



Science For A Better Life



**Bayer AG**  
**Financial Statements 2015**

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 2015. The financial statements and the Combined Management Report of the Bayer Group and Bayer AG for fiscal 2015 have been submitted to the operator of the electronic Federal Gazette in Germany and are accessible via the Company Register website.

# Contents

## FINANCIAL STATEMENTS

Income Statements	3
Statements of Financial Position	4
Notes to the Financial Statements	5
Accounting Policies	5
Recognition and Valuation Principles	5
Notes to the Income Statements	8
Notes to the Statements of Financial Position	13
Other Information	25

PROPOSAL FOR THE USE OF THE DISTRIBUTABLE PROFIT	47
--	----

RESPONSIBILITY STATEMENT	47
--------------------------	----

AUDITOR'S REPORT	48
------------------	----

## FURTHER INFORMATION

Governance Bodies	49
Financial Calendar, Masthead, Disclaimer	52

# Income Statements

	Note	2014	2015
		€ million	€ million
Income from investments in affiliated companies – net	[1]	3,213	2,444
Interest expense – net	[2]	(341)	(484)
Other financial income – net	[3]	129	409
Other operating income	[4]	128	99
General administration expenses		(272)	(324)
Other operating expenses	[5]	(147)	(177)
<b>Income before income taxes</b>		<b>2,710</b>	<b>1,967</b>
Income taxes	[6]	(256)	(606)
<b>Net income</b>		<b>2,454</b>	<b>1,361</b>
Allocation to other retained earnings/ Withdrawal from other retained earnings		(593)	706
<b>Distributable profit</b>		<b>1,861</b>	<b>2,067</b>

# Statements of Financial Position

	Note	Dec. 31, 2014	Dec. 31, 2015
		€ million	€ million
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Intangible assets	[11]	8	21
Property, plant and equipment	[12]	10	10
Investments	[13]	40,919	43,737
		<b>40,937</b>	<b>43,768</b>
<b>Current assets</b>			
Receivables and other assets			
Trade accounts receivable	[14]	25	25
Receivables from subsidiaries	[15]	2,729	3,159
Other assets	[16]	243	211
	[17]	2,997	3,395
Marketable securities	[18]	125	125
Cash and cash equivalents	[19]	1,118	504
		<b>4,240</b>	<b>4,024</b>
<b>Deferred charges</b>	[20]	<b>34</b>	<b>35</b>
<b>Surplus from offsetting</b>	[21]	<b>158</b>	<b>109</b>
		<b>45,369</b>	<b>47,936</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	[22]		
Capital stock		2,117	2,117
Capital reserves		6,176	6,176
Other retained earnings		5,378	4,672
Distributable profit		1,861	2,067
		<b>15,532</b>	<b>15,032</b>
<b>Provisions</b>			
Provisions for pensions	[23]	1,868	1,562
Other provisions	[24]	538	794
		<b>2,406</b>	<b>2,356</b>
<b>Other liabilities</b>			
Bonds and promissory notes	[25]	7,187	7,187
Liabilities to banks		23	16
Trade accounts payable	[26]	41	76
Payables to subsidiaries	[27]	18,204	22,752
Miscellaneous liabilities	[28]	1,976	517
	[29]	<b>27,431</b>	<b>30,548</b>
		<b>45,369</b>	<b>47,936</b>

# Notes

## 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. Financial income and expenses whose disclosure is not covered by a mandatory item are reported under other financial 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 financial 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 on the internet 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>.

As in the previous year, the management report of Bayer AG has been combined with the management report of the Bayer Group pursuant to Section 315, Paragraph 3, of the German Commercial Code (HGB) in conjunction with Section 298 Paragraph 2 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 the 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 for tax purposes, 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 (purchased until June 30, 2014)	5 years
Vehicles (purchased from July 1, 2014)	6 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.

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

## Notes

## Recognition and Valuation Principles

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 back accordingly, provided that the write-back 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 *jouissance right capital* (*Genussrechtskapital*) 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. The amounts of such write-downs reflect the probability of default. Non-interest-bearing or low-interest receivables that are due in more than one year are recognized at their discounted value.

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

The deferred charges on the statement of financial position contain expenditures prior to the closing date that will give rise to expense in a defined subsequent period. Also included are the differences between the issue and settlement amount for bonds issued by Bayer AG that will be amortized over the maturity of the bonds.

The amounts required to meet credit balances on employees' long-term worktime accounts and certain pension obligations are invested indirectly via intermediate investment vehicles through a Belgian investment company operating as a *SICAV* (*Société d'investissement à capital variable*). They are invested in basically liquid international fixed-income bonds, shares, real estate and alternative investments. The assets are administered on behalf of Bayer AG by Bayer Pension Trust e.V. (*BPT*), Leverkusen, Germany, and are protected from other creditors in the event that the employer files for insolvency. The investments are measured at fair value, which is derived from share prices and market interest rates. The trust assets held by *BPT* are offset against the underlying obligations. If the obligations exceed the assets, a provision is recorded. If the value of the securities exceeds the obligations, the difference is recorded in the statement of financial position as a surplus from offsetting. Accordingly, in the income statements, income from the trust assets is offset against the interest portion of the corresponding obligations and changes in the discount rate.

