**	**1,631**	**956**
of which attributable to non-controlling interest	*2*	*(4)*	*1*	*(3)*
of which attributable to Bayer AG stockholders	*836*	*203*	*1,630*	*959*

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Bayer Group Consolidated Statements of Changes in Equity

	Capital stock of Bayer AG	Capital reserves of Bayer AG	Other reserves incl. OCI*	Equity attributable to Bayer AG stock-holders	Equity attributable to non-controlling interest incl. OCI*	Equity
	€ million	€ million	€ million	€ million	€ million	€ million
Dec. 31, 2007	**1,957**	**4,028**	**10,749**	**16,734**	**87**	**16,821**
Equity transactions with owners						
Capital increase/decrease						
Dividend payments			(1,032)	(1,032)	(8)	(1,040)
Other changes						
Total comprehensive income			1,630	1,630	1	1,631
June 30, 2008	**1,957**	**4,028**	**11,347**	**17,332**	**80**	**17,412**
Dec. 31, 2008	**1,957**	**4,028**	**10,278**	**16,263**	**77**	**16,340**
Equity transactions with owners						
Capital increase/decrease	160	2,139		2,299		2,299
Dividend payments			(1,070)	(1,070)	(4)	(1,074)
Other changes					(14)	(14)
Total comprehensive income			959	959	(3)	956
June 30, 2009	**2,117**	**6,167**	**10,167**	**18,451**	**56**	**18,507**

* OCI = other comprehensive income

Bayer Group Consolidated Statements of Cash Flows

	2nd Quarter 2008	2nd Quarter 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
Income from continuing operations after taxes	581	530	1,343	954
Income taxes	262	199	568	414
Non-operating result	262	292	537	626
Income taxes paid or accrued	(352)	(233)	(716)	(565)
Depreciation and amortization	669	688	1,381	1,376
Change in pension provisions	(86)	(97)	(180)	(214)
(Gains) losses on retirements of noncurrent assets	(69)	(131)	(66)	(134)
Non-cash effects of the remeasurement of acquired assets (inventory work-down)	55	0	106	0
Gross cash flow	**1,322**	**1,248**	**2,973**	**2,457**
Decrease (increase) in inventories	(13)	257	(264)	375
Decrease (increase) in trade accounts receivable	(36)	(126)	(1,074)	(798)
(Decrease) increase in trade accounts payable	131	41	(65)	(391)
Changes in other working capital, other non-cash items	(515)	(21)	(153)	449
Net cash provided by (used in) operating activities (net cash flow), continuing operations	**889**	**1,399**	**1,417**	**2,092**
Net cash provided by (used in) operating activities (net cash flow), discontinued operations	0	0	0	0
Net cash provided by (used in) operating activities (net cash flow), (total)	**889**	**1,399**	**1,417**	**2,092**
Cash outflows for additions to property, plant, equipment and intangible assets	(347)	(370)	(635)	(660)
Cash inflows from sales of property, plant, equipment and other assets	91	8	107	23
Cash inflows from (outflows for) divestitures	(9)	51	(49)	51
Cash inflows from (outflows for) noncurrent financial assets	21	(53)	48	84
Cash outflows for acquisitions less acquired cash	(306)	(42)	(552)	(42)
Interest and dividends received	224	251	298	315
Cash inflows from (outflows for) current financial assets	5	(3)	(2)	(7)
Net cash provided by (used in) investing activities (total)	**(321)**	**(158)**	**(785)**	**(236)**
Capital contributions	0	0	0	0
Dividend payments and withholding tax on dividends	(1,031)	(969)	(1,040)	(973)
Issuances of debt	602	191	999	2,552
Retirements of debt	(179)	(2,342)	(299)	(2,878)
Interest paid	(619)	(650)	(756)	(819)
Net cash provided by (used in) financing activities (total)	**(1,227)**	**(3,770)**	**(1,096)**	**(2,118)**
Change in cash and cash equivalents due to business activities (total)	**(659)**	**(2,529)**	**(464)**	**(262)**
Cash and cash equivalents at beginning of period	**2,717**	**4,365**	**2,531**	**2,094**
Change in cash and cash equivalents due to changes in scope of consolidation	2	1	2	3
Change in cash and cash equivalents due to exchange rate movements	(2)	(3)	(11)	(1)
Cash and cash equivalents at end of period	**2,058**	**1,834**	**2,058**	**1,834**

Notes to the Condensed Consolidated Interim Financial Statements of the Bayer Group as of June 30, 2009

Key Data by Segment

	HealthCare			
	Pharmaceuticals		Consumer Health	
Segments	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009
	€ million	€ million	€ million	€ million
Net sales (external)	2,414	2,634	1,320	1,411
Change	−0.6%	+9.1%	+2.4%	+6.9%
Currency-adjusted change	+5.5%	+5.0%	+10.2%	+3.7%
Intersegment sales	21	27	2	5
Operating result [EBIT]	316	589	197	232
Gross cash flow*	421	543	185	217
Net cash flow*	106	428	48	168
Depreciation, amortization and write-downs	320	290	54	65

2008 figures restated
* for definition see chapter "Liquidity and Capital Resources," page 25

	HealthCare			
	Pharmaceuticals		Consumer Health	
Segments	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
Net sales (external)	4,883	5,221	2,582	2,667
Change	+2.2%	+6.9%	+1.3%	+3.3%
Currency-adjusted change	+7.7%	+3.3%	+8.3%	+1.1%
Intersegment sales	41	47	3	8
Operating result [EBIT]	646	1,094	430	402
Gross cash flow*	939	1,108	404	397
Net cash flow*	503	940	228	355
Depreciation, amortization and write-downs	671	594	110	129
Number of employees (as of June 30)**	36,200	36,700	16,300	17,000

