



Science For A Better Life

NAMES | FIGURES | FACTS

2012 | 2013



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### COVER PICTURE

Bayer HealthCare has a major research focus in the area of cardiology. Bayer scientists are working on new approaches to the treatment of cardiovascular diseases. The company's product offering also includes innovative injection systems for removing blood clots and deposits from blood vessels. Our picture shows Bayer employees Hieu Le and Kristin Green in the laboratory in Minneapolis, Minnesota, United States, with a simulation of blood cells.

# Bayer: Science For A Better Life

Bayer is a global enterprise with core competencies in the fields of health care, nutrition and high-tech materials. As an inventor company, we set trends in research-intensive areas. Our products and services are designed to benefit people and improve the quality of life. At the same time we aim to create value through innovation, growth and high earning power. We are committed to the principles of sustainable development and to our social and ethical responsibilities as a corporate citizen.



Bayer AG headquarters in Leverkusen

## Our Values

Bayer's corporate culture is an important factor in the company's success. Central to this culture are our values: Leadership, Integrity, Flexibility and Efficiency – or **LIFE** for short.

### L

#### LEADERSHIP

- Be passionate for people and performance
- Show personal drive, inspire and motivate others
- Be accountable for actions and results, successes and failures
- Treat others fairly and with respect
- Give clear, candid and timely feedback
- Manage conflicts constructively
- Create value for all our stakeholders

### I

#### INTEGRITY

- Be a role model
- Comply with laws, regulations and good business practices
- Trust others and build trustful relationships
- Be honest and reliable
- Listen attentively and communicate appropriately
- Ensure sustainability: balance short-term results with long-term requirements
- Care about people, safety and the environment

### F

#### FLEXIBILITY

- Drive change actively
- Be ready to adapt to future trends and needs
- Challenge the status quo
- Think and act with customers in mind
- Seek out opportunities and take calculated risks
- Be open-minded
- Embrace lifelong learning

### E

#### EFFICIENCY

- Manage resources smartly
- Focus on activities that create value
- Do things simply and effectively
- Deliver with appropriate costs, speed and quality
- Speed up good decision-making
- Be accountable for consistent execution
- Collaborate for better solutions

# Organization

Bayer AG defines common values, goals and strategies for the entire Group. The three subgroups and three service companies operate independently, led by the management holding company. The Corporate Center supports the Group Management Board in its task of strategic leadership.

## BAYER AG (HOLDING COMPANY)

### Group Management Board

**Marijn Dekkers**  
Chairman

**Werner Baumann**  
Finance

**Wolfgang Plischke**  
Technology, Innovation & Sustainability

**Richard Pott\***  
Strategy & Human Resources

### Corporate Center Departments

Corporate Office  
**J. Krell**

Communications  
**M. Schade**

Investor Relations  
**A. Rosar**

Corporate Auditing  
**R. Meyer**

Law, Patents,  
Compliance & Insurance  
**R. Hartwig**

Regional Coordination  
**I. Paterson**

Group Accounting & Controlling  
**U. Hauck**

Finance  
**P. Müller**

Taxes  
**B.-P. Bier**

Mergers & Acquisitions  
**F. Rittgen**

Environment & Sustainability  
**W. Grosse Entrup**

Corporate Human Resources &  
Organization  
**H.-U. Groh**

Corporate Development  
**A. Moscho**

## BUSINESS AREAS

### Bayer HealthCare

Chief Executive Officer	<b>J. Reinhardt</b>
Chief Financial Officer	<b>M. Vehreschild</b>
Animal Health	<b>D. Ehle</b>
Consumer Care	<b>E. L. Mann</b>
Medical Care	<b>A. Main</b>
Pharmaceuticals	<b>A. Fibig</b>
Global Drug Discovery	<b>A. Busch</b>
Global Development	<b>K. Malik</b>
Product Supply	<b>H. Klusik*</b>
Global Business Development & Licensing	<b>N. Sheail</b>
General Counsel	<b>A. Bey</b>
Human Resources	<b>A. Günther</b>
Communications and Public Affairs	<b>O. Renner</b>

### Bayer CropScience

Chief Executive Officer	<b>S. E. Peterson</b>
Chief Financial Officer	<b>M. A. Schulz</b>
Chief Operating Officer	<b>L. van der Broek</b>
Human Resources	<b>M. Haug</b>
Crop Protection Research	<b>A. Klausener</b>
Communications	<b>S. Kurzawa</b>
General Counsel	<b>G. Marchand</b>
Research & Development	<b>C. D. Nicholson</b>
Product Supply	<b>A. Noack</b>
Crop Protection Development	<b>F. J. Placke</b>
Environmental Science	<b>G. Riemann</b>
Strategy & Business Management	<b>R. Scheitza*</b>

### Bayer MaterialScience

Chief Executive Officer	<b>P. Thomas</b>
Chief Financial Officer	<b>A. Steiger-Bagel</b>
Industrial Operations	<b>T. Van Osselaer</b>
Industrial Marketing	<b>P. Vanacker</b>
Polycarbonates	<b>M. König</b>
Polyurethanes	<b>J. Wolff</b>
Coatings, Adhesives, Specialties	<b>D. Meyer</b>
Corporate Development	<b>W. Miebach</b>
Human Resources	<b>M. Bernhardt*</b>
Communications and Public Affairs	<b>R. Northcote</b>

## SERVICE AREAS

### Bayer Business Services

**D. Hartert**  
Chairman of the  
Executive Board  
**N. Fieseler\*\***  
Member of the  
Executive Board

### Bayer Technology Services

**D. Van Meirvenne**  
Managing Director

### Currenta

**G. Hilken**  
Chairman of the  
Executive Board  
**J. Waldi\***  
Member of the  
Executive Board

\* Labor Director

\*\* Labor Director; as of June 1, 2012 Wilhelm Oelschläger

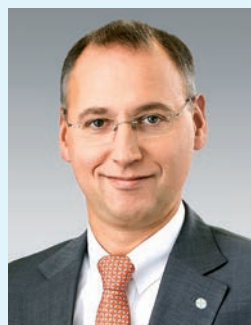


# Board of Management of Bayer AG



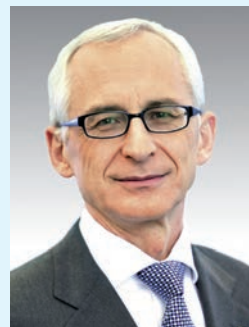
**DR. MARIJN DEKKERS**  
Chairman

Born in 1957 in the Dutch city of Tilburg, Dekkers studied chemistry and chemical engineering in Nijmegen and Eindhoven. After gaining a Ph.D., he began a career in research with General Electric in the United States. In 1995 he moved to Honeywell. In 2000 Dekkers was appointed Chief Operating Officer of Thermo Electron Corporation, becoming President and CEO two years later. This company later acquired Fisher Scientific and was renamed Thermo Fisher Scientific Inc. He succeeded Werner Wenning effective October 1, 2010.



**WERNER BAUMANN**  
Finance · Europe region

Born in Krefeld in 1962, Werner Baumann studied economics in Aachen and Cologne. He joined Bayer AG in 1988, where his first duties were in the Corporate Finance Department. Baumann subsequently held positions in Spain and the United States before returning to Germany in 2002 to become a member of the Executive Committee of the newly formed Bayer HealthCare subgroup and a year later a member of its Board of Management, also serving as Labor Director. Baumann was appointed Chief Financial Officer of Bayer in May 2010.