Deferred taxes are assessed for temporary differences between the amounts of assets, liabilities, deferred income and deferred charges in the accounting statements and those in the tax statements. 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 31.23%. 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 combined rate is currently 15.83%. Any resulting tax liability would be recognized as a deferred tax liability in the statement of financial position. In the event of a tax receivable, the corresponding option to recognize the deferred tax asset would not be used. In 2015, there was one deferred tax asset, which accordingly was not recognized in the statement of financial position.



The capital stock of Bayer AG is divided into 826,947,808 no-par registered shares, each of which has a theoretical proportionate interest in the total capital stock of €2,116,986,388.48.

Provisions for pensions are computed using the projected unit credit method on the basis of 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%. We also continue to assume annual pension increases of 1.75% p.a. Notwithstanding this, for pension commitments granted since January 1, 2000, an annual pension rise of 1.00% is accounted for as this has been promised to the employees. The discount factor used for pension provisions in the 2015 financial statements was 3.89% (2014: 4.54%), which is the average market interest rate for the past seven years for instruments with an assumed remaining maturity of 15 years, as published by the Deutsche Bundesbank for December 2015.

Other provisions are established to cover all foreseeable risks and uncertain liabilities, based on reasonable estimates of the future settlement amounts of such commitments. 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 to present value using the average market interest rate for the past seven years, based on their remaining maturities. For longer-term personnel-related provisions, such as provisions for long-service anniversaries, a discount rate of 3.89% (2014: 4.54%) is used for an assumed period of 15 years until utilization. Shorter-term personnel-related provisions, such as those for obligations under early retirement and pre-retirement part-time working arrangements, are discounted using a rate that corresponds to their maturity, which was three years in 2015. The discount rate was 2.34% (2014: 3.08%). These are the rates published by the Deutsche Bundesbank for December 2015.

Liabilities are recognized at the settlement amount as of the closing date. Noncurrent liabilities containing an interest component are discounted using the average market interest rate in the past seven years applicable to their maturity.

Foreign currency receivables and liabilities, forward exchange contracts and other currency derivatives are recognized using the mark-to-market method. For this purpose, foreign currency receivables and payables are measured at spot rates, while the corresponding currency derivatives entered into for hedging purposes are valued at market forward rates on the closing date. 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 euros are recognized at their nominal value, such assets held in foreign currencies are translated at the spot 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

(1) Income from investments in affiliated companies – net

# Notes to the Income Statements

## (1) Income from investments in affiliated companies – net

### Income from Investments in Affiliated Companies – Net

	2014	2015
	€ million	€ million
Dividends and similar income from subsidiaries	301	3
• of which from subsidiaries	301	3
Income from profit and loss transfer agreements with subsidiaries	3,253	2,957
Expenses from profit and loss transfer agreements with subsidiaries	(372)	(584)
Write-downs of investments in affiliated companies	–	(3)
Write-backs of investments in affiliated companies	–	62
Gains from the sale of investments in affiliated companies	31	9
	<b>3,213</b>	<b>2,444</b>

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

In 2015, a write-down of €3 million was made on the investment in Bayer (Malaysia) Sdn. Bhd., Malaysia. Write-backs of €36 million related to AO Bayer, Russia, and €26 million related to Bayer Material-Science Private Ltd., India. Gains of €9 million from the sale of investments in affiliated companies resulted from the repurchase of shares in Bayer CropScience Ltd., India. The gain of €31 million reported in the previous year related to an intra-Group sale of shares in Bayer CropScience Ltd., India.

## (2) Interest expense – net

### Interest Expense – Net

	2014	2015
	€ million	€ million
Other interest and similar income	305	272
• of which from subsidiaries	91	91
Interest and similar expenses	(512)	(480)
• of which to subsidiaries	(177)	(120)
Interest portion of pension and other noncurrent personnel-related provisions (net)	(134)	(276)
	<b>(341)</b>	<b>(484)</b>

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 comprise 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 pension obligations and the obligations arising from credit balances on employees' long-term worktime accounts. The Trust's assets 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**

	2014	2015
	€ million	€ million
Interest portion of pension and other noncurrent personnel-related provisions and from changes in the discount rate (gross)	(221)	(290)
Income from assets held by Bayer Pension Trust	87	14
	<b>(134)</b>	<b>(276)</b>

### (3) Other financial income – net

**Other Financial Income – Net**

	2014	2015
	€ million	€ million
Changes in provisions for pensions and other noncurrent personnel-related provisions (excluding interest portion)	(19)	15
Allocation to pension provisions assigned to subsidiaries	180	178
Redemption of future expenses for former BMS retirees by Covestro	–	217
Expenses from currency translation		
– Realized exchange losses	(1,666)	(2,995)
– Unrealized expenses from valuation	(5)	(23)
Income from currency translation		
– Realized exchange gains	1,647	2,998
– Unrealized income from valuation	4	26
Miscellaneous financial expenses	(27)	(41)
Miscellaneous financial income	15	34
	<b>129</b>	<b>409</b>

The interest portion of allocations to pension and other noncurrent personnel-related provisions is included in interest expense. Other financial 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-rated basis under the respective carve-out agreements.

