Science For A Better Life

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Stockholders' Newsletter

FINANCIAL REPORT AS OF MARCH 31, 2011

First Quarter of 2011:
Bayer off to a successful start to 2011

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COVER PICTURE

Healthy food for an expanding world population: Bayer CropScience develops innovative seed and new plant traits for high-quality, vitamin-rich fruit and vegetables. Our cover picture shows Bayer tomato breeder Coert Engels with Nikola Richter from salad manufacturer Bauer Funken.

Bayer Group Key Data

	1st Quarter 2010	1st Quarter 2011	Change	Full Year 2010
	€ million	€ million	%	€ million
Sales	**8,316**	**9,415**	**+13.2**	**35,088**
Change in sales				
Volume	+6.9%	+7.7%		+6.7%
Price	−0.7%	+2.7%		+1.3%
Currency	−0.3%	+2.7%		+4.9%
Portfolio	−0.6%	+0.1%		−0.3%
EBIT[1]	**1,104**	**1,148**	**+4.0**	**2,730**
Special items	*(77)*	*(442)*		*(1,722)*
EBIT before special items[2]	***1,181***	***1,590***	***+34.6***	***4,452***
EBIT margin before special items[3]	14.2%	16.9%		12.7%
EBITDA[4]	**1,748**	**1,866**	**+6.8**	**6,286**
Special items	*(77)*	*(366)*		*(815)*
EBITDA before special items[2]	***1,825***	***2,232***	***+22.3***	***7,101***
EBITDA margin before special items[3]	21.9%	23.7%		20.2%
Non-operating result	**(244)**	**(213)**	**+12.7**	**(1,009)**
Net income	**631**	**684**	**+8.4**	**1,301**
Earnings per share (€)	0.76	0.83	+9.2	1.57
Core earnings per share (€)[5]	1.13	1.45	+28.3	4.19
Gross cash flow[6]	**1,178**	**1,309**	**+11.1**	**4,771**
Net cash flow[7]	**732**	**801**	**+9.4**	**5,773**
Cash outflows for capital expenditures	**230**	**238**	**+3.5**	**1,514**
Research and development expenses	**717**	**737**	**+2.8**	**3,053**
Depreciation, amortization and impairments	**644**	**718**	**+11.5**	**3,556**
Number of employees at end of period[8]	**111,000**	**112,500**	**+1.4**	**111,400**
Personnel expenses (including pension expenses)	2,015	2,245	+11.4	8,099

2010 figures restated
In some cases, the sum of the figures given in this report may not precisely equal the stated totals and percentages may not be exact due to rounding.
[1] EBIT = operating result as shown in the income statement
[2] EBIT(DA) before special items is not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company considers EBITDA before special items to be a more suitable indicator of operating performance since it is not affected by depreciation, amortization, impairments or special items. By reporting this indicator, the company aims to give readers a clearer picture of the results of operations and ensure greater comparability of data over time. See also Chapter 6 "Calculation of EBIT(DA) Before Special Items."
[3] The EBIT(DA) margin before special items is calculated by dividing EBIT(DA) before special items by sales.
[4] EBITDA = EBIT plus amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment, minus impairment loss reversals.
[5] Core earnings per share are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company considers that this indicator gives readers a clearer picture of the results of operations and ensures greater comparability of data over time. The calculation of core earnings per share is explained in Chapter 7.
[6] Gross cash flow = income after taxes, plus income taxes, plus non-operating result, minus income taxes paid or accrued, plus depreciation, amortization and impairment losses, minus impairment loss reversals, plus/minus changes in pension provisions, minus gains/plus losses on retirements of noncurrent assets, minus gains from the remeasurement of already held assets in step acquisitions. The change in pension provisions includes the elimination of non-cash components of the operating result (EBIT). It also contains benefit payments during the year. For details see Chapter 8 "Financial Position of the Bayer Group."
[7] Net cash flow = cash flow from operating activities according to IAS 7
[8] Full-time equivalents

First quarter of 2011:
All subgroups lift sales and earnings

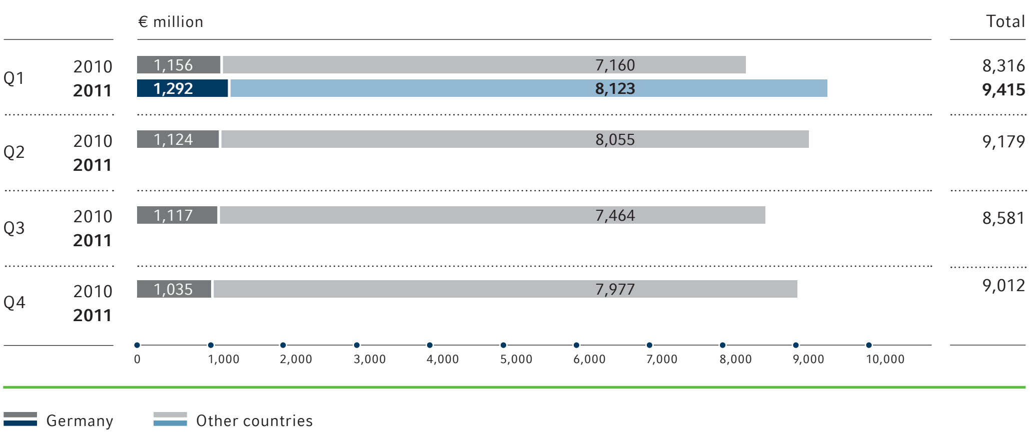
Bayer off to a successful start to 2011

- Sales €9.4 billion (+13.2%)
- Operating result (EBIT) €1.1 billion (+4.0%)
- EBITDA before special items €2.2 billion (+22.3%)
- Special items of €0.4 billion diminish earnings
- Net income €0.7 billion (+8.4%)
- Group forecast raised – improvement expected at CropScience

1. Overview of Sales, Earnings and Financial Position

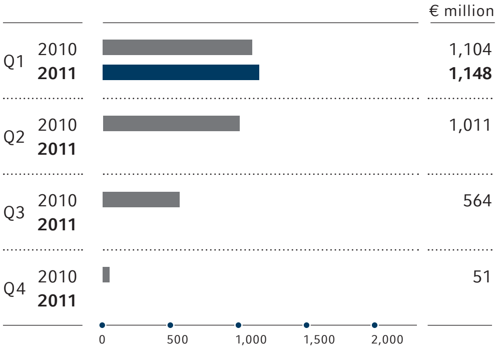
The Bayer Group got off to a successful start to 2011. Sales rose by a substantial 13.2% in the first quarter to €9.4 billion. On a currency- and portfolio-adjusted basis (Fx & portfolio adj.), sales increased by 10.4%. The operating result (EBIT) edged up 4.0% to €1.1 billion (Q1 2010: €1.1 billion) after special charges of €0.4 billion. EBITDA before special items improved significantly, rising by 22.3% to €2.2 billion. These increases were mainly attributable to the good start to the season at CropScience, a significant expansion of business at MaterialScience compared to the prior-year quarter – which was still hampered by the financial and economic crisis – and a solid HealthCare business. Net income rose by 8.4% to €0.7 billion (Q1 2010: €0.6 billion). Earnings per share amounted to €0.83 (Q1 2010: €0.76). Core earnings per share climbed by 28.3% to €1.45.

Bayer Group Quarterly Sales [Graphic 1]



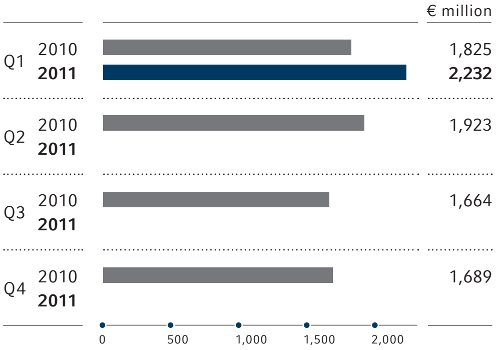
Group **sales** rose by 13.2% to €9,415 million (Q1 2010: €8,316 million). Adjusted for currency and portfolio effects (Fx & portfolio adj.), business expanded by 10.4%. Sales of HealthCare increased by 7.7% (Fx & portfolio adj. +4.1%). At CropScience, sales were up by a substantial 15.6% (Fx adj. +13.6%) against the weak prior-year quarter. MaterialScience, too, achieved a significant 21.2% (Fx & portfolio adj. +18.7%) increase in sales.

Bayer Group
Quarterly EBIT [Graphic 2]



2010 figures restated

Bayer Group
Quarterly EBITDA Before Special Items [Graphic 3]

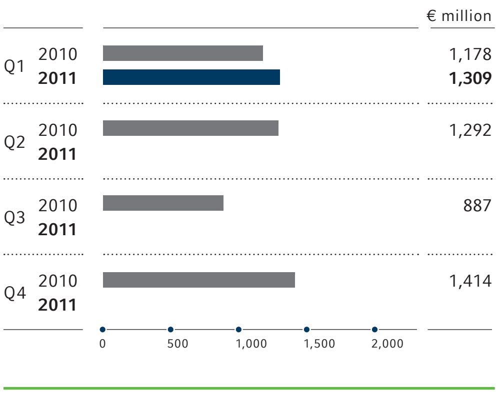


2010 figures restated

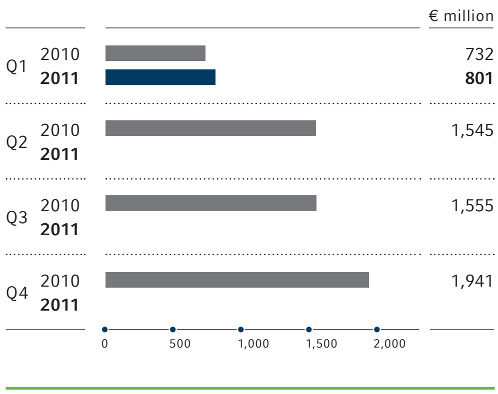
EBIT of the Bayer Group rose by only 4.0% to €1,148 million (Q1 2010: €1,104 million) despite the positive business development. Earnings were diminished by special charges of €442 million (Q1 2010: €77 million). These comprised €248 million for the announced restructuring at Crop-Science and HealthCare and €194 million for litigations in connection with genetically modified rice (LL RICE). EBIT before special items of the Bayer Group came to €1,590 million (Q1 2010: €1,181 million). **EBITDA** before special items increased by 22.3% to €2,232 million (Q1 2010: €1,825 million). HealthCare improved EBITDA before special items by 11.4% to €1,140 million (Q1 2010: €1,023 million), thanks mainly to the gratifying expansion of business at Consumer Health and to positive currency effects. EBITDA before special items of CropScience grew by 40.3% to €745 million (Q1 2010: €531 million), chiefly as a result of significantly higher volumes. Despite a tangible increase in raw material and energy costs, MaterialScience improved EBITDA before special items to €345 million (Q1 2010: €278 million), due largely to significantly expanded volumes and selling prices.