2008 figures restated
* for definition see chapter "Liquidity and Capital Resources," page 25
** number of employees in full-time equivalents

	CropScience				MaterialScience				Reconciliation			
	Crop Protection		Environmental Science, BioScience		MaterialScience		All Other Segments		Corporate Center and Consolidation		Continuing Operations	
	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	1,526	1,540	278	312	2,622	1,830	349	280	2	2	8,511	8,009
	+20.9%	+0.9%	−7.3%	+12.2%	0.0%	−30.2%	+11.5%	−19.8%			+3.6%	−5.9%
	+29.1%	+1.0%	+0.8%	+7.4%	+5.8%	−33.9%	+12.7%	−26.4%			+10.0%	−8.9%
	17	12	1	6	10	20	472	411	(523)	(481)		
	321	283	46	21	244	(84)	30	25	(49)	(45)	1,105	1,021
	325	307	52	30	278	74	78	97	(17)	(20)	1,322	1,248
	630	357	101	114	276	207	(12)	86	(260)	39	889	1,399
	106	108	20	15	121	166	30	31	18	13	669	688

	CropScience				MaterialScience				Reconciliation			
	Crop Protection		Environmental Science, BioScience		MaterialScience		All Other Segments		Corporate Center and Consolidation		Continuing Operations	
	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	3,148	3,274	634	698	5,134	3,466	660	572	6	6	17,047	15,904
	+16.8%	+4.0%	−2.8%	+10.1%	−1.9%	−32.5%	+3.1%	−13.3%			+3.0%	−6.7%
	+23.1%	+4.1%	+2.6%	+8.3%	+3.5%	−35.9%	+4.0%	−13.5%			+8.6%	−9.1%
	32	20	6	8	20	25	857	804	(959)	(912)		
	767	783	124	130	525	(365)	59	43	(103)	(93)	2,448	1,994
	741	765	125	122	588	14	214	94	(38)	(43)	2,973	2,457
	364	(2)	55	52	422	414	15	(1)	(170)	334	1,417	2,092
	224	215	41	32	247	319	57	60	31	27	1,381	1,376
	14,700	15,100	3,300	3,400	15,100	14,600	20,900	21,000	600	600	107,100	108,400

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Key Data by Region

Regions	Europe		North America	
	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009
	€ million	€ million	€ million	€ million
Net sales (external) – by market	3,833	3,293	2,087	2,166
Change	+3.7%	−14.1%	−2.5%	+3.8%
Currency-adjusted change	+4.5%	−11.5%	+11.5%	−7.5%
Net sales (external) – by point of origin	4,130	3,584	2,099	2,137
Change	+4.0%	−13.2%	−2.8%	+1.8%
Currency-adjusted change	+4.8%	−10.8%	+11.1%	−9.6%
Interregional sales	1,054	1,632	359	535
Operating result [EBIT]	696	688	270	242

Regions	Europe		North America	
	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
Net sales (external) – by market	7,905	6,856	4,113	4,223
Change	+4.8%	−13.3%	−5.8%	+2.7%
Currency-adjusted change	+5.5%	−10.8%	+6.4%	−7.6%
Net sales (external) – by point of origin	8,523	7,417	4,132	4,183
Change	+4.9%	−13.0%	−5.7%	+1.2%
Currency-adjusted change	+5.6%	−10.7%	+6.6%	−9.2%
Interregional sales	2,655	3,397	863	1,102
Operating result [EBIT]	1,576	1,375	611	506
Number of employees (as of June 30)*	55,400	54,200	17,000	16,600

*number of employees in full-time equivalents

	Asia/Pacific		Latin America/Africa/Middle East		Reconciliation		Continuing Operations	
	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009	2nd Quarter 2008	2nd Quarter 2009
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	1,390	1,426	1,201	1,124			8,511	8,009
	+6.3%	+2.6%	+12.0%	−6.4%			+3.6%	−5.9%
	+14.9%	−7.0%	+21.0%	−5.1%			+10.0%	−8.9%
	1,410	1,402	872	886			8,511	8,009
	+11.4%	−0.6%	+6.2%	+1.6%			+3.6%	−5.9%
	+16.1%	−10.0%	+23.5%	+3.7%			+10.0%	−8.9%
	42	53	24	79	(1,479)	(2,299)		
	86	111	101	25	(48)	(45)	1,105	1,021

	Asia/Pacific		Latin America/Africa/Middle East		Reconciliation		Continuing Operations	
	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	2,666	2,682	2,363	2,143			17,047	15,904
	+6.3%	+0.6%	+10.8%	−9.3%			+3.0%	−6.7%
	+14.0%	−8.7%	+18.4%	−6.6%			+8.6%	−9.1%
	2,617	2,581	1,775	1,723			17,047	15,904
	+8.9%	−1.4%	+7.8%	−2.9%			+3.0%	−6.7%
	+14.6%	−10.8%	+20.2%	+0.9%			+8.6%	−9.1%
	95	126	56	141	(3,669)	(4,766)		
	171	99	193	107	(103)	(93)	2,448	1,994
	19,800	21,600	14,900	16,000			107,100	108,400

Explanatory Notes

ACCOUNTING POLICIES

Pursuant to Section 315a of the German Commercial Code, the consolidated interim financial statements as of June 30, 2009 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 International Financial Reporting Interpretations Committee (IFRIC) in effect at the closing date.