In connection with the formation of the Covestro Group, Covestro Deutschland AG acquired the claims of Bayer AG to reimbursement of future expenses for allocations to pension provisions relating to former employees of the Bayer MaterialScience (BMS) organization for a consideration of €217 million.

The miscellaneous financial expenses included bank charges of €22 million (2014: €6 million). In 2015, this item also contained expenses of €13 million for two settlements reached in the court proceedings relating to Bayer Pharma AG (formerly Bayer Schering Pharma AG), Berlin, Germany, and €6 million (2014: €20 million) in fees for the issuance of bonds. Miscellaneous financial income included €14 million (2014: €8 million) from fees for guarantees and €21 million from a reduction in the liabilities to former minority stockholders of Bayer Pharma AG as a result of the settlements reached. In 2014, miscellaneous financial income included €2 million from a payment received from a loan to Bayer AB, Swe-

## Notes

## (4) Other operating income

den that had previously been written down, and €4 million from the sale of share options, which had served as security for obligations under stock-based compensation programs that had ended.

## (4) Other operating income

Other operating income comprised:

### Other Operating Income

	2014	2015
	€ million	€ million
Income from the provision of services	122	86
Reversals of unutilized provisions	3	5
Miscellaneous income	3	8
	<b>128</b>	<b>99</b>

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

## (5) Other operating expenses

Other operating expenses comprised:

### Other Operating Expenses

	2014	2015
	€ million	€ million
Expenses for the provision of services	117	88
Expenses for corporate advertising	24	3
Compensation payment to Bayer Intellectual Property GmbH because of completion of the use of trademark rights	–	58
Project costs related to the carve-out and stock market flotation of Covestro	–	25
Miscellaneous expenses	6	3
	<b>147</b>	<b>177</b>

## (6) Income taxes

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

Tax expense did not include deferred taxes. As of December 31, 2015 Bayer AG expected a future tax refund of €588 million from temporary differences relating to its own financial statements, those of companies that form a fiscal entity with Bayer AG and those of partnerships. This was calculated using a combined income tax rate of 31.23% (2014: 31.38%; Bayer AG and companies comprising a fiscal entity with Bayer AG) or 15.83% (2014: 15.83%; equity stakes in partnerships; here the tax rate only includes corporate income tax and the solidarity surcharge).

Deferred tax liabilities principally arose from differences between the valuations of noncurrent assets and assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, which cover pension commitments, in the accounting statements and the valuations in the tax statements. Deferred tax assets mainly resulted from the higher valuation of pension obligations in the accounting statements than in the tax statements. Other deferred tax assets resulted from provisions that are not tax-deductible, such as those for impending losses and pre-retirement leave, and from differences in the measurement of, for example, provisions for pre-retirement part-time working and service anniversaries. There was also a deferred tax asset relating to an as yet unused tax loss carryforward. Overall, deferred tax assets were far higher than deferred tax liabilities. As permitted by the option in Section 274, Paragraph 1, Sentence 2, of the German Commercial Code (HGB), no deferred tax assets were recognized for the difference between deferred tax assets and liabilities.

## (7) Other taxes

Where other taxes could be allocated to general administration expenses they were assigned to the corresponding functional cost item. In other cases, they were assigned to other operating expenses. Other taxes totaled €0.4 million (2014: €0.5 million).

## (8) Personnel expenses/employees

### Personnel Expenses

	2014	2015
	€ million	€ million
Wages and salaries	139	144
Social expenses	9	9
Pension expenses	11	11
	<b>159</b>	<b>164</b>

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

The average number of employees at Bayer AG in 2015 was 721, subdivided as follows:

### Employees

	2015	
	Female	Male
Senior executives and senior managers	113	251
Junior managers and nonmanagerial employees	214	143
	<b>327</b>	<b>394</b>

Part-time employees are included in these figures on a pro-rated basis.

## (9) Stock-based compensation

Bayer AG offers its employees long-term stock-based compensation programs as an additional compensation component. 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 nonmanagerial employees are offered the BayShare stock participation program, which is set annually by the Board of Management.

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

	2014	2015
Dividend yield	1.89%	1.96%
Risk-free interest rate (duration 4 years)	(0.08%)	(0.16%)
Volatility of Bayer shares	23.39%	25.61%
Volatility of the Dow Jones EURO STOXX 50	18.11%	19.08%
Correlation between the Bayer share price and the Dow Jones EURO STOXX 50	0.76	0.83

### 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 as a cash payment. The amount depends on the price performance of Bayer stock, both in absolute terms and relative to the Dow Jones EURO STOXX 50. The ceiling is 300% and each tranche runs for four years.

