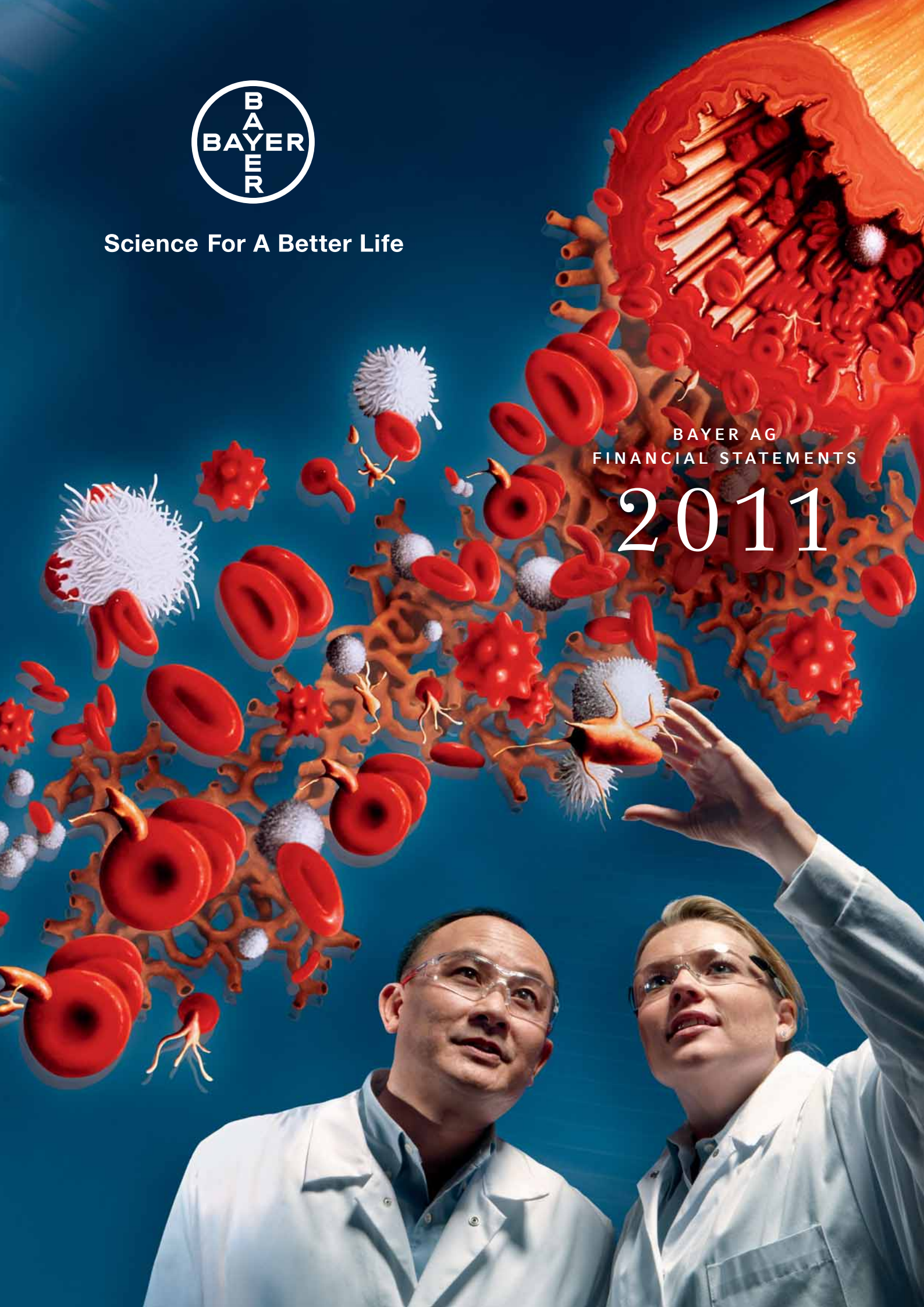




Science For A Better Life

BAYER AG
FINANCIAL STATEMENTS

2011



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, United States, with a simulation of blood cells.

The management report of Bayer AG is combined with the management report of the Bayer Group. The Combined Management Report is published in Bayer's Annual Report for 2011. The financial statements and the Combined Management Report of the Bayer Group and Bayer AG for fiscal 2011 have been submitted to the operator of the electronic Federal Gazette and are accessible via the Company Register website.

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Income Statements

| | Note | 2010 | 2011 |
|---|------|--------------|--------------|
| | | € million | € million |
| Income from investments in affiliated companies – net | [1] | 2,045 | 2,138 |
| Interest expense – net | [2] | (516) | (589) |
| Other non-operating income (expense) – net | [3] | 128 | 116 |
| Other operating income | [4] | 165 | 101 |
| General administration expenses | | (200) | (195) |
| Other operating expenses | [5] | (173) | (111) |
| Income before income taxes | | 1,449 | 1,460 |
| Income taxes | [6] | (204) | (335) |
| Net income | | 1,245 | 1,125 |
| (Allocation to) Withdrawal from retained earnings | | (5) | 239 |
| Distributable profit | | 1,240 | 1,364 |

Statements of Financial Position

| | Note | Dec. 31, 2010 | Dec. 31, 2011 |
|--|------|------------------|------------------|
| | | € million | € million |
| ASSETS | | | |
| Noncurrent assets | | | |
| Intangible assets | [12] | 20 | 16 |
| Property, plant and equipment | [13] | 327 | 9 |
| Investments | [14] | 34,267 | 35,006 |
| | | 34,614 | 35,031 |
| Current assets | | | |
| Receivables and other assets | | | |
| Trade accounts receivable | [15] | 24 | 13 |
| Receivables from subsidiaries | [16] | 2,040 | 462 |
| Other assets | [17] | 424 | 1,643 |
| | [18] | 2,488 | 2,118 |
| Marketable securities | [19] | 300 | 576 |
| Cash and cash equivalents | [20] | 1,831 | 623 |
| | | 4,619 | 3,317 |
| Deferred charges | [21] | 16 | 20 |
| Surplus from offsetting | [22] | . | 2 |
| | | 39,249 | 38,370 |
| EQUITY AND LIABILITIES | | | |
| Equity | [23] | | |
| Capital stock | | 2,117 | 2,117 |
| Capital reserves | | 6,176 | 6,176 |
| Other retained earnings | | 4,945 | 4,706 |
| Distributable profit | | 1,240 | 1,364 |
| | | 14,478 | 14,363 |
| Provisions | | | |
| Provisions for pensions and other post-employment benefits | [24] | 2,839 | 2,738 |
| Other provisions | [25] | 489 | 680 |
| | | 3,328 | 3,418 |
| Other liabilities | | | |
| Bonds and promissory notes | [26] | 5,837 | 5,187 |
| Liabilities to banks | | 5 | 3 |
| Trade accounts payable | [27] | 28 | 28 |
| Payables to subsidiaries | [28] | 15,149 | 15,043 |
| Miscellaneous liabilities | [29] | 422 | 328 |
| | [30] | 21,441 | 20,589 |
| Deferred income | | 2 | 0 |
| | | 39,249 | 38,370 |

Notes to the Financial Statements

Transfer of real estate assets

Effective January 1, 2011 virtually the entire real estate assets of Bayer AG were transferred to Bayer Real Estate GmbH, a wholly owned subsidiary of Bayer AG, in return for the granting of a new share in the company. The transfer was entered in the Commercial Register of Bayer AG on July 1, 2011.

The impact on the statement of financial position of Bayer AG was as follows:

| ASSETS | € million | EQUITY AND LIABILITIES | € million |
|--------------------------------------|-----------|------------------------|-----------|
| NONCURRENT ASSETS | | | |
| Property, plant and equipment | | | |
| Land and buildings | (318) | | |
| | | | |
| Investments | | | |
| Investments in subsidiaries | 319 | | |
| | 1 | | |
| | | | |
| CURRENT ASSETS | | | |
| Receivables and other assets | | | |
| Other assets | (3) | | |
| | (3) | | |
| | (2) | DEFERRED INCOME | (2) |
| | | | (2) |

Accounting Policies

The financial statements of Bayer AG are prepared in accordance with the German Commercial Code (HGB) and Stock Corporation Act (AktG).

Certain items in the income statement and statement of financial position are combined for the sake of clarity; they are explained in the Notes. Non-operating income and expenses whose disclosure is not covered by a mandatory item are reported under other non-operating income or expenses.

The income statement has been drawn up using the cost-of-sales method. In line with Bayer AG's role as a holding company, the summarized items of the non-operating result are presented first.

A declaration of compliance with the German Corporate Governance Code has been issued pursuant to Section 161 of the German Stock Corporation Act (AktG) and made permanently available to stockholders as part of the Declaration on Corporate Governance pursuant to Section 289a of the German Commercial Code (HGB). It can be downloaded from [HTTP://WWW.BAYER.COM/EN/CORPORATE-GOVERNANCE.ASPX](http://www.bayer.com/en/corporate-governance.aspx).

As in the previous year, the management report of Bayer AG has been combined with the management report of the Bayer Group in application of Section 315 Paragraph 3 of the German Commercial Code (HGB) in conjunction with Section 298 Paragraph 3 HGB.

Recognition and Valuation Principles

Intangible assets that have been acquired are recognized at cost and amortized on a straight-line basis over their estimated useful lives. Self-generated intangible assets are not capitalized.

Property, plant and equipment is carried at its cost of acquisition or construction less depreciation of assets that are subject to wear and tear. The straight-line method of depreciation is normally used. Movable assets that were already recognized as of December 31, 2007 are depreciated by the declining balance method at the maximum depreciation rates permitted, switching to the straight-line method as soon as this leads to higher annual depreciation. Depreciation is based on the following useful lives of property, plant and equipment:

Useful Life of Property, Plant and Equipment

| | |
|----------------------|----------------|
| Commercial buildings | 25 to 40 years |
| Vehicles | 5 years |
| Computer equipment | 3 to 4 years |

Assets that can be utilized separately and are subject to depletion are depreciated in full in the year of acquisition if their cost of acquisition or construction does not exceed €410. A different ruling applied for assets acquired or constructed in 2008 and 2009. These were depreciated in full in the year of acquisition if their cost of acquisition or construction did not exceed €150. Assets with an acquisition or construction cost of between €150 and €1,000 were aggregated annually in a single item, which was then depreciated over five years.

Write-downs are made for any declines in value that go beyond the depletion reflected in depreciation and are expected to be permanent.

The cost of construction of self-constructed property, plant and equipment comprises the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used in construction.

Investments in subsidiaries and affiliated companies are carried at cost, less write-downs for any decline in value that is expected to be permanent. Where the reasons for write-downs made in previous years no longer apply or only partially apply, the respective items are written up accordingly provided that the write-up does not cause the carrying amount to exceed the cost of acquisition.

Loans receivable that are interest-free or bear low rates of interest are carried at present value; other loans receivable are carried at nominal value. The loans also include profit-sharing capital granted to Bayer Pensionskasse VVaG, Leverkusen, Germany, and the latter's drawings on a retroactive contribution to its effective initial fund made available by Bayer AG.

Receivables and other assets are stated at nominal value, less any necessary write-downs for amounts that are unlikely to be recovered. Interest-free receivables, or receivables that bear low interest rates, that are due in more than one year are recognized at discounted value.

Marketable securities are shown at the lower of cost or market as of the closing date.

The amounts required to meet pension obligations and credit balances on employees' long-term work-time accounts are invested in segregated investment funds. They are administered on behalf of Bayer AG by Bayer Pension Trust e.V., Leverkusen, Germany, and are protected from other creditors. These amounts are recognized at fair value and offset against the underlying obligations. If the obligations exceed the assets, a provision is recorded. If the value of the securities exceeds the obligations, it is recorded in the statement of financial position as a surplus from offsetting.

Where the redemption value of liabilities exceeds their issue price, the difference is capitalized and amortized over the term of the liabilities.

Deferred taxes are calculated for temporary differences between the amounts of assets, liabilities and deferred income and charges in the commercial accounts and those prepared for tax purposes. As well as items reflected in its own statement of financial position, Bayer AG also includes those relating to subsidiaries with which it forms a fiscal entity for tax purposes and partnerships in which it holds an equity interest. In addition to temporary differences, tax loss carryforwards are taken into account. Deferred taxes are calculated on the basis of the combined income tax rate for the fiscal entity headed by Bayer AG, which is currently 31.34%. The combined income tax rate comprises corporate income tax, trade tax and the solidarity surcharge. In the case of partnerships, however, deferred taxes relating to temporary differences in the statement of financial position are calculated using a combined income tax rate that includes only corporate income tax and the solidarity surcharge. This currently amounts to 15.83%. Any resulting overall tax liability would be reflected in the statement of financial position as a deferred tax liability. In the event of a tax receivable, the corresponding option to recognize the deferred tax asset would not be used. In 2011 there was a deferred tax asset, which was accordingly not recognized in the statement of financial position.

Provisions for pensions and other post-employment benefits are computed using the projected unit credit method, based on the actuarial method that calculates biometric probability using the Heubeck 2005 G reference tables. Expected future salary and pension increases are taken into account. As in the previous year, we currently assume annual salary increases of 3.00% and also still assume annual pension increases of 1.75% p.a. Notwithstanding this, for pensions commitments granted since January 1, 2000, an annual pension rise of 1.00% is calculated as this is a firm commitment to the employees. The discount factor used for pension provisions was 5.14% as of December 31, 2011 (2010: 5.15%), which is the average market interest rate for the past seven years for instruments with an assumed remaining maturity of 15 years, as determined and published by the Deutsche Bundesbank.

Other provisions are established to cover all foreseeable risks and uncertain liabilities, based on reasonable estimates of the settlement amount. Future price and cost increases are taken into account where there are sufficient objective indications that such increases will most probably occur. Provisions maturing in more than one year are discounted using the average market interest rate of the past seven years, according to their remaining maturities.

Liabilities are recognized at the settlement amount as of the closing date. Noncurrent liabilities containing an interest component are discounted to present value using the average market interest rate of the past seven years, according to their remaining maturities.

Foreign currency receivables and liabilities, forward exchange contracts and other currency derivatives are recognized using the limited mark-to-market method. For this purpose, foreign currency receivables and payables are valued using spot rates on the closing date while the fair value of the corresponding currency derivatives on the closing date is determined. Unrealized gains and losses are then offset in

each currency using the net hedge presentation method. Provisions are set up for any net unrealizable losses; net unrealizable gains are only recognized if they relate to receivables and liabilities with a remaining maturity of up to one year.

Cash and cash equivalents and bank balances held in foreign currencies are translated at the average exchange rate on the closing date of the financial statements.

Contingent liabilities arising from sureties and debt guarantees are shown at the amounts equivalent to the loans or commitments actually outstanding as of the closing date.

Notes to the Income Statements

(1) Income from investments in affiliated companies – net

Income from Investments in Affiliated Companies – Net

| | 2010 | 2011 |
|---|--------------|--------------|
| | € million | € million |
| Dividends and similar income | | |
| • of which €76 million (2010: €137 million) from subsidiaries | 137 | 76 |
| Income from profit and loss transfer agreements with subsidiaries | 2,221 | 2,255 |
| Expenses from profit and loss transfer agreements with subsidiaries | (266) | (264) |
| Write-downs of investments in affiliated companies | (107) | (31) |
| Write-ups of investments in affiliated companies | 60 | 96 |
| Gains from the sale of investments in affiliated companies | - | 6 |
| | 2,045 | 2,138 |

Details of the income and losses from investments in affiliated companies are given in the Combined Management Report of Bayer AG and the Bayer Group.

Write-downs of investments in affiliated companies in 2011 principally comprised €21 million relating to zao Bayer, Russian Federation, and €9 million relating to Bayer MaterialScience Private Limited, India. The write-downs in the previous year mainly comprised €96 million relating to Bayer S.A.S., France, and €10 million relating to Bayer MaterialScience Private Limited, India. The write-up of €96 million in 2011 related to Bayer S.A.S., France, while the write-up of €60 million in the previous year related to Bayer Technology Services GmbH.

(2) Interest expense – net

Interest Expense – Net

| | 2010 | 2011 |
|---|--------------|--------------|
| | € million | € million |
| Other interest and similar income | | |
| • of which €98 million (2010: €77 million) from subsidiaries | 457 | 450 |
| Interest and similar expenses | | |
| • of which €(392) million (2010: €(211) million) to subsidiaries | (802) | (894) |
| Interest portion of pension and other noncurrent personnel-related provisions (net) | (171) | (145) |
| | (516) | (589) |

Details of the net interest position are given in the Combined Management Report of Bayer AG and the Bayer Group.

Expenses for the interest portion of pension and other noncurrent personnel-related provisions comprised the net expenses after offsetting income from the assets held by Bayer Pension Trust e.V., Leverkusen, Germany, and the impact of the change in the discount rate. The assets held by Bayer Pension Trust serve the sole purpose of meeting obligations relating to pensions and credit balances on employees' long-term worktime accounts. They are protected from other creditors.

Income from investment of these assets was offset against the interest portion of the corresponding provisions as follows:

Netting of the Interest Portion of Pension and Personnel-Related Provisions with Income from Plan Assets

| | 2010 | 2011 |
|---|----------------|----------------|
| | € million | € million |
| Interest portion of pension and other noncurrent personnel-related provisions and from changes in the discount rate (gross) | (171.2) | (145.3) |
| Income from assets held by Bayer Pension Trust | (0.1) | 0.2 |
| Interest portion of pension and other noncurrent personnel-related provisions (net) | (171.3) | (145.1) |

(3) Other non-operating income (expense) – net

Other Non-Operating Income (Expense) – Net

| | 2010 | 2011 |
|---|------------|------------|
| | € million | € million |
| Changes in provisions for pensions and other noncurrent personnel-related provisions (excluding interest portion) | (6) | (1) |
| Allocation to pension provisions assigned to subsidiaries | 144 | 121 |
| Expenses from currency translation | | |
| - Realized exchange losses | (2,039) | (1,653) |
| - Unrealized expenses from valuation | (14) | - |
| Income from currency translation | | |
| - Realized exchange gains | 2,038 | 1,649 |
| - Unrealized income from valuation | - | - |
| Miscellaneous non-operating expenses | (3) | (13) |
| Miscellaneous non-operating income | 8 | 13 |
| | 128 | 116 |

The interest portion of allocations to pension and other noncurrent personnel-related provisions is included in interest expense. Other non-operating income and expense contains further changes in pension provisions, not related to the interest portion, pertaining to former employees of Bayer AG who retired before the hive-down of the business areas and service areas (effective date: July 1, 2002) or who left the company before then and have vested pension rights. Changes of this kind occur in the event of changes in actuarial valuation parameters.

The expenses for allocations to the above provisions for employees who retired or left the company before July 1, 2002 are reimbursed by the subsidiaries on a pro-rata basis under the respective carve-out agreements.

Of the miscellaneous non-operating expenses, €8 million (2010: €3 million) comprised bank charges and €2 million (2010: 0) comprised losses on the sale of marketable securities. Miscellaneous non-operating income included €4 million (2010: €6 million) from fees for guarantees.

(4) Other operating income

Other operating income comprised:

Other Operating Income

| | 2010 | 2011 |
|--|------------|------------|
| | € million | € million |
| Income from the leasing of real estate | 83 | 14 |
| Income from the provision of services | 74 | 73 |
| Reversals of unutilized provisions | 1 | 1 |
| Miscellaneous income | 7 | 13 |
| | 165 | 101 |

Until 2010, Bayer AG derived income from real estate owned by Bayer AG and leased to Bayer Real Estate GmbH, which subleased it to the operating subgroups and service companies in the Bayer Group. Following the transfer of the real estate assets effective January 1, 2011, Bayer AG no longer derives income from the leasing of real estate: Bayer Real Estate GmbH now acts as lessor of its own real estate holdings in its relationship with the subgroups and service companies. The corresponding expense items in the prior year principally comprised depreciation of the real estate assets, which was included in other operating expenses. The amount of €14 million shown as income from the leasing of real estate in 2011 comprised land tax paid by Bayer AG and reimbursed by Bayer Real Estate GmbH.