**PROF. WOLFGANG PLISCHKE**  
Technology · Innovation · Sustainability ·  
Asia/Pacific region

Born in Stuttgart in 1951, Wolfgang Plischke studied biology at the University of Hohenheim. Having gained his Ph.D., Plischke began his career with Bayer at the subsidiary Miles in 1980. He held a number of positions in Germany and abroad, becoming Head of the Pharmaceuticals Business Group in North America in 2000. Two years later he took charge of the Pharmaceuticals Business Group of Bayer AG. He was appointed to the Board of Management in March 2006. Plischke is Honorary Professor of Industrial Chemistry at LMU Munich.



**DR. RICHARD POTT**  
Strategy · Human Resources · Labor Director ·  
Americas, Africa and Middle East regions

Born in Leverkusen in 1953, Richard Pott studied physics at the University of Cologne, where he also obtained a Ph.D. In 1984 he joined Bayer's Central Research Division. After holding various positions in the Corporate Staff Division, he became Head of Corporate Planning and Controlling in 1997 and Head of the Specialty Products Business Group in 1999. Pott was appointed to the Bayer AG Board of Management in May 2002.

# Supervisory Board, Corporate Governance

The role of the 20-member Supervisory Board of Bayer AG is to oversee and advise the Board of Management. Under the German Codetermination Act, half the members of the Supervisory Board are elected by the stockholders, and half by the company's employees. The Supervisory Board is directly involved in decisions on matters of fundamental importance to the company and confers with the Board of Management on the company's strategic alignment. It also holds regular discussions with the Board of Management on the company's business strategy and the status of its implementation.

The Supervisory Board has set up four committees – the Presidial Committee, the Audit Committee, the Human Resources Committee and the Nominations Committee – and entrusted them with certain tasks in accordance with the German Stock Corporation Act and the German Corporate Governance Code.

## CORPORATE GOVERNANCE

Bayer has always placed great importance on responsible corporate governance. The company has issued a declaration that it has been compliant with the recommendations of the German Corporate Governance Code in the past with one temporary exception. The company has also declared that it intends to be fully compliant with these recommendations in the future subject to one exception.



WWW.BAYER.COM > BAYER GROUP > CORPORATE GOVERNANCE

WWW.BAYER.COM > BAYER GROUP > SUPERVISORY BOARD

## GOVERNANCE BODIES

### Chairman of the Supervisory Board

**Dr. Manfred Schneider\***

### Vice Chairman of the Supervisory Board

**Thomas de Win**

Chairman of the Bayer Central and Group Works Councils

## Other members of the Supervisory Board

**Dr. Paul Achleitner**

Member of the Board of Management of Allianz SE

**Dr. Clemens Börsig**

Chairman of the Supervisory Board of Deutsche Bank AG

**André van Broich**

Chairman of the Works Council at Bayer's Dormagen site

**Thomas Ebeling**

Chief Executive Officer of ProSiebenSat.1 Media AG

**Dr.-Ing. Thomas Fischer**

Chairman of the Bayer Group Managerial Employees' Committee

**Peter Hausmann**

Member of the Executive Committee of the German Mining, Chemical and Energy Industrial Union

**Reiner Hoffmann**

North Rhine District Secretary of the German Mining, Chemical and Energy Industrial Union

**Yüksel Karaaslan**

Chairman of the Works Council at Bayer's Berlin site

**Dr. rer. pol. Klaus Kleinfeld**

Chairman and Chief Executive Officer of ALCOA Inc.

**Petra Kronen**

Chairman of the Works Council at Bayer's Uerdingen site

**Dr. rer. nat. Helmut Panke**

Member of various supervisory boards

**Sue H. Rataj**

Non-executive member of the Board of Directors of Cabot Corporation

**Petra Reinbold-Knape**

Northeast District Secretary of the German Mining, Chemical and Energy Industrial Union

**Michael Schmidt-Kiessling**

Member of the Works Council at Bayer's Wuppertal site

**Dr.-Ing. Ekkehard D. Schulz**

Member of various supervisory boards

**Dr. Klaus Sturany\*\***

Member of various supervisory boards

**Werner Wenning\*\*\***

Member of various supervisory boards, former Chairman of the Board of Management of Bayer AG

**Prof. Dr. Dr. h. c. mult. Ernst-Ludwig Winnacker**

Secretary General of the Human Frontier Science Program

**Oliver Zühlke**

Chairman of the Works Council at Bayer's Leverkusen site

## Honorary Chairman

**Hermann Josef Strenger**

\*\* independent expert member pursuant to Section 100 Paragraph 5 of the German Stock Corporation Act

\*\*\* Member of the Supervisory Board effective October 1, 2012. It is intended that Mr. Wenning be elected Chairman of the Supervisory Board, effective on the same date.

# Sites and Regions

## NORTH AMERICA

Sales	€8,177 million (-0.6%)*
Employees	15,800
R&D expenses	€528 million
Companies	42**

## EUROPE

Sales	€14,441 million (+5.0%)*
Employees	53,600
R&D expenses	€2,187 million
Companies	139**

[WWW.BAYER.COM](http://WWW.BAYER.COM) > BAYER GROUP > BAYER WORLDWIDE

The Bayer Group is a global enterprise with companies in nearly every country. The map shows some of its principal sites, with key data for 2011 in the boxes.

## LATIN AMERICA/AFRICA/MIDDLE EAST

Sales	€6,068 million (+7.8%)*
Employees	16,400
R&D expenses	€42 million
Companies	44**

## ASIA/PACIFIC

Sales	€7,842 million (+4.8%)*
Employees	26,000
R&D expenses	€175 million
Companies	58**

\* 2011 sales by market (change from 2010)

\*\* fully consolidated subsidiaries (as of Dec. 31, 2011)

# Business Development

Bayer had a very successful year in 2011, both strategically and operationally. The Group achieved its targets and made progress with its innovation projects in the subgroups, especially the pharmaceutical pipeline. Bayer also saw an encouraging start to 2012.

## GROUP SALES

Group sales rose by 4.1 percent in 2011, to €36,528 million (2010: €35,088 million). Sales of HealthCare climbed by 1.5 percent to €17,169 million. CropScience improved business by 6.2 percent to €7,255 million, while sales of MaterialScience rose by 6.7 percent to €10,832 million.

In the first quarter of 2012, Group sales expanded by 6.8 percent to €10,056 million (Q1 2011: €9,415 million). HealthCare posted sales of €4,342 million compared with €4,166 million in the first quarter of 2011. Sales of CropScience increased by 15.6 percent to €2,610 million and those of MaterialScience by 3.8 percent to €2,788 million.

## EARNINGS

EBIT of the Bayer Group rose by 52.0 percent in 2011, to €4,149 million (2010: €2,730 million). EBIT before special items amounted to €5,025 million (2010: €4,452 million). EBITDA before special items climbed by 7.2 percent to €7,613 million (2010: €7,101 million). Bayer posted net income of €2,470 million (2010: €1,301 million). Earnings per share came to €2.99 (2010: €1.57).

In the first quarter of 2012, EBIT of the Bayer Group improved by a substantial 42.6 percent to €1,637 million (Q1 2011: €1,148 million). EBIT before special items amounted to €1,806 million (Q1 2011: €1,590 million). EBITDA before special items increased by 9.4 percent to €2,442 million (Q1 2011: €2,232 million). Net income amounted to €1,050 million (Q1 2011: €684 million). Earnings per share were €1.27 (Q1 2011: €0.83).