The Aspire tranche issued in 2011 ended on January 1, 2015 and the maximum payout of 300% was made. The tranche issued in 2012 ended at the end of 2015. Here too, the maximum payout of 300% was achieved and was made at the start of 2016.

### 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. The maximum award is 250% of each manager's Aspire target opportunity.

The maximum payment of 250% from the 2011 tranche was made at the beginning of 2015. The tranche issued in 2012 also achieved the maximum payout of 250%, which was made at the start of 2016.

**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 both 2015 and 2014, it was 20% of the subscription amount. As in 2014, the maximum subscription amount was set at €2,500 or €5,000, depending on the employee's position. The maximum subscription amount for apprentices was €1,800. The shares acquired under this program are held in a special share deposit account and have to be retained until December 31 of the year following the year of purchase.

Bayer AG's expenses for stock-based compensation programs in 2015 totaled €13 million (2014: €13 million). This amount is reflected in personnel expenses. Provisions for these programs amounted to €30 million as of December 31, 2015 (2014: €31 million).

**(10) Valuation write-downs**

In 2015, write-downs of €3 million were made to reflect declines in the value of shares in subsidiaries that were expected to be permanent. No write-downs were made in 2014.

**Notes to the Statements of Financial Position****(11) Intangible assets****Intangible Assets**

	Acquired concessions, industrial property rights, similar rights and assets, and licenses thereunder
	€ million
Gross carrying amounts, Dec. 31, 2014	45
Additions	17
<b>Gross carrying amounts, Dec. 31, 2015</b>	<b>62</b>
Accumulated amortization and write-downs, Dec. 31, 2014	37
Amortization and write-downs 2015	4
<b>Accumulated amortization and write-downs, Dec. 31, 2015</b>	<b>41</b>
<b>Net carrying amounts, Dec. 31, 2015</b>	<b>21</b>
Net carrying amounts, Dec. 31, 2014	8

## Notes

(12) Property, plant and equipment

## (12) Property, plant and equipment

## Property, Plant and Equipment

	Land and buildings	Furniture, fixtures and other equipment	Total
	€ million	€ million	€ million
Gross carrying amounts, Dec. 31, 2014	60	17	77
Additions	–	1	1
Retirements	–	(1)	(1)
<b>Gross carrying amounts, Dec. 31, 2015</b>	<b>60</b>	<b>17</b>	<b>77</b>
Accumulated depreciation and write-downs, Dec. 31, 2014	59	8	67
Depreciation and write-downs 2015	–	1	1
Retirements	–	(1)	(1)
<b>Accumulated depreciation and write-downs, Dec. 31, 2015</b>	<b>59</b>	<b>8</b>	<b>67</b>
<b>Net carrying amounts, Dec. 31, 2015</b>	<b>1</b>	<b>9</b>	<b>10</b>
Net carrying amounts, Dec. 31, 2014	1	9	10

## (13) Investments

## Investments

	Investments in subsidiaries	Loans to subsidiaries	Investments in other affiliated companies	Other loans	Total
	€ million	€ million	€ million	€ million	€ million
Gross carrying amounts, Dec. 31, 2014	40,215	114	69	748	41,146
Additions	7,881	–	1	–	7,882
Retirements	(5,126)	(3)	–	–	(5,129)
<b>Gross carrying amounts, Dec. 31, 2015</b>	<b>42,970</b>	<b>111</b>	<b>70</b>	<b>748</b>	<b>43,899</b>
Accumulated write-downs, Dec. 31, 2014	146	12	68	1	227
Write-downs 2015	3	–	–	–	3
Write-backs	(62)	(1)	–	–	(63)
Retirements	(5)	–	–	–	(5)
<b>Accumulated write-downs, Dec. 31, 2015</b>	<b>82</b>	<b>11</b>	<b>68</b>	<b>1</b>	<b>162</b>
<b>Net carrying amounts, Dec. 31, 2015</b>	<b>42,888</b>	<b>100</b>	<b>2</b>	<b>747</b>	<b>43,737</b>
Net carrying amounts, Dec. 31, 2014	40,069	102	1	747	40,919

The additions to investments in subsidiaries totaling €7,881 million in 2015 principally comprised €2,854 million in capital increases at subsidiaries, including €904 million at Bayer HealthCare us Funding LLC, U.S.A., €47 million at Erste K-W-A Beteiligungsgesellschaft mbH, Germany, €32 million at Pandias Re AG, Luxembourg, €7 million at PT. Bayer Indonesia, Indonesia, €6 million at Bayer Middle East FZE, United Arab Emirates, and €3 million at Bayer 04 Leverkusen Fußball GmbH, Germany. A further €1,855 million went to Covestro AG in preparation for its stock market flotation. In this connection there was a series of intra-Group transfers of shareholdings, which resulted in additions to investments in subsidiaries of €5,026 million, and retirements of almost the same amount (€5,031 million). A retirement of €95 million related to the adjustment of the carrying amount of Bayer Pharma AG following the settlements reached with former minority stockholders of Bayer Pharma AG (formerly Schering AG), Berlin, Germany, in connection with the appropriateness of the cash settlement paid in the squeeze-out process and the compensation payments for the control and profit-and-loss transfer agreement concluded in 2006.