Income from the provision of services related to those provided by the Corporate Center departments of Bayer AG, mainly to subsidiaries. The expenses incurred in rendering these services were reflected in other operating expenses.

(5) Other operating expenses

Other operating expenses comprised:

Other Operating Expenses

| | 2010 | 2011 |
|--|------------|------------|
| | € million | € million |
| Expenses in connection with the leasing of real estate | 65 | 15 |
| Expenses for the provision of services | 56 | 73 |
| Expenses for corporate advertising | 11 | 14 |
| Write-downs of buildings | 27 | - |
| Miscellaneous expenses | 14 | 9 |
| | 173 | 111 |

In 2010, the expenses in connection with the leasing of real estate mainly comprised depreciation of leased real estate. Following the transfer of the real estate assets to Bayer Real Estate GmbH, the depreciation is no longer incurred. The remaining amount of €15 million comprises land taxes paid by Bayer AG, the majority of which were reimbursed by Bayer Real Estate GmbH.

(6) Income taxes

The taxes reflected here are corporate income tax, trade tax, the solidarity surcharge and income taxes paid outside Germany.

Deferred taxes are not included in this item. As of December 31, 2011, Bayer AG expected a future tax refund of €266 million from temporary differences relating to its own financial statements and those of companies that form a fiscal entity with Bayer AG and partnerships. The corresponding expectation of a €256 million refund as of year-end 2010 also included income from tax loss carryforwards, which has since been realized. This is calculated using a combined income tax rate of 31.34% (2010: 31.27%) (Bayer AG and companies comprising a fiscal entity with Bayer AG) or 15.83% (2010: 15.83%) (equity stakes in partnerships; here the tax rate only includes corporate income tax and the solidarity surcharge).

Deferred tax liabilities principally arise from different valuations of assets in the financial statements prepared for commercial and tax purposes. Deferred tax assets mainly related to the higher valuation of pension obligations in the commercial financial statements than in those prepared for tax purposes. Other deferred tax assets result from provisions that are non tax-deductible, for example provisions for anticipated losses and pre-retirement leave, and from differences in the measurement of, for example, provisions for part-time working by older employees and long-service anniversaries. In the previous year there was also a deferred tax asset relating to unused tax loss carryforwards. Overall, deferred tax assets are far higher than deferred tax liabilities. As permitted by the option in Section 274 Paragraph 1 Sentence 2 HGB, deferred tax assets for this are not recognized in the financial statements.

(7) Other taxes

Where other taxes can be allocated to general administration expenses they are assigned to the corresponding functional cost item. In other cases, they are assigned to other operating expenses. Other taxes totaled €14 million, as in the previous year.

(8) Cost of materials

Cost of Materials

| | 2010 | 2011 |
|---|-----------|-----------|
| | € million | € million |
| Expenses for raw materials, supplies and goods purchased for resale | 3 | 3 |
| Expenses for purchased services | 2 | 4 |
| | 5 | 7 |

(9) Personnel expenses/Employees

Personnel Expenses

| | 2010 | 2011 |
|--------------------|-----------|-----------|
| | € million | € million |
| Wages and salaries | 95 | 94 |
| Social expenses | 8 | 8 |
| Pension expenses | 16 | 9 |
| | 119 | 111 |

The personnel expenses shown here do not contain the interest portion of the allocation to personnel-related provisions, especially pension provisions, which is included in net interest expense.

The average number of employees at Bayer AG was 675 in 2011 (2010: 677). Part-time employees are included in this figure on a pro-rated basis.

(10) Stock-based compensation

As an additional compensation component, Bayer AG offers its employees long-term stock-based compensation programs. Different collective programs are offered to different groups of employees.

The "Aspire" program for members of the Board of Management, other senior executives and middle managers comprises two variants. In addition, all management levels and non-managerial employees are offered the BayShare stock participation program, which is set manually by the Board of Management.

Further, in 2002 through 2004, Bayer offered middle managers a Stock Incentive Program, running for 10 years, and a Stock Participation Program for junior managers and non-managerial employees.

Provisions are recorded for all obligations existing under the stock-based compensation programs at the closing date. The amount of such provisions is based on the fair value of the obligations and the proportion of the total duration of the respective program that has elapsed since its introduction. Allocations to provisions are expensed.

The fair value of obligations under the stock-based compensation programs has been calculated by the Monte Carlo simulation method using the following key parameters:

Parameters Used to Determine Fair Value

| | 2010 | 2011 |
|---|--------|--------|
| Dividend yield | 2.69% | 3.38% |
| Risk-free interest rate, 3 years | 1.12% | 0.32% |
| Risk-free interest rate, 4 years | 1.50% | 0.56% |
| Volatility of Bayer shares | 34.43% | 29.77% |
| Volatility of the Dow Jones EURO STOXX 50 | 31.09% | 26.85% |
| Correlation between the Bayer share price and Dow Jones EURO STOXX 50 | 0.69 | 0.68 |

ASPIRE I

To participate in Aspire I, members of the Board of Management and other senior executives are required to purchase a certain number of Bayer shares that is predetermined according to specific guidelines and to retain them for the full term of the program. A percentage of the executive's annual base salary – based on his/her position – is defined as a target for variable payments (Aspire target opportunity). At the end of each tranche of this program, participants receive a certain percentage of their target opportunity expressed in monetary terms. The amount depends on the price performance of Bayer stock, both in absolute terms and relative to the Dow Jones EURO STOXX 50. For the Aspire tranches up to 2009, this was limited to a maximum of 200%. Each of these tranches has a three-year performance period. This program was modified as from 2010: the ceiling for awards from the new tranches is now 300% and each tranche runs for four years. As a transition arrangement, in 2010 a final tranche was issued on the old conditions, but for only half the previous volume.

The 2008 Aspire tranche expired at the start of 2011 with participants receiving 45% of their target opportunities. The 2009 tranche expired at the end of 2011. The payment of 170% of the target opportunity was made at the beginning of 2012.

ASPIRE II

Other senior managers are offered Aspire II, a variant of Aspire I that does not require a personal investment in Bayer shares. In this case the amount of the award is based entirely on the absolute performance of Bayer stock. For the tranches issued until 2009, the maximum payment is 150% of each manager's Aspire target opportunity. For the new tranches it is 250%.

The performance required for payment under the 2008 tranche of this program was not achieved. Consequently this tranche expired without any payment being made. The 2009 tranche expired at the end of 2011. The payment of 120% of the target opportunity was made at the beginning of 2012.

BAYSHARE

Under the BayShare program, Bayer subsidizes eligible employees' personal investments in Bayer stock. The discount under this program is set separately each year. In 2011 it was 20% of the subscription amount, as in the previous year. The maximum subscription amount was set at €2,500 or €5,000, depending on the employee's position. The shares thus acquired are held in a special share deposit account and must be retained until December 31 of the year following the year of purchase.

STOCK INCENTIVE PROGRAM

Participants in this program receive a cash payment equivalent to a defined number of Bayer shares on certain dates during the ten-year duration of the program. For every ten shares held in a special account (personal investment), they receive the cash equivalent of two shares after two years, and the cash equivalent of a further four shares after six and ten years respectively. To qualify for these payments, they must still hold the personal investment on the incentive payment dates and the percentage rise in the price of Bayer stock by the payment date must be above the performance of the Dow Jones EURO STOXX 50 since the start of the program. Shares sold during the term of the program do not qualify for incentive payments on subsequent distribution dates. The number of shares that each employee could transfer to the program was equivalent to half of their performance-related bonus for the preceding fiscal year.

STOCK PARTICIPATION PROGRAM

The structure of this program is similar to the Stock Incentive Program. However, the incentive payments are based exclusively on the period for which employees hold their personal investment in Bayer shares. Incentive payments are half those allocated under the Stock Incentive Program. After two years, participants are entitled to receive the cash equivalent of one Bayer share for every ten shares held. After six and again after ten years they are entitled to receive the cash equivalent of two Bayer shares on each occasion.

In 2011 Bayer AG spent €3 million (2010: €4 million) on stock-based compensation programs. This amount is reflected in personnel expenses. Provisions for these programs amounted to €8 million as of December 31, 2011 (2010: €6 million).

(11) Valuation write-downs

In 2011 write-downs of €30 million were made to reflect declines in the value of shares in subsidiaries that were expected to be permanent. In 2010 the corresponding write-downs comprised €106 million on shares in subsidiaries and €27 million on buildings.

Notes to the Statements of Financial Position

(12) Intangible assets

Intangible Assets

| | Acquired concessions, industrial property rights, similar rights and assets and licenses thereunder |
|--|---|
| | € million |
| Gross carrying amounts, Dec. 31, 2010 | 42 |
| Gross carrying amounts, Dec. 31, 2011 | 42 |
| Accumulated amortization and write-downs, Dec. 31, 2010 | 22 |
| Amortization and write-downs 2011 | 4 |
| Accumulated amortization and write-downs, Dec. 31, 2011 | 26 |
| Net carrying amounts, Dec. 31, 2011 | 16 |
| Net carrying amounts, Dec. 31, 2010 | 20 |

(13) Property, plant and equipment

Property, Plant and Equipment

| | Land and buildings | Furniture, fixtures and other equipment | Advance payments made | Total |
|--|--------------------|---|-----------------------|------------|
| | € million | € million | € million | € million |
| Gross carrying amounts, Dec. 31, 2010 | 2,096 | 15 | 1 | 2,112 |
| Retirements | (2,005) | (1) | - | (2,006) |
| Transfers | - | 1 | (1) | - |
| Gross carrying amounts, Dec. 31, 2011 | 91 | 15 | - | 106 |
| Accumulated depreciation and write-downs, Dec. 31, 2010 | 1,778 | 7 | - | 1,785 |
| Depreciation and write-downs 2011 | - | 1 | - | 1 |
| Retirements | (1,688) | (1) | - | (1,689) |
| Accumulated depreciation and write-downs, Dec. 31, 2011 | 90 | 7 | - | 97 |
| Net carrying amounts, Dec. 31, 2011 | 1 | 8 | - | 9 |
| Net carrying amounts, Dec. 31, 2010 | 318 | 8 | 1 | 327 |

(14) Investments

Investments

| | Investments in subsidiaries | Investments in other affiliated companies | Other loans | Total |
|---|--------------------------------|--|-------------|---------------|
| | € million | € million | € million | € million |
| Gross carrying amounts, Dec. 31, 2010 | 33,828 | 69 | 565 | 34,462 |
| Additions | 1,865 | - | 185 | 2,050 |
| Retirements | (1,376) | - | (1) | (1,377) |
| Gross carrying amounts, Dec. 31, 2011 | 34,317 | 69 | 749 | 35,135 |
| Accumulated write-downs, Dec. 31, 2010 | 126 | 68 | 1 | 195 |
| Write-downs in 2011 | 30 | - | - | 30 |
| Write-ups | (96) | - | - | (96) |
| Accumulated write-downs, Dec. 31, 2011 | 60 | 68 | 1 | 129 |
| Net carrying amounts, Dec. 31, 2011 | 34,257 | 1 | 748 | 35,006 |
| Net carrying amounts, Dec. 31, 2010 | 33,702 | 1 | 564 | 34,267 |

In 2011 seven foreign subsidiaries were transferred to Bayer Global Investments B.V., Netherlands. This resulted in additions to and retirements from investments in subsidiaries amounting to €276 million in each case. The shares in Bayer Global Investments B.V., in turn, were transferred to Bayer Gesellschaft für Beteiligungen mbH, which led to further additions and retirements of €607 million in each case. As a result of the merger of Bayfin GmbH into Bayer Antwerpen n.v., Belgium, additions and retirements of €238 million were recorded. The restructuring of our shareholdings in Chile resulted in additions to subsidiaries of €327 million and retirements of €177 million. The acquisition of Bomac Industries Limited and Bomac Research Limited of New Zealand and their subsequent transfer within the Bayer Group resulted in additions and retirements of €73 million in each case. Effective January 1, 2011 virtually all of Bayer AG's real estate assets were transferred to its wholly owned subsidiary Bayer Real Estate GmbH as a contribution in kind. This resulted in an addition of €319 million. Further additions were attributable to capital contributions of €20 million at Pandias Re AG, Luxembourg, and €5 million at Bayer (China) Limited, China. Retirements included €4 million relating to a capital repayment by Bayer S.A.S., France, and €1 million for the intra-Group divestment of Bayer SA, Uruguay.

The write-down of €30 million on investments in subsidiaries made in 2011 comprised €21 million relating to ZAO Bayer, Russian Federation, and €9 million relating to Bayer MaterialScience Private Limited, India. The write-up of €96 million related to the investment in Bayer S.A.S., France.

A list of Bayer AG's direct and indirect holdings can be found in Note 37 and forms part of these Notes.

In 2008 Bayer AG established a repayable "effective initial fund" of €800 million for Bayer-Pensionskasse VVaG. A €185 million tranche of this was drawn in 2011. A total of €595 million of the effective initial fund has now been drawn. Since the loans made by the effective initial fund are interest-bearing, they are contained in other loans.

(15) Trade accounts receivable

Trade Accounts Receivable

| | Dec. 31, 2010 | Dec. 31, 2011 |
|--|---------------|---------------|
| | € million | € million |
| Accounts receivable from subsidiaries | 21 | 11 |
| Accounts receivable from other customers | 3 | 2 |
| | 24 | 13 |

(16) Accounts receivable from subsidiaries

Accounts receivable from subsidiaries mainly comprise financial receivables, for example, in connection with loans or overnight funds, and receivables relating to profit transfers from subsidiaries that form a fiscal entity with Bayer AG.

(17) Other assets

The other assets include €160 million (2010: €147 million) for assets which only arose from a legal viewpoint after year end. These were almost exclusively accrued interest totaling €158 million (2010: €145 million). Further, other assets contain €132 million (2010: €104 million) in claims for tax refunds, €1,309 million (2010: €109 million) in current receivables from loans, €17 million (2010: €40 million) in premiums paid to conclude options transactions, and a large number of other items such as payroll receivables, advance payments and amounts that cannot yet be invoiced.

(18) Receivables and other assets maturing in more than one year

Total receivables and other assets amounting to €2,118 million (2010: €2,488 million) included €91 million (2010: €104 million) due in more than one year. Of this total, €72 million (2010: €87 million) comprises receivables from subsidiaries and €19 million (2010: €17 million) comprises other assets.

(19) Securities

The securities recognized as of December 31, 2011 comprised €450 million in units in money market funds and €126 million for a zero-bond issued by the German government due within a short period.

(20) Cash and cash equivalents

Cash and cash equivalents include €1 million (2010: €29 million) to settle civil law compensation claims relating to antitrust violations in the fields of rubber, polyester polyols and urethanes in Canada. Bayer has placed this amount in an escrow account administered in Canada pending acceptance or judicial confirmation of the settlements offered.

(21) Deferred charges

Deferred charges as of December 31, 2011 include unamortized discounts totaling €9 million pertaining to bonds issued by Bayer AG between 2002 and 2008. The amount of €13 million recognized at the beginning of the year was diminished during the year by amortization of €4 million.

The remaining deferred charges are fees for credit lines, prepaid premiums for business insurance and other accrued charges.

(22) Surplus from offsetting

Obligations relating to credit balances on employees' long-term worktime accounts and pension commitments arising from salary conversion programs (deferred compensation) are secured by assets invested with Bayer Pension Trust e.V., Leverkusen, through a contractual trust arrangement. These assets may only be used for the purpose of meeting these obligations and are protected from other creditors. They were offset against the underlying obligations. This offset resulted in a positive difference of €2.3 million, of which €0.2 million relates to obligations arising from long-term worktime accounts and €2.1 million to obligations under deferred compensation programs.

Surplus from Offsetting

| | Dec. 31, 2010 | Dec. 31, 2011 |
|---|---------------|---------------|
| | € million | € million |
| Settlement value of obligations relating to credit balances on employees' long-term worktime accounts | 1.3 | 1.5 |
| Fair value of assets invested with Bayer Pension Trust | 1.4 | 1.7 |
| Differences between assets and obligations relating to long-term worktime accounts (surplus from offsetting) | 0.1 | 0.2 |
| Acquisition cost of assets invested with Bayer Pension Trust | 1.4 | 1.7 |

| | Dec. 31, 2010* | Dec. 31, 2011 |
|---|----------------|---------------|
| | € million | € million |
| Settlement value of deferred compensation obligations | - | 45.6 |
| Fair value of assets invested with Bayer Pension Trust | - | 47.7 |
| Differences between assets and obligations relating to deferred compensation (surplus from offsetting) | - | 2.1 |
| Acquisition cost of assets invested with Bayer Pension Trust | - | 46.9 |

* Obligations were underfunded in 2010; net obligation was reflected in pension provisions.

The assets invested with Bayer Pension Trust principally comprise units held in a segregated investment fund and, to a small extent, in bank balances. In the case of fund units, the fair value shown in the above table was derived from the stock market price of the fund assets on the balance-sheet date.

(23) Equity

The changes in equity during 2011 are shown in the following table:

| Equity | | | | |
|-------------------------|------------------|----------------------|---------------|------------------|
| | Dec. 31, 2010 | Dividend for 2010 | Net income | Dec. 31, 2011 |
| | € million | € million | € million | € million |
| Capital stock | 2,117 | - | - | 2,117 |
| Capital reserve | 6,176 | - | - | 6,176 |
| Other retained earnings | 4,945 | - | (239) | 4,706 |
| Distributable profit | 1,240 | (1,240) | 1,364 | 1,364 |
| | 14,478 | (1,240) | 1,125 | 14,363 |

The capital stock of Bayer AG was unchanged from the previous year and amounted to €2,116,986,388.48, divided into 826,947,808 registered shares and fully paid in. Each share confers one voting right.

Authorized capital of €530,000,000 was approved by the Annual Stockholders' Meeting on April 30, 2010. It expires on April 29, 2015. It can be used to increase the capital stock by issuing new no-par registered shares against cash contributions and/or contributions in kind, but capital increases against contributions in kind may not exceed a total of €423,397,120 (Authorized Capital I). Stockholders must normally be granted subscription rights. However, subject to the approval of the Supervisory Board, the Board of Management is authorized to exclude subscription rights for the stockholders with respect to any excess shares remaining after rights have been allocated (fractional amounts) and also to the extent necessary to grant subscription rights for new shares to holders of bonds with optional or mandatory warrants or conversion rights issued by Bayer AG or its Group companies who would be entitled to subscription rights upon the exercise of such optional or mandatory warrants or conversion rights. In addition, the Board of Management is authorized to exclude stockholders' subscription rights, subject to the approval of the Supervisory Board, in cases where an increase in capital against contributions in kind is carried out for the purpose of acquiring companies, parts of companies, participating interests in companies or other assets. The amount of capital stock represented by shares issued in the above cases against cash contributions and/or contributions in kind without granting subscription rights to the stockholders must not exceed a total of 20% of the capital stock that existed on the date the authorized capital was approved by the Annual Stockholders' Meeting.

Further authorized capital was also approved at the Annual Stockholders' Meeting on April 30, 2010. The Board of Management is authorized until April 29, 2015 to increase the capital stock, subject to the approval of the Supervisory Board, by a total amount of up to €211,698,560 by issuing new no-par registered shares against cash contributions (Authorized Capital II). Under the resolution adopted by the Annual Stockholders' Meeting, stockholders must normally be granted subscription rights. However, the Board of Management is authorized to exclude subscription rights for stockholders with respect to one or more capital increases out of the Authorized Capital II, subject to the approval of the Supervisory Board, provided that such capital increase or the total of such capital increases does not exceed 10% of the capital stock existing at the time this authorization becomes effective or the time it is exercised, for purposes of issuing new shares against cash contributions at a price that is not significantly below the

market price of the company's shares of the same category that are already listed on the stock exchange on the date the issue price is finally determined. Any treasury shares acquired on the basis of an authorization of the Stockholders' Meeting and sold pursuant to Section 71 Paragraph 1 No. 8 Sentence 5 of the German Stock Corporation Act (AktG) in conjunction with Section 186 Paragraph 3 Sentence 4 AktG during the term of this authorization shall count toward the above 10% limit. Shares issued or to be issued to service bonds with optional or mandatory warrants or conversion rights shall also count toward this limit where such bonds were issued during the term of this authorization and stockholders' subscription rights were excluded by application of Section 186 Paragraph 3 Sentence 4 AktG.

