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Ad-hoc-Announcement according to § 15 WpHG

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Bayer plans IPO for Covestro

Leverkusen, September 4, 2015

Bayer has taken the decision to proceed with an Initial Public Offering (IPO) of Covestro AG ("Covestro"), a world-leading polymers company formerly known as Bayer MaterialScience. Covestro will seek a listing in the regulated market segment (Prime Standard) of the Frankfurt Stock Exchange. The offering will consist solely of new shares issued by Covestro by way of a capital increase. They will be offered publicly in Germany and Luxembourg to private and institutional investors. Outside of these countries, shares will be offered by way of private placements. Subject to capital market conditions, Covestro's IPO is expected to be completed in the fourth quarter of 2015.

Covestro intends to use the proceeds from the IPO primarily to repay intercompany debt to Bayer and in this way to establish its target capital structure. With net debt including pension liabilities at 2.5 to 3.0 times adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) for fiscal 2015, Covestro is seeking an investment-grade credit rating.

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Forward-looking statements

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