After a **non-operating result** of minus €213 million (Q1 2010: minus €244 million), **income before income taxes** came in at €935 million (Q1 2010: €860 million). The main components of the non-operating result were €111 million (Q1 2010: €117 million) in net interest expense and €83 million (Q1 2010: €90 million) in interest cost for pension and other provisions. After tax expense of €252 million (Q1 2010: €228 million) and non-controlling interest, **net income** in the first quarter of 2011 came to €684 million (Q1 2010: €631 million).

Gross Cash Flow by Quarter [Graphic 4]



Net Cash Flow by Quarter [Graphic 5]



2010 figures restated

Gross cash flow in the first quarter moved forward by 11.1% to €1,309 million (Q1 2010: €1,178 million) as a result of the improved operating performance. Cash tied up in working capital increased markedly due to the expansion of business. Net cash flow rose by 9.4% to €801 million (Q1 2010: €732 million).

Net financial debt receded by a further €0.8 billion compared to December 31, 2010, to €7.1 billion. The net pension liability fell from €7.2 billion on December 31, 2010, to €6.6 billion, due especially to higher long-term interest rates on the capital market.

2. Economic Outlook

The prospects for a lasting recovery of the **world economy** have improved in recent months. However, the rate of expansion varies greatly from one region to another. The strong pace of economic growth is expected to continue particularly in the emerging markets. There is evidence of a gradual rebound in the United States economy. By contrast, we anticipate only moderate growth in the eurozone – with the exception of Germany, where the economy is expected to expand briskly again this year. The disasters in Japan and the political unrest in North Africa and the Middle East have done little to hold back the world economy so far. However, the consequences of these events could still develop into a heightened risk for global economic growth over the course of the year. Furthermore, increases in raw material prices could dampen the positive overall economic trend.

In the **pharmaceuticals market** we continue to predict mid-single-digit growth rates for 2011. This expansion is likely to be driven increasingly by emerging economies. We believe that growth will be weaker in the established markets such as the United States and the major European countries.

We foresee solid growth once again in 2011 for the **consumer care market**. The **diabetes care market** will most likely grow only minimally this year. By contrast, we again expect faster-than-average growth in the **animal health market**.

Assuming normal weather conditions and continued high prices for agricultural commodities, we anticipate a clearly positive trend in the global **seed and crop protection** market over the course of the year.

The economic conditions for 2011 are favorable in all the main customer industries of **MaterialScience**. However, the risks stemming from the disasters in Japan cannot yet be predicted, particularly in the automotive and electrical/electronics sectors.

3. Sales and Earnings Forecast

The following forecasts for 2011 are based on the business performance described in this report, taking into account the potential risks and opportunities. The sales and earnings forecast for 2012 is given in chapter 11.4 of the Annual Report 2010.

BAYER GROUP

Following our successful start to 2011, we are raising our sales and earnings forecast for the full year, mainly in light of the good start to the season at CropScience. We confirm the outlook for HealthCare. We are adjusting our sales forecast for MaterialScience, as we expect to be able to pass along the increases in raw material prices to our customers through higher selling prices.

For the full year 2011, we are now targeting a currency- and portfolio-adjusted sales increase for the Bayer Group of between 5% and 7% (previously: between 4% and 6%). This corresponds to Group sales of between €36 billion and €37 billion (previously: between €35 billion and €36 billion). This guidance is based on the exchange rates prevailing at the end of the first quarter of 2011.

We aim to increase EBITDA before special items to more than €7.5 billion (previously: toward €7.5 billion). Core earnings per share (calculated as explained in chapter 7) are expected to improve by about 15% (previously: about 10%). We continue to anticipate special charges in the region of €0.5 billion for ongoing restructuring programs.

HEALTHCARE

We confirm our outlook for 2011.

In 2011, HealthCare plans to increase sales by a low- to mid-single-digit percentage after adjusting for currency and portfolio effects and to achieve a small improvement in EBITDA before special items.

In the Pharmaceuticals segment, we do not yet expect sales to resume growing with the market in 2011. We plan to increase sales by a low- to mid-single-digit percentage after adjusting for currency and portfolio effects and to raise the EBITDA margin before special items.

In the Consumer Health segment, we anticipate above-market growth in sales after adjusting for currency and portfolio effects. We expect sales and EBITDA before special items to increase by mid-single-digit percentages.

CROPSCIENCE

Following the dynamic start to 2011, we are raising our guidance for CropScience. We now expect to improve sales in both segments on a currency- and portfolio-adjusted basis and to grow overall by a high-single-digit (previously: at least a mid-single-digit) percentage. We intend to further strengthen our market position in the Environmental Science, BioScience segment and to at least maintain our existing position in Crop Protection. We plan to expand EBITDA before special items by about 20% compared to the weak prior year (previously: at a higher rate than sales).

MATERIALSCIENCE

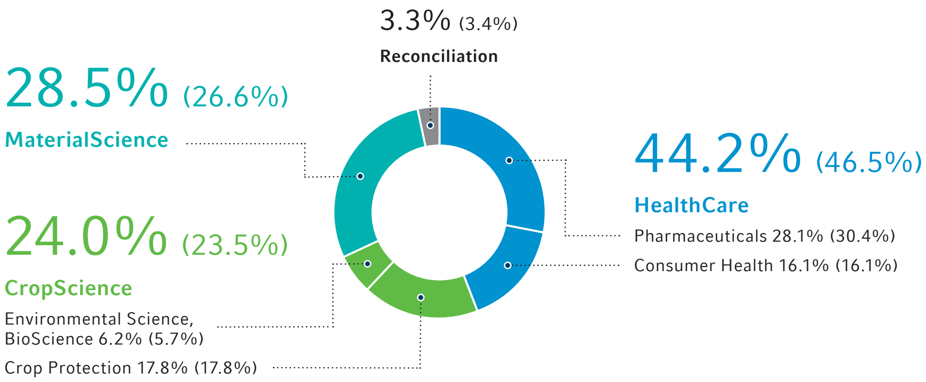
The good business situation at MaterialScience in the first quarter of 2011 was in line with our expectations. We expect that the economy will continue to recover. We are adjusting our sales forecast for 2011, as we expect to be able to pass on the raw material cost increases to our customers by raising selling prices. We now plan to raise sales by a high-single-digit (previously: mid-single-digit) percentage on a currency- and portfolio-adjusted basis and continue to expect that EBITDA before special items will increase at a higher rate than sales.

In the second quarter of 2011, we anticipate further growth in sales and an improvement in EBITDA before special items compared with the first quarter of the year.

4. Corporate Structure

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

Sales by Segment, 1st Quarter 2011 (2010 in parentheses) [Graphic 6]



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

Key Data by Subgroup and Segment [Table 1]

	Sales		EBIT		EBITDA before special items*	
	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011
	€ million	€ million	€ million	€ million	€ million	€ million
HealthCare	**3,869**	**4,166**	**660**	**769**	**1,023**	**1,140**
Pharmaceuticals	2,531	2,649	459	499	759	803
Consumer Health	1,338	1,517	201	270	264	337
CropScience	**1,952**	**2,257**	**360**	**219**	**531**	**745**
Crop Protection	1,476	1,676	248	199	352	510
Environmental Science, BioScience	476	581	112	20	179	235
MaterialScience	**2,216**	**2,686**	**137**	**205**	**278**	**345**
Reconciliation	**279**	**306**	**(53)**	**(45)**	**(7)**	**2**
Group	**8,316**	**9,415**	**1,104**	**1,148**	**1,825**	**2,232**

2010 figures restated
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."

CHANGES IN CORPORATE STRUCTURE

The Women's Healthcare and General Medicine business unit within the Pharmaceuticals segment of the HealthCare subgroup was renamed "General Medicine" effective January 1, 2011.

5. Performance by Subgroup, Segment and Region

5.1 HealthCare

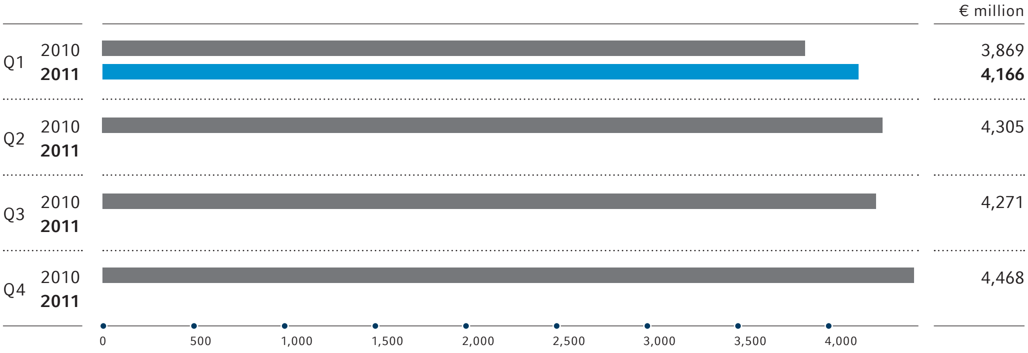
Key Data – HealthCare [Table 2]

	1st Quarter 2010	1st Quarter 2011	Change	
	€ million	€ million	%	Fx & p adj. %
Sales	**3,869**	**4,166**	**+7.7**	**+4.1**
Change in sales				
Volume	+2.2%	+4.1%		
Price	+0.4%	0.0%		
Currency	−0.6%	+3.5%		
Portfolio	−1.3%	+0.1%		
Sales by segment				
Pharmaceuticals	2,531	2,649	+4.7	+0.9
Consumer Health	1,338	1,517	+13.4	+10.1
Sales by region				
Europe	1,523	1,596	+4.8	
North America	1,134	1,076	−5.1	
Asia/Pacific	667	850	+27.4	
Latin America/Africa/Middle East	545	644	+18.2	
EBIT	**660**	**769**	**+16.5**	
Special items	*(29)*	*(37)*		
EBIT before special items*	***689***	***806***	***+17.0***	
EBITDA*	**994**	**1,103**	**+11.0**	
Special items	*(29)*	*(37)*		
EBITDA before special items*	***1,023***	***1,140***	***+11.4***	
EBITDA margin before special items*	26.4%	27.4%		
Gross cash flow**	**663**	**768**	**+15.8**	
Net cash flow**	**742**	**781**	**+5.3**	

2010 figures restated
Fx & p adj. = currency- and portfolio-adjusted
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

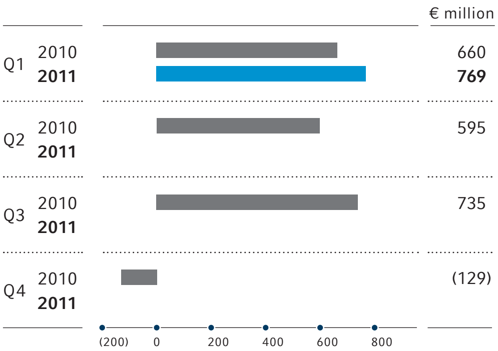
Sales of the HealthCare subgroup rose by 7.7% in the first quarter of 2011, to €4,166 million (Q1 2010: €3,869 million). Adjusted for currency and portfolio effects, business was up by 4.1%. This was largely due to the positive development in the Consumer Health segment.