Reference should be made as appropriate to the Notes to the Consolidated Financial Statements for the 2008 fiscal year, particularly with regard to the main recognition and valuation principles. Income taxes comprise the taxes levied on taxable income in the individual countries and the changes in deferred tax assets and liabilities. The income taxes paid or accrued are recognized in the reporting period based on the best estimate of the weighted average annual income tax rate expected for the full year. This tax rate is applied to the pre-tax income reported in the interim financial statements. 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:

		Closing rate			Average rate	
1 € /		Dec. 31, 2008	June 30, 2008	June 30, 2009	1st Half 2008	1st Half 2009
ARS	Argentina	4.80	4.77	5.35	4.80	4.85
BRL	Brazil	3.25	2.53	2.75	2.60	2.92
CAD	Canada	1.70	1.59	1.63	1.54	1.61
CHF	Switzerland	1.49	1.61	1.53	1.61	1.51
CNY	China	9.50	10.81	9.65	10.80	9.11
GBP	U.K.	0.95	0.79	0.85	0.77	0.89
JPY	Japan	126.14	166.44	135.51	160.54	127.32
MXN	Mexico	19.23	16.23	18.55	16.24	18.44
USD	United States	1.39	1.58	1.41	1.53	1.33

The most important interest rates applied in the calculation of actuarial gains and losses from pension obligations are given below:

	Dec. 31, 2008	March 31, 2009	June 30, 2009
	%	%	%
Germany	6.0	6.2	5.9
U.K.	6.4	6.7	6.2
United States	6.2	7.3	6.2

SEGMENT REPORTING

The accounting standard IFRS 8 (Operating Segments) was applied for the first time as of the beginning of 2009. In addition, the following changes were implemented compared with the Consolidated Financial Statements for 2008:

- The integration of the thermoplastic polyurethanes businesses into the Polyurethanes and the Coatings, Adhesives, Specialties business units completes an important phase in the reorganization of the MaterialScience portfolio. It has led to an adjustment in the segment presentation for that subgroup. The previously separate Materials and Systems segments have been combined to form a single MaterialScience segment in light of their similar long-term economic performance and the comparability of their products, production processes, customer industries, distribution channels and regulatory environment.
- We have transferred our dermatology business (Intendis) and the medical equipment business Medrad from the Pharmaceuticals to the Consumer Health segment and restated the prior-year figures accordingly.
- Business activities that cannot be allocated to any other segment are reported under “All other segments.” These include primarily the services of Bayer Business Services (BBS), Bayer Technology Services (BTS) and Currenta.
- The Bayer holding company and the elimination of intersegment sales are presented in our segment reporting as “Corporate Center and Consolidation.”

The following table contains the reconciliation of the operating result (EBIT) of the operating segments to income before income taxes of the Group.

Segment Result Reconciliation	2nd Quarter 2008	2nd Quarter 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
Operating result of reporting segments	1,154	1,066	2,551	2,087
Operating result of Corporate Center	(49)	(45)	(103)	(93)
Operating result [EBIT]	**1,105**	**1,021**	**2,448**	**1,994**
Non-operating result	(262)	(292)	(537)	(626)
Income before income taxes	**843**	**729**	**1,911**	**1,368**

CHANGES IN THE BAYER GROUP

CHANGES IN THE SCOPE OF CONSOLIDATION

As of June 30, 2009, the Bayer Group comprised 308 consolidated companies (December 31, 2008: 316 companies), including four joint ventures included by proportionate consolidation according to IAS 31 (Interests in Joint Ventures). In addition, five associated companies were included in the consolidated financial statements by the equity method according to IAS 28 (Investments in Associates).

ACQUISITIONS AND DIVESTITURES

At the end of May 2009, we implemented the strategic alliance with Genzyme Corp., United States, announced on March 31, 2009. In accordance with the agreement terms, we transferred the products Campath®/MabCampath®, Fludara® and Leukine® from our hematological oncology portfolio to Genzyme. We are continuing our established co-development partnership with Genzyme for the active substance alemtuzumab for an indication in multiple sclerosis.

In addition, we sold the Thermoplastics Testing Center, Krefeld, Germany, to Underwriters Laboratories Inc., United States, for €18 million in May 2009.

In May 2009 we acquired the remaining 49% interest in Berlimed, S.A. Spain, from Juste S.A. Química Farmacéutica (Juste), and in return sold our 51% share of Justesa Imagen, S.A., Spain, to Juste.

The assets and liabilities divested in the first half of 2009 are listed in the following table:

	1st Half 2009
	€ million
Property, plant and equipment	(6)
Other noncurrent assets	(1)
Inventories	(9)
Other current assets	(12)
Assets held for sale	(297)
Provisions for pensions and other post-employment benefits	1
Other provisions	5
Other liabilities	10
Divested assets and liabilities	**(309)**
Non-controlling interest	6
Net assets	**(303)**
Divestiture costs	(7)
Net cash inflow from divestitures	51
Future cash payments receivable	401
Net gain from divestitures	**142**
Deferred net gain	(8)
Net gain from divestitures (before taxes)	**134**

The expenses for acquisitions totaling €552 million in the first half of 2008 were related primarily to the purchase of Possis Medical, Inc. and the OTC business of Sagmel.

