

## Subscription Offer

Bayer Aktiengesellschaft  
Leverkusen

(ISIN DE000BAY0017/WKN BAY001)

On April 29, 2014, the annual stockholders' meeting of Bayer Aktiengesellschaft (the "**Company**") adopted a resolution, which was entered into the commercial register on May 16, 2014, authorizing the management board of the Company (the "**Board of Management**") until and including April 28, 2019, with the approval of the supervisory board of the Company (the "**Supervisory Board**"), to increase the share capital of the Company by up to €530,000,000 through the issuance in one or more tranches of new no par value registered shares against contribution in cash and/or contribution in kind (with a sub-limit of €423,397,120.00 applicable to capital increases against contribution in kind).

In exercising this authorization, on June 3, 2018, the Board of Management resolved, with the approval of the Supervisory Board's presidial committee (*Präsidium*), to which such competence was delegated, on the same day, to increase the Company's registered share capital from €2,196,346,388.48 by €190,986,639.36 to €2,387,333,027.84 against contribution in cash through the issuance of 74,604,156 new no par value registered shares, each with a notional value of the Company's share capital of €2.56 and carrying full dividend rights from January 1, 2018 (the "**New Shares**").

In connection with the capital increase, the Company's existing shareholders will be granted the statutory subscription right in the form of an indirect subscription right pursuant to Section 186 para. 5 of the German Stock Corporation Act (*Aktiengesetz*). In order to enable an even subscription ratio, one shareholder waived the right to exercise or sell 14 subscription rights. Credit Suisse Securities (Europe) Limited, London, United Kingdom ("**Credit Suisse**") and Merrill Lynch International, London, United Kingdom ("**BofA Merrill Lynch**") and together with Credit Suisse, the "**Joint Global Coordinators**", as well as Goldman Sachs International, London, United Kingdom, HSBC Trinkaus & Burkhardt AG Dusseldorf, Germany ("**HSBC**"), J.P. Morgan Securities plc, London, United Kingdom ("**J.P. Morgan**"), Barclays Bank PLC, London, United Kingdom ("**Barclays**"), BNP PARIBAS, Paris, France, Citigroup Global Markets Limited, London, United Kingdom ("**Citigroup**"), COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Germany ("**COMMERZBANK**"), Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany ("**Deutsche Bank**"), Mizuho International plc, London, United Kingdom, MUFG Securities EMEA plc, London, United Kingdom ("**MUFG**"), Banco Bilbao Vizcaya Argentaria, S.A., Bilbao, Spain ("**BBVA**"), Crédit Agricole Corporate and Investment Bank, Montrouge Cedex, France ("**Crédit Agricole CIB**"), ING Bank N.V., Amsterdam, The Netherlands ("**ING**"), Banca IMI S.p.A., Milano, Italy ("**Banca IMI**"), Banco Santander, S.A., Madrid, Spain ("**Banco Santander**"), Société Générale, Paris, France, SMBC Nikko Capital Markets Limited, London, United Kingdom ("**SMBC Nikko**") and UniCredit Bank AG, Munich, Germany (together with Goldman Sachs International, HSBC, J.P. Morgan, Barclays, BNP PARIBAS, Citigroup, COMMERZBANK, Deutsche Bank, Mizuho International plc, MUFG, BBVA, Crédit Agricole CIB, ING, Banca IMI, Banco Santander, Société Générale and SMBC Nikko and the Joint Global Coordinators, the "**Joint Bookrunners**") have agreed, pursuant to an underwriting agreement concluded on June 3, 2018 (the "**Underwriting Agreement**"), (i) for the Joint Global Coordinators and COMMERZBANK to subscribe the New Shares and (ii) for each of the Joint Bookrunners to acquire and offer the New Shares to the Company's existing shareholders during the subscription period for indirect subscription at the subscription ratio and at the subscription price per New Share (the "**Subscription Offer**"). The Underwriting Agreement provides for a firm underwriting of the New Shares not sold in the offering by the Joint Bookrunners. The registration of the implementation of the capital increase in the commercial register of the local court of Cologne, Germany (*Amtsgericht Köln*) is expected to occur on June 20, 2018.

The subscription rights (ISIN DE000BAY1BR7/WKN BAY 1BR) attributable to the existing shares of the Company (ISIN DE000BAY0017/WKN BAY001) will automatically be delivered by Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, to the custodian banks on June 8, 2018 as per the status on June 7, 2018 at 11:59 p.m. CEST (Record Date). The custodian banks are responsible for booking the subscription rights to the eligible custodian accounts of the Company's existing shareholders.

**We kindly request our shareholders to exercise their subscription rights for the New Shares during the period**

**from June 6, 2018 up to and including  
June 19, 2018**

**through their custodian bank at the subscription agent, COMMERZBANK Aktiengesellschaft, during regular banking hours. Investors are recommended to follow the respective instructions by their custodian**

**banks. Subscription rights that are not exercised in a timely manner will lapse and be of no value. No compensation will be payable for subscription rights that are not exercised.**

The subscription agent has its registered office in Frankfurt am Main, Germany.