The write-downs of €3 million on investments in subsidiaries in 2015 related to Bayer (Malaysia) Sdn. Bhd., Malaysia. Write-backs comprised €36 million relating to AO Bayer, Russia. A further €26 million related to restructuring in preparation for the stock market flotation of Covestro.

A list of Bayer AG's direct and indirect holdings can be found in Note 36 and forms part of these Notes.

In 2008, Bayer AG established a repayable "effective initial fund" of €800 million for Bayer-Pensionskasse VVaG, which was increased to €1,600 million in 2012. €595 million of this has so far been paid to the pension fund. The capital provided for the effective initial fund is interest-bearing, but interest is only payable under certain contractually agreed conditions. Interest must be deferred if it would result in the pension fund reporting a net loss. Loans granted by the effective initial fund are contained in other loans.

## (14) Trade accounts receivable

### Trade Accounts Receivable

	Dec. 31, 2014	Dec. 31, 2015
	€ million	€ million
Accounts receivable from subsidiaries	19	18
Accounts receivable from other customers	6	7
	<b>25</b>	<b>25</b>

## (15) Accounts receivable from subsidiaries

Accounts receivable from subsidiaries mainly comprised 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.

## (16) Other assets

The other assets included €32 million (2014: €59 million) for assets that do not legally come into being until after year end. These consisted almost exclusively of accrued interest amounting to €32 million (2014: €58 million). Other assets also included €128 million (2014: €133 million) in claims for tax refunds, €29 million (2014: €19 million) in premiums paid to conclude options transactions, €6 million (2014: €13 million) in payroll receivables, €6 million (2014: €8 million) in current receivables from loans, and a large number of other items.

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

Total receivables and other assets amounting to €3,395 million (2014: €2,997 million) included €35 million (2014: €30 million) due in more than one year. Of this total, €4 million (2014: €7 million) comprised receivables from subsidiaries and €31 million (2014: €23 million) consisted of other assets.



## (18) Securities

As in the previous year, the securities recognized as of December 31, 2015 comprised zero-bonds with short maturities issued by the German government.

## (19) Cash and cash equivalents

Cash and cash equivalents included €1 million (2014: €1 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.

## (20) Deferred charges

The deferred charges as of December 31, 2015 included unamortized discounts totaling €14 million pertaining to bonds issued by Bayer AG. The amount of €11 million recognized at the start of the year was increased by discounts of €7 million on new bond issues and diminished by €4 million due to amortization.

The remaining deferred charges comprise advanced payments of charges for credit facilities, prepaid premiums for business insurance and other accrued charges.

## (21) Surplus from offsetting

Obligations arising from credit balances on employees' long-term worktime accounts are secured, and from pension commitments are partially secured, by assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, under multiple contractual trust arrangements (CTAs). These assets may only be used for the purpose of meeting the respective obligations and are protected from other creditors in the event that the employer becomes insolvent. They are offset against the underlying obligations. Any positive difference is capitalized as a surplus from offsetting, otherwise it is reflected in provisions. In 2015, the offset resulted in positive differences of €109.4 million (2014: €157.5 million), of which €1.7 million (2014: €1.7 million) comprised obligations from long-term worktime accounts and €107.7 million (2014: €155.8 million) comprised pension commitments.

### Surplus from Offsetting

	Dec. 31, 2014	Dec. 31, 2015
	€ million	€ million
Settlement value of obligations relating to credit balances on employees' long-term worktime accounts	2.7	2.5
Fair value of assets invested with Bayer Pension Trust	4.4	4.2
<b>Differences between assets and obligations relating to long-term worktime accounts (surplus from offsetting)</b>	<b>1.7</b>	<b>1.7</b>
Acquisition cost of assets invested with Bayer Pension Trust	4.0	4.0

	Dec. 31, 2014	Dec. 31, 2015
	€ million	€ million
Settlement value of pension commitments	467.3	397.2
Fair value of assets invested with Bayer Pension Trust	623.1	504.9
<b>Differences between assets and obligations relating to pension commitments (surplus from offsetting)</b>	<b>155.8</b>	<b>107.7</b>
Acquisition cost of assets invested with Bayer Pension Trust	554.7	458.1

In 2015, the secured assets principally comprised liquid international fixed-income bonds, shares, real estate and alternative investments made by a Belgium investment company operating as a SICAV (Société d'investissement à capital variable) through intermediate investment vehicles. Shares in the SICAV units can be sold on any stock-exchange trading day.

The assets invested through the SICAV are measured at fair value. As of December 31, 2015 this was €1,389.2 million. Offsetting these assets totaling €509.1 million against the corresponding obligations resulted in a positive difference, which was recorded as a surplus from offsetting; offsetting of the remaining €880.1 million against obligations was reported under provisions for pensions. There was no distribution by the SICAV in 2015.