Neither of these authorized capital amounts has been utilized so far.

The Annual Stockholders' Meeting on April 30, 2010 approved the creation of Conditional Capital 2010, authorizing a conditional increase of up to €211,698,560 in the capital stock through the issuance of up to 82,694,750 shares. This conditional capital increase may be used to grant registered shares to the holders of warrant bonds, convertible bonds, jouissance rights (Genussrechte) or profit participation bonds (or combinations of these instruments) with optional or mandatory warrants or conversion rights, issued by Bayer AG or a Group company in which Bayer AG holds a direct or indirect interest of at least 90% on or before April 29, 2015 in accordance with authorizations granted by the Annual Stockholders' Meeting of April 30, 2010. The authorization to issue such instruments is limited to a total nominal amount of €6 billion. In principle, stockholders have a statutory right to be granted subscription rights to such instruments. However, the Board of Management is authorized to exclude subscription rights, subject to the approval of the Supervisory Board, if the instruments are issued at a price that is not significantly below the market price. The limit of 10% of the capital stock for the exclusion of stockholders' subscription rights in analogous application of Section 186 Paragraph 3 Sentence 4 AktG may not be exceeded. Both shares and other such instruments shall count toward this limit if they were issued without granting subscription rights to the stockholders in direct or analogous application of Section 186 Paragraph 3 Sentence 4 AktG.

Absent a further resolution of the Annual Stockholders' Meeting on the exclusion of stockholders' subscription rights, the Board of Management will only use the existing authorizations to increase the capital stock out of the Authorized Capital or the Conditional Capital – without granting subscription rights to the stockholders – up to a total amount of 20% of the capital stock that existed when the respective resolutions were adopted by the Annual Stockholders' Meeting on April 30, 2010. This 20% limit includes all issuances or sales of shares or of bonds with optional or mandatory warrants or conversion rights that are effected without granting subscription rights to the stockholders.

INFORMATION ON AMOUNTS BARRED FROM DISTRIBUTION PURSUANT TO SECTION 268 PARAGRAPH 8 GERMAN COMMERCIAL CODE (HGB)

To secure pension obligations and credit balances on employees' long-term accounts, funds have been transferred to Bayer Pension Trust e.V., Leverkusen, Germany, under a contractual trust arrangement. They are measured at fair value. Their fair value on the closing date was €50.3 million, which was €0.9 million above the acquisition costs of €49.4 million. Since Bayer AG has freely available retained earnings amounting to €4,706 million, there is no restriction on the use of the distributable profit of €1,364 million.

NOTIFICATIONS OF DIRECT AND INDIRECT STOCKHOLDINGS PURSUANT TO SECTION 21 PARAGRAPH 1 SECURITIES TRADING ACT (WPHG)

Between the start of the fiscal year and the preparation of the financial statements, we received the following notifications of stockholdings in Bayer AG pursuant to Section 21 Paragraph 1 of the German Securities Trading Act (WpHG). In cases where stockholdings reached, exceeded or fell below the thresholds set out in this legislation on several occasions, only the most recent notification is mentioned:

- On June 28, 2011 Société Générale S.A., Paris, France, notified us pursuant to Section 21 Paragraph 1 WpHG of the following :

The voting rights of Société Générale S.A. in Bayer AG dropped below the 3% threshold on June 24, 2011 and, on that date, amounted to 2.76% (22,838,483 voting rights). Société Générale S.A. directly holds 0.23% of the voting rights and 2.53% are attributable to it pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 WpHG.

- On June 16, 2011 Lyxor International Asset Management S.A., Paris, France, notified us pursuant to Section 21 Paragraph 1 WpHG of the following:

The voting rights of Lyxor International Asset Management S.A. in Bayer AG dropped below the 3% threshold on June 14, 2011 and, on that date, amounted to 2.95% (24,398,249 voting rights). All of these voting rights are attributable to Lyxor International Asset Management S.A. pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 WpHG.

- On June 7, 2011 EuroPacific Growth Fund, Inc., Los Angeles, U.S.A., notified us pursuant to Section 21 Paragraph 1 WpHG of the following:

On June 3, 2011 the stake held by EuroPacific Growth Fund, Inc., in the voting rights of Bayer AG, Leverkusen, dropped below the 3% threshold. On that date EuroPacific Growth Fund, Inc. held 2.96% (24,495,083 ordinary shares) of the total voting rights in Bayer AG.

- On January 31, 2011 Capital World Growth and Income Fund, Inc., Los Angeles, U.S.A., notified us pursuant to Section 21 Paragraph 1 WpHG of the following:

On January 26, 2011 the stake held by Capital World Growth and Income Fund, Inc., in the voting rights of Bayer AG, Leverkusen, dropped below the 3% threshold. On that date Capital World Growth and Income Fund, Inc. held 2.95% (24,353,000 ordinary shares) of the total voting rights in Bayer AG.

In addition to the above the notifications, in previous years we received further notifications pursuant to Section 21 Paragraph 1 WpHG relating to the existence of a stake of at least 3% in the voting rights of Bayer AG, and have not currently received notification of any change.

On September 10, 2010, BlackRock, Inc., New York, U.S.A., notified us that its voting rights in Bayer AG exceeded the 5% threshold on September 6, 2010 and amounted on that date to 5.03% (41,569,101 voting rights). All of these voting rights were attributable to BlackRock, Inc., pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 WpHG.

On December 1, 2009 Capital Research and Management Company, Los Angeles, U.S.A., notified us that its voting rights had dropped below the 10% threshold on November 26, 2009 and, on that date, amounted to 9.97% (82,483,440 voting rights). These voting rights were attributable to Capital Research and Management Company pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 WpHG. Of this 9.97% of the voting rights, 4.16% (corresponding to 34,400,827 voting rights) were held by EuroPacific Growth Fund, Los Angeles, U.S.A., a stockholder who therefore held 3% or more of the voting rights of Bayer AG.

(24) Provisions for pensions and other post-employment benefits

This item includes provisions for current and future pension entitlements.

It also includes commitments to former employees of the business areas and service areas hived down into separate legal entities who retired before July 1, 2002 or who left the company before this date and have vested pension rights. The respective companies reimburse Bayer AG for these expenses.

This item also includes commitments entered into under early retirement agreements.

Some obligations arising from pension commitments are secured by assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, under a contractual trust arrangement. These assets may only be used for the purpose of meeting pension obligations and are protected from other creditors. They were offset against the underlying obligations. The assets principally comprise units held in a segregated investment fund and, to a small extent, in bank balances. In the case of fund units, the fair value shown in the table below was derived from the stock market price of the fund assets on the balance-sheet date.

Provisions for Pensions and Other Post-Employment Benefits

| | Dec. 31, 2010 | Dec. 31, 2011 |
|---|----------------|----------------|
| | € million | € million |
| Settlement value of pensions and other post-employment benefit obligations | 2,845.3 | 2,738.5 |
| Fair value of assets invested with Bayer Pension Trust | 6.5 | 0.9 |
| Net value of pension and other post-employment benefit obligations (provision) | 2,838.8 | 2,737.6 |
| Acquisition cost of assets invested with Bayer Pension Trust | 6.1 | 0.8 |

(25) Other provisions

Other Provisions

| | Dec. 31, 2010 | Dec. 31, 2011 |
|--------------------------|---------------|---------------|
| | € million | € million |
| Provisions for taxes | 294 | 486 |
| Miscellaneous provisions | 195 | 194 |
| | 489 | 680 |

Miscellaneous provisions include amounts for environmental protection measures, vacations, part-time working by older employees, annual bonuses, long-service awards to employees, the costs of preparing and auditing the annual financial statements, and other uncertain liabilities. It also includes anticipated losses, for example on foreign exchange derivatives.

As of December 31, 2011, provisions of €45 million (2010: €43 million) existed for commitments arising from civil law compensation proceedings relating to antitrust violations in the fields of rubber, polyester polyols and urethanes, mainly in Europe and Canada.

(26) Bonds and promissory notes

In addition to promissory notes totaling €370 million (2010: €620 million), bonds with a nominal value of €4,817 million (2010: €5,217 million) had been issued as of December 31, 2011. They comprised:

Bonds and Promissory Notes

| | Nominal value | Stated rate % | Effective rate % | Dec. 31, 2010 | Dec. 31, 2011 |
|--------------------------------|-------------------|---------------|------------------|---------------|---------------|
| | | % | % | € million | € million |
| EMTN bond 2002/2012 | EUR 2,000 million | 6.000 | 6.075 | 2,000 | 2,000 |
| EMTN bond 2006/2013 | EUR 1,000 million | 4.500 | 4.621 | 1,000 | 1,000 |
| EMTN bond 2006/2018 | GBP 250 million | 5.625 | 5.774 | 369 | 369 |
| EMTN bond 2006/2018 (increase) | GBP 100 million | 5.625 | 5.541 | 148 | 148 |
| EMTN bond 2007/2011 | EUR 200 million | 4.375 | 4.464 | 200 | - |
| Hybrid bond 2005/2105* | EUR 1,300 million | 5.000** | 5.155 | 1,300 | 1,300 |
| EMTN bond 2008/2011 | EUR 200 million | 4.000 | 4.038 | 200 | - |
| | | | | 5,217 | 4,817 |

* redeemable at three months' notice from 2015

** fixed interest rate until 2015, floating rate thereafter

(27) Trade accounts payable

Trade Accounts Payable

| | Dec. 31, 2010 | Dec. 31, 2011 |
|-----------------------------|---------------|---------------|
| | € million | € million |
| Payables to subsidiaries | 17 | 15 |
| Payables to other suppliers | 11 | 13 |
| | 28 | 28 |

(28) Payables to subsidiaries

The payables to subsidiaries mainly comprise financial liabilities such as loans and overnight funds made available to Bayer AG by subsidiaries.

(29) Miscellaneous liabilities

Miscellaneous liabilities exist solely toward third parties and comprise €262 million (2010: €312 million) in accrued interest, €15 million (2010: €35 million) in premiums received on options and €26 million (2010: €12 million) in short-term borrowings. Tax liabilities amount to €7 million (2010: €4 million) and mainly comprise employees' income and church taxes held for paying over to the authorities. Social security liabilities totaling €7 million (2010: €19 million) relate almost entirely to the German pension benefit guarantee fund (Pensions-Sicherungs-Verein).

(30) Further information on other liabilities

The other liabilities are due as follows:

Maturity Structure of Liabilities

| | Dec. 31, 2010 | | | Dec. 31, 2011 | | |
|----------------------------|------------------|-----------------------|---------------------|------------------|-----------------------|---------------------|
| | Maturing in 2011 | Maturing in 2012–2015 | Maturing after 2015 | Maturing in 2012 | Maturing in 2013–2016 | Maturing after 2016 |
| | € million | € million | € million | € million | € million | € million |
| Bonds and promissory notes | 650 | 4,550 | 637 | 2,000 | 2,625 | 562 |
| Liabilities to banks | 2 | 3 | - | 2 | 1 | - |
| Trade accounts payable | 28 | - | - | 28 | - | - |
| Payables to subsidiaries | 15,141 | 8 | - | 15,035 | 8 | - |
| Miscellaneous liabilities | 380 | 35 | 7 | 313 | 15 | - |
| | 16,201 | 4,596 | 644 | 17,378 | 2,649 | 562 |

The miscellaneous liabilities as of December 31, 2011 include €264 million (2010: €314 million) in liabilities that only arose from a legal viewpoint after year end. Nearly the entire amount (€262 million [2010: €312 million]) consists of accrued interest liabilities.

Other information

(31) Contingent liabilities

Contingent liabilities include sureties of €109 million (2010: €110 million), including €108 million (2010: €104 million) for subsidiaries.

Bayer AG has also assumed debt guarantees and issued letters of comfort totaling €4,963 million (2010: €4,437 million) to other Group companies.

Debt Guarantees and Letters of Comfort

| | Dec. 31, 2010 | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2011 |
|---|-------------------|---------------|-------------------|---------------|
| | Nominal amount | € million | Nominal amount | € million |
| Debt guarantees | | | | |
| Bayer Capital Corporation B. V., Netherlands | | | | |
| - EMTN Notes, maturing in 2014 | EUR 1,300 million | 1,300 | EUR 1,300 million | 1,300 |
| - Liabilities to banks | EUR 550 million | 550 | EUR 950 million | 950 |
| Bayer Corporation, U.S.A. | | | | |
| - 7.125% Notes, maturing in 2015 | USD 200 million | 150 | USD 200 million | 155 |
| - 6.650% Notes, maturing in 2028 | USD 350 million | 262 | USD 350 million | 270 |
| - Liabilities to banks | USD 82 million | 62 | USD 81 million | 62 |
| - Sale-and-lease-back agreements Pass Through Trust | USD 263 million | 197 | USD 257 million | 199 |
| Bayer Holding Japan LLC, Japan | | | | |
| - Floating-rate EMTN bond, maturing in 2012 | JPY 30 billion | 276 | JPY 30 billion | 299 |
| - 1.955% EMTN bond, maturing in 2012 | JPY 15 billion | 138 | JPY 15 billion | 150 |
| - Floating-rate EMTN bond, maturing in 2013 | JPY 10 billion | 92 | JPY 10 billion | 100 |
| - 1.459% EMTN bond, maturing in 2017 | JPY 10 billion | 92 | JPY 10 billion | 100 |
| - 3.575% EMTN bond, maturing in 2018 | JPY 15 billion | 138 | JPY 15 billion | 150 |
| Bayer MaterialScience (China) Company Limited, China | | | | |
| - Liabilities to banks | CNY 6,497 million | 702 | CNY 6,687 million | 820 |
| Bayer Pharma AG | | | | |
| - Liabilities to banks | EUR 153 million | 153 | EUR 145 million | 145 |
| Currenta GmbH & Co. OHG | | | | |
| - Liabilities to the Federal State of North Rhine-Westphalia | EUR 53 million | 53 | EUR 53 million | 53 |
| Guarantees for other Group companies | | 69 | | 7 |
| Letters of comfort | | 203 | | 203 |
| | | 4,437 | | 4,963 |

The sureties, debt guarantees and letters of comfort are issued almost entirely for the benefit of subsidiaries. Insofar as we are aware, all of these companies will be able to meet the underlying liabilities, so utilization is not expected.

In addition to the contingent liabilities listed above, Bayer AG has given an assurance to Bayer Antwerpen nv, Belgium, that at the latter's request it will purchase loans of up to US\$4 billion granted by Bayer Antwerpen to Bayer Corporation, U.S.A. This obligation will be assumed if Bayer Corporation is not required to repay the loans under the terms of the loan agreement with Bayer Antwerpen nv. As of December 31, 2011, the loans covered by this assurance amounted to US\$2.11 billion (equivalent to €1.63 billion; 2010: US\$2.36 billion/€1.77 billion).

(32) Other financial commitments

In addition to provisions, other liabilities and contingent liabilities, there are also other financial commitments.

Non-discounted future payments relating to operating leases total €8 million (2010: €45 million), of which €6 million (2010: €6 million) relates to lease and rental agreements with subsidiaries. These have been concluded with Bayer Real Estate GmbH, a wholly owned subsidiary of Bayer AG. Of the total lease and rental commitments, €7 million is due in 2012 and €1 million in the period 2013 to 2015.

In 2008 the establishment of an "effective initial fund" was agreed with Bayer-Pensionskasse. This was due to the rise in the present and future life expectancy of those insured with this pension fund. The effective initial fund entails the granting of a repayable, interest-bearing loan to Bayer-Pensionskasse as required. Following payment of a total of €595 million to date, there is a commitment to pay €205 million in the future.

(33) Legal risks

As the parent of a global group of companies with a heterogeneous business portfolio, Bayer AG is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, patent disputes, tax assessments or environmental protection. The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our revenues and earnings.

Legal proceedings currently considered to involve material risks are outlined below. The legal proceedings referred to do not necessarily represent an exhaustive list. The risks described are those to which Bayer AG is exposed either directly or through subsidiaries with which it has profit and loss transfer agreements. Further legal risks existing in the Bayer Group are described in the notes to the consolidated financial statements of the Bayer Group.

HealthCare

PRODUCT-RELATED LITIGATION

Magnevist™: As of February 1, 2012, there were approximately 130 lawsuits pending and served upon Bayer in the United States involving the gadolinium-based contrast agent Magnevist™. Three other manufacturers of gadolinium-based contrast agents in the United States also have been named party to the same or similar lawsuits.

In the lawsuits, plaintiffs allege that patients developed nephrogenic systemic fibrosis (NSF) as a result of the use of Magnevist™ during medical imaging procedures. NSF is a rare, severe condition that can be debilitating and in some cases fatal. Plaintiffs seek compensatory and punitive damages under various theories, including strict liability and negligence and/or breach of warranty, claiming, among other things, that the product is defective and unreasonably dangerous and that Bayer knew, or should have known, of the risks associated with Magnevist™ and failed to disclose them or adequately warn its users.

All cases pending in federal courts have been consolidated in a multidistrict litigation (MDL) proceeding for common pre-trial management. As of February 1, 2012, Bayer had reached agreements, without admission of liability, with approximately 270 plaintiffs in the United States to settle their claims. Bayer will continue to consider the option of settling individual lawsuits on a case-by-case basis. However, Bayer believes it has meritorious defenses and will continue to defend itself vigorously against all claims that are not considered for settlement. Appropriate accounting measures have been taken within the Bayer Group.

Trasylol™ (aprotinin) is a drug approved for use in managing bleeding in patients undergoing coronary artery bypass graft surgery. As of February 1, 2012, there were approximately 360 lawsuits pending in the United States and served upon Bayer on behalf of persons alleging, in particular, personal injuries, including renal failure and death, and economic loss from the use of Trasylol™. Bayer also has been served with three class actions in Canada. Plaintiffs in both the United States and the Canadian cases seek compensatory and punitive damages, claiming, among other things, that Bayer knew, or should have known, of these risks and should be held liable for having failed to disclose them or adequately warn users of Trasylol™. All cases pending in U.S. federal courts have been consolidated in a multidistrict litigation (MDL) proceeding for common pre-trial management.

As of February 1, 2012, Bayer had reached agreements, without admission of liability, with approximately 950 plaintiffs in the United States to settle their claims. Bayer will continue to consider the option of settling individual lawsuits on a case-by-case basis. However, Bayer believes it has meritorious defenses and will continue to defend itself vigorously against all claims that are not considered for settlement. Appropriate accounting measures have been taken within the Bayer Group.

Yasmin™/YAZ™: As of February 1, 2012, there were about 11,300 lawsuits pending in the United States served upon Bayer on behalf of persons alleged to 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. (For details on the generic versions of Yasmin™ and YAZ™, please refer to the section on "Patent disputes" below.) Pursuant to agreements in 2008 and 2010, Bayer manages product liability litigation for Ocella™ and Gianvi™, Bayer retains product liability for Ocella™ product supplied by Bayer with certain exceptions, and the parties have allocated potential product liability relating to Gianvi™ product supplied by Bayer. Plaintiffs seek compensatory and punitive damages, claiming, in particular, that Bayer knew, or should have known, of the alleged risks and should be held liable for having failed to disclose them or adequately warn users of Yasmin™ and/or YAZ™. All cases pending in U.S. federal courts have been consolidated in a multidistrict litigation (MDL) proceeding for common pre-trial management. Bayer has also been served with three putative class actions in federal court. The MDL court dismissed a class action brought by third party payors and plaintiffs did not appeal. The court also struck class claims in a putative nationwide class action brought by consumers also involving personal injury claims. A third class action for economic loss claims by California consumers remains pending. In Canada, 13 class actions have been served upon Bayer as of February 1, 2012.

In December 2011 the MDL court stayed the first case set for trial and ordered the parties to participate in a mediation process. As of February 13, 2012, Bayer had reached agreements, without admission of liability, to settle the claims of approximately 70 plaintiffs in the U.S. at terms and conditions which Bayer views to be reasonable. Bayer will continue to consider the option of settling individual lawsuits in the U.S. on a case-by-case basis.