HealthCare Quarterly Sales [Graphic 7]



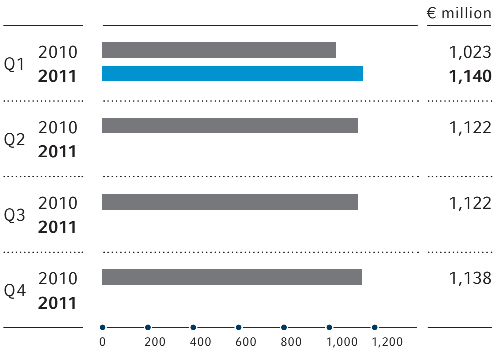
EBIT of the HealthCare subgroup grew by 16.5% in the first quarter of 2011 to €769 million (Q1 2010: €660 million) after special items of minus €37 million (Q1 2010: minus €29 million) related to restructuring measures. EBIT before special items increased by 17.0% to €806 million (Q1 2010: €689 million). **EBITDA** before special items advanced by 11.4% to €1,140 million (Q1 2010: €1,023 million). This increase was mainly attributable to the gratifying business performance at Consumer Health and to positive currency effects. Earnings were diminished by higher selling expenses.

HealthCare Quarterly EBIT [Graphic 8]



2010 figures restated

HealthCare Quarterly EBITDA Before Special Items [Graphic 9]



2010 figures restated

PHARMACEUTICALS

Key Data – Pharmaceuticals [Table 3]

	1st Quarter 2010	1st Quarter 2011	Change	
				Fx & p adj.
	€ million	€ million	%	%
Sales	**2,531**	**2,649**	**+4.7**	**+0.9**
General Medicine	1,584	1,641	+3.6	−0.5
Specialty Medicine	947	1,008	+6.4	+3.2
Sales by region				
Europe	981	996	+1.5	
North America	687	564	−17.9	
Asia/Pacific	527	684	+29.8	
Latin America/Africa/Middle East	336	405	+20.5	
EBIT	**459**	**499**	**+8.7**	
Special items	*(29)*	*(36)*		
EBIT before special items*	***488***	***535***	***+9.6***	
EBITDA*	**730**	**767**	**+5.1**	
Special items	*(29)*	*(36)*		
EBITDA before special items*	***759***	***803***	***+5.8***	
EBITDA margin before special items*	30.0%	30.3%		
Gross cash flow**	**474**	**528**	**+11.4**	
Net cash flow**	**592**	**558**	**−5.7**	

2010 figures restated
Fx & p adj. = currency- and portfolio-adjusted
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales of the **Pharmaceuticals** segment increased by 4.7% in the first quarter of 2011 to €2,649 million (Q1 2010: €2,531 million). On a currency-adjusted basis, sales were level with the prior-year quarter (+0.9%). A sharp rise in sales in China had a positive effect compared with a particularly weak prior-year quarter. Our business in Japan also developed especially well. However, sales of YAZ™ in the United States declined significantly, largely as a result of generic competition. Sales in the Pharmaceuticals segment were also held back by negative effects of the health system reforms in various countries.

Best-Selling Pharmaceutical Products [Table 4]

	1st Quarter 2010	1st Quarter 2011	Change	
	€ million	€ million	%	Fx adj. %
Kogenate™ (Specialty Medicine)	244	283	+16.0	+13.0
Betaferon™/Betaseron™ (Specialty Medicine)	283	274	−3.2	−5.0
YAZ™/Yasmin™/Yasminelle™ (General Medicine)	287	242	−15.7	−18.3
Nexavar™ (Specialty Medicine)	155	172	+11.0	+7.2
Adalat™ (General Medicine)	146	157	+7.5	−0.1
Avalox™/Avelox™ (General Medicine)	135	147	+8.9	+4.7
Mirena™ (General Medicine)	143	143	0.0	−1.8
Aspirin™ Cardio (General Medicine)	73	90	+23.3	+18.7
Glucobay™ (General Medicine)	79	88	+11.4	+5.3
Levitra™ (General Medicine)	86	82	−4.7	−7.4
Ultravist™ (Specialty Medicine)	68	75	+10.3	+8.5
Cipro™/Ciprobay™ (General Medicine)	75	59	−21.3	−24.9
Magnevist™ (Specialty Medicine)	51	45	−11.8	−14.5
Iopamiron™ (Specialty Medicine)	39	44	+12.8	+3.6
Diane™ (General Medicine)	37	41	+10.8	+6.3
Total	**1,901**	**1,942**	**+2.2**	**−1.3**
Proportion of Pharmaceuticals sales	75%	73%		

Fx adj. = currency-adjusted

Sales of the **General Medicine** business unit rose by 3.6% to €1,641 million (Q1 2010: €1,584 million). After adjusting for currency effects, sales were flat with the same period of the previous year (Fx adj. -0.5%). Sales of our YAZ™/Yasmin™/Yasminelle™ line of oral contraceptives fell significantly (Fx adj. -18.3%). This was due mainly to the decline in sales of YAZ™ as a result of generic competition in the United States. Business with YAZ™ developed positively outside the United States. Sales of our hormone-releasing intrauterine device Mirena™ were slightly down against the prior-year period (Fx adj. -1.8%).

Higher volumes – particularly in China – led to significant sales growth for Aspirin™ Cardio (Fx adj. +18.7%), used for the prevention of myocardial infarction. Sales of the antibiotic Avalox™/Avelox™ (Fx adj. +4.7%) advanced primarily in the Asia/Pacific region, especially in China. The growth in sales of our oral diabetes treatment Glucobay™ (Fx adj. +5.3%) was attributable to successful marketing in China. Adalat™, used to treat high blood pressure and coronary heart disease, reached the prior-year level (Fx adj. -0.1%). Business with our erectile dysfunction treatment Levitra™ receded (Fx adj. -7.4%) due to lower sales in North America.

Sales of the **Specialty Medicine** business unit advanced by 6.4% to €1,008 million (Q1 2010: €947 million). The currency-adjusted increase was 3.2%. The increase in sales of our blood-clotting medication Kogenate™ (Fx adj. +13.0%) resulted mainly from higher volumes in Latin America/Africa/Middle East and larger deliveries to our distribution partner. Sales of our cancer drug Nexavar™ (Fx adj. +7.2%) also moved ahead, driven mainly by positive development in Japan and China. Sales of our multiple sclerosis drug Betaferon™/Betaseron™ (Fx adj. -5.0%) receded, however, due especially to increased competition and the negative effects of European governments' health system reforms. Business with the X-ray contrast agent Ultravist™ (Fx adj. +8.5 %) advanced, especially in the emerging markets, while sales of Iopamiron™ (Fx adj. +3.6%) showed a particular improvement in Japan. Among our contrast agents for magnetic resonance imaging (MRI), sales of Magnevist™ (Fx adj. -14.5%) fell sharply in North America and Europe. The decline in Europe was partly attributable to the transition to Gadovist™, sales of which came in at €37 million (Fx adj. +23.0%).

EBIT of the **Pharmaceuticals** segment increased by 8.7% in the first quarter of 2011 to €499 million (Q1 2010: €459 million) after special items of minus €36 million (Q1 2010: minus €29 million) for restructuring. EBIT before special items grew by 9.6% to €535 million (Q1 2010: €488 million). **EBITDA** before special items rose by 5.8% to €803 million (Q1 2010: €759 million). Currency effects had a positive impact, while earnings were diminished by higher selling expenses.

CONSUMER HEALTH

Key Data – Consumer Health [Table 5]

	1st Quarter 2010	1st Quarter 2011	Change	
	€ million	€ million	%	Fx & p adj. %
Sales	**1,338**	**1,517**	**+13.4**	**+10.1**
Consumer Care	744	864	+16.1	+13.0
Medical Care	335	357	+6.6	+4.9
Animal Health	259	296	+14.3	+8.5
Sales by region				
Europe	542	600	+10.7	
North America	447	512	+14.5	
Asia/Pacific	140	166	+18.6	
Latin America/Africa/Middle East	209	239	+14.4	
EBIT	**201**	**270**	**+34.3**	
Special items	*0*	*(1)*		
EBIT before special items*	***201***	***271***	***+34.8***	
EBITDA*	**264**	**336**	**+27.3**	
Special items	*0*	*(1)*		
EBITDA before special items*	***264***	***337***	***+27.7***	
EBITDA margin before special items*	19.7%	22.2%		
Gross cash flow**	**189**	**240**	**+27.0**	
Net cash flow**	**150**	**223**	**+48.7**	

2010 figures restated
Fx & p adj. = currency- and portfolio-adjusted
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items"
** For definition see Chapter 8 "Financial Position of the Bayer Group"

Sales of our **Consumer Health** segment advanced by 13.4% in the first quarter of 2011 to €1,517 million (Q1 2010: €1,388 million). Adjusted for currency and portfolio effects, business expanded by 10.1%. All regions contributed to the increase.

Best-Selling Consumer Health Products [Table 6]

	1st Quarter 2010	1st Quarter 2011	Change	
	€ million	€ million	%	Fx adj. %
Contour™ (Medical Care)	131	152	+16.0	+14.3
Aspirin™ * (Consumer Care)	90	112	+24.4	+21.8
Advantage™ product line (Animal Health)	89	102	+14.6	+11.7
Aleve™/naproxen (Consumer Care)	59	67	+13.6	+12.1
Bepanthen™/Bepanthol™ (Consumer Care)	55	63	+14.5	+11.7
Canesten™ (Consumer Care)	44	55	+25.0	+19.1
Baytril™ (Animal Health)	38	43	+13.2	+11.0
One A Day™ (Consumer Care)	36	41	+13.9	+10.3
Supradyn™ (Consumer Care)	31	33	+6.5	+4.5
Drontal™ (Animal Health)	28	29	+3.6	+0.6
Total	**601**	**697**	**+16.0**	**+13.3**
Proportion of Consumer Health sales	45%	46%		

Fx adj. = currency-adjusted
* Total Aspirin™ Q1 sales = €202 million (Q1 = €163 million), including Aspirin™ Cardio, which is reflected in sales of the Pharmaceuticals segment.

In the **Consumer Care** Division, sales climbed by 16.1% to €864 million (Q1 2010: €744 million). The currency-adjusted increase was 13.0%. All regions contributed to the growth in business. We posted gratifying sales gains, particularly in the United States, with our analgesics Aspirin™ (Fx adj. +21.8%) and Aleve™/naproxen (Fx adj. +12.1%). In addition, business with Aspirin™ benefited from a comparatively strong cold season in Europe. The growth in sales of the One A Day™ line of dietary supplements (Fx adj. +10.3%) was chiefly attributable to higher demand in the United States. Sales of our Bepanthen™/Bepanthol™ line of skincare products (Fx adj. +11.7%) rose mainly as a result of positive development in Europe. We also expanded business with the antifungal Canesten™ (Fx adj. +19.1%) thanks to higher volumes in China and new launches in Canada.

Sales of the **Medical Care** Division advanced by 6.6% in the first quarter of 2011, to €357 million (Q1 2010: €335 million). After adjusting for currency effects, the increase came to 4.9%. Growth was mainly attributable to the positive development of our Diabetes Care business, in which higher volumes for our Contour™ line of blood glucose meters (Fx adj. +14.3%) played a key role. The 4.2% (Fx adj.) increase in the sales of our medical equipment business, to €117 million, was driven by our radiology products in Asia/Pacific and North America.