**In accordance with the subscription ratio of 23:2, 23 existing shares of the Company entitle the holder to subscribe for two New Shares at the subscription price per New Share. Shareholders may only subscribe for one share or multiples thereof. The notice of the exercise of subscription rights is binding upon its receipt by the subscription agent and cannot be altered afterwards. The exercise of the subscription rights is, however, conditional upon the registration of the implementation of the capital increase in the commercial register and subject to the other limitations set forth below under “Important Notice.”**

#### **Subscription Price**

The subscription price per New Share is €81.00. The subscription price must be paid at the latest on June 19, 2018.

#### **Trading in Subscription Rights**

In connection with the Subscription Offer of the New Shares, the subscription rights (ISIN DE000BAY1BR7/WKN BAY 1BR) for the New Shares and fractional amounts of subscription rights will be traded on the regulated market (*regulierter Markt*) (Xetra and Xetra Frankfurt Specialist) of the Frankfurt Stock Exchange during the period from June 6, 2018 up to and including June 15, 2018. Neither the Company nor the subscription agent will apply for admission of the subscription rights to trading on any other stock exchange. The market price of the subscription rights depends, *inter alia*, on the development of the price of the Company's shares but it may deviate substantially from the price of the Company's shares. No compensation will be paid for subscription rights not exercised. Upon expiration of the subscription period, subscription rights not exercised will lapse and be of no value. The purchase of 23 subscription rights enables the exercise of the subscription rights for the purchase of two whole New Shares, i.e., two New Shares may be purchased for 23 subscription rights.

As of June 6, 2018, the existing shares of Bayer Aktiengesellschaft (ISIN DE000BAY0017/WKN BAY001) will be quoted as “ex-rights” on the regulated market of the Frankfurt Stock Exchange and the stock exchanges of Berlin, Dusseldorf, Hamburg, Hanover, Munich, and Stuttgart.

Credit Suisse may effect transactions on behalf of the Joint Bookrunners to provide liquidity for fair and orderly subscription rights trading and other measures customarily undertaken in this regard, such as, in particular, purchasing and selling subscription rights for New Shares or undertaking hedging transactions in the Company's shares, subscription rights or corresponding derivatives. Such measures and hedging transactions may influence the stock price or market rate of the subscription rights and shares in the Company. However, there is no guarantee that active trading in the Company's subscription rights will develop on the aforementioned stock exchanges and that there will be enough liquidity during the period of subscription rights trading.

The price of the subscription rights is determined continuously during the ordinary times of trading. On June 15, 2018, the subscription rights trading on Xetra will end with a closing auction starting not before 11:45 a.m. CEST and on Xetra Frankfurt Specialist with an independent special auction starting at 12:00 (noon) CEST.

**The market price of the subscription rights is determined by the development of the price of the Company's shares but may be subject to stronger fluctuations than the share price.**

#### **Important Notice**

**Prior to making a decision to exercise, purchase or sell subscription rights for the New Shares, shareholders and investors are advised to carefully read the securities prospectus dated June 5, 2018, for the public offering of the New Shares (the “Prospectus”) and to take particular note of the risks described in the section “1. Risk Factors” of the Prospectus and to consider such information when making their decision. In light of the potentially high volatility of equity prices and the market environment, shareholders should inform themselves of the Company's current share price before exercising their subscription rights for the New Shares at the subscription price.**

The Joint Bookrunners are entitled to terminate the Underwriting Agreement or decide, together with the Company, to extend the subscription period under certain circumstances. These circumstances include, in particular, material adverse changes in the business or financial condition, prospects, shareholders' equity, or results of operations of the Company and/or its subsidiaries, a rating downgrade, material restrictions on stock exchange trading or banking activities, the outbreak or escalation of hostilities or war, or the occurrence of acts

of terrorism or other calamity or crisis which have a material adverse impact on the financial markets in Germany, the United Kingdom, or the United States. The Joint Bookrunners are further relieved from their obligations under the Underwriting Agreement if the implementation of the capital increase is not registered in the commercial register maintained by the local court of Cologne, Germany (*Amtsgericht Köln*) on the second business day following the day on which the New Shares were subscribed, by 11:59 p.m. CEST, and the Joint Bookrunners and the Company fail to reach an agreement on a later deadline.

If the Joint Bookrunners terminate the Underwriting Agreement before the implementation of the capital increase has been registered in the commercial register, shareholders' subscription rights will lapse without compensation. In this case, the institutions brokering subscription rights trading will not reverse any transactions already completed with investors. Accordingly, investors who have acquired subscription rights through a stock exchange would suffer a complete loss. In addition, if, at the time of the termination, any sales of New Shares have already been made, the seller of the relevant shares bears the risk of not being able to meet the delivery obligation by delivering New Shares. If the Joint Bookrunners terminate the Underwriting Agreement after the registration of the implementation of the capital increase in the commercial register, shareholders and purchasers of subscription rights who have exercised their subscription rights will be entitled to acquire New Shares at the subscription price; a withdrawal of the shareholders and those having acquired and exercised subscription rights is no longer possible in such case.