Additional lawsuits are anticipated. Bayer believes that it has meritorious defenses and will continue to defend itself vigorously against all claims that are not considered for settlement. Based on the information currently available, appropriate accounting measures have been taken within the Bayer Group for anticipated defense costs and agreed settlements.

In connection with the above matters concerning Magnevist™, TrasyloI™ and Yasmin™/YAZ™, Bayer is insured against product liability risks to the extent customary in the industry. However, going forward and depending on further developments of the Yasmin™/YAZ™ litigation, it is possible that the company's global liability insurance program may not be sufficient or fully applicable to cover all expenses and potential liability (if any) resulting from this litigation.

COMPETITION LAW PROCEEDINGS

Cipro™: Since the year 2000 multiple class action lawsuits against Bayer involving Cipro™, a medication used in the treatment of infectious diseases, have been pending in the United States. The plaintiffs sued Bayer and other defendants, alleging that a settlement to end patent litigation reached in 1997 between Bayer and Barr Laboratories, Inc. violated antitrust regulations. All actions filed in federal courts have been dismissed. The dismissals have been affirmed by two federal Courts of Appeals and the United States Supreme Court denied plaintiff's petitions for certiorari twice. The federal litigation has thus ended.

Further cases are pending before various state courts. The dismissal of a class action pending in state court which was brought by indirect purchasers from California has been affirmed by the California Court of Appeal. The California Supreme Court has accepted this case for review. Bayer believes that it has meritorious defenses and intends to defend itself vigorously.

PATENT DISPUTES

Yasmin™: In 2005, Bayer filed suit against Barr Pharmaceuticals, Inc. and Barr Laboratories, Inc. in U.S. federal court alleging patent infringement by Barr for the intended generic version of Bayer's Yasmin™ oral contraceptive product in the United States. In 2008, the U.S. federal court invalidated Bayer's '531 patent for Yasmin™. In 2009, the U.S. Court of Appeals for the Federal Circuit affirmed this decision. In 2010, the U.S. Supreme Court rejected Bayer's petition for review.

In 2008 Bayer and Barr Laboratories, Inc. signed a supply and licensing agreement for the supply of a generic version of Yasmin™ which Barr markets solely in the United States under the Ocella™ brand. Barr pays Bayer a fixed percentage of the revenues from the product sold by Barr. The agreement is under investigation by the U.S. Federal Trade Commission (FTC).

In 2008 Bayer received two and in 2010 another three notices of an Abbreviated New Drug Application with a Paragraph IV certification (an "ANDA IV") pursuant to which Watson Laboratories Inc., Sandoz Inc., Lupin Ltd., Famy Care Ltd. and Sun Pharma Global FZE each seek approval to market a generic version of Bayer's oral contraceptive Yasmin™ in the United States. Bayer has filed suit against Watson, Sandoz and Lupin in U.S. federal court alleging patent infringement for the intended generic version of Yasmin™. In reply, Watson and Sandoz have filed counterclaims alleging, among other things, the invalidity of various Bayer patents. Sandoz has further alleged that Bayer and Barr have made arrangements that are anticompetitive and violate antitrust and unfair competition laws; the U.S. federal court dismissed these allegations in 2011. In 2010, the U.S. federal court dismissed Bayer's infringement claims against Watson, Sandoz and Lupin. Bayer appealed these decisions to the U.S. Court of Appeals for the Federal Circuit. The appeals were consolidated and heard in December 2011.

YAZ™: In 2007 and 2008, Bayer received notices from Barr Laboratories, Inc., Watson Laboratories Inc. and Sandoz Inc., and in 2010 Bayer received notices from Lupin Ltd. and Sun Pharma Global FZE, that each company has filed an ANDA IV seeking approval of a generic version of Bayer's YAZ™ oral contraceptive in the United States. Bayer further received such notices from Famy Care and Pharmaceuticals International Inc. in 2011 and 2012. Bayer has filed patent infringement suits against Watson, Sandoz, Lupin, Sun Pharma Global and Famy Care in U.S. federal court claiming that certain of Bayer's patents have been infringed. Bayer may take legal action against Pharmaceuticals International at a later point of time. In its defense statement, Sandoz has alleged, among other things, that Bayer and Barr have made arrangements that are anticompetitive and violate antitrust and unfair competition laws. Sandoz withdrew these allegations in 2011.

In 2008, Bayer and Barr agreed that Bayer will grant Barr a license to market a generic version of YAZ™ in the United States starting July 2011 and will supply Barr with the product for this purpose. Barr agreed to pay Bayer a fixed percentage of the revenues from the product sold by Barr. In December 2008, Barr was acquired by Teva Pharmaceutical Industries Ltd. In 2010, Teva announced that it had commercially launched Gianvi™, a generic version of YAZ™, in the United States. Litigation between Bayer and Teva/Barr in several U.S. federal courts on infringement of certain of Bayer's patents by the distribution of Gianvi™ was settled in 2010. Bayer and Barr amended the aforementioned licensing and supply agreement of 2008, which is also under investigation by the FTC, and Bayer has supplied Barr with the product for Gianvi™ since December 2010.

Beyaz™: In 2012, Bayer received a notice from Watson Laboratories Inc. that Watson has filed an ANDA IV seeking approval of a generic version of Bayer's Beyaz™ oral contraceptive in the United States. Bayer has filed a patent infringement suit against Watson in U.S. federal court.

Yasmin™/Yasminelle™/YAZ™: In July 2011, a board of appeal of the European Patent Office revoked a formulation patent ("micronization") for Yasmin™, Yasminelle™ and YAZ™. Bayer filed a petition for review of the decision by the Enlarged Board of Appeal of the European Patent Office. In 2004, Hexal Pharmaforschung GmbH filed an opposition against Bayer's patent. An opposition division of the European Patent Office rejected the opposition in 2006. The latest ruling follows an appeal by Hexal of the 2006 decision. In December 2011, the European Patent Office revoked the other formulation patent ("dissolution") for Yasmin™, Yasminelle™ and YAZ™. Bayer will appeal. The appeal will have suspensive effect.

Levitra™: In 2009, Bayer filed a patent infringement suit in U.S. federal court against Teva Pharmaceuticals USA, Inc. and Teva Pharmaceutical Industries Ltd. Earlier that year, Bayer had received notice of an ANDA IV pursuant to which Teva seeks approval to market a generic version of Levitra™, Bayer's therapy for the treatment of erectile dysfunction, prior to patent expiration in the United States. Bayer has reached agreement with Teva to settle the patent litigation. Under the settlement terms agreed upon, Teva will obtain a license to sell its generic version of Levitra™ in the United States shortly before patent expiration in October 2018. The impact on the Levitra™ business in the U.S. is expected to be immaterial. Teva acknowledges the validity and enforceability of Bayer's patents.

Bayer believes it has meritorious defenses in the above patent disputes and intends to defend itself vigorously.

FURTHER LEGAL PROCEEDINGS

Wholesale prices in the U.S.: Bayer and a number of pharmaceutical companies in the United States are defendants in pending lawsuits in which plaintiffs, including states, are alleging manipulation in the reporting of wholesale prices and/or best prices for their prescription pharmaceutical products. The plaintiffs seek damages, including disgorgement of profits and punitive damages. Bayer believes it has meritorious defenses and intends to defend itself vigorously. In appropriate cases Bayer has agreed to settlements and will continue to consider this option in the future.

Bayer Pharma AG former shareholder litigation: In 2008, the squeeze-out of the former minority shareholders of Bayer Pharma AG (formerly named Bayer Schering Pharma AG), Berlin, Germany, became effective. As usual in such cases, several shareholders have initiated special court proceedings to review the adequacy of the compensation payments made by Bayer for the transfer of the shares in the squeeze-out. The adequacy of the compensation and the guaranteed dividend paid by Bayer in connection with the Bayer Pharma AG profit and loss transfer agreement made in 2006 is also being reviewed by the courts.

Compliance investigation: Bayer is conducting an internal investigation into compliance by a former operating unit of one of its U.S. subsidiaries with the United States Foreign Corrupt Practices Act. That statute prohibits, among other things, corrupt payments by U.S. persons to governmental officials outside the United States. The unit, which conducted Bayer's plasma-derived products business, was sold in 2005. The initial focus of the internal investigation has been on sales by that unit to certain eastern European and Middle Eastern countries. In order to evaluate Bayer's compliance efforts, Bayer is also reviewing sales practices in other units and countries. Bayer has voluntarily advised the United States government of the internal investigation. The United States government has not indicated what action it may take, if any, against Bayer or any individual, or whether it may conduct its own investigation. Because the internal investigation is ongoing, no statements on its outcome, or on any disadvantages for Bayer that may result therefrom, can be made at this point in time.

CropScience

Proceedings involving genetically modified rice: As of February 1, 2012, Bayer was aware of a total of approximately 420 lawsuits, involving about 12,200 plaintiffs, pending in U.S. federal and state courts against several Bayer Group companies in connection with genetically modified rice in the United States. A large percentage of these cases will be dismissed upon completion of the settlement with rice growers, discussed below. 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.

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. All the actions pending in federal court were consolidated in 2006 in federal district court in St. Louis, Missouri, in a multidistrict litigation (MDL) proceeding. In 2008, this court denied plaintiffs' request to certify a class action. Plaintiffs' subsequent request for interim appeal was denied by the appellate court.

In development of the genetically modified rice ("LL RICE"), field testing was conducted in the United States in cooperation with third parties from 1998 to 2001. The genetically modified rice was never commercialized. The USDA and the FDA have stated that the genetically modified rice does not present a health risk and is safe for use in food and feed and for the environment. Additionally, in 2007, the USDA released its report concerning its investigation into how the genetically modified rice entered the commercial rice supply. The USDA was unable to determine a cause and indicated it would not pursue any enforcement actions against Bayer or any other party.

Bayer tried six cases in front of U.S. juries in 2009 and 2010, three in the federal MDL court and three in state courts in Arkansas. All six trials resulted in compensatory damage awards against Bayer. In two of the Arkansas state court trials, the juries also awarded punitive damages (of US\$0.5 million in the first trial and approximately US\$42 million in the second trial). The trial court in the second Arkansas trial held that the Arkansas statute placing a cap on the amount of punitive damages that could be awarded was unconstitutional and entered judgment for the full US\$42 million for punitive damages.

In March 2011, Bayer tried its seventh jury trial in Arkansas state court. This case involved Riceland Foods, Inc., a large U.S. rice mill, and several farming-related operations. Shortly before the trial began, Bayer settled with the farming operation plaintiffs for US\$4 million. At trial the jury awarded US\$11.8 million in compensatory and US\$125 million in punitive damages. In June 2011 the trial court held that the Arkansas statute imposing a cap on the amount of punitive damages was constitutional and reduced the amount of punitive damages to the statutory cap of US\$1 million.

In December 2011, the Arkansas Supreme Court affirmed the judgment in the second jury trial awarding US\$42 million in punitive damages, holding that the Arkansas statute imposing a cap on the amount of punitive damages was unconstitutional. That case has been settled for US\$53.5 million. All other cases that were on appeal, except for the case involving Riceland Foods, have been resolved.

Bayer anticipates that the Arkansas Supreme Court, given this recent ruling, will direct the trial court in the Riceland Foods matter to decide whether and to what extent the jury's punitive damage award (US\$125 million) violates constitutional protections afforded by due process and to enter a judgment for punitive damages in an amount that is not presently determinable.

Without acknowledging liability, in July 2011 Bayer reached settlement agreements with two groups of attorneys representing U.S. long-grain rice growers in the LL RICE litigation. One agreement involves those cases that are a part of the federal multi-district litigation; the other involves those cases in state courts. Under these agreements, Bayer will pay in total up to US\$750 million to resolve claims submitted by growers. The settlement program is open to all U.S. farmers who had been growing long-grain rice during the period 2006 through 2010. The settlements are contingent on the participation of a sufficient number of growers to represent 85 percent of U.S. long-grain rice acreage during that time frame. The participation threshold has been met. While the final number of acres participating is not currently known, the participation rate will be in excess of 90% of all of the eligible rice acreage.

Two cases originally scheduled for trial in August 2011 involving approximately 25 farmer plaintiffs have been voluntarily withdrawn and were settled at the value determined by the settlement program.

Eighteen cases remain pending in the U.S. with business entities that are not a part of the settlement program. Several cases are set for trial during 2012. The company is hopeful that many of these cases can also be settled. However, Bayer intends to continue to defend itself vigorously in all cases in which reasonable resolutions are not possible and to continue the appeal of the Riceland Foods case.

One of the remaining cases was brought by BASF to recover damages allegedly resulting from the contamination of its Clearfield 131 rice variety with LL RICE. In that case Bayer has filed a claim against BASF alleging that BASF was negligent in its handling of Clearfield 131 and that its negligence contributed to the damages allegedly suffered by rice growers, rice mills and others in this litigation. Bayer seeks contribution from BASF for all or a portion of the money that Bayer has paid in settlements in this litigation. Bayer has also brought Riceland Foods into this same case and seeks contribution from Riceland based upon its alleged negligence.

Without acknowledging liability, Bayer also settled the claims filed by six European rice importers, one U.S. rice exporter and four U.S. rice mills or rice dryers, two rice seed sellers and several farmers outside of the US\$750 million master settlement at a total settlement value of about US\$133 million, including the US\$53.5 million settlement of the second Arkansas jury trial discussed above.

Appropriate provisions have been established within the Bayer Group for the settlement program as well as for legal and defense costs.

MaterialScience

Antitrust proceedings in connection with rubber products: Companies of the Bayer Group are subject to civil damage claims in Europe based on alleged violations of applicable competition laws concerning rubber products that were subject to investigations by regulatory authorities. All of these investigations have been closed.

Since 2008, a group of plaintiffs who are primarily producers of tires have brought actions for damages before the High Court of Justice in London, U.K., against Bayer and other producers of butadiene rubber and emulsion styrene butadiene rubber. The plaintiffs claim damages resulting from alleged violations of E.U. competition law in the markets for butadiene rubber and emulsion styrene butadiene rubber. Proceedings brought to establish non-liability before a court in Milan to which Bayer joined as intervener were dismissed; Bayer is appealing. The High Court has taken jurisdiction over the actions and the main proceedings are at the disclosure stage.

The formerly reported class action in Australia has been settled.

Bayer is defending itself in the European litigations. The financial risk from these proceedings cannot yet finally be quantified. Bayer has taken appropriate accounting measures.

It remains possible that further civil damage claims may be filed in connection with public antitrust investigations reported on previously and now closed.

(34) Derivatives/micro-hedges

In the course of their business, Bayer AG and companies in the Bayer Group are exposed to foreign exchange, interest-rate and price risks, which are hedged principally by means of derivatives. Most of these are over-the-counter (OTC) instruments. Derivative financial instruments are employed according to uniform guidelines and are subject to strict internal controls. Apart from a few low-value exceptions, their use is confined to the hedging of the Bayer Group's operating business and of the related investments and financing transactions. For currency hedging, forward exchange contracts, currency options and cross-currency interest-rate swaps are mainly used. Interest-rate swaps and interest-rate futures are also used to hedge interest rates. Share options are used to hedge fluctuations in the value of commitments to employees under stock-based compensation programs. On the commodities markets, Bayer AG concludes derivatives agreements with external counterparties to hedge the price of raw materials and energy required by Group companies to conduct their operating business. Bayer's activities on the commodities markets were scaled back further in 2011 and are now negligible.

The main objective of using derivatives is to reduce fluctuations in cash flows and earnings associated with changes in interest rates, foreign exchange rates, share prices and market prices.

There is a risk that the value of derivatives could change as a result of fluctuations in underlying parameters such as exchange rates, interest rates, share prices or market prices. Where derivatives are designated as hedges, possible declines in their value are offset by corresponding increases in the value of the hedged contracts.

Where derivatives have a positive fair value, a credit or default risk arises from the fact that the counterparties may not be able to meet their obligations. To minimize this risk, we assign contract limits to the individual banks according to their creditworthiness.

The notional amount of financial derivative contracts concluded with external counterparties was €21.7 billion on December 31, 2011 (2010: €20.5 billion). Back-to-back derivatives contracts in a notional amount of €12.6 billion (2010: €11.4 billion) were concluded with Group companies. The total notional amount of derivatives was €34.3 billion (2010: €31.9 billion). This amount includes hedge accounting items. The derivatives comprised:

Financial Derivatives

| | Notional amount | | Fair value | | Carrying amount | |
|------------------------------------|-----------------|---------------|---------------|---------------|-----------------|---------------|
| | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2010 | Dec. 31, 2011 |
| | € million | € million | € million | € million | € million | € million |
| Forward exchange contracts | | | | | | |
| – positive fair values | 8,460 | 10,074 | 256 | 366 | | |
| – negative fair values | 9,974 | 9,632 | (313) | (408) | | |
| | 18,434 | 19,706 | (57) | (42) | (59) | (60) |
| Currency options | | | | | | |
| – positive fair values | 854 | 708 | 17 | 17 | | |
| – negative fair values | 835 | 781 | (17) | (17) | | |
| | 1,689 | 1,489 | 0 | 0 | 1 | 0 |
| Cross-currency interest-rate swaps | | | | | | |
| – positive fair values | 1,766 | 1,501 | 134 | 123 | | |
| – negative fair values | 2,173 | 2,118 | (250) | (217) | | |
| | 3,939 | 3,619 | (116) | (94) | 0 | 0 |
| Interest rate swaps | | | | | | |
| – positive fair values | 5,398 | 6,898 | 257 | 238 | | |
| – negative fair values | 2,321 | 2,598 | (155) | (95) | | |
| | 7,719 | 9,496 | 102 | 143 | (19) | (13) |
| Share options | | | | | | |
| – positive fair values | 2 | 1 | 2 | 1 | | |
| – negative fair values | 0 | 0 | 0 | 0 | | |
| | 2 | 1 | 2 | 1 | 2 | 1 |
| Commodity forward transactions | | | | | | |
| – positive fair values | 47 | 8 | 22 | 3 | | |
| – negative fair values | 47 | 8 | (22) | (3) | | |
| | 94 | 16 | 0 | 0 | 0 | 0 |
| | 31,877 | 34,327 | (69) | 8 | (75) | (72) |

DERIVATIVES USED TO HEDGE CURRENCY RISKS

To hedge currency risks Bayer AG used currency contracts (forward exchange contracts and currency options) and cross-currency interest rate swaps.

Hedging was focused on financial exposure. To hedge the currency risk arising from receivables and liabilities at Bayer AG and Group companies, Bayer AG concluded currency contracts with a notional value of €6.6 billion (2010: €5.6 billion) with external counterparties. They had a negative fair value of €84 million (2010: negative fair value of €61 million). Most of these contracts were passed on to Group companies. The notional value of these reciprocal internal transactions was €4.1 billion (2010: €4.3 billion) and their positive fair value was €42 million (2010: €5 million).

Where currency contracts concluded to hedge foreign currency receivables and liabilities at Group companies are passed on to these companies through internal contracts, they were combined with the underlying business transactions to form portfolio hedges. On the closing date the external transactions had a negative fair value of €42 million (2010: negative fair value of €5 million) while the internal transactions had a positive fair value of €42 million (2010: positive fair value of €5 million). They are not recognized in the statement of financial position and are mainly due in 2012 or, at the latest, in 2013 or 2014.

Overall, the negative fair value of currency contracts used to hedge financial exposures of Group companies in foreign currencies and for which no corresponding internal transactions were concluded, amounted to €53 million (2010: negative fair value of €55 million). Included in this amount are currency contracts with a negative fair value of €60 million (2010: €59 million). This is recognized in miscellaneous provisions under impending losses. Currency contracts with negative fair values of €7 million in 2011 (2010: €4 million) – are not recorded in the statement of financial position.

Foreign currency loans made to Bayer AG by Group companies and the forward exchange contracts concluded to hedge them were combined to form micro-hedges. The carrying amount of the hedged loans was €777 million (2010: €434 million) on the closing date and the currency risk was minus €11 million (2010: €3 million). The external currency derivatives had a positive fair value of €11 million (2010: negative fair value of €3 million). They are due in 2012 and were not recorded in the statement of financial position.