## (22) Equity

Changes in equity in 2015 were as follows:

### Equity

	Dec. 31, 2014	Dividend for 2014	Net income	Dec. 31, 2015
	€ million	€ million	€ million	€ million
Capital stock	2,117	–	–	2,117
Capital reserve	6,176	–	–	6,176
Other retained earnings	5,378	–	(706)	4,672
Distributable profit	1,861	(1,861)	2,067	2,067
	<b>15,532</b>	<b>(1,861)</b>	<b>1,361</b>	<b>15,032</b>

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 29, 2014. It expires on April 28, 2019. 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, the Board of Management is authorized, with the consent of the Supervisory Board, to exclude stockholders' subscription rights where the subscription ratio gives rise to fractions in the case of capital increases against cash and / or contributions in kind, and also to the extent necessary to grant the holders of bonds with warrants or conversion rights or obligations issued by the Company or its group companies a right to subscribe for new shares to the extent to which they would be entitled after exercise of their warrants or conversion rights, or performance of their exercise or conversion obligations. The Board of Management is also authorized, with the consent of the Supervisory Board, to exclude stockholders' subscription rights if the shares are issued in connection with the admission of shares to a foreign stock exchange and the total interest in

the capital stock attributable to the new shares for which subscription rights are excluded does not exceed 10% of the existing capital stock on the date of entry of the authorization in the commercial register or, in the event that this amount is lower, 10% of the existing capital stock on the date of issuance of the new shares. The Board of Management is further authorized, with the consent of the Supervisory Board, to exclude stockholders' subscription rights if the capital is increased against contributions in kind to issue shares either for the purpose of acquiring companies, parts of companies, interests in companies, or other assets, or for the purpose of implementing a scrip dividend, where stockholders are given the option of contributing their dividend entitlements to the Company (either in whole or in part) as a contribution in kind against the issuance of new shares out of the Authorized Capital I. The amount of capital stock represented by shares issued 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 by the Annual Stockholders' Meeting on April 29, 2014. The Board of Management is authorized, with the consent of the Supervisory Board, to increase the capital stock up to April 29, 2019 by up to a total amount of €211,698,560 by issuing new no-par registered shares against cash contributions (Authorized Capital II). Stockholders must normally be granted subscription rights. However, the Board of Management is authorized, with the consent of the Supervisory Board, to exclude stockholders' subscription rights where the subscription ratio gives rise to fractions and also if the shares are issued against cash contributions and the total interest in the capital stock attributable to the new shares for which subscription rights are excluded does not exceed 10% of the existing capital stock on the date of entry of the authorization in the commercial register or, in the event that this amount is lower, 10% of the existing capital stock on the date of issuance of the new shares, and the issue price of the new shares is not significantly below the market price of the already listed shares of the company of the same class at the time when the issue price is finalized by the Board of Management within the meaning of Section 203, Paragraphs 1 and 2, in conjunction with Section 186, Paragraph 3, Sentence 4, of the German Stock Corporation Act. Any own shares that are sold on or after April 29, 2014, while excluding stockholders' subscription rights pursuant to Section 71, Paragraph 1, No. 8, Sentence 5, in conjunction with Section 186, Paragraph 3, Sentence 4, of the German Stock Corporation Act count toward the above 10% limit. Shares that have been or may be issued to service bonds with warrants or conversion rights or obligations, where such bonds are issued on or after April 29, 2014, while excluding stockholders' subscription rights in analogous application of Section 186, Paragraph 3, Sentence 4, of the German Stock Corporation Act also count toward this limit.

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

The Annual Stockholders' Meeting on April 29, 2014 approved the creation of Conditional Capital 2014, again authorizing a conditional increase of up to €211,698,560 in the capital stock through the issuance of up to 82,694,750 new no-par registered shares with a proportionate interest in the capital stock of €2.56 per share. The conditional capital increase serves to grant registered no-par value shares to the holders of bonds with warrants or convertible bonds, profit participation certificates, or income bonds (or combinations of these instruments) (collectively referred to as "debt instruments"), each with options or conversion rights or obligations, that may be issued up to April 28, 2019, on the basis of the authorization resolved by the Annual Stockholders' Meeting on April 29, 2014, by Bayer AG or a group company of Bayer AG within the meaning of Section 18 of the German Stock Corporation Act in which Bayer AG has a direct or indirect interest in at least 90% of the votes and capital. Such new shares are to be issued at the option premium or conversion price to be determined in accordance with the authorizing resolution referred to above. 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, with the consent of the Supervisory Board, to exclude stockholders' subscription rights where the subscription ratio gives rise to fractions and also to the extent necessary to grant the holders of bonds with warrants or conversion rights or obligations a right to subscribe for new shares to the extent to which they would be entitled after exercise of their warrants or conversion rights, or performance of their exercise or conversion obligations. Furthermore, the Board of Management is authorized, with the consent of the Supervisory Board, to fully exclude stockholders' subscription rights to debt instruments with options or conversion