INFORMATION ON EARNINGS PER SHARE

Earnings per Share from Continuing and Discontinued Operations	2nd Quarter 2008	2nd Quarter 2009	1st Half 2008	1st Half 2009
	€ million	€ million	€ million	€ million
Income after taxes	581	530	1,343	954
of which attributable to non-controlling interest	7	(2)	7	(3)
of which attributable to Bayer AG stockholders (net income)	574	532	1,336	957
Income from discontinued operations after taxes	0	0	0	0
Financing expenses for the mandatory convertible bond, net of tax effects	28	19	56	47
Adjusted net income from continuing operations	602	551	1,392	1,004
Adjusted net income from continuing and discontinued operations	602	551	1,392	1,004
	Shares	Shares	Shares	Shares
Weighted average number of issued ordinary shares	764,341,920	784,983,834	764,341,920	774,720,762
(Potential) shares (to be) issued upon conversion of the mandatory convertible bond	59,904,897	40,823,622	59,743,798	50,328,170
Adjusted weighted average total number of issued (and potential) ordinary shares	824,246,817	825,807,456	824,085,718	825,048,932
	€	€	€	€
Basic earnings per share				
from continuing operations	0.73	0.67	1.69	1.22
from discontinued operations	0.00	0.00	0.00	0.00
from continuing and discontinued operations	0.73	0.67	1.69	1.22
Diluted earnings per share				
from continuing operations	0.73	0.67	1.69	1.22
from discontinued operations	0.00	0.00	0.00	0.00
from continuing and discontinued operations	0.73	0.67	1.69	1.22

The ordinary shares that resulted from conversion of the mandatory convertible bond on June 1, 2009, were treated as already issued shares since the issuance of the bond. Diluted earnings per share are therefore equal to basic earnings per share.

LEGAL RISKS

Information on the Bayer Group's legal risks is provided in the Bayer Annual Report 2008 on pages 231 – 237. The following significant changes have occurred in respect of the legal risks since publication of the Bayer Annual Report 2008:

Magnevist®: As of June 30, 2009, Bayer has been served in a total of 317 lawsuits in the U.S. involving the gadolinium-based contrast agent Magnevist®. Without admission of liability, Bayer has reached agreements in principle with a substantial number of plaintiffs in the U.S. to settle their claims. Bayer will continue to consider the option of settling individual lawsuits on a case-by-case basis. Bayer has taken accounting measures and is insured against product liability risks to the extent customary in the industry.

Cipro®: 39 putative class action lawsuits and one individual lawsuit against Bayer involving the medication Cipro® have been pending in the United States since 2000. The plaintiffs are suing Bayer and other companies also named as defendants, alleging that a settlement to end patent litigation reached in 1997 between Bayer and Barr Laboratories, Inc. violated antitrust regulations. In 2005 a federal district court in New York dismissed all lawsuits pending in federal courts. In 2008, the Court of Appeals for the Federal Circuit in Washington D.C. affirmed this dismissal with regard to the lawsuits brought by indirect purchaser plaintiffs. In June 2009, the U.S. Supreme Court denied certiorari. As a result there are no further avenues of appeal in these cases. Another appeal remains pending in federal appellate court in New York concerning the lawsuits filed by direct purchasers of Cipro®. Several lawsuits in state courts by indirect purchasers also remain pending.

Levitra®: In July 2009, Bayer filed a patent infringement suit in U.S. federal court against Teva Pharmaceuticals USA, Inc. and Teva Pharmaceutical Industries, Ltd. In May 2009 Bayer had received notice of an Abbreviated New Drug Application with a Paragraph IV certification (an "ANDA IV") pursuant to which Teva seeks approval to market a generic version of Levitra®, Bayer's therapy for the treatment of erectile dysfunction, prior to patent expiration in the United States. Bayer believes it has meritorious defenses and intends to defend its rights vigorously.

Regorafenib: In May 2009, Onyx filed a complaint in the U.S. district court for northern California alleging that the compound regorafenib, which is under development by Bayer in cancer indications, is a compound to which Onyx has rights under a collaboration agreement which was originally concluded in 1994. Under this agreement, the parties jointly developed Nexavar®. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

HIV/HCV: Bayer and its three co-defendants have entered into an agreement with two U.S. law firms representing the vast majority of plaintiffs in the U.S. Federal Multidistrict Factor Concentrates litigation. The agreement is subject to conditions that must be satisfied before the settlement can be completed, including broad acceptance of, and overall participation in, the settlement by the group of plaintiffs represented by these firms. While the aim of the agreement is to bring decades of litigation to an end, Bayer will continue to vigorously defend any claims that are not included in the resolution process.

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 included in the consolidated financial statements at equity, 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.

OTHER INFORMATION

The Annual Stockholders' Meeting on May 12, 2009 approved the proposal by the Board of Management and the Supervisory Board that a dividend of €1.40 per share be paid for the 2008 fiscal year.

The meeting ratified the actions of the Board of Management and the Supervisory Board.

The authorization granted by the Annual Stockholders' Meeting on April 25, 2008, for the Board of Management to acquire treasury shares and to sell treasury shares subject to exclusion of the subscription right or a potential tender right was renewed.

The Annual Stockholders' Meeting also approved the conversion of bearer shares to registered shares and the corresponding amendments to the Articles of Incorporation as well as the transmission of information to stockholders by means of data telecommunication.

PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Essen, was elected as auditor for the fiscal year 2009 and for the audit review of the half-year financial report.