To hedge forecast foreign currency transactions at Group companies which are considered highly probable, external currency contracts with a notional value of €4.5 billion were concluded (2010: €4.5 billion). These had a negative fair value of €126 million on the closing date (2010: negative fair value of €26 million). They were offset by reciprocal transactions with Group companies with a notional value of €5.7 billion (2010: €5.3 billion) and a positive fair value of €126 million at year end (2010: positive fair value of €25 million). Changes in the value of the corresponding internal and external contracts will cancel each other out when they are closed out in 2012 and, to a lesser extent, in 2013. These transactions are combined as portfolio hedges and, with the exception of option premiums paid and received of €31 million in each case, are not reflected in the statement of financial position.

The notional value of other currency contracts was €0.3 billion (2010: €0.4 billion). On a net view, their fair values canceled each out, as in the previous year. There were no reciprocal contracts with Group companies in fiscal 2011 or 2010.

Cross-currency interest rate swaps with a notional value of €0.5 billion (2010: €0.4 billion) were used principally to hedge foreign exchange risks arising from the GBP bonds issued in 2006. Including the corresponding interest accruals, they had a net negative fair value of €94 million (2010: negative fair value of €116 million). The cross-currency interest-rate swaps and bonds form a micro hedge. The effectiveness of the cross-currency interest-rate swaps is tested prospectively using the critical term match method and retrospectively using the dollar offset method (= ratio offset method) to ensure that the values and cash flows of the transactions offset each other. As a consequence, the bonds were recognized as previously at their

original cost of €517 million and the cross-currency interest-rate swaps, which are due in 2018, are not reflected in the financial statements prepared in accordance with German commercial law.

Other cross-currency interest-rate swaps with a notional value of €1.0 billion (2010: €1.8 billion) were concluded to hedge Group loans granted by Bayer Antwerpen nv, Belgium. As a result of back-to-back agreements with Bayer Antwerpen with a notional value of €0.9 billion (2010: €1.8 billion) the positive and negative fair values of the various hedge relationships formed according to the maturities of the agreements canceled each other out. Further, in 2011 cross-currency interest-rate swaps with a notional value of €0.6 billion were concluded for Schering Berlin Inc., U.S.A. The negative fair values were offset by internal counter-transactions of the same amount with Schering Berlin Inc. in two micro-hedges. These cross-currency interest-rate swaps hedge an intragroup loan granted by Schering Berlin Inc. to Bayer Inc., Canada. The cross-currency interest-rate swaps are not reported in the statement of financial position.

DERIVATIVES USED TO HEDGE INTEREST-RATE RISKS

Receiver swaps were used, among other things, to hedge the interest-rate risk relating to EMTN bonds issued by Bayer AG. The swaps mature in 2012, 2013 and 2015 in line with the maturities of the bonds. The notional amount of the related derivatives was €3.5 billion (2010: €3.5 billion) and they had a net positive fair value of €131 million (2010: €126 million). They constitute a hedging relationship (micro-hedge) with the bonds, which are reflected in the financial statements. The effectiveness of the hedging relationship is examined prospectively and retrospectively using regression analysis. Since the cash flows relating to the hedged contract and receiver swaps cancel each other out, the receiver swaps are not reflected in the statement of financial position.

Further interest-rate swaps originally concluded to hedge two bonds have now been economically closed out by concluding corresponding counter transactions (payer swaps). These mature in 2012 and 2015. Their notional value is €3.4 billion (2010: €4.2 billion) and they had a net positive fair value of €12 million (2010: net negative fair value of €24 million). Micro hedges are formed on the basis of maturity. Provisions for impending losses have been set up in the amount of €13 million (2010: €19 million) for the resulting negative net fair values. These are recognized under miscellaneous provisions.

To hedge a euro bond issued by Bayer Capital Corporation, Netherlands, in 2009 with a nominal value of €1.3 billion, receiver swaps in the same notional amount were concluded for the first time in 2011. The receiver swaps expire when the bond matures in 2014. Together with reciprocal transactions concluded with Bayer Capital Corporation with a nominal value of €1.3 billion, the positive and negative market values were canceled out through several micro-hedges.

Although trading in interest futures was higher in 2011 than in 2010, it still remained low. No interest rate futures were included in the portfolio as of December 31, 2011.

DERIVATIVES USED TO HEDGE PRICE RISKS

Bayer AG and other Group companies have established a variety of stock programs for their employees, all of which run for several years. During the term of these programs employees receive the cash equivalent of the value of shares in Bayer AG, provided that they meet certain conditions. One condition is that employees must make a personal investment in Bayer shares which must be retained throughout the program. Employees lose their right to these cash payments if they sell their personal investment. To hedge the risk of fluctuations in the share price, Bayer AG has acquired stock purchase options. These are closed out if the actual period for which these personal investments are retained differs from the expected retention pattern. They had a net fair value of €1 million on December 31, 2011 (2010: €2 million). They are recognized in other assets at the lower of cost or fair value. As of December 31, 2011 the net value of stock options shown in the statement of financial position was €1 million (2010: €2 million).

With a few negligible exceptions, external commodity contracts, which run for up to one year, were passed on to Group companies on reciprocal terms. The results of such transactions that had ended by year end canceled each other out. The remaining open contracts form portfolio hedges, so no income was derived from them.

VALUATION METHODS

The fair values of derivatives are measured by the usual methods based on the market data available at the measurement date. The following principles are applied:

- Currency contracts are measured individually at their forward rates on the closing date. These depend on spot rates, including time spreads.
- The market value of interest rate swaps is determined by discounting expected future cash flows. Discounting applies market interest rates for the remaining term of these instruments. The fair values of interest rate options are determined using a Black-Scholes model.
- The fair value of share options is determined either by the Black-Scholes method (for simple European options) or, in the case of more complex u.s. options, by conventional binomial methods.
- The fair value of forward commodity contracts is calculated from future price data obtained from the markets or from external data providers. Certain long-term commodity contracts to which fair values cannot be assigned are measured with the aid of valuation models based on internal fundamental data.

(35) Related parties

Related parties are legal entities and natural persons that are able to exert influence on Bayer AG or over which Bayer AG exercises control or has a significant influence.

Transactions with related parties mainly comprise rental, service and financing transactions with subsidiaries, joint ventures and other affiliated companies, and with pension plans. Where there is a corresponding market for such transactions, they are generally conducted on market terms (arm's-length principle).

Bayer AG has undertaken to provide jouissance right capital (Genussrechtskapital) totaling €150 million for Bayer-Pensionskasse. The entire amount was drawn in both 2010 and 2011. Further, in 2008 the establishment of a repayable "effective initial fund" was agreed with Bayer-Pensionskasse. On December 31, 2011 the amount drawn was €595 million (2010: €410 million).

(36) Total compensation of the Board of Management and the Supervisory Board and loans

The aggregate compensation of the Board of Management in 2011 amounted to €11,155 thousand (2010: €13,906 thousand) and comprised:

Total Compensation of the Board of Management

| | 2010 | 2011 |
|--|---------------|---------------|
| | € thousand | € thousand |
| Fixed salary | 3,936 | 3,139 |
| Compensation in kind and other benefits | 1,155 | 257 |
| Total non-performance-related compensation | 5,091 | 3,396 |
| Short-term incentive | 4,928 | 3,379 |
| Total directly effected compensation | 10,019 | 6,775 |
| Fair value of stock-price-indexed compensation based on the short-term incentive | 2,621 | 3,445 |
| Fair value of newly granted stock-based compensation as of grant date | 1,266 | 935 |
| Aggregate compensation | 13,906 | 11,155 |

Members of the Board of Management participate in stock-based compensation programs (Aspire I). These are multi-year programs under which entitlements are earned in stages. The fair value of these programs at the time they are granted forms part of the overall compensation package and is included in the above overview. The entitlements earned in 2011 under the long-term stock-based compensation programs granted in current and previous years are shown in the table below. In addition,

changes in the value of entitlements from stock-based compensation programs earned prior to 2011 are shown separately. The change in value also includes changes in the fair value of stock-price-indexed compensation based on the short-term incentive relating to previous years.

Stock-Based Compensation of the Board of Management

| | 2010 | 2011 |
|---|------------|------------|
| | € thousand | € thousand |
| Long-term incentive (stock-based compensation entitlements earned in the respective years) | 1,079 | 732 |
| Change in the value of existing entitlements | (226) | (275) |

Expenses for pension entitlements granted to the members of the Board of Management serving in 2011 amounted to €1,078 thousand (2010: €2,994 thousand). These comprise current service cost for pension commitments and company contributions to Bayer-Pensionskasse. The interest portion of entitlements earned in prior years and actuarial gains and losses also had an impact. Including these components, the expense was €2,247 thousand. The expense of €4,400 thousand in 2010 included the pension commitments to members who left the Board of Management in 2010 up to the date on which they ceased to be members. Pension provisions as of December 31, 2011 were €20,099 thousand (2010: €17,864 thousand).

Pension payments to retired members of the Board of Management and their surviving dependents in 2011 amounted to €13,069 thousand (2010: €14,116 thousand). The amount for 2010 includes a payment of €1,850 thousand to Mr. Wenning to settle his claim to pre-retirement leave. Provisions for former members of the Board of Management and their surviving dependents for pensions and similar commitments amounting to €127,078 thousand (2010: €129,121 thousand) are reflected in the statement of financial position of Bayer AG.

The compensation of the Supervisory Board totaled €2,295 thousand (2010: €2,290 thousand) and includes variable components of €765 thousand (2010: €763 thousand).

There were no loans to members of the Board of Management or the Supervisory Board outstanding as of December 31, 2011, nor any repayments of such loans during the year.

Details of the compensation of the Board of Management and Supervisory Board are set out in the compensation report, which forms part of the Combined Management Report of the Bayer Group and Bayer AG.

(37) Overview of interests

Bayer AG directly or indirectly holds at least 20% of the shares in the following companies (disclosure pursuant to Section 285 No. 11 of the German Commercial Code). The equity and net income/loss are based on the financial statements prepared in accordance with local law. All amounts are rounded.

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/loss | Foot- notes |
|---|----------------------------|------------------|-----------|-----------------|----------------|
| | | % | € million | € million | |
| Europe | | | | | |
| Agreva GmbH | Frankfurt am Main, Germany | 100.0 | 0.0 | 0.0 | *) , **) |
| AgrEvo Verwaltungsgesellschaft mbH | Frankfurt am Main, Germany | 100.0 | 3.0 | 0.1 | *) |
| Alcaflu Management GmbH & Co. KG | Schönefeld, Germany | 99.9 | 479.7 | (65.8) | |
| Ausbildungsinitiative Rheinland GmbH | Leverkusen, Germany | 100.0 | 0.0 | 0.0 | *) |
| Axxam S. p. A. | Milan, Italy | 24.5 | 1.6 | 0.0 | *) |
| Baulé S. A. S. | Romans-sur-Isère, France | 50.0 | 32.4 | 6.0 | *) |
| Bayer (Schweiz) AG | Zurich, Switzerland | 100.0 | 49.7 | 7.1 | *) |
| Bayer 04 Immobilien GmbH | Leverkusen, Germany | 100.0 | 0.0 | (3.0) | *) , **) |
| Bayer 04 Leverkusen Fußball GmbH | Leverkusen, Germany | 100.0 | 56.4 | (6.1) | *) , **) |
| Bayer 04 Leverkusen Sportförderung gGmbH | Leverkusen, Germany | 100.0 | 0.4 | 0.1 | |
| Bayer 04 Marketing GmbH | Leverkusen, Germany | 100.0 | 0.0 | 0.0 | *) , **) |
| Bayer A/S | Lyngby, Denmark | 100.0 | 31.8 | 3.0 | *) |
| Bayer AB | Solna, Sweden | 100.0 | 7.8 | (4.8) | *) |
| Bayer AEH Limited | Cambridge, U.K. | 100.0 | 0.0 | 0.0 | |
| Bayer AGCO Limited | Cambridge, U.K. | 100.0 | 146.5 | (0.4) | |
| Bayer Agriculture Limited | Cambridge, U.K. | 100.0 | 183.7 | 4.5 | *) |
| Bayer Altersversorgung GmbH | Leverkusen, Germany | 100.0 | 35.0 | (70.6) | *) , **) |
| Bayer Animal Health GmbH | Leverkusen, Germany | 100.0 | 14.0 | 180.7 | *) , **) |
| Bayer Antwerpen NV | Antwerp, Belgium | 100.0 | 8.004.2 | 243.9 | *) |
| Bayer AS | Oslo, Norway | 100.0 | 5.0 | 1.2 | *) |
| Bayer Austria Gesellschaft m. b. H. | Vienna, Austria | 100.0 | 19.5 | 2.6 | *) |
| Bayer B.V. | Mijdrecht, Netherlands | 100.0 | 683.7 | 196.8 | *) |
| Bayer Beteiligungsverwaltung Goslar GmbH | Leverkusen, Germany | 100.0 | 508.4 | 5.4 | *) |
| Bayer BioScience GmbH | Monheim, Germany | 100.0 | 2.5 | 0.0 | *) , **) |
| Bayer Bitterfeld GmbH | Bitterfeld-Wolfen, Germany | 100.0 | 235.3 | 6.8 | *) , **) |
| Bayer Bulgaria EOOD | Sofia, Bulgaria | 100.0 | 12.2 | 5.4 | *) |
| Bayer Business Services GmbH | Leverkusen, Germany | 100.0 | 86.7 | (67.6) | *) , **) |
| Bayer Capital Corporation B. V. | Mijdrecht, Netherlands | 100.0 | 17.6 | 1.5 | *) |
| Bayer Chemicals AG | Leverkusen, Germany | 100.0 | 406.0 | (17.2) | *) , **) |
| Bayer Consumer Care AG | Basel, Switzerland | 100.0 | 1.150.5 | 226.3 | *) |
| Bayer CropScience (Portugal)-Produtos para a Agricultura, Lda | Carnaxide, Portugal | 100.0 | 15.7 | 1.8 | |

*) provisional result

**) before profit/loss transfer

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/ loss | Foot- notes |
|---|-------------------------------------|------------------|-----------|------------------|-------------|
| | | % | € million | € million | |
| Bayer CropScience AG | Monheim, Germany | 100.0 | 3.113.3 | 501.5 | **) |
| Bayer CropScience Beteili- gungsgesellschaft mbH | Frankfurt am Main, Germany | 100.0 | 19.8 | (0.2) | *) |
| Bayer CropScience Deutschland GmbH | Langenfeld, Germany | 100.0 | 75.6 | 17.4 | *) |
| Bayer CropScience Holding SA | Lyon, France | 100.0 | 705.3 | (0.3) | *) |
| Bayer CropScience Holdings Limited | Cambridge, U. K. | 100.0 | (27.8) | (76.5) | *) |
| Bayer CropScience Limited | Cambridge, U. K. | 100.0 | 52.1 | (0.2) | *) |
| Bayer CropScience Norwich Limited | Cambridge, U. K. | 100.0 | 21.5 | (3.3) | |
| Bayer CropScience NV | Diegem, Belgium | 100.0 | 153.1 | 23.7 | *) |
| Bayer CropScience Raps GmbH | Leverkusen, Germany | 100.0 | 0.0 | (1.2) | *), **) |
| Bayer CropScience S. r. l. | Milan, Italy | 100.0 | 59.9 | 1.4 | *) |
| Bayer CropScience Vermögens- verwaltungsgesellschaft mbH | Leverkusen, Germany | 100.0 | 68.6 | 0.8 | *) |
| Bayer CropScience, S. L. | Quart de Poblet, Spain | 100.0 | 92.1 | 12.0 | *) |
| Bayer d. o. o. | Belgrade, Serbia | 100.0 | 6.3 | 1.3 | *) |
| Bayer d. o. o. | Ljubljana, Slovenia | 100.0 | 14.5 | 0.4 | *) |
| Bayer d. o. o. | Zagreb, Croatia | 100.0 | 1.2 | 0.2 | |
| Bayer d. o. o. Sarajevo | Sarajevo, Bosnia and Herzegovina | 100.0 | 0.4 | 0.1 | |
| Bayer Direct Services GmbH | Leverkusen, Germany | 100.0 | 0.3 | 0.3 | *), **) |
| Bayer Gastronomie GmbH | Leverkusen, Germany | 100.0 | 5.0 | (2.3) | *), **) |
| Bayer Gesellschaft für Beteiligungen mbH | Leverkusen, Germany | 100.0 | 3.438.3 | 202.0 | *), **) |
| Bayer Global Investments B. V. | Mijdrecht, Netherlands | 100.0 | 11.278.9 | 4.657.5 | *) |
| Bayer HealthCare AG | Leverkusen, Germany | 100.0 | 1.1 | (160.1) | *), **) |
| Bayer HealthCare Manufacturing S. r. l. | Milan, Italy | 100.0 | 107.8 | 51.7 | *) |
| Bayer Healthcare S. r. l. | Milan, Italy | 100.0 | 0.0 | 0.0 | *) |
| Bayer Hellas AG | Athens, Greece | 100.0 | 16.6 | 10.2 | *) |
| Bayer Hispania, S. L. | Sant Joan Despi, Spain | 100.0 | 1.325.4 | 148.8 | *) |
| Bayer Hungaria Kft. | Budapest, Hungary | 100.0 | 11.5 | 5.2 | *) |
| Bayer Innovation GmbH | Düsseldorf, Germany | 100.0 | 33.7 | (43.5) | *), **) |
| Bayer Innovation Ventures GmbH | Düsseldorf, Germany | 100.0 | 0.0 | 0.0 | *), **) |
| Bayer Intellectual Property GmbH | Leverkusen, Germany | 100.0 | 0.0 | 0.0 | *) |
| Bayer International SA | Fribourg, Switzerland | 100.0 | 225.6 | 59.2 | *) |
| Bayer Limited | Dublin, Ireland | 100.0 | 4.3 | 2.7 | *) |
| Bayer Ltd. | Kiev, Ukraine | 100.0 | 5.8 | (6.5) | *) |
| Bayer MaterialScience A/S | Otterup, Denmark | 100.0 | 4.9 | 0.4 | *) |
| Bayer MaterialScience AG | Leverkusen, Germany | 100.0 | 120.0 | 62.7 | **) |
| Bayer MaterialScience B. V. | Foxhol, Netherlands | 100.0 | 3.5 | 5.3 | *) |
| Bayer MaterialScience Customer Services GmbH | Leverkusen, Germany | 100.0 | 5.3 | 2.1 | *), **) |
| Bayer MaterialScience GmbH | Darmstadt, Germany | 100.0 | 90.5 | 0.7 | *) |
| Bayer MaterialScience NV | Tielt, Belgium | 100.0 | 23.6 | (0.6) | *) |