Sales of the **Animal Health** Division moved ahead by 14.3% to €296 million (Q1 2010: €259 million). The sales of the New Zealand company Bomac, which was acquired on January 7, 2011, were included for the first time; they amounted to €7 million. On a currency- and portfolio-adjusted basis, the division's business expanded by 8.5%. This performance was founded on growth in all regions, more especially North and Latin America. Sales of our Advantage™ (Fx adj. +11.7% line of products) to control fleas, ticks and worms advanced, particularly in the United States. Business with the antibiotic Baytril™ (Fx adj. +11.0%) increased in the United States but declined slightly in Europe.

EBIT of the **Consumer Health** segment improved substantially in the first quarter of 2011 to €270 million (+34.3%). Special items totaled minus €1 million (Q1 2010: €0 million). EBIT before special items climbed by 34.8% to €271 million (Q1 2010: €201 million). **EBITDA** before special items rose by 27.7% to €337 million (Q1 2010: €264 million). This considerable improvement resulted mainly from the gratifying expansion of business.

5.2 CropScience

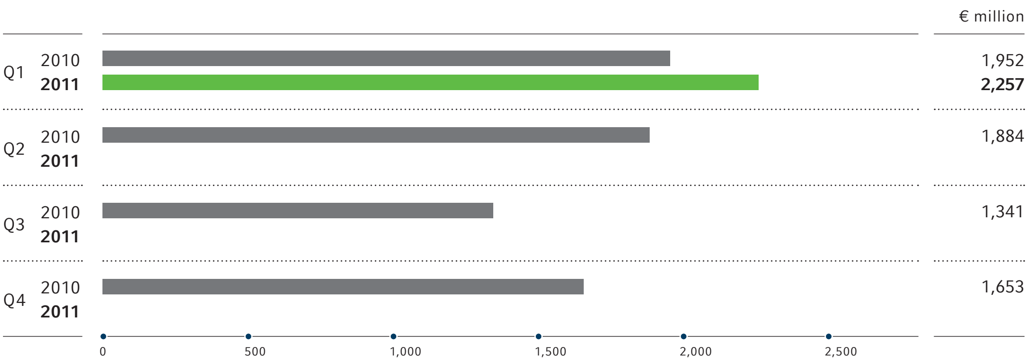
Key Data – CropScience [Table 7]

	1st Quarter 2010	1st Quarter 2011	Change	
	€ million	€ million	%	Fx & p adj. %
Sales	**1,952**	**2,257**	**+15.6**	**+13.6**
Change in sales				
Volume	−9.9%	+12.9%		
Price	−0.1%	+0.7%		
Currency	+2.0%	+2.0%		
Portfolio	+0.1%	0.0%		
Sales by segment				
Crop Protection	1,476	1,676	+13.6	+12.0
Environmental Science, BioScience	476	581	+22.1	+18.4
Sales by region				
Europe	918	1,002	+9.2	
North America	527	670	+27.1	
Asia/Pacific	240	269	+12.1	
Latin America/Africa/Middle East	267	316	+18.4	
EBIT	**360**	**219**	**−39.2**	
Special items	*(48)*	*(405)*		
EBIT before special items*	***408***	***624***	***+52.9***	
EBITDA*	**483**	**416**	**−13.9**	
Special items	*(48)*	*(329)*		
EBITDA before special items*	***531***	***745***	***+40.3***	
EBITDA margin before special items*	27.2%	33.0%		
Gross cash flow**	**335**	**314**	**−6.3**	
Net cash flow**	**(265)**	**(214)**	**+19.2**	

2010 figures restated
Fx & p adj. = currency- and portfolio-adjusted
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

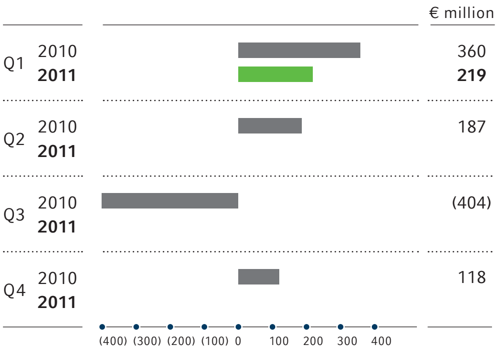
In the CropScience subgroup, **sales** grew by 15.6% in the first quarter of 2011 to €2,257 million (Q1 2010: €1,952 million). The currency-adjusted increase was 13.6%. An early and particularly strong start to the season in the northern hemisphere and high prices for agricultural raw materials provided a favorable market environment compared to the weak prior-year quarter. In addition, we were able to continue expanding our BioScience business.

CropScience Quarterly Sales [Graphic 10]



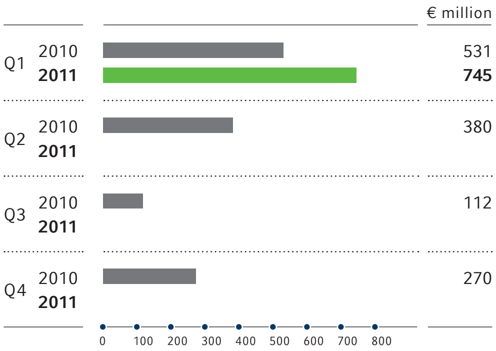
The first quarter saw a substantial decline in **EBIT** of CropScience, from €360 million to €219 million. Earnings were diminished by special items of minus €405 million (Q1 2010: minus €48 million). They related mainly to expenditures for restructuring measures and provisions established in connection with litigations concerning genetically modified rice (LL RICE) in the United States. EBIT before special items climbed by 52.9% to €624 million (Q1 2010: €408 million). **EBITDA** before special items rose by 40.3% to €745 million (Q1 2010: €531 million). The growth in earnings was mainly due to the good business development in Crop Protection and BioScience.

CropScience
Quarterly EBIT [Graphic 11]



2010 figures restated

CropScience
Quarterly EBITDA Before Special Items [Graphic 12]



2010 figures restated

CROP PROTECTION

Key Data – Crop Protection [Table 8]

	1st Quarter 2010	1st Quarter 2011	Change	
				Fx & p adj.
	€ million	€ million	%	%
Sales	**1,476**	**1,676**	**+13.6**	**+12.0**
Herbicides	603	701	+16.3	+14.9
Fungicides	417	497	+19.2	+18.3
Insecticides	296	288	−2.7	−4.5
Seed Treatment	160	190	+18.8	+17.3
Sales by region				
Europe	779	855	+9.8	
North America	267	331	+24.0	
Asia/Pacific	203	228	+12.3	
Latin America/Africa/Middle East	227	262	+15.4	
EBIT	**248**	**199**	**−19.8**	
Special items	*0*	*(211)*		
EBIT before special items*	***248***	***410***	***+65.3***	
EBITDA*	**352**	**375**	**+6.5**	
Special items	*0*	*(135)*		
EBITDA before special items*	***352***	***510***	***+44.9***	
EBITDA margin before special items*	23.8%	30.4%		
Gross cash flow**	**238**	**281**	**+18.1**	
Net cash flow**	**(258)**	**(236)**	**+8.5**	

2010 figures restated
Fx & p adj. = currency- and portfolio-adjusted
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales of the **Crop Protection** segment in the first quarter of 2011 advanced by 13.6% from the prior-year period to €1,676 million (Q1 2010: €1,476 million), with the currency-adjusted increase amounting to 12.0%. The principal growth drivers were our new products, such as the fungicide family Xpro™, the fungicide Stratego™ YLD and the seed treatment Poncho™/Votivo™. Business expanded significantly in all regions. While sales of our herbicides, fungicides and seed treatments rose substantially compared to the weak prior-year quarter, those of insecticides moved slightly lower.

In the **Europe** region, sales climbed by 9.8% to €855 million (Q1 2010: €779 million). On a currency-adjusted basis, sales expanded by 9.7%. Particularly strong growth rates were recorded in eastern Europe. The increase in business was mainly the outcome of a stronger and earlier start to the spring season than in the previous year. This particularly benefited our fungicides and herbicides businesses, which posted high growth rates in some cases. Sales of seed treatment products also moved forward significantly compared to the weak prior-year quarter. Insecticide sales, however, were slightly down.

Sales of Crop Protection in **North America** moved ahead by 24.0% to €331 million (Q1 2010: €267 million). The currency-adjusted increase was 21.5%. Compared to the unusually weak first quarter of 2010, we saw impressive growth in sales of our fungicides, herbicides and seed treatments in the United States due to an early and strong start to the season. On the other hand, business with insecticides fell sharply in the United States because we ceased marketing the insecticide Temik™.

Sales in the **Asia/Pacific** region advanced by 12.3% to €228 million (Q1 2010: €203 million). After adjusting for currency effects, sales rose by 6.4%. While business with insecticides was somewhat below the prior-year period, we achieved substantial increases for herbicides, fungicides and seed treatment products. Sales were mainly driven by an increase in Japan compared to the weak prior-year quarter.

Sales in the **Latin America/Africa/Middle East** region came in at €262 million, up 15.4% against the prior-year figure of €227 million. Adjusted for currency effects, business expanded by 13.6%. The herbicides business trended particularly well in Brazil, Argentina and Mexico, mainly because of the good market prospects for cotton and sugarcane. Insecticide sales again developed well in Brazil following the success achieved in the fourth quarter of 2010. Sales of seed treatments also rose considerably in the Latin America/Africa/Middle East region, while fungicides posted a slight decrease.

EBIT in the **Crop Protection** segment fell by 19.8% to €199 million (Q1 2010: €248 million). The special items of €211 million (Q1 2010: €0 million) incurred for our ongoing restructuring program pertained largely to planned site and plant closures and the related downsizing of the workforce in the United States. EBIT before special items came in at €410 million (Q1 2010: €248 million). **EBITDA** before special items in the Crop Protection segment climbed by 44.9% to €510 million (Q1 2010: €352 million). The improvement in earnings resulted from sharply higher volumes and favorable cost development.

ENVIRONMENTAL SCIENCE, BIOSCIENCE

Key Data – Environmental Science, BioScience [Table 9]

	1st Quarter 2010	1st Quarter 2011	Change	
	€ million	€ million	%	Fx & p adj. %
Sales	**476**	**581**	**+22.1**	**+18.4**
Environmental Science	170	178	+4.7	+3.0
BioScience	306	403	+31.7	+27.0
Sales by region				
Europe	139	147	+5.8	
North America	260	339	+30.4	
Asia/Pacific	37	41	+10.8	
Latin America/Africa/Middle East	40	54	+35.0	
EBIT	**112**	**20**	**−82.1**	
Special items	*(48)*	*(194)*		
EBIT before special items*	***160***	***214***	***+33.8***	
EBITDA*	**131**	**41**	**−68.7**	
Special items	*(48)*	*(194)*		
EBITDA before special items*	***179***	***235***	***+31.3***	
EBITDA margin before special items*	37.6%	40.4%		
Gross cash flow**	**97**	**33**	**−66.0**	
Net cash flow**	**(7)**	**22**	**.**	

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

Sales in the **Environmental Science, BioScience** segment posted a 22.1% increase in the first quarter of 2011, to €581 million (Q1 2010: €476 million). The currency-adjusted increase amounted to 18.4%.