Leverkusen, July 24, 2009
Bayer Aktiengesellschaft

The Board of Management

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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Leverkusen, July 24, 2009
Bayer Aktiengesellschaft

The Board of Management

WERNER WENNING **KLAUS KÜHN** **DR. WOLFGANG PLISCHKE** **DR. RICHARD POTT**

Review Report

To Bayer AG, Leverkusen

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and selected explanatory notes – and the interim group management report of Bayer AG for the period from January 1, 2009 to June 30, 2009 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act.) The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Essen, July 27, 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

A. Slotta
Wirtschaftsprüfer

A. Böcker
Wirtschaftsprüferin

Focus

Bayer HealthCare employee David Milczanowski monitors the production of the Nexavar® active ingredient sorafenib.

Hope in the battle against cancer

Researchers at Bayer HealthCare are working on innovative therapeutic approaches designed to prolong the survival of cancer patients.

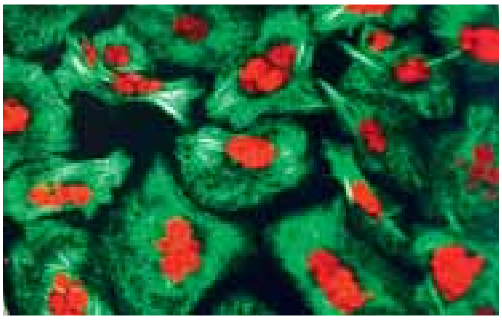
Although the treatment options for breast cancer have improved greatly, it is still the most common cause of cancer-related death in women. In the western world, one in four women who develops cancer is diagnosed with breast cancer. An approach known as targeted therapy is giving cause for new optimism, as it may be able to prolong the survival of such patients.

Bayer HealthCare is also researching in this field. The main focus here is on the product Nexavar® and its active ingredient sorafenib. Promising results were recently obtained in a study involving the product, which is being developed in collaboration with Onyx Pharmaceuticals, in combination with oral chemotherapy in the indication breast cancer. The first Phase II trial in advanced breast cancer, which was carried out by an independent institution, met its primary endpoint of extended progression-free survival.

Promising combination therapy for breast cancer

The study evaluated Nexavar® in combination with the chemotherapeutic capecitabine in patients with advanced or metastatic HER2-negative breast cancer. The study findings which have now become available demonstrate that the median progression-free survival was extended in patients treated with Nexavar® compared to patients receiving chemotherapy alone. The findings are statistically significant. “Based on these encouraging study data, we are currently evaluating various strategies for the further development of Nexavar® in breast cancer,” explains Dr. Dimitris Voliotis, Head of Nexavar® Clinical Development at Bayer HealthCare. “We hope to establish Nexavar® as an important new treatment option for women with this devastating disease.”

The drug is already approved in more than 80 countries for the treatment of kidney cancer and in over 70 countries for liver cancer. Sales of Nexavar® in 2008 totaled €462 million. In addition to breast cancer, Nexavar® is currently also being evaluated in colorectal, lung and ovarian cancer. It received regulatory approval in Japan this year for the treatment of advanced hepatocellular carcinoma. Liver cancer is one of the most common causes of cancer-related mortality in Japan, and the incidence of new cases is increasing. Some 40,000 people are diagnosed with liver cancer there every year, and around 36,000 die from it.



Cancer cells can be seen dividing under a laser scanning microscope.

Oncology is one of the main focuses of Bayer HealthCare’s research and development program, with Nexavar® being not the only product under investigation. “We have a number of other promising development candidates,” comments Dr. Kemal Malik, member of the Board of Management of Bayer Schering Pharma and Head of Development. Some of these substances are the result of the company’s own research activities, others have been obtained through cooperation agreements with partner companies. One outstanding candidate to emerge from Bayer HealthCare’s own research is regorafenib, which has already shown some promising Phase II data in renal cell carcinoma.

Protein-based active substances – referred to as biologicals – are playing an increasingly important role in the development of new cancer drugs. The most prominent category here comprises antibodies. Bayer HealthCare acquired Direvo Biotech last year in order to round out its expertise in this field.

INTERNET

A report entitled “New technologies help cancer patients” is available in our Podcast Center at www.podcast.bayer.com.

Liver tumors can be made clearly visible with magnetic resonance imaging (MRI). Hepatocellular carcinoma is the most common form of liver cancer.

News

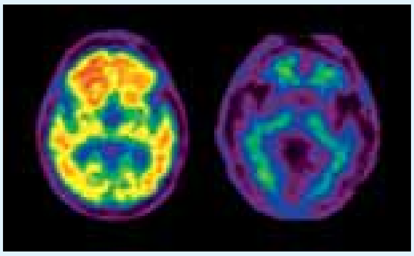
Hope in the diagnosis of Alzheimer's

Bayer Schering Pharma presented positive data from a global Phase II study with the novel positron emission tomography (PET) tracer florbetaben at the International Conference on Alzheimer's Disease (ICAD) in Vienna, Austria.

This study showed that using PET images, patients with a clinical diagnosis of Alzheimer's could be differentiated from age-matched healthy volunteers on the basis of the florbetaben uptake pattern in the brain. The active substance florbetaben is seen as a beacon of hope in the diagnosis of Alzheimer's.

It specifically binds to beta-amyloid plaques accumulated in the brain that are a pathological hallmark of Alzheimer's.

Beta-amyloid accumulates in the brain in the early stage of the disease. Currently, identification of this protein – and thus a definitive diagnosis of Alzheimer's disease – is only possible after death.



A hallmark of Alzheimer's disease: the image at the left shows accumulations of beta-amyloid (colored yellow) in the brain compared to a healthy brain.