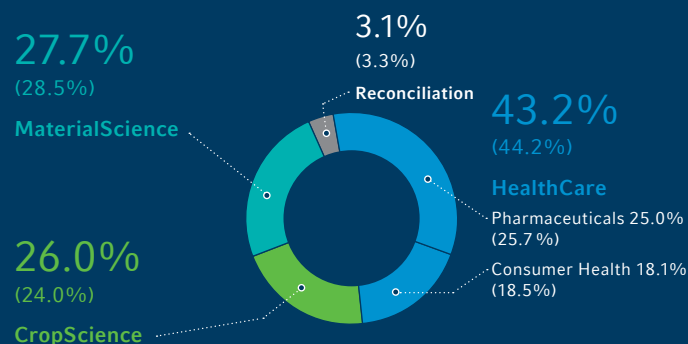
## Key Data

	1st Quarter 2011	1st Quarter 2012	Change	Full Year 2011
	€ million	€ million	%	€ million
Sales	9,415	10,056	+6.8	36,528
EBIT <sup>1</sup>	1,148	1,637	+42.6	4,149
EBIT				
before special items <sup>2</sup>	1,590	1,806	+13.6	5,025
EBITDA <sup>3</sup>	1,866	2,377	+27.4	6,918
EBITDA				
before special items <sup>2</sup>	2,232	2,442	+9.4	7,613
EBITDA margin				
before special items <sup>4</sup>	23.7%	24.3%	-	20.8%
Income before income taxes	935	1,460	+56.1	3,363
Net income	684	1,050	+53.5	2,470
Earnings per share (€) <sup>5</sup>	0.83	1.27	+53.0	2.99
Core earnings per share (€) <sup>6</sup>	1.45	1.68	+15.9	4.83
Gross cash flow <sup>7</sup>	1,309	1,595	+21.8	5,172
Net cash flow <sup>8</sup>	801	271	-66.2	5,060
Net financial debt	7,102	6,851	-3.5	7,013
Capital expenditures*	238	256	+7.6	1,615
Research and development expenses	737	699	-5.2	2,932
Dividend per Bayer AG share (€)	-	-	-	1.65

\* Cash outflows for additions to property, plant and equipment and intangible assets as per the statement of cash flows

For notes see page 44

## Sales by Segment, 1st Quarter 2012 (2011 in parentheses)





# Investor Information

In the first half of 2011, the German stock index DAX initially maintained the previous year's level. As the year progressed, market developments became dominated by the continuing debate over the debts of some eurozone countries and the resulting anxiety among market participants. Starting in August, international markets experienced one of the sharpest drops in recent decades. The DAX fell by more than 2,000 points, or 30 percent, within a few weeks. The markets gradually recovered from their lows during the remainder of the year. The DAX closed 2011 at 5,898 points, nearly 15 percent below the end of 2010. The European equities index EURO STOXX 50 (performance index) fell by more than 14 percent to close the year at 3,922 points.

## BAYER STOCK PERFORMANCE ABOVE MARKET

Including the dividend of €1.50 per share paid in May 2011, the performance of Bayer stock came to minus 8 percent for the year. It closed 2011 at €49.40, having reached a year high of €59.35 at the end of April. Although negative, Bayer's stock performance thus surpassed the DAX.

## SUSTAINABLE INVESTMENT

In 2011 Bayer again qualified for inclusion in major sustainability indices that assess companies on the basis of economic, ecological and social criteria. Bayer stock is represented, for example, in the Dow Jones Sustainability World and Europe indices, the FTSE4Good Global and Europe indices, the Advanced Sustainable Performance Indices Eurozone and the NYSE Euronext Low Carbon Europe Index. Storebrand, a Norwegian financial services provider focusing on sustainable investment, classifies Bayer as a best-in-class company in the pharmaceutical sector.

## DIVIDEND INCREASED TO €1.65 PER SHARE

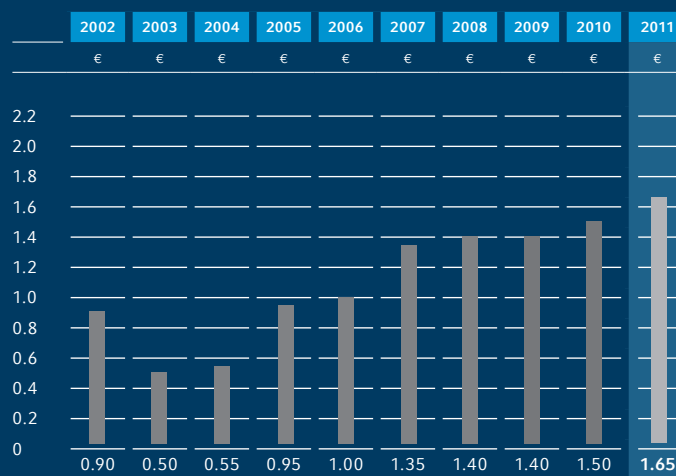
A dividend of €1.65 per share was paid for 2011, resulting in a total dividend payment of €1,364 million. The dividend yield calculated on the share price of €49.40 at year end 2011 amounted to 3.3 percent.

## Performance of Bayer stock in 2011

indexed; 100 = closing price on December 31, 2010



## Dividends per share (€)



## Total dividend payments

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
657	365	402	694	764	1,032	1,070	1,158	1,240	1,364



# Bayer HealthCare

## Corporate Data

Company	Bayer HealthCare
Headquarters	Leverkusen, Germany
Chief Executive Officer	Dr. Jörg Reinhardt
Divisions	Animal Health Consumer Care Medical Care Pharmaceuticals
Sales	€17,169 million
EBITDA before special items*	€4,702 million
R&D expenses	€1,948 million
Employees	55,700

as of December 31, 2011

\* For notes see page 44

 [WWW.BAYERHEALTHCARE.COM](http://WWW.BAYERHEALTHCARE.COM)



**Dr. Jörg Reinhardt**  
Chief Executive  
Officer

Above: illustration  
of blood cells



## Bayer HealthCare

Bayer HealthCare is among the world's foremost innovators in the field of pharmaceutical and medical products. This subgroup's mission is to research, develop, manufacture and market innovative products that improve the health of people and animals throughout the world.

The subgroup has four operating divisions:

- **Animal Health** (veterinary medicines and grooming products);
- **Consumer Care** (over-the-counter medicines and dietary supplements);
- **Medical Care** (blood glucose monitoring devices, contrast agents, injection systems for diagnostic and therapeutic medical procedures);
- **Pharmaceuticals** (prescription medicines).

## BUSINESS DEVELOPMENT

In 2011 Bayer HealthCare raised sales by 1.5 percent to some €17.2 billion. EBITDA before special items climbed by 6.7 percent to €4.7 billion. Sales of the Pharmaceuticals Division were virtually unchanged at €9.9 billion, down just 0.1 percent from 2010. The Consumer Care Division grew sales in 2011 by 4.8 percent to €3.5 billion. Sales of the Medical Care Division rose by 1.3 percent in 2011, to €2.5 billion. In the Animal Health Division, sales rose by 5.9 percent to about €1.2 billion.

## Figures | Facts

Sales	€ million
2010	16,913
2011	17,169
Number of employees	Employees
2010	55,700
2011	55,700
Research and development expenses	€ million
2010	2,066
2011	1,948

## RESEARCH AND DEVELOPMENT ACTIVITIES

In 2011 Bayer HealthCare, with R&D spending of €2.0 billion, accounted for 66.4 percent of all R&D expenditures by the Bayer Group. Research and development at Bayer HealthCare focus on identifying and developing new active substances to treat diseases with a high unmet medical need.

The Pharmaceuticals Division carries out research and product development mainly in the fields of Cardiology, Oncology, Women's Healthcare and Hematology. Recent examples of the results of pharmaceutical research are:

- **Xarelto™**: drug product for the prevention and treatment of venous thromboembolism and for stroke prevention in patients with atrial fibrillation;
- **EYLEA™**: drug product for the treatment of various eye diseases, such as wet age-related macular degeneration;
- **regorafenib**: oral active ingredient for the treatment of advanced colorectal cancer and gastrointestinal stromal tumors;
- **Alpharadin**: treatment of bone metastases in hormone-refractory/castration-resistant prostate cancer.

Research and development in the Consumer Care Division focus on the development of non-prescription medications and on strengthening existing brands by expanding indications and optimizing delivery forms.