rights or obligations issued against cash contributions if the Board of Management, after due consideration, is of the opinion that the issue price of the debt instruments is not significantly below their hypothetical fair value determined in accordance with accepted methods, and in particular, valuation techniques. This authorization to exclude subscription rights applies to bonds with warrants or conversion rights or exercise or conversion obligations for shares with a proportionate interest in the capital stock not exceeding 10% of the total capital stock either at the date when the resolution is adopted or, in the event that this amount is lower, at the date on which this authorization is exercised. New shares that are issued on or after April 29, 2014, while excluding stockholders' subscription rights in accordance with Section 203 Paragraph 1 and 2, in conjunction with Section 186, Paragraph 3, Sentence 4, of the German Stock Corporation Act as well as own shares that are sold on or after April 29, 2014, while excluding stockholders' subscription rights pursuant to Section 71, Paragraph 1, Number 8, Sentence 5, in conjunction with Section 186, Paragraph 3, Sentence 4, of the German Stock Corporation Act also count toward this 10% limit.

The Conditional Capital has not been utilized so far.

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 – while excluding stockholders' subscription rights – 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 29, 2014. All issuances or sales of shares or of bonds with warrants or conversion rights or obligations that are effected while excluding stockholders' subscription rights also count toward this 20% limit.

#### **INFORMATION ON AMOUNTS BARRED FROM DISTRIBUTION PURSUANT TO SECTION 268, PARAGRAPH 8, OF THE GERMAN COMMERCIAL CODE (HGB)**

To secure pension obligations and credit balances on employees' long-term worktime accounts, funds have been transferred to Bayer Pension Trust e.V., Leverkusen, Germany, under several contractual trust arrangements. They may only be used for the specified purpose and are protected from other creditors in the event that the employer becomes insolvent. They are measured at fair value. Their fair value on the closing date was €1,389 million, which was €75 million above the acquisition costs of €1,314 million. Compared to this €75 million surplus, Bayer AG has freely available retained earnings of €4,672 million, so there is no restriction on the use of the distributable profit of €2,067 million.

#### **NOTIFICATIONS OF DIRECT AND INDIRECT STOCKHOLDINGS PURSUANT TO SECTION 21, PARAGRAPH 1, OF THE SECURITIES TRADING ACT (WpHG)**

Between the start of the fiscal year and the closing date, 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 included:

- On July 14, 2015, Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston, U.S.A., notified us pursuant to Section 21 Paragraph 1, of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 3% threshold on July 13, 2015 and amounted on that date to 2.98% (24,666,682 voting rights). All of these voting rights are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG.
- On July 14, 2015, Sun Life Global Investments Inc., Toronto, Canada, notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 3% threshold on July 13, 2015 and amounted on that date to 2.98% (24,666,682 voting rights). All of these voting rights are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG.

- On July 14, 2015, Massachusetts Financial Services Company (MFS) Boston, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 3% threshold on July 13, 2015 and amounted on that date to 2.98% (23,666,682 voting rights). 1.74% of the voting rights (14,391,999 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG. 1.24% of the voting rights (10,274,683 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG.
- On July 14, 2015, Sun Life Assurance Company of Canada – U.S. Operations Holdings Inc., Wellesley Hills, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 3% threshold on July 13, 2015 and amounted on that date to 2.98% (24,666,682 voting rights). All of these voting rights are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG.
- On July 14, 2015, Sun Life Financial Inc., Toronto, Canada, notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 3% threshold on July 13, 2015 and amounted on that date to 2.981% (24,675,534 voting rights). 2.98% of the voting rights (24,666,682 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 0.001% of the voting rights (8,852 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.
- On July 14, 2015, Sun Life Financial (U.S.) Holdings, Inc., Wellesley Hills, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 3% threshold on July 13, 2015 and amounted on that date to 2.98% (24,666,682 voting rights). All of these voting rights are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG.
- On July 14, 2015, Sun Life Financial (U.S.) Investments LLC, Wellesley Hills, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 3% threshold on July 13, 2015 and amounted on that date to 2.98% (24,666,682 voting rights). All of these voting rights are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG.
- On June 8, 2015, Capital Research and Management Company, Los Angeles, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 5% threshold on June 3, 2015 and amounted on that date to 4.96% (40,989,814 voting rights). All of these voting rights are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG. No individual fund holds more than 3% of the voting rights in Bayer Aktiengesellschaft.
- On June 5, 2015, The Capital Group Companies, Inc., Los Angeles, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, dropped below the 5% threshold on June 3, 2015 and amounted on that date to 4.96% (40,989,814 voting rights). All of these voting rights are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 and Sentence 3 WpHG. No individual fund holds more than 3% of the voting rights in Bayer Aktiengesellschaft.

With regard to the BlackRock companies listed below, please note that the total amounts stated do not necessarily correspond to the total voting rights attributable to the companies. This is due to multiple attribution of voting rights within the corporate structure of BlackRock.