Investing in the growing market for automotive glazing

Bayer MaterialScience has invested heavily in facilities to develop technologies for polycarbonate automotive glazing. The company believes this market to have excellent growth perspectives. With its Makrolon® product brand, Bayer MaterialScience is regarded as one of the world's leading pioneers in this high-tech application.

For example, a fully automated injection molding machine has been installed at the technical service center in Leverkusen that is capable of producing 3D roof modules measuring up to 1.2 square meters along with other complex glazing components. The new equipment enables the company to support its customers along the entire process chain for polycarbonate automotive glazing.

Bayer MaterialScience has also expanded its large technical service center for coatings at the Krefeld-Uerdingen site, where experts are currently working to evaluate the abrasion and scratch resistance of coatings for future use in polycarbonate rear windows.

Makrolon® provides a clear view: the market for automotive glazing made of polycarbonate such as Makrolon® has good growth prospects.

New canola center in Canada

Bayer CropScience has inaugurated a new center of innovation northeast of Saskatoon, Canada, dedicated to the research, development and breeding of canola/oilseed. The complex supplements the existing 225-hectare breeding station and covers almost 5,000 square meters of laboratories and phytotron rooms, including around 750 square meters of air-purity controlled greenhouse space.

The facility will employ approximately 40 people – from plant breeders to molecular scientists and plant pathologists. The center in Saskatoon brings the Bayer CropScience canola breeding program together in one facility. Canola is a form of rapeseed grown primarily in North America and Australia. With an additional investment of close to €10 million, Bayer CropScience aims to drive forward the development of its market-leading InVigor® hybrid canola.

"This new center is an example of our global commitment to innovation in agriculture. Canada is one of the most important countries for Bayer CropScience, and canola has been a major contributor to this success," said Professor Friedrich Berschauer, Chairman of the Board of Management of Bayer CropScience, at the inauguration ceremony.

Joint malaria research

Bayer CropScience signs research agreement with charity

Bayer CropScience and the Innovative Vector Control Consortium (IVCC), Liverpool, United Kingdom, plan to jointly develop new active ingredients against mosquitoes that transmit diseases such as malaria and are resistant to conventional insecticides.

Resistance to active substances is currently one of the biggest problems in the battle against malaria. The project aims to discover new active ingredients for public health products (PHPs) that help protect people against diseases by controlling the insects that transmit them.

The partners signed a research agreement in May that will initially run for three years. Bayer CropScience will contribute to the project its extensive library of substances and screening capabilities, along with its experience in chemical synthesis and insecticides research and development.

Initially established as a research consortium in 2005, the IVCC has evolved into a product development partnership (PDP). In 2008 it received the status of a not-for-profit company and registered charity.

Professor Friedrich Berschauer, Chairman of the Board of Management of Bayer CropScience, and Professor Janet Hemingway, Chief Executive Officer, IVCC, at the signing of the research agreement.

Honor for sustainability

Bayer stock has once again been included in the FTSE4Good, one of the most prestigious international sustainability index series.

The FTSE4Good index series ranks companies that meet strict ecological and social criteria in areas such as environmental and climate protection, social benefits for employees, human rights and action to prevent corruption. With this year's listing, Bayer's stock has been included in both the FTSE4Good Global Index and the FTSE4Good Europe Index continuously since their establishment in 2001. The index series is managed by a joint venture of the London Stock Exchange and the *Financial Times* newspaper. Companies are assessed by the rating agency Ethical Investment Research Services (EIRIS).

New treatment approach in pulmonary hypertension

Positive data from a Phase II trial with riociguat, an active ingredient from Bayer Schering Pharma that represents a potential new approach to the treatment of pulmonary hypertension, were presented at the American Thoracic Society (ATS) international conference in San Diego.

Riociguat, with its novel mechanism of action, is the first member of a new class of vasodilating agents. Unlike conventional treatment methods for pulmonary hypertension, riociguat is administered in tablet form.

Pulmonary hypertension is a severe and life-threatening disease that progresses rapidly. Despite advances in patient care over the last few years, there is still a high medical need for new, more efficient therapies.

Promising research: Dr. Johannes-Peter Stasch of Bayer HealthCare analyzes agonists of soluble guanylate cyclase (sGC), the enzyme that could improve the treatment of pulmonary hypertension.

News

New product class: Bayer HealthCare employee Ulrike Wolf with the novel contraceptive Qlaira®.

New oral contraceptive launched

Bayer Schering Pharma has started the European roll-out of Qlaira®. The novel oral contraceptive has been available in several European countries, including Germany, since May 2009.

Qlaira® is the first in a new class of oral contraceptives to deliver estradiol, the estrogen identical to the one produced by the female body. The second component of Qlaira® is the progestin dienogest.

Until now, the only estrogen component used in oral contraceptives worldwide has been ethinylestradiol. Efforts to use estradiol in oral contraception have failed to achieve a satisfactory level of bleeding control. Clinical studies with Qlaira® have shown that the combination of estradiol with the progestin dienogest yields good cycle control. The contraceptive Qlaira® also features a dynamic dosing regimen designed to deliver hormones at the right levels at the right time during the cycle to provide reliable contraception along with good cycle control.

A New Drug Application (NDA) was submitted in the United States in July 2009. There Bayer is seeking approval not only for the contraception indication but also for the treatment of heavy and/or prolonged menstrual bleeding.