*) provisional result

**) before profit/loss transfer

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/loss | Foot- notes |
|---|------------------------|------------------|-----------|-----------------|----------------|
| | | % | € million | € million | |
| Bayer MaterialScience Oldenburg GmbH & Co. KG | Oldenburg, Germany | 100.0 | 6.5 | 0.2 | *) |
| Bayer MaterialScience Oldenburg Verwaltungs-GmbH | Oldenburg, Germany | 100.0 | 0.0 | 0.0 | *) |
| Bayer MaterialScience S.p.A. | Milan, Italy | 90.0 | 2.4 | (1.1) | *) |
| Bayer MaterialScience S.r.l. | Milan, Italy | 100.0 | 25.9 | 3.0 | *) |
| Bayer MaterialScience s.r.o. | Prague, Czech Republic | 100.0 | 1.7 | 0.0 | *) |
| Bayer MaterialScience, S.L. | Sant Joan Despi, Spain | 100.0 | 92.8 | 6.3 | *) |
| Bayer Nordic SE | Espoo, Finland | 100.0 | 952.1 | (33.1) | *) |
| Bayer NV | Diegem, Belgium | 100.0 | 53.1 | 7.1 | *) |
| Bayer OÜ | Tallinn, Estonia | 100.0 | 0.6 | 0.1 | *) |
| Bayer Oy | Turku, Finland | 100.0 | 243.0 | 238.9 | *) |
| Bayer Pharma AG | Berlin, Germany | 100.0 | 5,722.7 | 1,064.5 | **) |
| Bayer Polyols S.N.C. | Puteaux, France | 100.0 | 32.1 | 6.3 | *) |
| Bayer Polyurethanes B.V. | Mijdrecht, Netherlands | 100.0 | 35.5 | 5.4 | *) |
| Bayer Portugal, SA | Carnaxide, Portugal | 100.0 | 35.9 | 5.1 | |
| Bayer Public Limited Company | Newbury, U.K. | 100.0 | 176.2 | 37.8 | *) |
| Bayer Real Estate GmbH | Leverkusen, Germany | 100.0 | 367.8 | 36.7 | *), **) |
| Bayer Real Estate Leverkusen Verwaltungs-GmbH | Leverkusen, Germany | 100.0 | 0.0 | 0.0 | *), **) |
| Bayer Real Estate Waltersdorf Verwaltungs-GmbH | Schönefeld, Germany | 100.0 | 0.0 | 0.0 | *), **) |
| Bayer S.A.S. | Lyon, France | 100.0 | 1,458.1 | 138.2 | *) |
| Bayer S.p.A. | Milan, Italy | 100.0 | 370.6 | 111.3 | *) |
| Bayer s.r.o. | Prague, Czech Republic | 100.0 | 17.8 | 6.8 | *) |
| Bayer Santé Familiale SAS | Gaillard, France | 100.0 | 64.9 | 0.5 | *) |
| Bayer Santé SAS | Loos, France | 100.0 | 152.9 | 19.8 | *) |
| Bayer Schering Pharma AG | Berlin, Germany | 100.0 | 257.5 | 3.4 | *), **) |
| Bayer Sp. z o.o. | Warsaw, Poland | 100.0 | 35.8 | (5.7) | *) |
| Bayer Technology Services GmbH | Leverkusen, Germany | 100.0 | 60.0 | (8.0) | *), **) |
| Bayer UK Limited | Newbury, U.K. | 100.0 | 0.0 | 0.0 | |
| Bayer Verwaltungsgesellschaft für Anlagevermögen m.b.H. | Leverkusen, Germany | 100.0 | 12.9 | 0.7 | *), **) |
| Bayer Verwaltungsgesellschaft mbH | Weimar, Germany | 100.0 | 0.2 | 0.0 | *) |
| Bayer Vital GmbH | Leverkusen, Germany | 100.0 | 85.4 | 23.3 | *), **) |
| Bayer Weimar GmbH und Co. KG | Weimar, Germany | 100.0 | 42.0 | 5.8 | *) |
| Bayer, spol. s.r.o. | Bratislava, Slovakia | 100.0 | 7.6 | 2.0 | *) |
| Bayer-Handelsgesellschaft mit beschränkter Haftung | Leverkusen, Germany | 100.0 | 14.0 | 0.1 | *), **) |
| Bayer-Unterstützungskasse GmbH | Leverkusen, Germany | 100.0 | 30.1 | (0.2) | *) |
| Bayhealth Comercialização de Produtos Farmacêuticos Unipessoal Lda. | Carnaxide, Portugal | 100.0 | 0.0 | 0.0 | |
| Bayhealth, S.L. | Sant Joan Despi, Spain | 100.0 | 0.0 | 0.0 | *) |
| BayInvest GmbH | Leverkusen, Germany | 100.0 | 0.0 | 0.0 | *), **) |
| BaySecur GmbH | Leverkusen, Germany | 49.0 | 0.6 | 0.5 | *) |

*) provisional result

**) before profit/loss transfer

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/ loss | Foot- notes |
|---|----------------------------|------------------|-----------|------------------|-------------|
| | | % | € million | € million | |
| BaySports-Travel GmbH | Leverkusen, Germany | 50.0 | 0.2 | 0.1 | *) |
| BBB Management GmbH Campus Berlin-Buch | Berlin, Germany | 20.0 | 0.4 | 0.1 | *) |
| Berlex Especialidades Farmacêuticas Lda. | Carnaxide, Portugal | 100.0 | 0.0 | 0.0 | |
| Berlifarma-Especialidades Farmacêuticas, Lda | Carnaxide, Portugal | 100.0 | 0.0 | 0.0 | |
| Berlimed, S.A. | Madrid, Spain | 100.0 | 24.7 | 0.4 | *) |
| Berlimed-Especialidades Farmacêuticas Lda. | Carnaxide, Portugal | 100.0 | 0.0 | 0.0 | |
| Berlipharm B.V. | Weesp, Netherlands | 100.0 | 0.1 | 0.0 | *) |
| Berlis AG | Zurich, Switzerland | 100.0 | 1.0 | 0.2 | *) |
| Biogenetic Technologies B.V. | Rotterdam, Netherlands | 100.0 | 6.8 | 0.0 | *) |
| CENTROFARMA-Indústria e Comércio de Prod. Farmacêuticos, Lda. | Carnaxide, Portugal | 100.0 | 0.1 | 0.0 | |
| Chemie-Beteiligungsaktien-gesellschaft | Glarus, Switzerland | 100.0 | 56.2 | 44.1 | *) |
| Chemion Logistik GmbH | Leverkusen, Germany | 100.0 | 10.6 | 0.9 | **) |
| CIS (U. K.) Limited | Newbury, U. K. | 100.0 | 0.0 | 0.0 | *) |
| CleanTech NRW GmbH | Leverkusen, Germany | 100.0 | 0.1 | 0.0 | *) |
| Currenta Geschäftsführungs-GmbH | Leverkusen, Germany | 100.0 | 0.0 | 0.0 | *) |
| Currenta GmbH & Co. OHG | Leverkusen, Germany | 60.0 | 97.8 | 6.4 | *) |
| Disalfarm, S. A. | Barcelona, Spain | 33.3 | 3.3 | 0.2 | *) |
| Drugofa GmbH | Cologne, Germany | 100.0 | 33.4 | (15.1) | *), **) |
| Dyneo GmbH | Leverkusen, Germany | 100.0 | 1.3 | (21.9) | *), **) |
| Ehrfeld Mikrotechnik BTS GmbH | Wendelsheim, Germany | 100.0 | 0.0 | 0.2 | *), **) |
| EMP-Estrusione Materiali Plastici S.A. | Stabio, Switzerland | 42.1 | 5.1 | (0.9) | *) |
| Epurex Films Geschäftsführungs-GmbH | Bomlitz, Germany | 100.0 | 0.1 | 0.0 | *) |
| Epurex Films GmbH & Co. KG | Bomlitz, Germany | 100.0 | 14.7 | 6.7 | *) |
| Erste BSP VV Aktiengesellschaft | Berlin, Germany | 100.0 | 0.1 | 0.0 | *) |
| Erste K-W-A Beteiligungsgesell-schaft mbH | Leverkusen, Germany | 100.0 | 33.7 | (6.8) | *), **) |
| Euroservices Bayer GmbH | Leverkusen, Germany | 100.0 | 0.3 | 0.7 | *), **) |
| EuroServices Bayer, S. L. | Sant Joan Despi, Spain | 100.0 | 11.6 | 0.8 | *) |
| Faserwerke Hüls GmbH | Marl, Germany | 50.0 | 0.8 | 0.0 | *) |
| Generics Holding GmbH | Leverkusen, Germany | 100.0 | 61.5 | 0.3 | *), **) |
| GP Grenzach Produktions GmbH | Grenzach-Wyhlen, Germany | 100.0 | 25.0 | 6.0 | *), **) |
| Hild Samen GmbH | Marbach am Neckar, Germany | 100.0 | 4.8 | 2.9 | *), **) |
| HTV Gesellschaft für Hoch-temperaturverbrennung mbH | Bergkamen, Germany | 100.0 | 0.0 | 0.0 | |
| Indurisk Rückversicherung AG | Luxembourg, Luxembourg | 50.0 | 5.1 | 0.0 | *) |
| Intendis Austria Handels GesmbH | Vienna, Austria | 100.0 | 1.7 | 0.7 | *) |
| Intendis Derma, S. L. | Sant Joan Despi, Spain | 100.0 | (0.1) | 0.0 | *) |

*) provisional result

**) before profit/loss transfer

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/loss | Foot- notes |
|--|---------------------------|------------------|-----------|-----------------|----------------|
| | | % | € million | € million | |
| Intendis GmbH | Berlin, Germany | 100.0 | 14.9 | 50.2 | *), **) |
| Intendis Manufacturing S. p. A. | Milan, Italy | 100.0 | 9.4 | 3.3 | *) |
| Intendis S. p. A. | Milan, Italy | 100.0 | 4.6 | 2.9 | *) |
| Intraserv GmbH & Co. KG | Schönefeld, Germany | 100.0 | 27.6 | 24.5 | *) |
| Intraserv Verwaltungs-GmbH | Schönefeld, Germany | 100.0 | 0.0 | 0.0 | *) |
| INVITE GmbH | Leverkusen, Germany | 50.0 | (0.2) | 0.0 | *) |
| Jenapharm GmbH & Co. KG | Jena, Germany | 100.0 | 86.6 | 65.6 | *) |
| KOSINUS Grundstücks- Verwaltungsgesellschaft mbH | Berlin, Germany | 100.0 | 0.0 | 0.0 | *) |
| KOSINUS Grundstücks- Verwaltungsgesellschaft mbH & Co. Gamma OHG | Berlin, Germany | 100.0 | 22.3 | 3.3 | *) |
| KVP Pharma+Veterinär Produkte GmbH | Kiel, Germany | 100.0 | 6.7 | 5.1 | *), **) |
| Lilienthalstraße Nr. 4 GmbH | Schönefeld, Germany | 100.0 | 0.0 | 0.0 | |
| Lilienthalstraße Nr. 4 Verwaltungs GmbH | Schönefeld, Germany | 100.0 | 0.0 | 0.0 | |
| Lusal Produção Quimico Farmacêutica Luso-Alema, Lda. | Carnaxide, Portugal | 100.0 | 0.0 | 0.0 | |
| Lusalfarma-Especialidades Farmacêuticas, Lda | Carnaxide, Portugal | 100.0 | 0.0 | 0.0 | |
| Lyondell Bayer Manufacturing Maasvlakte VOF | Rotterdam, Netherlands | 50.0 | 208.0 | (58.5) | *), ***) |
| Marotrast GmbH | Jena, Germany | 100.0 | 0.0 | 0.0 | *), **) |
| MENADIER Heilmittel GmbH | Berlin, Germany | 100.0 | 79.8 | 0.8 | *), **) |
| Neunte Bayer VV GmbH | Leverkusen, Germany | 100.0 | 0.0 | 0.0 | *), **) |
| Nunhems B. V. | Haelen, Netherlands | 100.0 | 113.9 | 8.4 | *) |
| Nunhems France S. A. R. L. | Soucelles, France | 100.0 | 2.0 | 0.7 | *) |
| Nunhems Hungary Kft. | Szolnok, Hungary | 100.0 | 0.6 | 0.1 | *) |
| Nunhems Italy S. r. l. | St. Agata Bolognes, Italy | 100.0 | 7.7 | 0.7 | *) |
| Nunhems Netherlands B. V. | Haelen, Netherlands | 100.0 | 70.6 | 17.0 | *) |
| Nunhems Poland Sp. z o. o. | Poznan, Poland | 100.0 | 0.5 | 0.3 | *) |
| Nunhems Spain, S. A. | Valencia, Spain | 100.0 | 8.2 | 3.8 | *) |
| Pallas Versicherung AG | Leverkusen, Germany | 100.0 | 61.4 | (23.5) | *) |
| Pandias Re AG | Luxembourg, Luxembourg | 100.0 | 20.0 | 0.0 | *) |
| pbi Home & Garden Limited | Cambridge, U.K. | 100.0 | 0.0 | 0.0 | |
| PGS International N. V. | Den Haag, Netherlands | 100.0 | 232.9 | (17.4) | *) |
| Pharma-Verlagsbuchhandlung GmbH | Berlin, Germany | 100.0 | 1.1 | 0.0 | *), **) |
| PYCO SA | Mont de Marsan, France | 47.0 | 0.1 | 0.0 | *) |
| Sauerstoff- und Stickstoffrohr- leitungsgesellschaft mbH | Krefeld, Germany | 50.0 | 0.3 | 0.0 | |
| SC Bayer SRL | Bucharest, Romania | 100.0 | 11.3 | 0.9 | *) |
| Schering Agrochemicals Holdings | Newbury, U.K. | 100.0 | 0.0 | 0.0 | |
| Schering Health Care Limited | Newbury, U.K. | 100.0 | 0.0 | 0.0 | |
| Schering Holdings Ltd. | Newbury, U.K. | 100.0 | 20.5 | 4.0 | *) |
| Schering Industrial Products | Newbury, U.K. | 100.0 | 0.0 | 0.0 | |
| Schering Industrial Products Holdings | Newbury, U.K. | 100.0 | 0.0 | 0.0 | *) |

*) provisional result

**) before profit/loss transfer

***) 2010 result

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/ loss | Foot- notes |
|--|--------------------------------|------------------|-----------|------------------|-------------|
| | | % | € million | € million | |
| Schering International Holding GmbH | Berlin, Germany | 100.0 | 340.7 | 9.3 | *) , **) |
| Schering-Kahlbaum Gesellschaft mit beschränkter Haftung | Berlin, Germany | 100.0 | 28.3 | (0.4) | *) , **) |
| SIA Bayer | Riga, Latvia | 100.0 | 0.6 | 0.1 | *) |
| Siebbe Bayer VV GmbH | Leverkusen, Germany | 100.0 | 0.0 | 0.0 | *) , **) |
| Sportrechte Vermarktungs- und Verwertungs-GmbH & Co. oHG | Leverkusen, Germany | 100.0 | 0.1 | (0.1) | *) |
| TecArena+ GmbH | Leverkusen, Germany | 100.0 | 0.3 | (0.2) | *) , **) |
| tecpol Technologieentwicklungs GmbH für ökoefiziente Polymerverwertung | Hannover, Germany | 28.5 | 1.4 | (0.3) | *) |
| TECTRION GmbH | Leverkusen, Germany | 100.0 | 7.0 | 0.4 | *) , **) |
| TOO Bayer KAZ | Astana, Kazakhstan | 100.0 | 6.4 | 2.3 | |
| TravelBoard GmbH | Leverkusen, Germany | 100.0 | 0.4 | 0.7 | *) , **) |
| UAB Bayer | Vilnius, Lithuania | 100.0 | 2.6 | 0.8 | *) |
| ZAO Bayer | Moscow, Russia | 100.0 | 99.2 | 1.1 | |
| ZAO Rhône-Poulenc AO | Moscow, Russia | 100.0 | 0.0 | (0.2) | *) |
| Zweite K-W-A Beteiligungs-gesellschaft mbH | Leverkusen, Germany | 100.0 | 3.444.1 | 0.0 | *) , **) |
| North America | | | | | |
| Bayer Corporation | Pittsburgh, U.S.A. | 100.0 | 3.557.4 | 276.5 | *) |
| with the following subsidiaries: | | | | | |
| Athenix Corp. | Research Triangle Park, U.S.A. | 100.0 | | | +)) |
| Bayer Business and Technology Services LLC | Pittsburgh, U.S.A. | 100.0 | | | +)) |
| Bayer Canadian Holdings Inc. | Toronto, Canada | 100.0 | | | +)) |
| Bayer Cotton Seed International Inc. | Research Triangle Park, U.S.A. | 51.0 | | | +)) |
| Bayer CropScience LLC | Research Triangle Park, U.S.A. | 100.0 | | | +)) |
| Bayer CropScience LP | Research Triangle Park, U.S.A. | 100.0 | | | +)) |
| Bayer HealthCare LLC | Tarrytown, U.S.A. | 100.0 | | | +)) |
| Bayer HealthCare Pharmaceuticals Inc. | Pine Brook, U.S.A. | 100.0 | | | +)) |
| Bayer HealthCare Pharmaceuticals LLC | Pine Brook, U.S.A. | 100.0 | | | +)) |
| Bayer MaterialScience LLC | Pittsburgh, U.S.A. | 100.0 | | | +)) |
| Bayer Pharma Chemicals Inc. | Pine Brook, U.S.A. | 100.0 | | | +)) |
| Bayer Puerto Rico Inc. | San Juan, Puerto Rico | 100.0 | | | +)) |
| Baypo I LLC | New Martinsville, U.S.A. | 100.0 | | | +)) |
| Baypo II LLC | New Martinsville, U.S.A. | 100.0 | | | +)) |
| BAYPO Limited Partnership | New Martinsville, U.S.A. | 100.0 | | | +)) |
| BHCP Holdings LLC | Wilmington, U.S.A. | 100.0 | | | +)) |
| BIPPO Corporation | New Martinsville, U.S.A. | 100.0 | | | +)) |
| Collateral Therapeutics, Inc. | Richmond, U.S.A. | 100.0 | | | +)) |
| Cooper Land Company of New Jersey, Inc. | Tarrytown, U.S.A. | 100.0 | | | +)) |

*) provisional result

**) before profit/loss transfer

+) pre-consolidated

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/loss | Foot- notes |
|--|--------------------------------|------------------|-----------|-----------------|----------------|
| | | % | € million | € million | |
| Guidance Interactive Healthcare, Inc. | Tarrytown, U.S.A. | 100.0 | | | +)) |
| Hornbeck Seed Company, Inc. | Lubbock, U.S.A. | 100.0 | | | +)) |
| Imaxeon Pty. Ltd. | Rydalmere, Australia | 100.0 | | | +)) |
| iSense Corporation | Wilsonville, U.S.A. | 100.0 | | | +)) |
| iSense Development Corporation | Wilsonville, U.S.A. | 100.0 | | | +)) |
| Mediwest Norway AS | Oslo, Norway | 100.0 | | | +)) |
| Medrad Asia Pte. Ltd. | Singapore | 100.0 | | | +)) |
| Medrad Belgium BV | Antwerp, Belgium | 100.0 | | | +)) |
| Medrad Denmark ApS | Lyngby, Denmark | 100.0 | | | +)) |
| Medrad do Brasil Ltda. | São Paulo, Brazil | 100.0 | | | +)) |
| Medrad Europe B.V. | Maastricht, Netherlands | 100.0 | | | +)) |
| Medrad France S.A.R.L. | Rungis, France | 100.0 | | | +)) |
| Medrad Italia S.r.l. | Cava Manara, Italy | 100.0 | | | +)) |
| Medrad Medical Equipment Trading Company | Beijing, China | 100.0 | | | +)) |
| Medrad Medizinische Systeme GmbH | Volkach, Germany | 100.0 | | | +)) |
| Medrad Mexicana S. de R.L. de CV | Mexico City, Mexico | 100.0 | | | +)) |
| Medrad Sweden AB | Mölnådal, Sweden | 100.0 | | | +)) |
| Medrad UK Limited | Ely, U.K. | 100.0 | | | +)) |
| Medrad, Inc. | Indianola, U.S.A. | 100.0 | | | +)) |
| Nihon Medrad K.K. | Osaka, Japan | 100.0 | | | +)) |
| NippoNex Inc. | Tarrytown, U.S.A. | 100.0 | | | +)) |
| NOR-AM Agro LLC | Pine Brook, U.S.A. | 100.0 | | | +)) |
| NOR-AM Land Company | Pine Brook, U.S.A. | 100.0 | | | +)) |
| Pathway Medical Technologies, Inc. | Wilmington, U.S.A. | 100.0 | | | +)) |
| SB Capital Corporation | Pine Brook, U.S.A. | 100.0 | | | +)) |
| Schering Berlin Inc. | Pine Brook, U.S.A. | 100.0 | | | +)) |
| Stoneville Pedigreed Seed Company | St. Louis, U.S.A. | 100.0 | | | +)) |
| STWB Inc. | Pittsburgh, U.S.A. | 100.0 | | | +)) |
| Viterion TeleHealthcare LLC | Tarrytown, U.S.A. | 100.0 | | | +)) |
| WorldWide Soy Technologies, LLC | Lubbock, U.S.A. | 100.0 | | | +)) |
| Artificial Muscle, Inc. | Sunnyvale, U.S.A. | 100.0 | 4.2 | (2.5) | |
| Bayer CropScience Holding Inc. | Research Triangle Park, U.S.A. | 100.0 | 12.5 | 0.3 | |
| Bayer CropScience Holdings Inc. | Calgary, Canada | 100.0 | 224.9 | 14.7 | |
| Bayer CropScience Inc. | Calgary, Canada | 100.0 | 223.9 | 78.0 | |
| Bayer CropScience Inc. | Research Triangle Park, U.S.A. | 100.0 | 961.1 | 67.5 | |
| Bayer Inc. | Toronto, Canada | 100.0 | 503.4 | 82.7 | *) |
| Bayer International Trade Services Corporation | Weirton, U.S.A. | 100.0 | 162.0 | 150.7 | *) |
| Bayer Overseas Trade Services Corporation | Wilmington, U.S.A. | 100.0 | 0.0 | 0.0 | |
| Bayer West Coast Corporation | Wilmington, U.S.A. | 100.0 | 0.0 | 0.0 | |
| Berlex Canada, Inc. | Pointe-Claire, Canada | 100.0 | 0.0 | 0.0 | |