Sales of the **Environmental Science** business unit rose by 4.7% to €178 million (Q1 2010: €170 million). On a currency-adjusted basis, business expanded by 3.0%. Business with products for professional users increased, driven mainly by positive development in the United States and Latin America, while sales of consumer products showed a slight decline.

The **BioScience** business unit boosted sales by a substantial 31.7% to €403 million (Q1 2010: €306 million). After adjusting for currency effects, business expanded by 27.0%. The increase came primarily from much improved sales of canola seed in Canada and the United States thanks to increased acreages and higher prices for agricultural raw materials. Sales of our cotton seed also developed very well in the United States, where business was supported by increased demand combined with higher prices in a favorable overall market environment. The vegetable seed business also developed very positively, posting double-digit growth rates in all regions.

EBIT of **Environmental Science, BioScience** declined by €92 million to €20 million (Q1 2010: €112 million) after special charges totaling €194 million (Q1 2010: €48 million). These arose mainly for an intended settlement program in connection with litigations concerning genetically modified rice (LL RICE) in the United States. We hope this subject is now dealt with to a large extent. EBIT before special items advanced by 33.8% to €214 million (Q1 2010: €160 million). **EBITDA** before special items in the Environmental Science, BioScience segment increased by 31.3% to €235 million (Q1 2010: €179 million). This was due to the positive business development, which in turn was mainly the result of higher volumes at BioScience.

5.3 MaterialScience

Key Data – MaterialScience [Table 10]

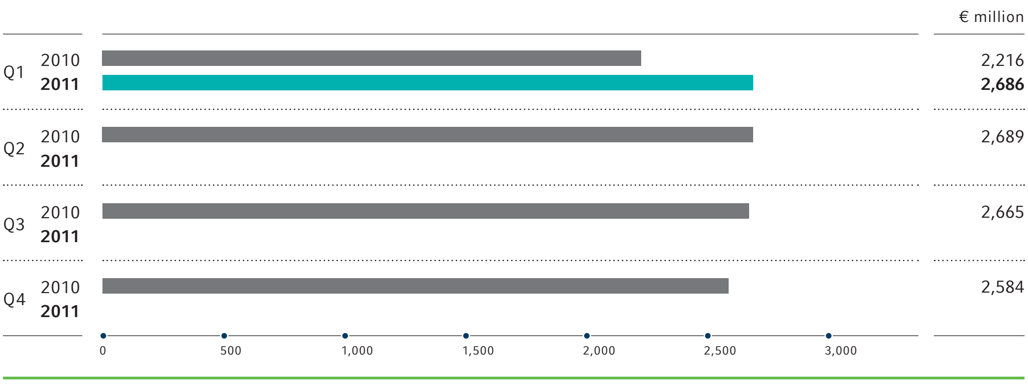
	1st Quarter 2010	1st Quarter 2011	Change	
	€ million	€ million	%	Fx & p adj. %
Sales	**2,216**	**2,686**	**+21.2**	**+18.7**
Change in sales				
Volume	+41.2%	+9.8%		
Price	−3.3%	+8.9%		
Currency	−2.4%	+2.3%		
Portfolio	0.0%	+0.2%		
Sales by business unit				
Polyurethanes	1,106	1,353	+22.3	+19.3
Polycarbonates	575	716	+24.5	+22.2
Coatings, Adhesives, Specialties	413	460	+11.4	+9.5
Industrial Operations	122	157	+28.7	+27.9
Sales by region				
Europe	878	1,120	+27.6	
North America	436	511	+17.2	
Asia/Pacific	617	712	+15.4	
Latin America/Africa/Middle East	285	343	+20.4	
EBIT	**137**	**205**	**+49.6**	
Special items	*0*	*0*		
EBIT before special items*	***137***	***205***	***+49.6***	
EBITDA*	**278**	**345**	**+24.1**	
Special items	*0*	*0*		
EBITDA before special items*	***278***	***345***	***+24.1***	
EBITDA margin before special items*	12.5%	12.8%		
Gross cash flow**	**220**	**272**	**+23.6**	
Net cash flow**	**16**	**151**	**.**	

2010 figures restated
Fx & p adj. = currency- and portfolio-adjusted
* For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
** For definition see Chapter 8 "Financial Position of the Bayer Group."

The MaterialScience subgroup had a successful start to 2011, continuing its encouraging business trend. We also considerably improved earnings despite significant increases in raw material and energy costs.

Sales rose by 21.2% to €2,686 million (Q1 2010: €2,216 million). On a currency- and portfolio-adjusted basis, we raised sales by 18.7% compared to the first quarter of 2010, when business was still being held back by the global financial and economic crisis. This sales growth resulted largely from significantly higher demand in all our main customer industries, with the largest increases in absolute terms coming from the construction and automotive sectors. This led to volume growth in all product groups and regions. In addition, we succeeded in raising selling prices considerably, particularly in the Europe, Asia/Pacific and North America regions. Prices in the Latin America/Africa/Middle East region remained at the prior-year level.

MaterialScience Quarterly Sales [Graphic 13]



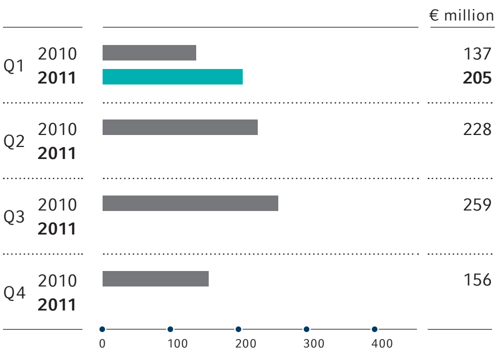
Sales of the **Polyurethanes** business unit rose by 22.3% to €1,353 million (Q1 2010: €1,106 million). Adjusted for currency and portfolio effects, the increase amounted to 19.3%. Among our polyurethane product groups, we recorded significant sales gains in diphenylmethane diisocyanate (MDI) and polyether (PET), while toluene diisocyanate (TDI) was only slightly above the previous year. Growth in business was mainly the result of substantially higher volumes in all regions. There was also a considerable increase in selling prices for polyurethanes. Selling price increases for our MDI and PET products more than offset the effect of lower prices for TDI.

Sales of the **Polycarbonates** business unit improved to €716 million, up 24.5% (Fx adj. +22.2%) against the prior-year figure of €575 million. This was largely due to the substantial increase in sales of our granules product group as a result of significantly higher selling prices and volumes. Polycarbonate sheet/semi-finished products also saw a year-on-year improvement in demand, with appreciable volume growth more than compensating for a slight drop in selling prices.

The **Coatings, Adhesives, Specialties** business unit registered sales of €460 million (Q1 2010: €413 million), which was 11.4% (Fx adj. +9.5%) more than in the prior-year period. All product groups contributed to this growth with volume and price increases.

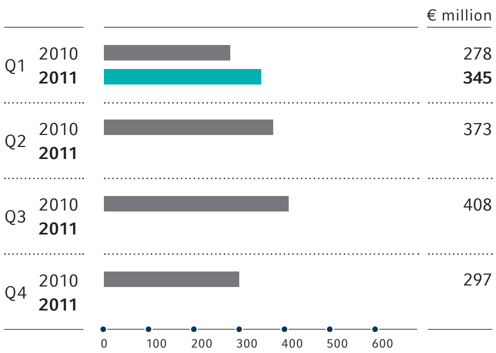
Sales in the **Industrial Operations** business unit grew by 28.7% to €157 million (Q1 2010: €122 million). The currency-adjusted increase was 27.9%. Volumes expanded significantly in all regions. We also implemented selling price increases in the North America and Europe regions. Selling prices in the Latin America/Africa/Middle East and Asia/Pacific regions were lower than in the prior-year period.

MaterialScience
Quarterly EBIT [Graphic 14]



2010 figures restated

MaterialScience
Quarterly EBITDA Before Special Items [Graphic 15]



2010 figures restated

EBIT of **MaterialScience** rose by a substantial 49.6% in the first quarter of 2011, to €205 million (Q1 2010: €137 million), with no special charges affecting earnings in this period. **EBITDA** before special items posted a tangible increase to €345 million (Q1 2010: €278 million). Earnings were supported by the expansion in volumes. Through significantly higher selling prices for our products, we succeeded in nearly offsetting the marked rise in raw material and energy costs that followed from the global economic recovery and the political situation in the Middle East.

5.4 Performance by Region

Sales by Region and Segment (by Market)

	Europe				North America			
	1st Quarter 2010	1st Quarter 2011			1st Quarter 2010	1st Quarter 2011		
	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy
HealthCare	**1,523**	**1,596**	**+4.8**	**+3.7**	**1,134**	**1,076**	**−5.1**	**−6.8**
Pharmaceuticals	981	996	+1.5	+0.6	687	564	−17.9	−19.4
Consumer Health	542	600	+10.7	+9.5	447	512	+14.5	+12.5
CropScience	**918**	**1,002**	**+9.2**	**+9.0**	**527**	**670**	**+27.1**	**+23.4**
Crop Protection	779	855	+9.8	+9.7	267	331	+24.0	+21.5
Environmental Science, BioScience	139	147	+5.8	+5.5	260	339	+30.4	+25.2
MaterialScience	**878**	**1,120**	**+27.6**	**+27.5**	**436**	**511**	**+17.2**	**+15.6**
Group (incl. reconciliation)	**3,567**	**3,988**	**+11.8**	**+11.3**	**2,098**	**2,258**	**+7.6**	**+5.4**

yoy = year on year; Fx.adj. = currency-adjusted

6. Calculation of EBIT(DA) Before Special Items

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

Depreciation, amortization and impairments rose by 11.5% in the first quarter of 2011 to €718 million (Q1 2010: €644 million), comprising €366 million (Q1 2010: €352 million) in amortization and impairments of intangible assets and €352 million (Q1 2010: €292 million) in depreciation and impairments of property, plant and equipment. Included here were impairments of €92 million (Q1 2010: €3 million), of which €16 million (Q1 2010: €3 million) did not constitute special items.