Research and development activities in the Medical Care Division focus on blood glucose monitoring and the continuing development of medical equipment used in the diagnosis or treatment of various diseases. The division also develops innovative, high-quality contrast agents for diagnostic imaging.

The Animal Health Division focuses its research and development activities on antibiotics and antiparasitics as well as active substances to treat non-infectious disorders in animals.

## Research is key

Advances in medicine depend on innovation. The health care field accounts for some two thirds of Bayer's research and development expenses. The aim is to discover better treatment options, especially in view of the aging population. At the same time, it is important to improve the efficiency of governments' health systems. And the company plans to help achieve that aim in the future, partly by stepping up the development of integrated product and service packages in the areas of disease prevention, diagnosis and treatment – including secondary prevention of cardiovascular illness, for example.

## Best-selling products\*

**Adalat™** (drug for the treatment of hypertension)

**Advantage™** (line of flea control products for dogs and cats)

**Aspirin™** (pain reliever based on acetylsalicylic acid)

**Avalox™/Avelox™** (drug to treat respiratory tract infections)

**Betaferon™/Betaseron™** (specialty medicine to treat multiple sclerosis)

**Contour™** (umbrella brand for blood glucose monitoring systems and services)

**Glucobay™** (drug for the treatment of diabetes)

**Kogenate™** (hemophilia treatment)

**Levitra™** (erectile dysfunction treatment)

**Mirena™** (hormonal contraceptive)

**Nexavar™** (drug to treat kidney and liver cancer)

**YAZ™/Yasmin™/Yasminelle™** (hormonal contraceptives)

as of December 31, 2011

\* in alphabetical order

In a laboratory in Minneapolis, Minnesota, United States, Bayer researchers Diana Dutcher and Mark Hilse demonstrate on a model of blood vessels how thrombi and deposits can be removed by a minimally invasive procedure using a catheter.



# Bayer CropScience

## Corporate Data

Company	Bayer CropScience
Headquarters	Monheim, Germany
Chief Executive Officer	Sandra E. Peterson
Divisions	Crop Protection/ BioScience Environmental Science
Sales	€7,255 million
EBITDA before special items*	€1,654 million
R&D expenses	€723 million
Employees	21,000

as of December 31, 2011

\* For notes see page 44

 [WWW.BAYERCROPSCIENCE.COM](http://WWW.BAYERCROPSCIENCE.COM)



**Sandra E. Peterson**  
Chief Executive  
Officer

Above: detail photograph  
of a canola leaf



## Bayer CropScience

Bayer CropScience, with its highly effective products, pioneering innovations and keen customer focus, holds global leadership positions in crop protection and non-agricultural pest control.

The company has businesses in crop protection, seed breeding and plant trait improvement, and non-agricultural pest and weed control. It is organized into two operating segments: Crop Protection/BioScience and Environmental Science. Reflecting its product offering, Crop Protection is comprised of the Herbicides, Fungicides, Insecticides and Seed Treatment business units. BioScience comprises the activities in the area of seeds and plant traits. Environmental Science offers non-agricultural pest and weed control products.

## BUSINESS DEVELOPMENT

Bayer CropScience improved sales in 2011 by 6.2 percent to €7.3 billion. EBITDA before special items rose by 27.9 percent to about €1.7 billion. Sales of Crop Protection increased in 2011 by 5.8 percent to roughly €5.8 billion. Sales of the Environmental Science business unit declined by 3.7 percent to €0.6 billion. Sales at BioScience advanced by 19.4 percent to €0.8 billion.

## Figures | Facts

Sales	€ million
2010	6,830
2011	7,255
Number of employees	Employees
2010	20,700
2011	21,000
Research and development expenses	€ million
2010	722
2011	723



## RESEARCH AND DEVELOPMENT ACTIVITIES

In 2011, €723 million, or 24.7 percent of the Bayer Group's research and development budget, was spent in the CropScience subgroup.

Major areas of focus, apart from conventional crop protection research, include seeds and plant traits. The main aim of research and development work on traits is to improve the agronomic characteristics and quality of crop plants. The technologies employed in this area comprise all the tools required to improve important crops such as cotton, canola and rice for producers and industry partners – from the identification of a target gene to the development of a plant. Recent examples of active ingredients to emerge from research at Bayer CropScience are:

- **penflufen** (Emesto™, Evergol™): seed treatment fungicide for use in many crops such as potatoes, oilseed rape/canola, rice and cotton;
- **flupyradifurone** (Sivanto™): effective against sucking pests such as aphids or whiteflies in fruit and vegetable crops;
- **triafamone**: new rice herbicide to control a variety of weeds; also suitable for pre-emergence application;
- **fluopyram** (Luna™): product for the effective treatment of various crop diseases caused by fungal pathogens.

To further strengthen the innovative capability of Bayer CropScience, the company plans to gradually increase research and development activities, particularly in the areas of seeds and plant traits.

## Active partnerships

Innovative products raise the quality of life – making it all the more important that they reach the customer efficiently. Bayer CropScience is finding new ways to strengthen and improve its distribution and marketing activities along the entire value chain – from seed to shelf.

### Best-selling products\*

**Adengo™** (herbicide)

**Basta™/Liberty™** (herbicides)

**Bayer Garden™/Bayer Advanced™**  
(consumer products for house and garden)

**Belt™** (insecticide)

**Confidor™** (insecticide)

**FiberMax™/Stoneville™** (cotton seed)

**Gauche™** (insecticide)

**InVigor™** (summer canola seed)

**Luna™** (fungicide)

**Movento™** (insecticide)

as of December 31, 2011

\* in alphabetical order

Farmer José Uribe Estrada and Miguel Angel Baltazar Canizal (left) from Bayer CropScience assess the quality of the broccoli crop at the Sanabria farm in Valle de Santiago, Mexico.







# Bayer MaterialScience

## Corporate Data

Company	Bayer MaterialScience
Headquarters	Leverkusen, Germany
Chief Executive Officer	Patrick Thomas
Business Units	Polyurethanes Polycarbonates Coatings, Adhesives, Specialties
Sales	€10,832 million
EBITDA before special items*	€1,171 million
R&D expenses	€237 million
Employees	14,800

as of December 31, 2011

\* For notes see page 44

 [WWW.BAYERMATERIALSCIENCE.COM](http://WWW.BAYERMATERIALSCIENCE.COM)



Patrick Thomas  
Chief Executive  
Officer

Above: granules of the  
high-performance plastic Makrolon™



## Bayer MaterialScience

Bayer MaterialScience is a renowned supplier of high-performance materials such as polycarbonates, polyurethanes or innovative system solutions, which are used in a wide variety of everyday products. Products holding leading positions on the world market account for a large proportion of its sales.

The subgroup comprises three business units:

- **Polyurethanes;**
- **Polycarbonates;**
- **Coatings, Adhesives, Specialties**

along with the **Industrial Operations** unit.

## BUSINESS DEVELOPMENT

Sales of Bayer MaterialScience rose by 6.7 percent in 2011 to €10.8 billion. This growth was driven by the selling price increases achieved in all business units and regions, particularly Europe. We also saw a moderate improvement in product sales volumes, with increases in Latin America/Africa/Middle East, Europe and North America offsetting declines in the Asia/Pacific region. EBITDA before special items declined by 13.6 percent to €1.2 billion. The Polyurethanes business unit raised sales by 8.2 percent to €5.4 billion. Polycarbonates had sales of €2.9 billion in 2011, up 3.7 percent from the previous year. In the Coatings, Adhesives, Specialties business unit, sales increased by 3.0 percent to €1.8 billion. Industrial Operations had sales of about €0.7 billion, 20.3 percent more than in the prior year.