*) provisional result

+) pre-consolidated

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/ loss | Foot-notes |
|---|--------------------------|------------------|-----------|------------------|------------|
| | | % | € million | € million | |
| Delinting and Seed Treating Company | Maricopa, U.S.A. | 100.0 | 0.0 | 0.0 | |
| Intendis, Inc. | Morristown, U.S.A. | 100.0 | 14.3 | 3.1 | |
| NippoNex Holdings LLC | Tarrytown, U.S.A. | 100.0 | 0.0 | 0.0 | |
| Nunhems USA, Inc. | Morgan Hill, U.S.A. | 100.0 | 16.6 | 0.7 *) | |
| PO JV, LP | Wilmington, U.S.A. | 39.7 | 518.8 | (44.8) *) | |
| Technology JV, L.P. | Wilmington, U.S.A. | 33.3 | 240.6 | 0.0 *) | |
| The SDI Divestiture Corporation | Pittsburgh, U.S.A. | 100.0 | 0.0 | 0.0 | |
| US Seeds LLC | Jonesboro, U.S.A. | 100.0 | 0.8 | 0.7 | |
| Asia / Pacific | | | | | |
| Bayer (China) Limited | Beijing, China | 100.0 | 905.2 | 1.9 *) | |
| Bayer (Malaysia) Sdn. Bhd. | Petaling Jaya, Malaysia | 100.0 | 2.1 | 0.1 *) | |
| Bayer (Sichuan) Animal Health Co., Ltd. | Chengdu, China | 100.0 | 12.5 | 1.8 *) | |
| Bayer (South East Asia) Pte Ltd | Singapore | 100.0 | 80.1 | 19.1 *) | |
| Bayer Australia Limited | Pymble, Australia | 100.0 | 121.5 | 20.0 *) | |
| Bayer BioScience Pvt. Ltd | Hyderabad, India | 100.0 | 26.6 | 0.7 | |
| Bayer Business Services Private Limited | Powai, India | 100.0 | 0.6 | 0.3 | |
| Bayer Co. (Malaysia) Sdn Bhd | Petaling Jaya, Malaysia | 100.0 | 20.3 | 5.8 *) | |
| Bayer CropScience (China) Company Ltd. | Hangzhou, China | 100.0 | 62.6 | 2.0 *) | |
| Bayer CropScience (Private) Limited | Karachi, Pakistan | 100.0 | 9.4 | 1.5 *) | |
| Bayer CropScience (Thailand) Company Limited | Bangkok, Thailand | 100.0 | 0.2 | 0.0 *) | |
| Bayer CropScience Holdings Pty Ltd | East Hawthorn, Australia | 100.0 | 21.8 | 0.0 *) | |
| Bayer CropScience K. K. | Tokyo, Japan | 100.0 | 280.5 | (5.8) *) | |
| Bayer CropScience Limited | Mumbai, India | 71.1 | 97.9 | 19.9 | |
| Bayer CropScience Ltd. | Dhaka, Bangladesh | 60.0 | 3.8 | 0.3 *) | |
| Bayer CropScience Ltd. | Seoul, South Korea | 100.0 | 14.2 | (0.1) *) | |
| Bayer CropScience Pty Limited | East Hawthorn, Australia | 100.0 | 51.1 | 3.8 *) | |
| Bayer CropScience, Inc. | Laguna, Philippines | 100.0 | 15.6 | 2.8 *) | |
| Bayer DAS (Private) Limited | Karachi, Pakistan | 50.0 | 0.0 | 0.0 | |
| Bayer Far East Service Co. Ltd. | Hong Kong, Hongkong | 100.0 | 24.1 | 22.4 *) | |
| Bayer Healthcare Co. Ltd. | Beijing, China | 100.0 | 211.2 | 23.3 *) | |
| Bayer HealthCare Limited | Hong Kong, Hongkong | 100.0 | 10.5 | 2.0 *) | |
| Bayer Holding Ltd. | Tokyo, Japan | 100.0 | 447.6 | 78.1 *) | |
| Bayer Jinling Polyurethane Co., Ltd. | Nanjing, China | 55.0 | 14.7 | 1.6 *) | |
| Bayer Korea Ltd. | Seoul, South Korea | 100.0 | 64.5 | 10.7 *) | |
| Bayer Malibu Polymers Private Limited | Mumbai, India | 51.0 | 1.0 | (0.4) | |
| Bayer MaterialScience (Beijing) Company Limited | Beijing, China | 100.0 | 9.0 | 0.5 *) | |
| Bayer MaterialScience (China) Company Limited | Shanghai, China | 100.0 | 732.6 | (45.4) *) | |

*) provisional result

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/loss | Footnotes |
|---|--------------------------|------------------|-----------|-----------------|-----------|
| | | % | € million | € million | |
| Bayer MaterialScience (Chongqing) Company Limited | Chongqing, China | 100.0 | 3.3 | (0.1) *) | |
| Bayer MaterialScience (Qingdao) Co. Ltd. | Qingdao, China | 100.0 | 9.5 | 0.0 *) | |
| Bayer MaterialScience (Shanghai) Management Company Limited | Shanghai, China | 100.0 | 1.9 | 0.3 *) | |
| Bayer MaterialScience Limited | Hong Kong, Hongkong | 100.0 | 63.0 | 17.4 *) | |
| Bayer MaterialScience Ltd. | Kimhae-City, South Korea | 100.0 | 11.6 | 0.0 *) | |
| Bayer MaterialScience Ltd. | Tokyo, Japan | 100.0 | (18.9) | (40.2) *) | |
| Bayer MaterialScience Private Limited | Mumbai, India | 100.0 | 14.1 | (2.8) | |
| Bayer MaterialScience Pty Ltd | Pymble, Australia | 100.0 | 0.0 | (3.7) *) | |
| Bayer New Zealand Limited | Auckland, New Zealand | 100.0 | 46.1 | (4.6) *) | |
| Bayer Pakistan (Private) Limited | Karachi, Pakistan | 100.0 | 2.3 | (0.9) *) | |
| Bayer Pharmaceuticals Private Limited | Mumbai, India | 100.0 | 2.7 | (1.1) | |
| Bayer Philippines, Inc. | Makati City, Philippines | 100.0 | 38.1 | 9.5 *) | |
| Bayer Polyurethanes Taiwan Ltd. | Taipei, Taiwan | 94.9 | 33.5 | 3.9 *) | |
| Bayer Taiwan Company Ltd. | Taipei, Taiwan | 100.0 | 32.1 | 8.0 *) | |
| Bayer Technology and Engineering (Shanghai) Company Limited | Shanghai, China | 100.0 | 17.8 | 3.9 *) | |
| Bayer Thai Co., Ltd. | Bangkok, Thailand | 100.0 | 459.1 | 41.8 *) | |
| Bayer TPU (Shenzhen) Co. Ltd. | Shenzhen, China | 100.0 | 10.6 | 0.9 *) | |
| Bayer Uretech Ltd. | Yu Pu Village, Taiwan | 100.0 | 9.1 | (1.3) *) | |
| Bayer Vietnam Ltd. | Bien Hoa City, Vietnam | 100.0 | 27.7 | 6.7 *) | |
| Bayer Yakuhin, Ltd. | Osaka, Japan | 100.0 | 226.8 | 98.4 *) | |
| Bayer Zydus Pharma Private Limited | Mumbai, India | 50.0 | 0.0 | 0.0 | |
| Bilag Industries Private Ltd. | Vapi, India | 100.0 | 164.4 | 29.6 *) | |
| Bomac Animal Health Pty. Limited | Hornsby, Australia | 100.0 | 1.3 | 0.0 *) | |
| Bomac Laboratories Pty. Limited | Hornsby, Australia | 100.0 | 0.2 | 0.0 *) | |
| Bomac Pty. Ltd. | Hornsby, Australia | 100.0 | 0.2 | (0.4) *) | |
| Bomac Research Pty. Ltd. | Hornsby, Australia | 100.0 | 0.0 | (0.3) *) | |
| Chemdyes Pakistan (Private) Limited | Karachi, Pakistan | 100.0 | 0.3 | 0.0 *) | |
| Cotton Growers Services Pty. Limited | Wee Waa, Australia | 50.0 | 8.9 | 2.5 *) | |
| DIC Bayer Polymer Ltd. | Tokyo, Japan | 50.0 | 12.2 | 2.7 *) | |
| Guangzhou Bayer Material-Science Company Limited | Guangzhou, China | 100.0 | 17.3 | 1.6 *) | |
| Medipharma (Pvt) Ltd. | Lahore, Pakistan | 100.0 | 5.9 | 0.3 *) | |
| Myanmar Aventis CropScience Ltd. | Yangon, Myanmar | 100.0 | 0.0 | 0.0 *) | |
| Nunhems Beijing Seeds Co. Ltd. | Beijing, China | 95.0 | 5.9 | 1.5 *) | |
| Nunhems India Private Limited | Hyderabad, India | 100.0 | 19.5 | 4.6 *) | |
| PT. Bayer Indonesia | Jakarta, Indonesia | 99.8 | 142.0 | 25.3 *) | |

*) provisional result

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/ loss | Foot- notes |
|--|-----------------------------------|------------------|-----------|------------------|-------------|
| | | % | € million | € million | |
| PT. Bayer MaterialScience Indonesia | Jakarta, Indonesia | 99.9 | 21.2 | 3.6 *) | |
| Schering Pty. Limited | Pymble, Australia | 100.0 | 0.0 | 0.0 | |
| Sumika Bayer Urethane Co., Ltd. | Osaka, Japan | 60.0 | (6.5) | (13.0) *) | |
| Teijin-Bayer Polytec Ltd. | Tokyo, Japan | 50.0 | 0.6 | 0.0 *) | |
| U I M Agrochemicals (Aust) Pty Ltd. | East Hawthorn, Australia | 100.0 | 2.2 | 0.1 *) | |
| Latin America/Africa/Middle East | | | | | |
| AgrEvo South Africa (Pty) Ltd. | Isando, South Africa | 100.0 | 0.0 | 0.0 | |
| Alimtec S.A. | Santiago, Chile | 100.0 | 0.8 | (0.7) *) | |
| Bayer (Proprietary) Limited | Isando, South Africa | 100.0 | 102.5 | 15.4 *) | |
| Bayer Algerie S.P.A. | Algiers, Algeria | 100.0 | (0.1) | 0.0 *) | |
| Bayer Boliviana Ltda | Santa Cruz de la Sierra, Bolivia | 100.0 | 1.9 | 0.5 *) | |
| Bayer Central America Sociedad Anonima | San José, Costa Rica | 100.0 | 1.1 | 0.4 | |
| Bayer de México, S.A. de C.V. | Mexico City, Mexico | 100.0 | 195.1 | 75.0 | |
| Bayer Distribuidora de Produtos Químicos e Farmacêuticos Ltda. | São Paulo, Brazil | 100.0 | 0.4 | 0.0 *) | |
| Bayer East Africa Ltd. | Nairobi, Kenya | 55.0 | 13.2 | 1.1 *) | |
| Bayer Finance & Portfolio Management S.A. | Santiago, Chile | 100.0 | 154.9 | 0.0 *) | |
| Bayer Finance Ltda. | Santiago, Chile | 100.0 | 145.7 | (2.4) *) | |
| Bayer Imóveis Ltda. | Belford Roxo, Brazil | 100.0 | 0.0 | 0.0 | |
| Bayer IMSA, S.A. de C.V. | Nuevo León, Mexico | 50.0 | 6.1 | 1.6 *) | |
| Bayer Israel Ltd. | Hod Hasharon, Israel | 100.0 | 2.3 | 0.1 *) | |
| Bayer Middle East FZE | Dubai, United Arab Emirates | 100.0 | 1.2 | 0.1 | |
| Bayer Middle East Limited Liability Company | Dubai, United Arab Emirates | 49.0 | 0.0 | 0.0 | |
| Bayer Parsian AG | Tehran, Iran | 100.0 | 1.4 | 0.6 *) | |
| Bayer Pearl Polyurethane Systems FZCO | Dubai, United Arab Emirates | 51.0 | 10.4 | 2.5 | |
| Bayer S.A. | Asunción, Paraguay | 100.0 | 17.7 | 1.1 *) | |
| Bayer S.A. | Bogotá, Colombia | 100.0 | 118.5 | 10.4 *) | |
| Bayer S.A. | Buenos Aires, Argentina | 100.0 | 170.6 | 36.6 *) | |
| Bayer S.A. | Caracas, Venezuela | 100.0 | 100.8 | 30.6 *) | |
| Bayer S.A. | Casablanca, Morocco | 100.0 | 25.7 | (0.6) *) | |
| Bayer S.A. | Colón, Panama | 100.0 | 23.1 | 12.1 | |
| Bayer S.A. | Guatemala City, Guatemala | 100.0 | 51.1 | 6.3 *) | |
| Bayer S.A. | Lima, Peru | 89.3 | 60.1 | 7.8 *) | |
| Bayer S.A. | Managua, Nicaragua | 100.0 | 4.2 | 0.8 *) | |
| Bayer S.A. | Quito, Ecuador | 100.0 | 16.1 | 1.9 *) | |
| Bayer S.A. | San José, Costa Rica | 100.0 | 21.6 | 5.0 | |
| Bayer S.A. | Santiago, Chile | 100.0 | 18.8 | 19.4 *) | |
| Bayer S.A. | Santo Domingo, Dominican Republic | 100.0 | 11.6 | 1.8 *) | |

*) provisional result

Overview of interests

| Company Name | Place of Business | Bayer's interest | Equity | Net income/loss | Footnotes |
|---|-------------------------------|------------------|-----------|-----------------|-----------|
| | | % | € million | € million | |
| Bayer S. A. | São Paulo, Brazil | 100.0 | 672.0 | 43.0 | *) |
| Bayer S. A. de C.V. | Tegucigalpa, Honduras | 100.0 | 6.3 | 0.9 | *) |
| Bayer SA | Montevideo, Uruguay | 100.0 | 5.1 | 0.4 | *) |
| Bayer Schering Pharma Mocambique, Lda | Maputo, Mozambique | 100.0 | 0.0 | 0.0 | *) |
| Bayer Türk Kimya Sanayi Limited Sirketi | Istanbul, Turkey | 100.0 | 94.2 | 23.3 | *) |
| Bayer Zimbabwe (Private) Limited | Harare, Zimbabwe | 100.0 | 0.3 | 0.0 | *) |
| Bayer, S.A. | San Salvador, El Salvador | 100.0 | 11.9 | 0.0 | |
| BaySystems Pearl Limited Liability Company | Dubai, United Arab Emirates | 49.0 | 0.1 | 0.0 | |
| Comercial Interamericana, S.A. | Guatemala City, Guatemala | 100.0 | 0.0 | 0.0 | *) |
| Coopers Environmental Science (Pty) Ltd. | Pomona Gardens, South Africa | 26.0 | 1.7 | 0.2 | *) |
| Corporación Bonima S.A. de C.V. | Ilopango, El Salvador | 99.8 | 21.1 | (0.7) | |
| Farmaco Ltda. | São Paulo, Brazil | 100.0 | 0.1 | 0.0 | *) |
| Goiânia Investimentos e Participações Ltda | Rio Verde, Brazil | 100.0 | 1.6 | (0.6) | *) |
| Industrias Gustafson, S.A. de C.V. | Mexico City, Mexico | 100.0 | 0.0 | 0.0 | |
| Intendis Ilac Ticaret Limited Sirketi | Istanbul, Turkey | 100.0 | 5.0 | (2.9) | *) |
| Laboratorio Berlimed S.A. | Santiago, Chile | 100.0 | 0.0 | 0.0 | |
| Mediterranean Seeds Ltd. | Einat, Israel | 100.0 | 1.3 | 0.1 | *) |
| Miles, S.A. Guatemala Branch | Guatemala City, Guatemala | 100.0 | 0.0 | 0.0 | *) |
| Nunhems Chile S.A. | Santiago, Chile | 100.0 | 5.4 | 1.3 | *) |
| Nunhems do Brasil Comercio de Sementes Ltda | Campinas, Brazil | 100.0 | 3.3 | 0.2 | *) |
| Nunhems Mexico S.A. de C.V. | Queretaro, Mexico | 100.0 | 1.4 | 0.0 | *) |
| Nunhems Tohumculuk Limited Sirketi | Antalya, Turkey | 100.0 | 17.4 | 4.5 | *) |
| Paltough Industries (1998) Ltd. | Kibbuz Ramat Yochanan, Israel | 25.0 | 54.3 | 3.7 | *) |
| Productos Químicos Naturales, S.A. de C.V. | Orizaba, Mexico | 100.0 | 12.4 | (2.8) | *) |
| Químicas Unidas S.A. | Havana, Cuba | 100.0 | 0.0 | 0.0 | |
| Schering (Pty) Ltd. | Midrand, South Africa | 100.0 | 0.0 | 0.3 | |
| Schering do Brasil Química e Farmacêutica Ltda. | São Paulo, Brazil | 100.0 | 96.7 | 26.8 | *) |
| Schering Peruana S.A. | Lima, Peru | 100.0 | 0.0 | 0.0 | *) |
| Soytech Seeds Pesquisa em Soja Ltda | Rio Verde, Brazil | 99.9 | (1.3) | (0.6) | *) |

*) provisional result

In addition, Bayer AG directly or indirectly holds more than 5% of the voting rights in the following major companies, which are not included in the above list (disclosure pursuant to Section 285 No. 11 of the German Commercial Code).

Other Interests in Large Limited Liability Companies

| Company Name | Place of Business | Bayer's interest |
|-------------------------------|-------------------------|------------------|
| | | % |
| Hokusan Co. Ltd. | Tokyo, Japan | 19.8 |
| Instituto Rosenbusch S.A. | Buenos Aires, Argentina | 10.0 |
| PharmLog Pharma Logistik GmbH | Boenen, Germany | 16.6 |

Bayer AG is a partner with unlimited liability in Currenta GmbH & Co. OHG, Leverkusen (disclosure pursuant to Section 285 No. 11a of the German Commercial Code).

Leverkusen, February 14, 2012
Bayer Aktiengesellschaft

The Board of Management

Proposal for Distribution of the Profit

The distributable profit of Bayer AG in 2011 amounted to €1,364 million. We propose that this amount be used to pay a dividend of €1.65 per no-par share (826,947,808 shares) on the capital stock of €2,117 million entitled to the dividend for 2011.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair representation of the assets, liabilities, financial position and profit or loss of the company, and the Combined Management Report includes a fair review of the development and performance of the business and the position of the Bayer Group and Bayer AG, together with a description of the principal opportunities and risks associated with the expected development of Bayer Group and Bayer AG.