[Table 11]

	Asia/Pacific				Latin America/Africa/Middle East				Total			
	1st Quarter 2010	1st Quarter 2011			1st Quarter 2010	1st Quarter 2011			1st Quarter 2010	1st Quarter 2011		
	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy	€ million	€ million	% yoy	Fx adj. % yoy
	667	**850**	**+ 27.4**	**+ 17.6**	**545**	**644**	**+18.2**	**+12.2**	**3,869**	**4,166**	**+7.7**	**+4.2**
	527	684	+29.8	+19.3	336	405	+20.5	+14.1	2,531	2,649	+4.7	+0.9
	140	166	+18.6	+10.9	209	239	+14.4	+9.1	1,338	1,517	+13.4	+10.6
	240	**269**	**+12.1**	**+6.2**	**267**	**316**	**+18.4**	**+16.3**	**1,952**	**2,257**	**+15.6**	**+13.6**
	203	228	+12.3	+6.4	227	262	+15.4	+13.6	1,476	1,676	+13.6	+12.0
	37	41	+10.8	+5.1	40	54	+35.0	+31.6	476	581	+22.1	+18.4
	617	**712**	**+15.4**	**+10.9**	**285**	**343**	**+20.4**	**+15.0**	**2,216**	**2,686**	**+21.2**	**+18.9**
	1,539	**1,850**	**+20.2**	**+13.1**	**1,112**	**1,319**	**+18.6**	**+13.9**	**8,316**	**9,415**	**+ 13.2**	**+ 10.5**

Special Items Reconciliation

[Table 12]

	EBIT* 1st Quarter 2010	EBIT* 1st Quarter 2011	EBITDA** 1st Quarter 2010	EBITDA** 1st Quarter 2011
	€ million	€ million	€ million	€ million
After special items	**1,104**	**1,148**	**1,748**	**1,866**
HealthCare	**29**	**37**	**29**	**37**
Restructuring	0	37	0	37
Litigations	29	0	29	0
CropScience	**48**	**405**	**48**	**329**
Restructuring	0	211	0	135
Litigations	48	194	48	194
MaterialScience	**0**	**0**	**0**	**0**
Reconciliation	**0**	**0**	**0**	**0**
Total special items	**77**	**442**	**77**	**366**
Before special items	**1,181**	**1,590**	**1,825**	**2,232**

2010 figures restated
* EBIT = operating result as per income statement
** EBITDA = EBIT plus amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment, minus impairment loss reversals

7. Core Earnings per Share

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

From this core net income we calculate core earnings per share in the same way as earnings per share. Core earnings per share form the basis for our dividend policy. Core earnings per share in the first quarter of 2011 amounted to €1.45 (Q1 2010: €1.13).

Core Earnings per Share [Table 13]

	1st Quarter 2010	1st Quarter 2011
	€ million	€ million
EBIT as per income statements	**1,104**	**1,148**
Amortization and impairment losses on intangible assets	352	366
Impairment losses on property, plant and equipment	1	55
Special items (other than impairment losses)	77	366
Core EBIT	**1,534**	**1,935**
Non-operating result (as per income statements)	(244)	(213)
Income taxes (as per income statements)	(228)	(252)
Tax effects related to impairments and special items	(129)	(271)
Income after taxes attributable to non-controlling interest (as per income statements)	(1)	1
Core net income	**932**	**1,200**
	Shares	Shares
Weighted average number of issued ordinary shares	**826,947,808**	**826,947,808**
Core earnings per share (€)	**1.13**	**1.45**

2010 figures restated

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

8. Financial Position of the Bayer Group

Bayer Group Summary Statements of Cash Flows [Table 14]

	1st Quarter 2010	1st Quarter 2011
	€ million	€ million
Gross cash flow*	**1,178**	**1,309**
Changes in working capital/other non-cash items	(446)	(508)
Net cash provided by (used in) operating activities (net cash flow)	**732**	**801**
Net cash provided by (used in) investing activities	**(312)**	**(575)**
Net cash provided by (used in) financing activities	**(116)**	**(316)**
Change in cash and cash equivalents due to business activities	**304**	**(90)**
Cash and cash equivalents at beginning of period	**2,725**	**2,840**
Change due to exchange rate movements and to changes in scope of consolidation	12	(64)
Cash and cash equivalents at end of period	**3,041**	**2,686**

2010 figures restated
* Gross cash flow = income after taxes, plus income taxes, plus non-operating result, minus income taxes paid or accrued, plus depreciation, amortization and impairment losses, minus impairment loss reversals, plus/minus changes in pension provisions, minus gains/plus losses on retirement of noncurrent assets, minus gains from the remeasurement of already held assets in step acquisitions. The change in pension provisions includes the elimination of non-cash components of the operating result (EBIT). It also contains benefit payments during the year.

OPERATING CASH FLOW

Gross cash flow in the first quarter of 2011 was up by 11.1% from the prior-year period to €1,309 million (Q1 2010: €1,178 million), thanks largely to the improvement in the operating result. While HealthCare and MaterialScience significantly raised their gross cash flow, it declined slightly at CropScience due to the provisions established for the LL RICE litigation and for restructuring measures. Cash tied up in working capital increased considerably due to the expansion of business. Net cash flow of the Group rose by 9.4% to €801 million (Q1 2010: €732 million) and reflected income tax payments of €224 million (Q1 2010: €174 million).

INVESTING CASH FLOW

Net cash outflow for investing activities in the first three months of 2011 was €575 million (Q1 2010: €312 million). Cash outflows for additions to property, plant, equipment and intangible assets rose by 3.5% to €238 million (Q1 2010: €230 million). Of this figure, HealthCare accounted for €69 million (Q1 2010: €69 million), CropScience for €47 million (Q1 2010: €38 million) and MaterialScience for €101 million (Q1 2010: €106 million). Included here are disbursements related to the expansion of our polymers production facilities in Shanghai, China. The inflows from sales of property, plant and equipment included a €41 million advance payment received on a parcel of land in Thane, India. The €105 million (Q1 2010: €16 million) in outflows for acquisitions related mainly to the purchase of the animal health company Bomac, New Zealand.
Cash outflows for noncurrent and current financial assets amounted to €324 million (Q1 2010: €117 million). Among the cash inflow items in the first quarter of 2011 was €14 million (Q1 2010: €21 million) in interest and dividends received.

FINANCING CASH FLOW

Net cash outflow for financing activities in the first quarter of 2011 amounted to €316 million (Q1 2010: €116 million). It included net loan repayments of €214 million (Q1 2010: €30 million). Net interest payments were 18.8% higher at €101 million (Q1 2010: €85 million).

LIQUID ASSETS AND NET FINANCIAL DEBT

Net Financial Debt [Table 15]

	Dec. 31, 2010	March 31, 2011
	€ million	€ million
Bonds and notes/promissory notes	8,209	7,860
of which hybrid bond	1,303	1,271
Liabilities to banks	2,271	2,185
Liabilities under finance leases	562	529
Liabilities from derivatives	529	393
Other financial liabilities	196	189
Positive fair values of hedges of recorded transactions	331	436
Financial debt	**11,436**	**10,720**
Cash and cash equivalents	(2,840)	(2,686)
Current financial assets	(679)	(932)
Net financial debt	**7,917**	**7,102**

Net financial debt of the Bayer Group was reduced in the first quarter of 2011 by €0.8 billion, or 10.3%, to €7.1 billion as a result of the cash inflows from operating activities and positive currency effects of €0.3 billion. The Group had cash and cash equivalents of €2.7 billion as of March 31, 2011. Financial liabilities on that date amounted to €10.7 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 debt indicators. Our noncurrent financial liabilities declined in the first quarter of 2011 from €9.9 billion to €9.5 billion. At the same time, current financial liabilities decreased from €1.9 billion to €1.7 billion.

Standard & Poor's continues to give Bayer a long-term issuer rating of A-, but upgraded the outlook in April 2011 from "negative" to "stable." Moody's has confirmed our long-term 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

Net Pension Liability [Table 16]

	Dec. 31, 2010	March 31, 2011
	€ million	€ million
Provisions for pensions and other post-employment benefits	7,305	6,705
Benefit plan assets in excess of obligation	(76)	(74)
Net pension liability	**7,229**	**6,631**

The net pension liability decreased from €7.2 billion to €6.6 billion in the first quarter of 2011, due especially to higher long-term capital market interest rates. Provisions for pensions and other post-employment benefits fell from €7.3 billion to €6.7 billion. Benefit plan assets in excess of obligations – reflected in the statement of financial position as "Other receivables" – came to €0.1 billion (December 31, 2010: €0.1 billion).

9. Employees

On March 31, 2011, the Bayer Group employed 112,500 people worldwide, compared with 111,400 people on December 31, 2010. The number of employees thus showed a small increase of 1.0%.

HealthCare employed 55,800 people. The increase compared with the end of 2010 (55,700) resulted from the first-time inclusion of the employees of Bomac, New Zealand. The number of employees at CropScience increased to 21,500 for seasonal reasons (December 31, 2010: 20,700). MaterialScience had 14,700 employees as before. The remaining 20,500 employees worked mainly for the service companies.

Personnel expenses rose by 11.4% in the first quarter of 2011 to €2,245 million (Q1 2010: €2,015 million). This increase was largely attributable to higher provisions for restructuring and variable employee compensation, regular salary increases and currency effects.

10. Opportunities and Risks

As a global enterprise with a diversified business portfolio, the Bayer Group enjoys many opportunities and is also exposed to numerous risks. The anticipated development opportunities are materially unchanged from those outlined in Chapter 11.1 of the Bayer Annual Report 2010.

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 2010 are described in the Notes to the Condensed Consolidated Interim Financial Statements of the Bayer Group on page 38f. under "Legal Risks." Information on the Bayer Group's risk situation is provided in the Bayer Annual Report 2010 on pages 122 – 131 and 241 – 247. The Bayer Annual Report 2010 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.

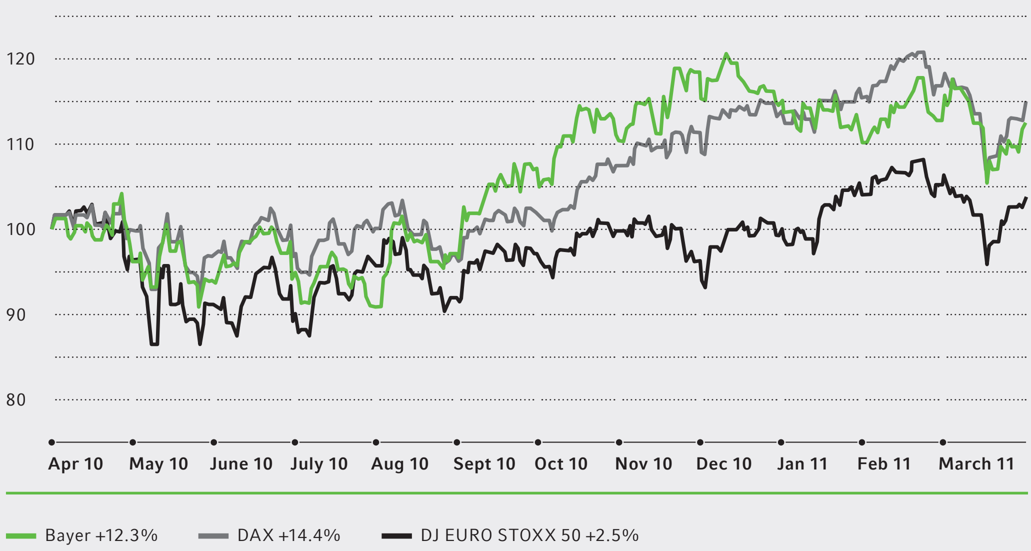
11. Events After the Reporting Period

Since April 1, 2011, 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 [Graphic 16]

indexed; 100 = Xetra closing price on March 31, 2010 (source: Bloomberg)



The price of Bayer shares fell slightly in the first quarter of 2011, closing at €54.64 at the end of March following a high of €57.18 in mid-February. The stock therefore closed the first quarter down 1.2% against the end of 2010.