Highly effective at low dosages

Innovative substance combats fungal diseases in crops

Bayer CropScience has high hopes for the fungicidal active ingredient fluopyram – one of three substances from the company's research pipeline that are scheduled to reach market maturity in 2010. Fluopyram was recently presented to scientists and journalists.

Fluopyram belongs to a new chemical class known as pyridinyl ethylbenzamides and was developed to effectively combat various plant diseases caused by fungal pathogens such as gray mold, powdery mildew, sclerotinia and monilia, which can cause considerable economic damage.

It will be available for more than 70 crops, including vines and table grapes, pome and stone fruit, vegetables and field crops. A particular advantage for users is that fluopyram shows very high effectiveness at low application rates, both on its own and in combination with other Bayer fungicides.

Fluopyram can also play an important role in effective resistance management programs. Bayer CropScience is targeting annual sales of more than €150 million for fluopyram. Marketing authorization is expected to be granted in the United States in 2010, with registrations in Europe anticipated for 2011.

The innovative active ingredient fluopyram from Bayer CropScience can protect numerous crops, including grapes, from fungal diseases.

New options for nanostructured films

Bayer MaterialScience and U.S.-based Nano Terra Inc. plan to collaborate in the field of surface engineering and nanotechnology. Within a developmental alliance forged by the two companies, a global Bayer MaterialScience research team will collaborate closely with experts from Nano Terra to create new surface functionalities and evaluate manufacturing options.

Bayer MaterialScience hopes the collaboration will enable it to deliver improved film product solutions to its customers using new technologies. In this way the company aims to satisfy demand for increased functionality in the materials it supplies. Fields of use for the anticipated product solutions include the automotive sector, electronics and displays.

Silica gel wound dressings could help chronic wounds to heal more quickly.

Dressing aims to speed healing of chronic wounds

Bayer Technology Services has developed a special dressing on behalf of Bayer Innovation GmbH that is aimed at accelerating the healing process for chronic wounds. A first clinical study has been initiated at Cologne and Hamburg university hospitals involving patients suffering from chronic venous abscesses of the lower leg. They are being treated with a novel wound closure consisting of silica gel fibers designed to actively support the natural healing process. The study will be expanded in the second half of 2009 to include 15 hospitals in Europe and the United States and is expected to be concluded in 2011.

Should the study prove successful, a considerable unmet treatment need could be satisfied. In Germany alone, an estimated two to four million patients suffer from wounds that do not heal and are often painful – including, for example, people with diabetic foot or certain vascular disorders.

Measuring and enhancing energy efficiency

"Managing Energy Efficiency" is the name of a new system with which Bayer aims to sustainably increase the energy efficiency of production facilities. The system was developed in close cooperation between Bayer MaterialScience, Bayer Technology Services and Bayer Business Services. Due to the system's importance, it holds the status of a lighthouse project within the Bayer Climate Program.

The system is based on an innovative method that enables the measurement and comparison of energy efficiency for the first time. When integrated into a management process, it makes production operations transparent and controllable in terms of energy efficiency and climate-friendliness.

During the pilot phase it was found that energy costs could be reduced by some 10 percent by means of operational adjustments, controlled energy input, insulation and heat recovery.

Preventing vision loss

The development program for VEGF Trap-Eye – a new active ingredient for the treatment of certain eye diseases – is being expanded to include central retinal vein occlusion (CRVO). Bayer HealthCare and Regeneron Pharmaceuticals will initiate a Phase III program for this additional indication in the second half of 2009.

CRVO is caused by obstruction of the central retinal vein and can lead to retinal injury and loss of vision. The retina can also become starved for oxygen, resulting in the growth of new, inappropriate blood vessels that can cause further vision loss. There is currently no approved medication available anywhere to treat CRVO. More than 66,000 people in key European countries alone suffer from CRVO.

Technology center at Chempark

The construction of a new technology center is planned at the Leverkusen Chempark for the development and testing of flexible and efficient production concepts that help to conserve resources.

Bayer Technology Services and the Technical University of Dortmund will collaborate to create this "factory of the future," with the German state of North Rhine-Westphalia contributing €5 million toward the project. Construction of the technology center is scheduled to begin in late 2009/early 2010, with completion scheduled for the end of 2010.

The Technical University of Dortmund is one of Europe's leading institutions for biochemical and chemical engineering, and has a long history of collaboration with Bayer. Bayer Technology Services recently began sponsoring the first Bayer Chair in Apparatus Engineering at the university.

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News

Wheat is the world's most widely grown cereal in terms of cultivation area and one of the most important food staples.

Research and development extended to cereal seed

Bayer CropScience is expanding its global research and development activities in seeds and traits to include a focus on cereals. In support of this expansion, the company recently formalized a long-term alliance with the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Australia's national research organization, which is one of the world's leading institutions in the development of new wheat varieties.

Bayer CropScience has a global market leadership position in crop protection solutions for cereals. The company now intends to add to its portfolio by developing improved plant characteristics for wheat. The agreement establishes a far-reaching joint research and development program aimed at improving the productivity of wheat farming and contributing to sustainable agriculture.

One of the initial projects is dedicated to the development of wheat lines with improved yield potential and stress tolerance, while another focuses on wheat lines with improved utilization of phosphorus. These and other research projects are expected to result in new varieties that could be available to farmers from 2015 onwards.

Consortium targets the "factory of the future"

The "factory of the future" is the focus of an extensive research program with which the chemical industry aims to develop efficient and sustainable processes. The E.U.-funded project is called "F³ Factory" – which stands for: flexible, fast and future factory. Its aim is to strengthen the European chemical industry's global technological leadership for the long term and increase its competitiveness via faster and more flexible production methods.