#### ***Certification and Delivery of the Subscribed and of the Acquired New Shares***

The New Shares (ISIN DE000BAY0017/WKN BAY001) will be represented by a global share certificate, which is expected to be deposited with Clearstream Banking Aktiengesellschaft on June 20, 2018. Under the Company's articles of incorporation, shareholders are not entitled to have their shares evidenced by individual share certificates. Unless the subscription period is extended or the Subscription Offer is cancelled, the New Shares subscribed for in the Subscription Offer are expected to be made available to the collective securities custody as co-ownership proportion in the global share certificate on or about June 22, 2018. In the same way, the New Shares acquired in the Rump Placement (as described below) are expected to be made available on June 22, 2018, i.e., after the end of the Rump Placement. The New Shares hold the same rights as all other shares of the Company (including full dividend rights from the fiscal year starting January 1, 2018) and do not convey any additional rights or advantages.

#### ***Commissions Charged by Custodian Banks***

The custodian banks may charge a customary commission in connection with the subscription of the New Shares as well as for the sale and purchase of subscription rights.

#### ***Placement of Unsubscribed New Shares/Rump Placement***

The Joint Bookrunners will offer any New Shares not subscribed for in the Subscription Offer (the "**Rump Shares**") for sale to eligible investors in the Federal Republic of Germany and other selected jurisdictions at a price at least as high as the subscription price (the "**Rump Placement**"). In the United States, the Rump Shares will only be offered to qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") meeting the requirements of Rule 144A under the Securities Act and outside the United States to eligible investors in offshore transactions in reliance on Regulation S under the Securities Act.

#### ***Admission to Trading and Listing of the New Shares***

The admissions of the New Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange and to the regulated market of the stock exchanges of Berlin, Dusseldorf, Hamburg, Hanover, Munich, and Stuttgart are expected to be granted on June 20, 2018. The New Shares are expected to be included in the existing quotation for the Company's listed shares on the Frankfurt Stock Exchange and the stock exchanges of Berlin, Dusseldorf, Hamburg, Hanover, Munich, and Stuttgart (ISIN DE000BAY0017/WKN BAY001) on June 22, 2018.

#### ***Selling Restrictions***

The subscription rights and the New Shares have not been or will not be registered under the Securities Act or with the securities regulatory authority of any state or other jurisdiction of the U.S. The subscription rights and the New Shares may at no time be offered, sold, exercised, pledged, transferred or delivered directly or indirectly, to or within the U.S., except pursuant to an exemption from the registration requirements of the Securities Act or in a transaction not subject to the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state of the United States.

The Subscription Offer has not been registered with the *Comision Nacional del Mercado de Valores* and therefore the New Shares may not be offered in the Kingdom of Spain (“**Spain**”) by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30bis of the Securities Market Act (“**Ley 24/1988, de 28 de julio del Mercado de Valores**”) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admision a negociacion de valores en mercados secundarios oficiales, de ofertas publicas de venta o suscripcion y del folleto exigible a tales efectos* (“**Royal Decree 1310/2005**”). Accordingly, it is expected that the subscription rights corresponding to the shares registered in the Spanish clearing system IBERCLEAR will be sold and the proceeds paid to shareholders through IBERCLEAR.

The acceptance of the offer outside of Germany and Luxembourg may be subject to restrictions. Persons that wish to accept this offer outside of Germany or Luxembourg are requested to inform themselves with regard to existing restrictions outside of Germany or Luxembourg and to comply with such restrictions.

### **Stabilization Measures**

In connection with the placement of the New Shares, Credit Suisse acting for the account of the Joint Bookrunners will act as the stabilization manager (the “**Stabilization Manager**”) and may, as Stabilization Manager, and acting in accordance with legal requirements (Articles 5 para. 4 and 5 of the Market Abuse Regulation (EU) No 596/2014 in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU) 2016/1052), make over-allotments and take stabilization measures to support the market price of the Company’s shares and thereby counteract any selling pressure.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, stabilization may not necessarily occur and may cease at any time. Such measures may be taken on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) from the date of the publication of the Subscription Offer and must be terminated no later than 30 calendar days after the expiration of the subscription period (the “**Stabilization Period**”).

Stabilization transactions aim at supporting the market price of the Company’s shares during the Stabilization Period. These measures may result in the market price of the Company’s shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

During the Stabilization Period, the Stabilization Manager will ensure adequate public disclosure of the details of all stabilization transactions no later than the end of the seventh daily market session following the date of execution of such transactions. Within one week of the end of the Stabilization Period, the Stabilization Manager will ensure adequate public disclosure as to whether or not stabilization was undertaken, the date on which stabilization started and last occurred, and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out and the trading venue on which the stabilization transactions were carried out, where applicable.

### **Availability of the Prospectus**

The Prospectus was published on the Company’s website ([www.investor.bayer.com](http://www.investor.bayer.com) under sub-section “<https://www.investor.bayer.com/en/stock/capital-increase/>”) on June 5, 2018. Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Germany.

Leverkusen, June 5, 2018

Bayer Aktiengesellschaft  
The Board of Management