The German stock index DAX and the European reference index trended positively in the reporting period. While the DAX rose 1.8% to 7,041 points, the EURO STOXX 50 (performance index) gained 4.5% since the beginning of the year, closing the quarter at 4,769.

Bayer Stock Data [Table 17]

		1st Quarter 2010	1st Quarter 2011	Year 2010	
High for the period	€	56.40	57.18	58.62	
Low for the period	€	46.82	51.17	44.12	
Average daily trading volume	million	3.4	3.0	3.6	
		March 31, 2010	**March 31, 2011**	**Dec. 31, 2010**	**Change March 31, 2011/ Dec. 31, 2010 %**
Share price	€	50.08	54.64	55.30	−1.2
Market capitalization	€ million	41,414	45,184	45,730	−1.2
Equity as per statements of financial position	€ million	19,482	19,652	18,896	+4.0
Shares entitled to the dividend	million	826.95	826.95	826.95	0.0
DAX		6,154	7,041	6,914	+1.8

2010 figures restated
Xetra closing prices (source: Bloomberg)

Condensed Consolidated Interim Financial Statements of the Bayer Group as of March 31, 2011

Bayer Group Consolidated Income Statements

[Table 18]

	1st Quarter 2010	1st Quarter 2011
	€ million	€ million
Net sales	**8,316**	**9,415**
Cost of goods sold	(4,003)	(4,437)
Gross profit	**4,313**	**4,978**
Selling expenses	(1,966)	(2,147)
Research and development expenses	(717)	(737)
General administration expenses	(405)	(424)
Other operating income	34	255
Other operating expenses	(155)	(777)
Operating result [EBIT]	**1,104**	**1,148**
Equity-method loss	(20)	(11)
Non-operating income	155	49
Non-operating expenses	(379)	(251)
Non-operating result	**(244)**	**(213)**
Income before income taxes	**860**	**935**
Income taxes	(228)	(252)
Income after taxes	**632**	**683**
of which attributable to non-controlling interest	1	(1)
of which attributable to Bayer AG stockholders (net income)	**631**	**684**
	€	€
Earnings per share		
Basic	0.76	0.83
Diluted	0.76	0.83

2010 figures restated

Bayer Group Consolidated Statements of Comprehensive Income

[Table 19]

	1st Quarter 2010	1st Quarter 2011
	€ million	€ million
Income after taxes	**632**	**683**
of which attributable to non-controlling interest	*1*	*(1)*
of which attributable to Bayer AG stockholders	*631*	*684*
Changes in fair values of derivatives designated as cash flow hedges	(155)	150
Recognized in profit or loss	(4)	36
Income taxes	50	(56)
Changes recognized outside profit or loss (cash flow hedges)	**(109)**	**130**
Changes in fair values of available-for-sale financial assets	1	0
Recognized in profit or loss	0	0
Income taxes	(1)	0
Changes recognized outside profit or loss (available-for-sale financial assets)	**0**	**0**
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	(507)	461
Income taxes	111	(150)
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)	**(396)**	**311**
Exchange differences on translation of operations outside the eurozone	471	(363)
Recognized in profit or loss	0	0
Changes recognized outside profit or loss (exchange differences)	**471**	**(363)**
Effects of changes in liabilities from non-controlling interest in partnerships on other comprehensive income	**10**	**(7)**
Effects of changes in scope of consolidation	**0**	**0**
Total changes recognized outside profit or loss	**(24)**	**71**
of which attributable to non-controlling interest	*4*	*(5)*
of which attributable to Bayer AG stockholders	*(28)*	*76*
Total comprehensive income	**608**	**754**
of which attributable to non-controlling interest	*5*	*(6)*
of which attributable to Bayer AG stockholders	*603*	*760*

2010 figures restated

Bayer Group Consolidated Statements of Financial Position

[Table 20]

	March 31, 2010	March 31, 2011	Dec. 31, 2010
	€ million	€ million	€ million
Noncurrent assets			
Goodwill	8,906	8,870	9,002
Other intangible assets	12,684	10,748	11,161
Property, plant and equipment	9,634	9,363	9,835
Investments accounted for using the equity method	388	333	354
Other financial assets	1,373	1,175	1,164
Other receivables	537	469	498
Deferred taxes	1,278	1,237	1,174
	34,800	**32,195**	**33,188**
Current assets			
Inventories	6,328	6,133	6,104
Trade accounts receivable	7,302	7,691	6,668
Other financial assets	240	1,456	1,008
Other receivables	1,333	1,345	1,336
Claims for income tax refunds	291	300	362
Cash and cash equivalents	3,041	2,686	2,840
Assets held for sale	0	16	0
	18,535	**19,627**	**18,318**
Total assets	**53,335**	**51,822**	**51,506**
Equity			
Capital stock of Bayer AG	2,117	2,117	2,117
Capital reserves of Bayer AG	6,167	6,167	6,167
Other reserves	11,139	11,309	10,549
Equity attributable to Bayer AG stockholders	**19,423**	**19,593**	**18,833**
Equity attributable to non-controlling interest	59	59	63
	19,482	**19,652**	**18,896**
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	7,051	6,705	7,305
Other provisions	1,471	1,519	1,478
Financial liabilities	10,675	9,538	9,944
Other liabilities	417	470	471
Deferred taxes	3,120	2,727	2,577
	22,734	**20,959**	**21,775**
Current liabilities			
Other provisions	3,779	4,684	3,870
Financial liabilities	2,680	1,666	1,889
Trade accounts payable	2,876	3,247	3,497
Income tax liabilities	74	70	62
Other liabilities	1,710	1,544	1,517
	11,119	**11,211**	**10,835**
Total equity and liabilities	**53,335**	**51,822**	**51,506**

2010 figures restated

Bayer Group Consolidated Statements of Cash Flows

[Table 21]

	1st Quarter 2010	1st Quarter 2011
	€ million	€ million
Income after taxes	632	683
Income taxes	228	252
Non-operating result	244	213
Income taxes paid or accrued	(419)	(416)
Depreciation, amortization and impairments	644	718
Change in pension provisions	(145)	(138)
(Gains) losses on retirements of noncurrent assets	(6)	(3)
Gross cash flow	**1,178**	**1,309**
Decrease (increase) in inventories	(119)	(180)
Decrease (increase) in trade accounts receivable	(1,120)	(1,199)
(Decrease) increase in trade accounts payable	199	(138)
Changes in other working capital, other non-cash items	594	1,009
Net cash provided by (used in) operating activities (net cash flow)	**732**	**801**
Cash outflows for additions to property, plant, equipment and intangible assets	(230)	(238)
Cash inflows from sales of property, plant, equipment and other assets	13	50
Cash inflows from divestitures	17	28
Cash inflows from (outflows for) noncurrent financial assets	(110)	(20)
Cash outflows for acquisitions less acquired cash	(16)	(105)
Interest and dividends received	21	14
Cash inflows from (outflows for) current financial assets	(7)	(304)
Net cash provided by (used in) investing activities	**(312)**	**(575)**
Dividend payments and withholding tax on dividends	0	0
Issuances of debt	117	166
Retirements of debt	(147)	(380)
Interest paid including interest rate swaps	(96)	(110)
Interest received from interest rate swaps	11	9
Cash outflows for the purchase of additional interests in subsidiaries	(1)	(1)
Net cash provided by (used in) financing activities	**(116)**	**(316)**
Change in cash and cash equivalents due to business activities	**304**	**(90)**
Cash and cash equivalents at beginning of period	**2,725**	**2,840**
Change in cash and cash equivalents due to exchange rate movements	12	(64)
Cash and cash equivalents at end of period	**3,041**	**2,686**

2010 figures restated

Bayer Group Consolidated Statements of Changes in Equity

[Table 22]

	Capital stock of Bayer AG	Capital reserves of Bayer AG	Other reserves incl. OCI*	Equity attributable to Bayer AG stockholders	Equity attributable to non-controlling interest incl. OCI*	Equity
	€ million	€ million	€ million	€ million	€ million	€ million
Dec. 31, 2009	**2,117**	**6,167**	**10,613**	**18,897**	**54**	**18,951**
Restatement			(77)	(77)		(77)
Equity transactions with owners						
Capital increase/decrease						
Dividend payments						
Other changes						
Total comprehensive income**			603	603	5	608
March 31, 2010	**2,117**	**6,167**	**11,139**	**19,423**	**59**	**19,482**
Dec. 31, 2010	**2,117**	**6,167**	**10,549**	**18,833**	**63**	**18,896**
Equity transactions with owners						
Capital increase/decrease						
Dividend payments						
Other changes					2	2
Total comprehensive income**			760	760	(6)	754
March 31, 2011	**2,117**	**6,167**	**11,309**	**19,593**	**59**	**19,652**

2010 figures restated
* OCI = other comprehensive income
** Net of tax

Notes to the Condensed Consolidated Interim Financial Statements of the Bayer Group as of March 31, 2011

Key Data by Segment and Region

Key Data by Segment

	HealthCare			
	Pharmaceuticals		Consumer Health	
	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011
	€ million	€ million	€ million	€ million
Net sales (external)	2,531	2,649	1,338	1,517
Change	−2.2%	+4.7%	+6.5%	+13.4%
Currency-adjusted change	−1.4%	+0.9%	+7.0%	+10.6%
Intersegment sales	17	18	3	1
Net sales (total)	2,548	2,667	1,341	1,518
Operating result (EBIT)	459	499	201	270
EBIT before special items	488	535	201	271
EBITDA before special items	759	803	264	337
Gross cash flow*	474	528	189	240
Net cash flow*	592	558	150	223
Depreciation, amortization and impairment losses	271	268	63	66
Number of employees (as of March 31)**	37,700	38,100	17,900	17,700

2010 figures restated
* For definition see chapter 8 "Financial Position of the Bayer Group"
** Number of employees in full-time equivalents

Key Data by Region

	Europe		North America	
	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011
	€ million	€ million	€ million	€ million
Net sales (external) – by market	3,567	3,988	2,098	2,258
Change	+0.1%	+11.8%	+2.0%	+7.6%
Currency-adjusted change	−0.8%	+11.3%	+4.6%	+5.4%
Net sales (external) – by point of origin	3,890	4,351	2,096	2,277
Change	+1.5%	+11.9%	+2.4%	+8.6%
Currency-adjusted change	+0.7%	+11.4%	+5.2%	+6.4%
Interregional sales	1,803	1,770	750	743
Operating result (EBIT)	811	884	123	83
Number of employees (as of March 31)*	54,700	54,700	16,400	16,100

2010 figures restated
* Full-time equivalents

[Table 23]