## Figures | Facts

Sales	€ million
2010	10,154
2011	10,832

Number of employees	Employees
2010	14,700
2011	14,800

Research and development expenses	€ million
2010	231
2011	237

## RESEARCH AND DEVELOPMENT ACTIVITIES

In 2011, Bayer MaterialScience spent €237 million on research and development (not including the costs of joint development activities with customers). This subgroup thus accounted for 8.1 percent of the Bayer Group's total research and development expenses. In this way the subgroup aims to further expand its leading position in the market and in process technology as a global supplier of high-quality customized materials and system solutions.

In the Polyurethanes; Polycarbonates; and Coatings, Adhesives, Specialties business units, the latest technologies and production processes are employed to create new products and new applications in cooperation with customers and other external partners.

Product development work in the Polyurethanes business unit is focused on expanding applications for materials and optimizing the properties of polyurethane systems. A key area of application is the construction industry, where rigid polyurethane foam serves as a highly efficient insulating material, making an active contribution to reducing energy consumption and protecting the climate. Other results of research include:

- **lightweight materials** for the transportation sector (such as automotive glazing made of polycarbonate);
- In the **"Dream Production"** project, Bayer is working with RWTH Aachen University and other partners to realize the catalytic conversion of CO<sub>2</sub> on a pilot plant scale for the first time. It is intended to use CO<sub>2</sub> to partially replace conventional fossil raw materials in the manufacture of high-performance materials;
- **Baycusan™**: product line for cosmetics based on "green" raw materials (solvent-free formulations).

## Opening up new markets

Bayer has long had a local presence in many emerging markets, and operations in a number of countries are to be expanded in the future. Asia is enjoying particularly dynamic growth, especially in China, and Bayer MaterialScience is looking to further strengthen its presence there. With its innovative materials, technical know-how and integrated solutions, the company is an established partner in the development of efficient industries.

## Major products\*

**Bayblend™** (brand name for polymer blends based on polycarbonate and acrylonitrile-butadiene-styrene)

**Baydur™** (polyurethane system for appliance housings, medical equipment, sports goods, sanitary items and furniture)

**Bayflex™** (family of elastic polyurethane systems with customizable properties for a range of applications)

**Bayhydrol™** (raw materials for waterborne coatings)

**Bayhydur™** (raw materials for waterborne coatings)

**Desmodur™/Desmophen™** (raw materials for automotive and industrial coatings and anti-corrosion systems)

**Desmopan™** (thermoplastic polyurethanes for a variety of high-tech applications)

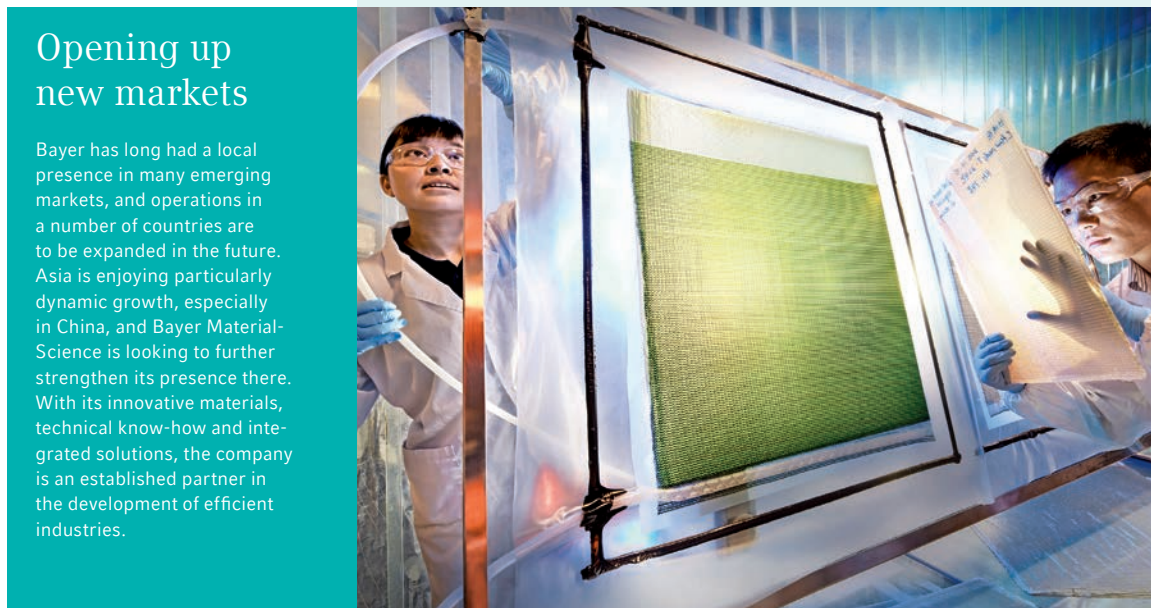
**Makrolon™** (transparent, impact-resistant polycarbonate for CDs, DVDs, automotive applications, architectural glazing, and applications in the electrical/electronics industry)

**Multitec™** (innovative polyurethane spray system for the manufacture of large-area parts)

as of December 31, 2011

\* in alphabetical order

New materials for harnessing wind energy:  
Bayer researchers Dr. Carrie Jiang (left) and  
Cheng Yuan in the Polymer Research and  
Development Center in Shanghai



# Service Companies

The central functions serving the Bayer subgroups' business operations are organized into three service companies:

## BAYER BUSINESS SERVICES

Bayer Business Services is the Bayer Group's global competence center for IT and business services. Its portfolio is focused on services in the core areas of IT infrastructure and applications, procurement and logistics, human resources and management services, and finance and accounting.

 [WWW.BAYERBBS.COM](http://WWW.BAYERBBS.COM)

## BAYER TECHNOLOGY SERVICES

Bayer Technology Services, the global technological backbone and a major innovation driver of the Bayer Group, is engaged in process development and in process and plant engineering, construction and optimization. This service company offers fully integrated solutions throughout the life cycles of processes and products. BTS is the gateway to the Bayer Group for young engineers.

 [WWW.BAYERTECHNOLOGY.COM](http://WWW.BAYERTECHNOLOGY.COM)

## CURRENTA


Currenta offers services for the chemical industry including utility supply, waste management, infrastructure, safety, security, analytics and vocational training. This service company, a joint venture between Bayer and Lanxess, operates the CHEMPARK sites in Leverkusen, Dormagen and Krefeld-Uerdingen, Germany.

 [WWW.CURRENTA.COM](http://WWW.CURRENTA.COM)


### Corporate Data

<b>Company</b>	Bayer Business Services GmbH
<b>Headquarters</b>	Leverkusen, Germany
<b>Chairman of the Executive Board</b>	Daniel Hartert
<b>Employees</b>	6,400*
<b>Services</b>	IT and business services

(as of December 31, 2011)



## Bayer Business Services




**Daniel Hartert**  
Chairman


### Corporate Data

<b>Company</b>	Bayer Technology Services GmbH
<b>Headquarters</b>	Leverkusen, Germany
<b>Managing Director</b>	Dr. Dirk Van Meirvenne
<b>Employees</b>	2,700*
<b>Services</b>	Technological solutions for processes, plants and products

(as of December 31, 2011)



## Bayer Technology Services




**Dr. Dirk Van Meirvenne**  
Managing Director


### Corporate Data

<b>Company</b>	Currenta GmbH & Co. OHG
<b>Headquarters</b>	Leverkusen, Germany
<b>Chairman of the Executive Board</b>	Dr. Günter Hilken
<b>Employees</b>	5,400*
<b>Services</b>	Services for the chemical industry; management and operation of CHEMPARK

(as of December 31, 2011)



## Currenta



**Dr. Günter Hilken**  
Chairman

\* employees on either permanent or fixed-term contracts

# Research and Development

Innovation is the key driver of the Bayer Group's future growth. Challenges such as providing health care and nutrition for a growing world population and using natural resources efficiently can only be overcome with innovative solutions.