The project marks the first time that 25 leading European chemical industry companies are collaborating on this scale on new technologies and production concepts in a consortium with research institutes and universities. The project is being coordinated by Bayer Technology Services. A demonstration and development center will be constructed in the Leverkusen Chempark by the beginning of 2011 to illustrate the potential of the F³ Factory.

The project is scheduled to run for four years and has a volume of approximately €30 million, of which €18 million will be provided by the E.U. Experts estimate that the European chemical industry could reduce costs by some €4 billion through the F³ Factory concept. The members of the consortium include RWTH Aachen University, AstraZeneca, the Technical University of Dortmund, BASF, Procter & Gamble, Rhodia, Evonik Degussa and the Karlsruhe Research Center.

Innovative delivery form for contraceptive

The Bayer Schering Pharma Division of Bayer HealthCare has started Phase III clinical studies with an innovative patch for female contraception that combines low-dosed ethinylestradiol and gestodene. Approximately 3,300 women are enrolled in two global studies to evaluate the contraceptive reliability of the patch. The company expects to file the first registration applications in 2012 and plans to market the product worldwide.

The innovative contraceptive patch has unique qualities: it is transparent and will likely be the smallest, lowest-dosed patch on the market. The patch is also convenient to use and is applied once per week for three weeks of the cycle (21 days) followed by one week without a patch.

Anniversary tablet in Bitterfeld is Aspirin Plus C

50 billion tablets produced since 1995

The stamp of the tablet press recently came down on the loose powder of an “Aspirin® Plus C” mix with a force of approximately 100 kilonewtons – forming the 50-billionth tablet to be produced at the ultra-modern production facility of Bayer Bitterfeld GmbH in Saxony-Anhalt. Annual tablet production in Bitterfeld has been steadily increased since the facility came on stream in 1995. Last year some 8.6 billion tablets were produced last year for customers in more than 50 countries worldwide.

“The total of 50 billion tablets from Bitterfeld comprise four brands: Talcid, Alka-Seltzer, Aleve and of course Aspirin. Without wishing to downplay the significance of the other brands, I can certainly say that Aspirin plays a special role for us here at Bayer,” said Dr. Christian Schleicher, Managing Director of Bayer Bitterfeld GmbH, at a news conference attended by media representatives in the presence of Dr. Reiner Haseloff, Minister of Economic Affairs and Labor for the State of Saxony-Anhalt.

Dr. Christian Schleicher (right), Managing Director of Bayer Bitterfeld GmbH, and Dr. Reiner Haseloff, Minister of Economic Affairs and Labor for the State of Saxony-Anhalt, at a ceremony marking the production of the 50-billionth tablet.

A popular plant: Bayer employee Jan Hnatiuk prepares a canola seedling for a test series.

New and improved solutions for growers

Bayer CropScience AG and Monsanto Company have agreed to cross-license their respective herbicide tolerance traits in rapeseed/canola on a non-exclusive basis for commercialization within their respective branded canola seed businesses.

Canola is a form of rapeseed primarily grown in North America and Australia. Under the terms of this global agreement, Monsanto will grant Bayer CropScience access to Monsanto’s Genuity™ Roundup Ready® canola trait and Bayer CropScience will grant Monsanto access to its LibertyLink® tolerance trait for use in canola.

The agreement also includes specified rights to access, on a non-exclusive basis, future herbicide tolerance traits and other agronomic traits that may be introduced by either party for use in canola.

This global agreement between the two trait developers enhances the opportunity to bring new and improved weed control solutions to growers.

Using less energy with Green IT

Bayer Business Services has launched the Green IT initiative as a contribution to the Bayer Climate Program. The goal is to reduce energy consumption in all Bayer Group data centers by 20 percent by 2012.

The initiative is based on process and software optimization measures and concepts for the energy-saving installation of servers.

To make optimum use of the air flow required to cool computer chips, computers will be systematically arranged in cold and warm zones. The energy required for cooling is further reduced by way of an arrangement known as cold-aisle containment along with suitably controlled climate units.

The initiative also focuses on IT workstations, helping to tangibly reduce energy-related emissions and costs through energy-saving functions for computers and monitors, central network printers and resource-optimized printing profiles. Bayer Corporation is one of 100 companies worldwide to have been honored by U.S.-based Uptime Institute for its ecological and sustainable information technology.

Financial Calendar

Q3 2009 Interim Report	**OCTOBER 27, 2009**
2009 Annual Report	**FEBRUARY 26, 2010**
Q1 2010 Interim Report	**APRIL 29, 2010**
Annual Stockholders' Meeting 2010	**APRIL 30, 2010**
Payment of Dividend	**MAY 3, 2010**
Q2 2010 Interim Report	**JULY 29, 2010**
Q3 2010 Interim Report	**OCTOBER 28, 2010**

COVER PICTURE

On the track of new medicines: Bayer employee Norbert Schwarz preparing a test as part of our research into innovative substances to treat non-Hodgkin's lymphoma. Read more on the subject of cancer on page 48.

MASTHEAD

Publisher
Bayer AG, 51368 Leverkusen,
Germany

Editor
Dr. Katrin Schneider, phone +49 214 30 48825
email: katrin.schneider.ks@bayer-ag.de

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Currenta GmbH & Co. OHG
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Investor Relations
Peter Dahlhoff, phone +49 214 30 33022
email: peter.dahlhoff@bayer-ag.de

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