Leverkusen, February 14, 2012
Bayer Aktiengesellschaft

The Board of Management



Dr. Marijn Dekkers
Chairman



Werner Baumann



Prof. Dr. Wolfgang Plischke



Dr. Richard Pott

Auditor's Report

We have audited the annual financial statements – comprising the statement of financial position, income statement and notes – together with the accounting system, and the management report of Bayer Aktiengesellschaft, Leverkusen, Germany – which is combined with the Group management report – for the financial year from January 1 to December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Board of Management of Bayer AG. Our responsibility is to express an opinion on the annual financial statements, together with the accounting system, and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB (Handelsgesetzbuch – German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German generally accepted accounting principles and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the annual financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German generally accepted accounting principles. The combined management report is consistent with the financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Essen, February 23, 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Armin Slotta)
Wirtschaftsprüfer

(Anne Böcker)
Wirtschaftsprüferin

Report of the Supervisory Board

Dear stockholders:

During 2011 the Supervisory Board monitored the conduct of the company's business by the Board of Management on a regular basis with the aid of detailed written and oral reports received from the Board of Management, and also acted in an advisory capacity. In addition, the Chairman of the Supervisory Board and the Chairman of the Board of Management maintained a constant exchange of information. In this way the Supervisory Board was kept continuously informed about the company's intended business strategy, corporate planning (including financial, investment and human resources planning), earnings performance, the state of the business and the situation in the company and the Group as a whole.

Where Board of Management decisions or actions required the approval of the Supervisory Board, whether by law or under the Articles of Incorporation or the rules of procedure, the draft resolutions were inspected by the members at the meetings of the full Supervisory Board, sometimes after preparatory work by the committees, or approved on the basis of documents circulated to the members. The Supervisory Board was involved in decisions of material importance to the company. We discussed at length the business trends described in the reports from the Board of Management and the prospects for the development of the Bayer Group as a whole, the individual organizational units and the principal affiliated companies in Germany and abroad.

Four meetings of the full Supervisory Board took place during 2011. No member of the Supervisory Board attended fewer than half of its meetings. The average attendance rate at the meetings exceeded 95 percent. The members of the Board of Management attended all the meetings of the Supervisory Board.

Principal topics discussed by the Supervisory Board

The deliberations of the Supervisory Board focused on questions relating to the strategies and business activities of the Group as a whole and of the subgroups. The discussions at the respective meetings in 2011 centered on various topics. At the February meeting, the



Supervisory Board discussed the 2010 Annual Report and the agenda for the 2011 Annual Stockholders' Meeting. It also dealt at length with the Bayer Group's risk management system, matters related to the Board of Management's compensation, and a possible corporate acquisition. Finally, it approved an amendment to the Board of Management's rules of procedure. At its meeting in April, the Supervisory Board reviewed the development of the business in the first quarter and discussed the imminent Annual Stockholders' Meeting.

At the September meeting, the Supervisory Board dealt with the renewal of Dr. Richard Pott's appointment as a member of the Board of Management and Labor Director. Another main topic was the situation of the Group, including new developments regarding its strategy and competitive position. An additional point of discussion was the situation of the HealthCare subgroup. Following the meeting, an information and discussion forum took place on the role of the Supervisory Board in corporate acquisitions.

At the meeting in December 2011, the Board of Management presented its planning for the business operations, the finances and the asset and liability structure of the Bayer Group in the years 2012 through 2014. The Supervisory Board also deliberated on the existing systems of personnel development at Bayer. Finally, at this meeting the Supervisory Board resolved on the declaration of compliance with the German Corporate Governance Code and discussed matters concerning the Supervisory Board elections to be held at the Annual Stockholders' Meeting in 2012.

In July 2011 the Supervisory Board made one decision on the basis of documents circulated to the members. The decision related to the sale of a parcel of industrial land.

Committees of the Supervisory Board

The Supervisory Board has a Presidial Committee, an Audit Committee, a Human Resources Committee and a Nominations Committee. The current membership of the committees is shown on page 61.

Presidial Committee: This comprises the Chairman and Vice Chairman of the Supervisory Board along with a further stockholder representative and a further employee representative. The Presidial Committee serves primarily as the mediation committee pursuant to the German Codetermination Act. It has the task of submitting proposals to the Supervisory Board on the appointment of members of the Board of Management if the necessary two-thirds majority is not achieved in the first vote at a meeting of the full Supervisory Board. Certain decision-making powers in connection with capital measures, including the power to amend the Articles of Incorporation accordingly, have also been delegated to this committee.

On the basis of an authorization issued by the full Supervisory Board, the Presidial Committee made a written decision relating to the settlement of litigation concerning genetically modified rice. In 2011 the Presidial Committee was not required to convene in its capacity as the mediation committee pursuant to Section 27 Paragraph 3 of the German Codetermination Act.

Audit Committee: The Audit Committee comprises three stockholder representatives and three employee representatives. The Chairman of the Audit Committee in 2011, Dr. Klaus Sturany, satisfies the statutory requirements concerning the independence and the expertise in the field of accounting or auditing that a member of the Supervisory Board and the Audit Committee is required to possess. The Audit Committee meets regularly four times a year. Its tasks include examining the company's financial reporting along with the financial statements of Bayer AG, the consolidated financial statements of the Bayer Group, the combined management report, the proposal for the use of the distributable profit of Bayer AG, and the interim financial statements and management reports of the Bayer Group, all of which are prepared by the Board of Management. On the basis of the auditor's report on the audit of the financial statements of Bayer AG, the consolidated financial statements of the Bayer Group and the combined management report, the Audit Committee develops

proposals concerning the approval of the statements by the full Supervisory Board. The Audit Committee is also responsible for the company's relationship with the external auditor. The Audit Committee submits a proposal to the full Supervisory Board concerning the auditor's appointment, prepares the awarding of the audit contract to the audit firm appointed by the Annual Stockholders' Meeting, suggests areas of focus for the audit and determines the auditor's remuneration. It also monitors the independence, qualifications, rotation and efficiency of the auditor.

In addition, the Audit Committee oversees the company's internal control system – along with the procedures used to identify, track and manage risk – and the internal audit system. It also deals with corporate compliance issues and discusses developments in this area at each of its meetings.

The Chairman of the Board of Management and the Chief Financial Officer regularly attended the meetings of the Audit Committee. The auditor was present at all the meetings, reporting in detail on the audit work and the audit reviews of the interim financial statements.

The meetings focused on a number of topics. At the February 2011 meeting, the Audit Committee discussed the risk report, which covered the risk management system, planning and market risks, legal risks, corporate compliance, the report on process and organizational risks and the internal control system, and the report by Corporate Auditing. At this meeting it also submitted a recommendation to the full Supervisory Board concerning the resolution to be put before the Annual Stockholders' Meeting on the appointment of the auditor of the financial statements. The April meeting was mainly devoted to the Bayer Group's tax strategy, the yearly report of the Compliance Officer, and determining the main areas of focus for the audit of the 2011 financial statements. The meeting in July centered on the bidding for the audit of the financial statements, recent changes to the International Financial Reporting Standards, and the restructuring measures planned in the Group Accounting & Controlling function. The bidding for the audit of the financial statements was again a topic of discussion at the October meeting.

Human Resources Committee: On this committee, too, there is parity of representation between stockholders and employees. It consists of the Chairman of the Supervisory Board and three other Supervisory Board members. The Human Resources Committee prepares the personnel decisions of the full Supervisory Board, which resolves on appointments or dismissals of members of the Board of Management. The Human Resources Committee resolves on behalf of the Supervisory Board on the service contracts of the members of the Board of Management. However, it is the task of the full Supervisory Board to resolve on the total compensation of the individual members of the Board of Management and the respective compensation components, as well as to regularly review the compensation system on the basis of recommendations submitted by the Human Resources Committee. The Human Resources Committee also discusses the long-term succession planning for the Board of Management.

The Human Resources Committee convened on three occasions in 2011. The matters discussed at these meetings concerned the compensation of the members of the Board of Management, their service contracts, and the renewal of Dr. Richard Pott's appointment as a member of the Board of Management and Labor Director.

Nominations Committee: This committee carries out preparatory work when an election of stockholder representatives to the Supervisory Board is to be held. It suggests suitable candidates for the Supervisory Board to propose to the Annual Stockholders' Meeting for election. The Nominations Committee comprises the Chairman of the Supervisory Board and the other stockholder representative on the Presidial Committee.

At one meeting and on several other occasions in 2011, in accordance with its responsibilities, the Nominations Committee discussed possible candidates for election to the Supervisory Board as stockholder representatives at the 2012 Annual Stockholders' Meeting.

The meetings and decisions of the committees, and especially the meetings of the Audit Committee, were prepared on the basis of reports and other information provided by the Board of Management. Reports on the committee meetings were presented at the meetings of the full Supervisory Board.

Corporate governance

The Supervisory Board dealt with the continuing development of corporate governance at Bayer, taking into account the May 26, 2010 version of the German Corporate Governance Code. In December 2011 the Board of Management and the Supervisory Board issued a new declaration of compliance, which is also reproduced in the Corporate Governance Report on page 96 of the Bayer Annual Report.

Financial statements and audits

The financial statements of Bayer AG were prepared according to the requirements of the German Commercial Code and Stock Corporations Act. The consolidated financial statements of the Bayer Group were prepared according to the German Commercial Code and the International Financial Reporting Standards (IFRS). The combined management report was prepared according to the German Commercial Code. The auditor, PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Essen, has audited the financial statements of Bayer AG, the consolidated financial statements of the Bayer Group and the combined management report. The conduct of the audit is explained in the auditor's reports. The auditor finds that Bayer has complied, as appropriate, with the German Commercial Code, the German Stock Corporations Act and/or the International Financial Reporting Standards endorsed by the European Union, and issues an unqualified opinion on the financial statements of Bayer AG and the consolidated financial statements of the Bayer Group. The financial statements of Bayer AG, the consolidated financial statements of the Bayer Group, the combined management report and the audit reports were submitted to all members of the Supervisory Board. They were discussed in detail by the Audit Committee and at a meeting of the full Supervisory Board. The auditor submitted a report on both occasions and was present during the discussions.

We examined the financial statements of Bayer AG, the proposal for distribution of the profit, the consolidated financial statements of the Bayer Group and the combined management report. We found no objections, thus we concur with the result of the audit.

We have approved the financial statements of Bayer AG and the consolidated financial statements of the Bayer Group prepared by the Board of Management. The financial statements of Bayer AG are thus confirmed. We are in agreement with the combined management report and, in particular, with the assessment of the future development of the enterprise. We also concur with the dividend policy and the decisions concerning earnings retention by the company. We assent to the proposal for distribution of the profit, which provides for payment of a dividend of €1.65 per share.

The Supervisory Board would like to thank the Board of Management and all employees for their dedication and hard work in 2011.

Leverkusen, February 23, 2012

For the Supervisory Board:



DR. MANFRED SCHNEIDER
Chairman

Governance Bodies

Supervisory Board

Members of the Supervisory Board held offices as members of the supervisory board or a comparable supervising body of the corporations listed (as at December 31, 2011):

DR. MANFRED SCHNEIDER

Cologne, Germany
(born December 21, 1938)
Chairman of the Supervisory Board effective April 2002
Memberships on other supervisory boards:

- Daimler AG (until April 2011)
- Linde AG (Chairman)
- RWE AG (Chairman)
- TUI AG (until February 2011)

THOMAS DE WIN

Cologne, Germany
(born November 21, 1958)
Vice Chairman of the Supervisory Board,
Member of the Supervisory Board effective April 2002
Chairman of the Bayer Group Works Council
Chairman of the Bayer Central Works Council
Memberships on other supervisory boards:

- Bayer MaterialScience AG

DR. PAUL ACHLEITNER

Munich, Germany
(born September 28, 1956)
Member of the Supervisory Board effective April 2002
Member of the Board of Management of Allianz SE
Memberships on other supervisory boards:

- Allianz Global Investors AG
- Allianz Investment Management SE, Chairman of the Board of Directors
- Daimler AG
- RWE AG

ANDRÉ AICH

Berlin, Germany
(born February 17, 1969)
Member of the Supervisory Board effective April 2007
Member of the Works Council of Bayer Pharma AG

WILLY BEUMANN

Wuppertal, Germany
(born April 12, 1956)
Member of the Supervisory Board effective February 2007
Chairman of the Works Council of the Wuppertal site of Bayer
Memberships on other supervisory boards:

- Bayer Pharma AG

DR. CLEMENS BÖRSIG

Frankfurt am Main, Germany
(born July 27, 1948)
Member of the Supervisory Board effective April 2007
Chairman of the Supervisory Board of Deutsche Bank AG
Memberships on other supervisory boards:

- Daimler AG
- Deutsche Bank AG (Chairman)
- Linde AG

Memberships in comparable supervising bodies of German or foreign corporations:

- Emerson Electric Co.

DR.-ING. THOMAS FISCHER

Krefeld, Germany
(born August 27, 1955)
Member of the Supervisory Board effective October 2005
Chairman of the Group Managerial Employees' Committee of Bayer
Memberships on other supervisory boards:

- Bayer MaterialScience AG

PETER HAUSMANN

Winsen/Aller, Germany
(born February 13, 1954)
Member of the Supervisory Board effective April 2006
Member of the Executive Committee of the German Mining, Chemical and Energy Industrial Union
Memberships on other supervisory boards:

- Evonik Services GmbH (until December 2011)

PROF. DR.-ING. E.H. HANS-OLAF HENKEL

Berlin, Germany
(born March 14, 1940)
Member of the Supervisory Board effective April 2002
Honorary Professor at the University of Mannheim
Memberships on other supervisory boards:

- Continental AG
- Daimler Luft- und Raumfahrt Holding AG
- Heliad Equity Partners GmbH & Co. KGaA
- SMS GmbH (until April 2011)
- SMS Holding GmbH (effective April 2011)

Memberships in comparable supervising bodies of German or foreign corporations:

- Ringier AG

REINER HOFFMANN

Wuppertal, Germany
(born May 30, 1955)
Member of the Supervisory Board effective October 2006
North Rhine District Secretary of the German Mining, Chemical and Energy Industrial Union
Memberships on other supervisory boards:

- Evonik Services GmbH
- SASOL Germany GmbH

DR. RER. POL. KLAUS KLEINFELD

New York, U.S.A.
(born November 6, 1957)
Member of the Supervisory Board effective April 2005
Chairman and Chief Executive Officer of ALCOA Inc.

PETRA KRONEN

Krefeld, Germany
(born August 22, 1964)
Member of the Supervisory Board effective July 2000
Chairman of the Works Council of the Uerdingen site of Bayer
Memberships on other supervisory boards:

- Bayer MaterialScience AG (Vice Chairman)

DR. RER. NAT. HELMUT PANKE

Munich, Germany
(born August 31, 1946)
Member of the Supervisory Board effective April 2007
Member of various supervisory boards
Memberships in comparable supervising bodies of German or foreign corporations:

- Microsoft Corporation
- Singapore Airlines Limited
- UBS AG

HUBERTUS SCHMOLDT

Soltau, Germany
(born January 14, 1945)

Member of the Supervisory Board effective January 1995

Member of various supervisory boards

Memberships on other supervisory boards:

- Dow Olefinverbund GmbH (Vice Chairman)
- E.ON AG
- RAG AG (Vice Chairman)
- RAG Deutsche Steinkohle AG (Vice Chairman)

PROF. DR.-ING.**EKKEHARD D. SCHULZ**

Krefeld, Germany
(born July 24, 1941)

Member of the Supervisory Board effective April 2005

Member of various supervisory boards

Memberships on other supervisory boards:

- AXA Konzern AG
- MAN SE (Vice Chairman)
- RWE AG
- ThyssenKrupp AG (until December 2011)
- ThyssenKrupp Elevator AG (until January 2011)
- ThyssenKrupp Steel Europe AG (until January 2011)

DR. KLAUS STURANY*

Dortmund, Germany
(born October 23, 1946)

Member of the Supervisory Board effective April 2007

Member of various supervisory boards

Memberships on other supervisory boards:

- Hannover Rückversicherung AG (Vice Chairman)
- Heidelberger Druckmaschinen AG
- Memberships in comparable supervising bodies of German or foreign corporations:
- Österreichische Industrieholding AG
- Sulzer AG

ROSWITHA SÜSSELBECK

Leichlingen, Germany
(born March 19, 1954)

Member of the Supervisory Board effective July 2010

Vice Chairman of the Works Council of the Leverkusen site of Bayer

Memberships on other supervisory boards:

- Bayer CropScience AG (Vice Chairman)

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

DIPL.-ING. DR.-ING. E.H.**JÜRGEN WEBER**

Hamburg, Germany
(born October 17, 1941)

Member of the Supervisory Board effective April 2003

Chairman of the Supervisory Board of Deutsche Lufthansa AG

Memberships on other supervisory boards:

- Allianz Lebensversicherungs-AG
- Deutsche Lufthansa AG (Chairman)
- Loyalty Partner GmbH (Chairman)
- Voith GmbH
- Willy Bogner GmbH & Co. KGaA (Chairman)

Memberships in comparable supervising bodies of German or foreign corporations:

- Tetra Laval Group

PROF. DR. DR. H.C. MULT.**ERNST-LUDWIG WINNACKER**

Munich, Germany
(born July 26, 1941)

Member of the Supervisory Board effective April 1997

Secretary General of the Human Frontier Science Program, Strasbourg

Memberships on other supervisory boards:

- Medigene AG (Chairman)
- Wacker Chemie AG

OLIVER ZÜHLKE

Solingen, Germany
(born December 11, 1968)

Member of the Supervisory Board effective April 2007

Chairman of the Works Council of the Leverkusen site of Bayer

Chairman of the Bayer European Forum

Standing committees of the Supervisory Board of Bayer AG (as at Dec. 31, 2011)

PRESIDIAL COMMITTEE / MEDIATION COMMITTEE

Schneider (Chairman), Achleitner, Schmoldt, de Win

AUDIT COMMITTEE

Sturany* (Chairman), Fischer, Hausmann, Henkel, Schneider, de Win

HUMAN RESOURCES COMMITTEE

Schneider (Chairman), Beumann, Kronen, Weber

NOMINATIONS COMMITTEE

Schneider (Chairman), Achleitner

HERMANN JOSEF STRENGER

Honorary Chairman of the Supervisory Board of Bayer AG, Leverkusen

Board of Management

Members of the Board of Management held offices as members of the supervisory board or a comparable supervising body of the corporations listed (as at December 31, 2011):

DR. MARIJN DEKKERS

(born September 22, 1957)

Chairman

(effective October 1, 2010)

Member of the Board of Management effective January 1, 2010, appointed until December 31, 2014

WERNER BAUMANN

(born October 6, 1962)

Member of the Board of Management effective January 1, 2010, appointed until December 31, 2012

- Bayer Business Services GmbH (Chairman)
- Bayer CropScience AG (Chairman)

PROF. DR. WOLFGANG PLISCHKE

(born September 15, 1951)

Member of the Board of Management effective March 1, 2006, appointed until February 28, 2014

- Bayer MaterialScience AG (Chairman)
- Bayer Technology Services GmbH (Chairman)
- Bayer Innovation GmbH, Shareholders' Committee (Chairman)
- Bayer Real Estate GmbH, Shareholders' Committee (Chairman)

DR. RICHARD POTT

(born May 11, 1953)

Member of the Board of Management effective May 1, 2002, appointed until May 31, 2013

Labor Director

- Bayer Chemicals AG (Chairman)
- Bayer HealthCare AG (Chairman)
- Bayer Pharma AG (Chairman)
- Currenta Geschäftsführungs-GmbH (Chairman)
- Bayer Innovation GmbH, Shareholders' Committee

Financial Calendar

| | |
|-----------------------------------|--------------------------|
| Q1 2012 Interim Report | APRIL 26, 2012 |
| Annual Stockholders' Meeting 2012 | APRIL 27, 2012 |
| Planned dividend payment date | APRIL 30, 2012 |
| Q2 2012 Interim Report | JULY 31, 2012 |
| Q3 2012 Interim Report | OCTOBER 30, 2012 |
| 2012 Annual Report | FEBRUARY 28, 2013 |
| Q1 2013 Interim Report | APRIL 25, 2013 |
| Annual Stockholders' Meeting 2013 | APRIL 26, 2013 |

MASTHEAD

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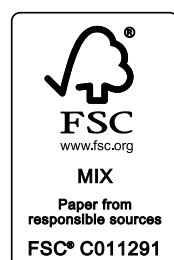
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the Bayer Annual
Stockholders'
Meeting 2012
can be found at:
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