That is why the inventor company Bayer focuses on research and development. In 2011, Bayer spent €2,932 million on research and development. This was equivalent to 8.0 percent of sales.

The Bayer Group supplements its internal research and development activities with an international network of collaborations and alliances with leading universities, public-sector research institutes and partner companies. The creation of science hubs in growth regions such as Asia is among the ways this innovation network is being expanded.

To strengthen its position in the global competitive arena, Bayer is deploying its resources selectively and narrowing its focus – even within individual business units – to areas where there is an urgent need for innovation and significant growth opportunities therefore exist. This pooling of expertise enables the company to rapidly translate new business ideas into successful products.

With a strong, efficient research and development organization, an international network of partners and a focus on growth areas and markets, Bayer is laying the foundations for its future success. The company's activities remain centered on customers' needs – true to the mission "Bayer: Science For A Better Life."

## RESEARCH IN THE THREE SUBGROUPS

Of the Group's entire research and development expenditures in 2011, Bayer HealthCare accounted for 66.4 percent, Bayer CropScience for 24.7 percent and Bayer MaterialScience for 8.1 percent. Further information on each subgroup's research and development activities is provided in the respective chapter of this brochure.

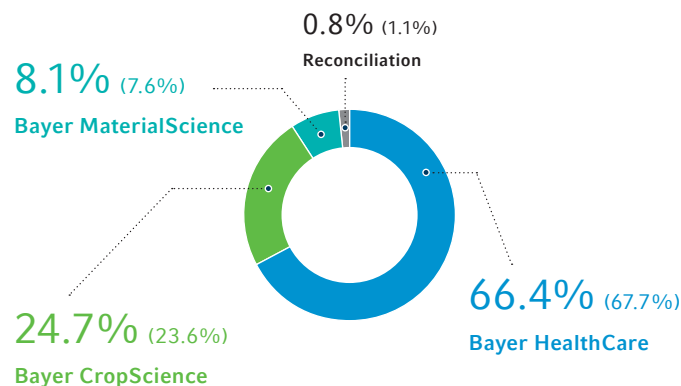
## BAYER TECHNOLOGY SERVICES

All the subgroups work closely with Bayer Technology Services worldwide on technology solutions, particularly in the fields of process technology, plant engineering, automation and product development. For example, this service company cooperates with Bayer MaterialScience to develop new production processes

that make efficient use of energy and raw materials, thereby helping the subgroup to safeguard its technological and cost leadership. Examples include the new TDI production process being used for the first time at the Bayer MaterialScience site in Shanghai and the catalytic conversion of carbon dioxide to polymers.

Centralized development work on technologies relevant to more than one subgroup, such as biotechnology or expertise in mathematical simulation and statistical data analysis, helps Bayer HealthCare and Bayer CropScience to shorten development times for new products. This also includes the development of entirely new production concepts, for example at the INVITE research center, a collaborative venture between Bayer Technology Services and Dortmund Technical University.

**Research and Development Expenses by Subgroup**  
(2010 in parentheses)



as of December 31, 2011

# Employees

As of December 31, 2011, the Bayer Group employed 111,800 people worldwide, compared with 111,400 at the end of the previous year. In Germany there were 35,800 employees (December 31, 2010: 36,200), who made up 32.0 percent of the Group workforce. Personnel expenses rose by 7.7 percent to approximately €8.7 billion.

## VOCATIONAL TRAINING AND RECRUITING

As an employer, Bayer endeavors to appeal to the best and most talented people worldwide and to retain employees for long periods by providing good development opportunities, a modern working environment and competitive compensation. In 2011 this enabled the company to hire a total of more than 5,300 academically qualified specialists and managers worldwide. Nearly 1,900 university graduates were recruited in China alone, some 750 in India, roughly 400 in Germany and more than 250 in the United States. In 2011 nearly 12,000 new people were hired across all occupations. In addition, more than 3,000 challenging internships were awarded to talented young students worldwide to give them pre-graduation insight into the variety of career opportunities at Bayer. Such young people often return to the company as employees at a later date. Apart from the hiring of university graduates, the company's own training programs for young people are among the most important steps taken to guard against a possible shortage of specialists due to demographic change. Once again in 2011, more than 900 young people began training courses in a total of some 50 occupations at Bayer's German sites.

## ADVANCING KNOWLEDGE AND LEADERSHIP SKILLS

Providing continuing education for employees is central both to talent management and to addressing the consequences of demographic change. In 2011 Bayer maintained its offering of advanced training courses for employees at a high level worldwide, supplementing these with numerous innovations. Apart from the acquisition, expansion and retention of specialist knowledge, a further focus of the company's training programs is on improving leadership skills.

## EMPLOYEE COMPENSATION AND BENEFITS

An important principle of Bayer's human resources policy is to link employees' compensation to their performance and enable them to share in the company's success. Regular benchmarking against competitors and a globally standardized system help in

setting base salaries in line with the demands and responsibilities of each position. These salaries are supplemented by performance-related compensation components and extensive ancillary benefits.

For example, more than €600 million is earmarked for variable bonus awards to employees for the year 2011 under the Group-wide short-term incentive (STI) program alone. Included in the extensive range of ancillary benefits provided in many countries are various stock participation programs that enable employees to purchase Bayer stock at a discount, giving them an additional opportunity to share in the company's economic success.

### Employee Data

	Dec. 31, 2010	Dec. 31, 2011
	FTE	FTE
<b>Employees by region</b>		
Europe	54,300	53,600
North America	16,400	15,800
Asia/Pacific	24,600	26,000
Latin America/Africa/Middle East	16,100	16,400
<b>Employees by corporate function</b>		
Production	47,200	47,600
Sales	41,100	41,800
Research and development	13,200	13,300
General administration	9,900	9,100
<b>Total</b>	<b>111,400</b>	<b>111,800</b>
Trainees	2,600	2,600
	%	%
Proportion of women in senior management	21	22
Number of nationalities in the Group Leadership Circle	21	22
Proportion of full-time employees with contractually agreed working time not exceeding 48 hours per week	100	100
Proportion of employees with health insurance	94	94
Proportion of employees eligible for a company pension plan or company-financed retirement benefits	67	69
Proportion of employees covered by collective agreements on pay and conditions	55	54

2010 figures restated

The number of employees on either permanent or fixed-term contracts is stated in full-time equivalents, with part-time employees included on a pro-rated basis in line with their contractual working hours. (as of December 31, 2011)



# Sustainability

Sustainability – which essentially means future viability – forms an integral part of our business strategy. We are convinced that we can only be commercially successful in the long run if we balance economic growth with ecological and social responsibility. In this we are guided by long-term values. Our commitment to sustainability is underlined by clear references to the topic in our mission statement “Bayer: Science For A Better Life,” our pledge to the ten principles of the United Nations Global Compact, and our participation in the Global Compact’s new “Corporate Sustainability Leadership – LEAD” initiative and the chemical industry’s Responsible Care™ initiative. The goal of our sustainability strategy is clearly defined: we aim to create opportunities for our company by integrating sustainability into business activities and to generate economic, ecological and social benefits at the same time. We are pursuing this goal at four levels:

- **Dialogue and commitment:** Bayer takes into account the expectations of all stakeholders. This applies also to our employee relations and discourse between industry, academia and politicians, and takes in our social commitment.
- **Responsible business practices:** Bayer attaches great importance to responsible practices in the areas of compliance, human resources, product stewardship, health, safety and supplier management.
- **Integration into business activities:** The sustainability strategy is accepted by all areas of the company and integrated into their business activities. Innovations and products that directly contribute to sustainable development make it a core element of our business activity.
- **Relevant sustainability issues:** Bayer’s Sustainability Program comprises solutions to major social challenges. It places special importance on alliances for sustainable health care, innovative partnerships to improve the supply of high-quality food, and new solutions for climate and resource protection.