	CropScience				MaterialScience		Reconciliation					
	Crop Protection		Environmental Science, BioScience		MaterialScience		All Other Segments		Corporate Center and Consolidation		Group	
	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	1,476	1,676	476	581	2,216	2,686	275	305	4	1	8,316	9,415
	−14.9%	+13.6%	+23.3%	+22.1%	+35.5%	+21.2%	−5.8%	+10.9%	-	-	+5.3%	+13.2%
	−16.4%	+12.0%	+19.2%	+18.4%	+37.9%	+18.9%	−6.2%	+10.3%	-	-	+5.6%	+10.5%
	6	7	1	2	6	15	411	430	(444)	(473)	-	-
	1,482	1,683	477	583	2,222	2,701	686	735	(440)	(472)	8,316	9,415
	248	199	112	20	137	205	(1)	12	(52)	(57)	1,104	1,148
	248	410	160	214	137	205	(1)	12	(52)	(57)	1,181	1,590
	352	510	179	235	278	345	30	48	(37)	(46)	1,825	2,232
	238	281	97	33	220	272	(16)	(12)	(24)	(33)	1,178	1,309
	(258)	(236)	(7)	22	16	151	(38)	(108)	277	191	732	801
	104	176	19	21	141	140	31	36	15	11	644	718
	16,900	17,600	3,600	3,900	14,500	14,700	19,700	19,800	700	700	111,000	112,500

[Table 24]

	Asia/Pacific		Latin America/ Africa/Middle East		Reconciliation		Total	
	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011	1st Quarter 2010	1st Quarter 2011
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	1,539	1,850	1,112	1,319	-	-	8,316	9,415
	+22.5%	+20.2%	+9.1%	+18.6%	-	-	+5.3%	+13.2%
	+23.2%	+13.1%	+8.4%	+13.9%	-	-	+5.6%	+10.5%
	1,467	1,763	863	1,024	-	-	8,316	9,415
	+24.4%	+20.2%	+3.1%	+18.7%	-	-	+5.3%	+13.2%
	+24.9%	+12.8%	+2.0%	+12.6%	-	-	+5.6%	+10.5%
	84	110	85	103	(2,722)	(2,726)	-	-
	160	175	62	63	(52)	(57)	1,104	1,148
	23,300	25,500	16,600	16,200	-	-	111,000	112,500

Explanatory Notes

ACCOUNTING POLICIES

Pursuant to Section 315a of the German Commercial Code, the consolidated interim financial statements as of March 31, 2011 have been prepared in condensed form according to the International Financial Reporting Standards (IFRS) – including IAS 34 – of the International Accounting Standards Board (IASB), London, which are endorsed by the European Union, and the Interpretations of the IFRS Interpretations Committee in effect at the closing date.

Reference should be made as appropriate to the Notes to the Consolidated Financial Statements for the 2010 fiscal year, particularly with regard to the main recognition and valuation principles.

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

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

Exchange Rates for Major Currencies [Table 25]

		Closing rate			Average rate	
1 € /		Dec. 31, 2010	March 31, 2010	March 31, 2011	1st Quarter 2010	1st Quarter 2011
ARS	Argentina	5.31	5.22	5.75	5.31	5.48
BRL	Brazil	2.23	2.42	2.32	2.49	2.28
CAD	Canada	1.33	1.37	1.38	1.44	1.35
CHF	Switzerland	1.25	1.43	1.30	1.46	1.29
CNY	China	8.82	9.20	9.30	9.45	8.99
GBP	United Kingdom	0.86	0.89	0.88	0.89	0.85
JPY	Japan	108.65	125.93	117.61	125.59	112.39
MXN	Mexico	16.55	16.66	16.93	17.69	16.49
USD	United States	1.34	1.35	1.42	1.38	1.37

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

Discount Rate for Pension Obligations [Table 26]

	Dec. 31, 2010	March 31, 2010	March 31, 2011
	%	%	%
Germany	4.90	5.00	5.20
United Kingdom	5.45	5.50	5.55
United States	5.20	5.90	5.40

SEGMENT REPORTING

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

Reconciliation of Segments' Operating Result to Group Income Before Income Taxes [Table 27]

	1st Quarter 2010	1st Quarter 2011
	€ million	€ million
Operating result of segments	1,156	1,205
Operating result of Corporate Center	(52)	(57)
Operating result [EBIT]	**1,104**	**1,148**
Non-operating result	(244)	(213)
Income before income taxes	**860**	**935**

2010 figures restated

CHANGES IN THE BAYER GROUP

Changes in the scope of consolidation

As of March 31, 2011, the Bayer Group comprised 305 fully or proportionately consolidated companies (December 31, 2010: 291 companies). Four joint ventures were included by proportionate consolidation according to IAS 31 (Interests in Joint Ventures) (December 31, 2010: three joint ventures). In addition, five associated companies were accounted for in the consolidated financial statements using the equity method according to IAS 28 (Investments in Associates).

Acquisitions and divestitures

Acquisitions

On January 7, 2011, we acquired the New Zealand-based Bomac group, which supplies a broad range of animal health products for the livestock sector. The net purchase price of €72 million pertained mainly to customer relationships and goodwill. Bomac had sales of €7 million in the first quarter of 2011.

In connection with the acquisition of Athenix Corporation, United States, in November 2009, milestone payments were agreed that led to a disbursement of €25 million in the first quarter of 2011.

The effects of the aforementioned transactions, and of further purchase price adjustments pertaining to previous years' transactions, on the assets and liabilities of the Bayer Group as of the respective acquisition or adjustment dates are shown in the following table together with the resulting cash outflow.

Acquired Assets and Assumed Liabilities [Table 28]

	Fair value
	€ million
Goodwill	42
Intangible assets	27
Other noncurrent assets	8
Cash and cash equivalents	4
Other current assets	19
Financial liabilities	(12)
Other liabilities	(7)
Deferred taxes	(9)
Net purchase prices	**72**
Acquired cash and cash equivalents/financial liabilities	8
Liabilities for future payments	26
Net cash outflow for acquisitions	**106**

The cash outflows for acquisitions in the first quarter of 2010 amounted to €21 million and related mainly to the purchase of Artificial Muscle, Inc., United States.

Acquisition after the closing date
On April 1, 2011, CropScience acquired Hornbeck Seed Company Inc., United States. Hornbeck supplies soybean, rice, and wheat varieties in the southern United States and has an in-house soybean breeding program and a proprietary soybean germplasm. The net purchase price paid amounted to €28 million and pertained mainly to technologies and goodwill.

Divestitures
No divestitures were made in the first quarter of 2011. We received further revenue-based payments of €28 million in the first quarter of 2011 in connection with the transfer of the hematological oncology portfolio to Genzyme Corp., United States, effected in May 2009.

Assets held for sale
On March 31, 2011, an exclusive agreement was signed between CropScience and Agile Real Estate Pvt. Ltd concerning the sale of a parcel of land in Thane, India. On this date we received an advance payment of €41 million. The land will be transferred at a later date subject to receipt of the necessary regulatory approvals.

LEGAL RISKS
To find out more about the Bayer Group's legal risks, please see pages 241 to 247 of the Bayer Annual Report 2010, which can be downloaded free of charge at www.bayer.com. Since the Bayer Annual Report 2010, the following significant changes have occurred in respect of the legal risks:

HEALTHCARE
Product-related litigations
Yasmin™/YAZ™: The number of lawsuits pending in the United States and served upon Bayer was about 8,000 as of April 16, 2011. Plaintiffs allege that they have suffered personal injuries, some of them fatal, from the use of Bayer's oral contraceptive products Yasmin™ and/or YAZ™ or from the use of Ocella™ and/or Gianvi™, generic versions of Yasmin™ and YAZ™, respectively, marketed by Barr Laboratories, Inc. in the United States. Bayer believes that it has meritorious defenses and intends to defend itself vigorously. Based on the information currently available, Bayer has taken accounting measures for anticipated defense costs. Bayer is insured against product liability risks to the extent customary in the industry.

Competition law proceedings
Cipro™: Several lawsuits remain pending in the United States in which plaintiffs allege that a 1997 settlement between Bayer and Barr Laboratories, Inc. to end patent litigation concerning the antibiotic drug Cipro™ violated antitrust laws. In 2010, the United States Court of Appeals for the Second Circuit (New York) affirmed the 2005 ruling of the federal district court dismissing lawsuits brought by direct purchasers of Cipro™. The Second Circuit also has denied plaintiffs' request for rehearing en banc. In March 2011, the United States Supreme Court denied plaintiffs´ request for certiorari. This ends the federal litigation. Further cases are pending before various state courts. Bayer believes that it has meritorious defenses and intends to defend itself vigorously.

Patent disputes
Blood glucose monitoring devices: Roche commenced a patent lawsuit against Bayer in 2007, which later proceeded in arbitration. The proceedings and findings of the arbitration are confidential. At this time, Bayer does not believe that the outcome of the arbitration will have a material effect on the Bayer results in 2011.

CROPSCIENCE

Product-related litigations

Proceedings involving genetically modified rice (LL RICE): As of April 18, 2011, Bayer was aware of a total of approximately 425 lawsuits, involving about 11,800 plaintiffs, pending in U.S. federal and state courts against several Bayer Group companies in connection with genetically modified rice in the United States. Plaintiffs allege that they have suffered economic losses after traces of genetically modified rice were identified in samples of conventional long-grain rice grown in the U.S. The number of plaintiffs is calculated by totaling the number of plaintiffs identified in the complaints. However, the number of plaintiffs does not allow any conclusions on the number of farming operations involved. U.S. rice farmers often have a number of entities associated with their operations. In some cases just an individual sued, in others all the entities sued. In addition, a partnership and its individual partners are counted separately if they are listed as plaintiffs in the complaints.

In March 2011, Bayer tried its seventh case in front of U.S. juries. This case involved a large U.S. rice mill. The jury at an Arkansas state court awarded US$11.8 million in compensatory and US$125 million in punitive damages. Bayer expects the amount of punitive damages to be reduced to the applicable statutory cap of US$1 million.

Bayer disagrees with the present findings of liability and the awards of compensatory and punitive damages. To the extent it has not already done so, Bayer intends to appeal the adverse findings.

One trial originally scheduled for April 2011 in a state court in Arkansas, involving one farming operation comprising nine plaintiffs, was settled. The settlement calls for the plaintiffs to receive US$636,000 collectively. Details of the other cases that were already tried or settled are provided on pages 245 and 246 of the Bayer Annual Report 2010. The facts and the types and amounts of damages claimed differ significantly from case to case. Management believes that the outcomes of the first trials do not allow any direct conclusions on the outcomes of the other cases. The company is willing to discuss with rice growers and other plaintiffs reasonable compensation for economic losses associated with its genetically modified rice without acknowledging liability, but intends to continue to defend itself vigorously in all cases in which resolutions on that basis are not possible. Bayer has established appropriate provisions, mainly for legal and defense costs and an intended settlement program.

RELATED PARTIES

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

Leverkusen, April 26, 2011
Bayer Aktiengesellschaft

The Board of Management

Dr. Marijn Dekkers   Werner Baumann   Dr. Wolfgang Plischke   Dr. Richard Pott

Financial Calendar

Annual Stockholders' Meeting 2011	APRIL 29, 2011
Payment of Dividend	MAY 2, 2011
Q2 2011 Interim Report	JULY 28, 2011
Q3 2011 Interim Report	OCTOBER 27, 2011
2011 Annual Report	FEBRUARY 28, 2012
Q1 2012 Interim Report	APRIL 26, 2012
Annual Stockholders' Meeting 2012	APRIL 27, 2012

MASTHEAD

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