Targets and indicators serve to operationalize our sustainability strategy. With our “Targets 2015,” we aim to integrate sustainability even more into our business activities along the entire value chain.

## ACHIEVEMENTS AND KEY INDICATORS

We regularly review our performance in the areas of health, safety and environment on the basis of key performance indicators, many of which we further improved in 2011, despite a roughly 5% increase in manufactured sales volume. Due to this higher volume, not only secondary energy consumption but also emissions of volatile organic compounds, nitrogen and organic carbon in waste water increased in 2011. The increase in the amount of hazardous waste was due to a groundwater and soil remediation project at one of our sites in India. Any incidents are analyzed and evaluated so that steps can be taken to prevent a recurrence. In 2011 there were significantly fewer environmental incidents, and the number of transport incidents was also down. There was a further decline in the occupational injury rate. Thus in 2011 we already achieved the target we had set for 2015 of 1.5 injuries per million hours worked resulting in at least one day’s absence.

### Key Performance Indicators

Category	Key Performance Indicators for Health, Safety and Environment	2010	2011
Health and safety	Industrial injuries to Bayer employees resulting in at least one day’s absence (number of injuries per million hours worked)	1.7	1.5
	Reportable industrial injuries to Bayer employees (number of injuries per million hours worked)	3.1	2.8
	Environmental incidents	7	3
	Transportation incidents	8	7
Emissions	Direct greenhouse gas emissions (CO <sub>2</sub> equivalents in million metric tons) *	4.80	4.23
	Indirect greenhouse gas emissions (CO <sub>2</sub> equivalents in million metric tons) *	3.70	3.92
	Volatile organic compounds (VOC) (thousand metric tons/year)	2.54	2.69
	Total phosphorus in waste water (thousand metric tons/year)	0.09	0.08
	Total nitrogen in waste water (thousand metric tons/year)	0.49	0.53
	Total organic carbon (TOC) (thousand metric tons/year)	1.42	1.50
Waste	Hazardous waste generated (million metric tons/year)	0.35	0.47
	Hazardous waste landfilled (million metric tons/year)	0.06	0.12
Use of resources	Water use (million m <sup>3</sup> /year)	474	411
	Primary energy use for generating steam and electricity (petajoules [10 <sup>15</sup> joules]/year) **	51.63	50.10
	Secondary energy use for generating steam, electricity and refrigeration (petajoules [10 <sup>15</sup> joules]/year) **	34.08	34.85

2010 figures restated

\* as per Greenhouse Gas Protocol

\*\* Starting in 2011, we are reporting our energy use according to source category.

## SUSTAINABLE INVESTMENT

Bayer stock has been included for many years in numerous stock indices and investment funds that list companies with sustainable and responsible corporate strategies (see also page 14). In 2011 we were included in the Carbon Disclosure Leadership Index (CDLI) for the seventh consecutive year on the basis of our transparent sustainability reporting, this time being named as one of the four best companies worldwide across all industry sectors. In addition, Bayer was again included in the Carbon Performance Leadership Index (CPLI), now with an "A" rating, in recognition of its efforts to reduce CO<sub>2</sub> emissions.

## SOCIAL COMMITMENT

Bayer's social commitment is an established part of our sustainability strategy and corporate policy. We consider ourselves part of society and view our commitment to corporate citizenship as an investment in the future and a contribution to a positive business environment. Our social commitment is exemplified by numerous projects in various parts of the world, some of which we have organized or supported for many years. In 2011 we provided some €54 million in funding for such projects in the four main areas of education and research; environment and nature; health and social needs; and sports and culture. The funding programs of the Bayer Science & Education Foundation cover the entire scientific training and career path. In 2011 the foundation approved total funding of about €1.2 million for dedicated school students, innovative school projects, ambitious trainees, exceptional university students, outstanding young scientists and leading researchers. We are also globally committed to improving social conditions and health care with the dual aims of promoting stability in the communities near our sites and helping to solve global health challenges. For example, we support the World Health Organization in the fight against neglected tropical diseases, donating free supplies of medicines. In 2011 the company or the Bayer Cares Foundation provided emergency relief and reconstruction aid totaling €680,000 to flood victims in Australia, Brazil, Cambodia, Thailand and the Philippines, earthquake victims in New Zealand and famine victims in eastern Africa.

## Selected Memberships



### Global Compact

Founding member of the U.N. corporate responsibility initiative for a sustainable world



### Responsible Care Global Charter

Initial signatory to the chemical industry's global charter for sustainable development and Responsible Care



### World Business Council for Sustainable Development

Active member since 1997



### "econsense" – sustainable development forum of German industry

Founding member of the industry-wide initiative for sustainable development



### UNEP Climate Neutral Network

Promotion of industrial and social structures with low CO<sub>2</sub> emissions



### UNEP SBCI

Supporter of the Sustainable Buildings and Climate Initiative (SBCI) as part of the EcoCommercial Building Program



### Global Reporting Initiative

Active supporter as an organizational stakeholder

## Selected Projects



### UNEP

Bayer's partnership with the United Nations Environment Programme (UNEP) has set new standards in public-private partnerships. For example, young people from 18 countries on three continents participate in the environmental education program "Bayer Young Environmental Envoy in Partnership with UNEP."



### Making Science Make Sense

In 2011 Poland, Switzerland and Turkey joined Bayer's education initiative "Making Science Make Sense." This program, now implemented in 14 countries on four continents, is aimed at elementary school students. Under this initiative, schoolchildren benefit from the voluntary commitment of Bayer employees who visit schools to demonstrate the aims and benefits of science with the aid of hands-on experiments.



### TB Alliance

In the fight against tuberculosis, Bayer is cooperating with the Global Alliance for TB Drug Development, a U.S. non-profit organization, with the aim of developing a new drug that reduces treatment times.

# History

## 19<sup>th</sup> CENTURY

1863



On August 1, businessman Friedrich Bayer and master dyer Johann Friedrich Wescott establish a dyestuffs factory in Barmen, now part of the city of Wuppertal.

1865

The company founders purchase an interest in a coal tar dye factory in the United States and begin exporting intermediates.

1876

A branch factory is opened in Moscow.

1881

On July 1, the descendants of Bayer and Wescott establish the joint stock company Farbenfabriken vorm. Friedr. Bayer & Co.

1884



The chemist Carl Duisberg starts his career with Bayer. Under his leadership, the scientists make groundbreaking discoveries.

1888

The company establishes a pharmaceutical department.

1891

The Leverkusen site is purchased.

1897

Bayer scientist Dr. Felix Hoffmann succeeds in synthesizing a chemically pure and stable form of acetylsalicylic acid, the active ingredient of Aspirin™.

1899



Aspirin™ is registered as a trademark and soon achieves worldwide fame as a pain-killer.

1939



Bayer scientist Gerhard Domagk is awarded the Nobel Prize for Medicine for his discovery of the antibacterial effects of sulfonamides (Prontosil).

1951

Bayer is re-established as Farbenfabriken Bayer AG, changing its name to Bayer AG in 1972.

1973

Ground is broken for the Brunsbüttel production site and six years later, in 1979, for the Agricultural Center (now the corporate

headquarters of Bayer CropScience) in Monheim.

1986

Bayer's entire u.s. activities are consolidated under the management holding company Bayer USA Inc., Pittsburgh.

1991



Bayer's Communication Center (BayKomm) is inaugurated in Leverkusen.

1994

The first production facility of Bayer Bitterfeld GmbH comes on stream. In the same year, Bayer acquires the North American self-medication busi-

ness of Sterling Winthrop, at the same time regaining full rights to the Bayer name for all products and the Bayer Cross trademark in the United States and Canada, which had been confiscated after the First World War.

1999



To mark the 100<sup>th</sup> birthday of Aspirin™ on March 6, professional mountaineers wrap Bayer's former high-rise headquarters building in Leverkusen, transforming it into the "world's biggest Aspirin™ pack" and earning the company three entries in the Guinness Book of Records.

## 20<sup>th</sup> CENTURY

1912



The company's headquarters are transferred to Leverkusen.

1925

Farbenfabriken vorm. Friedr. Bayer & Co. merges with other companies to form I.G. Farbenindustrie AG. Leverkusen becomes the main production center of the I.G.'s Lower Rhine operating consortium. As Germany's most important chemical company, I.G. Farbenindustrie also becomes involved in events during the Third Reich. After the Second World War, the Allies seize and subsequently break up the I.G. Farben.

## 21<sup>st</sup> CENTURY

2000

Acquisition of the polyols business of Lyondell Chemical Company, United States, makes Bayer the world's biggest producer of raw materials for polyurethanes.

2001

On December 6, the company's management announces plans to establish independent operating subsidiaries under the umbrella of a management holding company.

2002

In June, Bayer acquires Aventis CropScience, making it a world leader in crop protection.

21<sup>ST</sup> CENTURY

2002

Bayer CropScience AG is launched in October as the first legally independent Bayer subgroup.



2003



In February, the World Health Organization (WHO) includes acetylsalicylic acid, the active ingredient in Aspirin<sup>TM</sup>, in its "List of essential medicines."

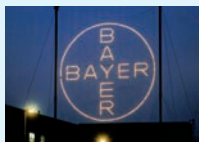


2003

In October, the subgroups Bayer Chemicals AG and Bayer HealthCare AG and the service company Bayer Technology Services GmbH gain legal independence as part of the reorganization of the Bayer Group. The subgroup Bayer MaterialScience AG and the service companies Bayer Business Services GmbH and Bayer Industry Services GmbH & Co. OHG (now Currenta GmbH & Co. OHG) follow in December.



2004



100 years of the Bayer Cross: In January the Bayer Group's world-famous trademark celebrates its centennial.



2004



In June, Bayer becomes the first private-sector partner to the United Nations Environment Programme (UNEP) in the area of youth and environment.



2005

In January, Bayer completes the acquisition of the Roche consumer health business, advancing to become one of the world's top three suppliers of non-prescription medicines.



2005

Lanxess AG is spun off from the Bayer Group on January 28. This company continues Bayer's chemicals business and parts of its polymers business.



2005

In December, the u.s. Food and Drug Administration approves sorafenib (tradename: Nexavar<sup>TM</sup>), an active ingredient jointly developed by Bayer HealthCare and Onyx Pharmaceuticals Inc., for the treatment of advanced renal cell carcinoma.



2006

In March, Bayer announces a public takeover offer for Schering\* AG, Berlin, Germany. In July, Bayer gains control of 92.4 percent of the approximately 191 million outstanding Schering\* shares. In December, Schering\* AG is officially renamed Bayer Schering Pharma\* AG. The company is headquartered in Berlin.



2007



In March it is announced that the BayArena stadium, home of German Bundesliga soccer team Bayer 04 Leverkusen, is to be modernized and enlarged to accommodate a crowd of over 30,000.



2007

Centennial celebration: the Bayer Archive has served as the company's "memory" since March 1907.



2007



In August Bayer hosts the Tunza International Youth Conference in Leverkusen, the first time this youth environmental summit has been held in central Europe. 180 young people from 85 countries debate global environmental issues.



2007

Centennial celebration: in September, the 100<sup>th</sup> season of the Bayer Cultural Affairs Department gets under way.



2007

November sees the launch of the integrated, Group-wide Bayer Climate Program. The aims of this program include reducing the company's CO<sub>2</sub> emissions.



2008



In June Bayer is presented with the 2008 Environmental Award in the category "Environmentally Friendly Technologies" by the Federation of German Industries (BDI). Use of the new oxygen depolarized cathode technology saves energy and reduces CO<sub>2</sub> emissions.



2008

In October the world's largest MDI production facility goes on stream in Shanghai.



2009



In November, Bayer implements its zero-emissions building concept for the first time with the opening of a children's daycare center in Monheim, Germany.



2009

In November, Bayer CropScience completes the acquisition of Athenix Corp., a privately held u.s. biotechnology company.



2009



In December, a Bayer team wins the German Future Prize for the development of the new anti-coagulant rivaroxaban (Xarelto<sup>TM</sup>).



2010

On October 1, Dr. Marijn Dekkers succeeds Werner Wenning as Chairman of the Board of Management of Bayer AG.



2011

In February, Bayer starts up the "Dream Production" pilot plant in Leverkusen to manufacture high-tech plastics using carbon dioxide.



2012

In March, Bayer receives approval from the Australian Therapeutic Goods Administration (TGA) for EYLEA<sup>TM</sup>, an eye medicine for the treatment of wet age-related macular degeneration.

\* The names "Bayer Schering Pharma" or "Schering" as used in this publication always refer to Bayer Schering Pharma AG, Berlin, Germany, or its predecessor, Schering AG, Berlin, Germany, respectively.

# Dialogue

Bayer places great importance on communication, regarding it as a company's duty to society and at the same time an essential tool for shaping its public image. Bayer seeks an open dialogue on people's questions and problems in order to ensure credibility, trust and acceptance.

## PRINT AND ONLINE PUBLICATIONS

Bayer AG issues a range of publications to keep the general public, employees and stockholders abreast of developments:

- **Annual Report**
- **Stockholders' Newsletter**
- **Sustainable Development Report**
- **research** (scientific magazine)
- **direkt** (newspaper for employees)

The "**Bayer magazine**" is a recently launched corporate publication in digital form, available as an app for tablets or in an online version, that provides multimedia insight into the Bayer world. A comprehensive overview of the Bayer Group and its global activities can be found on the company's Internet site at **WWW.BAYER.COM**, which includes an innovative **Podcast Center** with a range of video clips. Bayer also has its own pages on the main social networks. Further information about the subgroups and service companies is provided on their respective homepages.

## BAYKOMM

Another focus of the company's information offering is the Bayer Communication Center "BayKomm" in Leverkusen, which was opened in 1991. BayKomm features exhibition areas and numerous events devoted to specific subjects. Visitors can learn about Bayer's activities and acquaint themselves with a variety of scientific topics – from the development of new medicines and the safeguarding of global harvests to modern materials that contribute to climate protection. Also on offer are guided tours to the approximately 300 exhibits, experimental lectures and projects for school students.

In February 2010, a further "Baylab" laboratory for school-children was opened at BayKomm. This facility – the company's fourth Baylab – is designed to arouse the enthusiasm of children and young people for the world of science. The young visitors to the laboratory become research scientists for a day.

## Contacts

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## Internet addresses

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BayKomm	<a href="http://www.baykomm.bayer.com">www.baykomm.bayer.com</a>
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- 1 **EBIT** = operating result as shown in the income statement
- 2 **EBIT** before special items and **EBITDA** before special items are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company considers EBITDA before special items to be a more suitable indicator of operating performance since it is not affected by depreciation, amortization, impairments or special items. By reporting this indicator, the company aims to give readers a clearer picture of the results of operations and ensure greater comparability of data over time.
- 3 **EBITDA** = EBIT plus amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment, minus impairment loss reversals
- 4 The EBITDA margin before special items is calculated by dividing EBITDA before special items by sales.
- 5 Earnings per share as defined in IAS 33 = net income divided by the average number of shares
- 6 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.
- 7 **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.
- 8 **Net cash flow** = cash flow from operating activities according to IAS 7

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