- On June 26, 2015, BlackRock Group Limited, London, U.K., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 3% threshold on June 24, 2015 and amounted on that date to 3.12% (25,798,004 voting rights). 1.85% of the voting rights (15,315,018 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 1.59% of the voting rights (13,171,027 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.
- On June 19, 2015, BlackRock Delaware Holdings Inc., Wilmington, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 3% threshold on June 17, 2015 and amounted on that date to 3.01% (24,888,740 voting rights). 2.13% of the voting rights (17,649,636 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 0.88% of the voting rights (7,239,104 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.
- On June 19, 2015, Black Rock Holdco 4, LLC, Wilmington, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 3% threshold on June 17, 2015 and amounted on that date to 3.01% (24,888,740 voting rights). 2.13% of the voting rights (17,649,636 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 0.88% of the voting rights (7,239,104 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.
- On June 19, 2015, Black Rock Holdco 6, LLC, Wilmington, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 3% threshold on June 17, 2015 and amounted on that date to 3.01% (24,888,740 voting rights). 2.13% of the voting rights (17,649,636 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 0.88% of the voting rights (7,239,104 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.
- On June 10, 2015, BlackRock International Holdings, Inc., Wilmington, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 3% threshold on June 8, 2015 and amounted on that date to 3.17% (26,194,283 voting rights). 1.90% of the voting rights (15,747,585 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 1.57% of the voting rights (13,012,915 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.
- On June 10, 2015, BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands, notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 3% threshold on June 8, 2015 and amounted on that date to 3.17% (26,194,283 voting rights). 1.90% of the voting rights (15,747,585 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 1.57% of the voting rights (13,012,915 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.
- On June 2, 2015, BlackRock Holdco 2, Inc., Wilmington, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 5% threshold on May 29, 2015 and amounted on that date to 5.01% (41,422,306 voting rights). 2.98% of the voting rights (24,658,887 voting rights)



are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 2.33% of the voting rights (19,281,963 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.

- On June 2, 2015, BlackRock Financial Management Inc., Wilmington, U.S.A., notified us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 5% threshold on May 29, 2015 and amounted on that date to 5.01% (41,422,306 voting rights). 2.95% of the voting rights (24,398,755 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 2.33% of the voting rights (19,281,963 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG. 0.03% of the voting rights (261,388 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG.
- On June 2, 2015, BlackRock, Inc., Wilmington, U.S.A., notified us pursuant to Section 21 Paragraph 1 of the German Securities Trading Act (WpHG) that its voting rights in Bayer Aktiengesellschaft, Leverkusen, Germany, exceeded the 5% threshold on May 29, 2015 and amounted on that date to 5.12% (42,325,340 voting rights). 3.09% of the voting rights (25,561,921 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 2.33% of the voting rights (19,281,963 voting rights) are attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.

In addition to the above notifications, in previous years we received a further notification 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 received notification of any change by the closing date.

- On September 30, 2014, BlackRock Advisors Holdings, Inc., New York, U.S.A., notified us that its voting rights had dropped below the 5% threshold on September 25, 2014, and, on that date, amounted to 4.33% (35,847,357 voting rights). 2.09% of the voting rights (17,246,173 voting rights) were attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG. 0.02% of the voting rights (137,608 voting rights) were attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 2 WpHG in conjunction with Sentence 2 WpHG. 1.87% of the voting rights (15,463,667 voting rights) were attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG. 0.36% of the voting rights (2,999,909 voting rights) were attributable to this company pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 WpHG and pursuant to Section 22, Paragraph 1, Sentence 1, No. 6 WpHG in conjunction with Sentence 2 WpHG.

## (23) Provisions for pensions

This item includes provisions for current and future pension entitlements.

It also includes commitments to former employees of the business areas and service companies 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.

Obligations arising from pension commitments are partially secured by assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, under multiple contractual trust arrangements (CTAs). These assets may only be used for the purpose of meeting the respective obligations and are protected from other creditors in the event that the employer becomes insolvent. They are offset against the underlying obligations. Any positive difference is capitalized as a surplus from offsetting, otherwise it is reflected in provisions.



Further information on the CTA is given in Note 21. The investments are measured at fair value.

#### Provision for Pensions

	Dec. 31, 2014	Dec. 31, 2015
	€ million	€ million
Settlement value of pension commitments	2,342	2,442
Fair value of assets invested with Bayer Pension Trust	474	880
<b>Net value of pension commitments</b>	<b>(1,868)</b>	<b>(1,562)</b>
Acquisition cost of assets invested with Bayer Pension Trust	448	852

## (24) Other provisions

#### Other Provisions

	Dec. 31, 2014	Dec. 31, 2015
	€ million	€ million
Provisions for taxes	399	664
Miscellaneous provisions	139	130
	<b>538</b>	<b>794</b>

Miscellaneous provisions included amounts for environmental protection measures, early retirement arrangements, vacations, part-time working by older employees, incentive payments, long-service awards to employees, compensation of the Supervisory Board, the costs of preparing and auditing the annual financial statements, and other uncertain liabilities. They also include provisions for impending losses, for example on foreign exchange derivatives.

As of December 31, 2015, provisions of €1 million (2014: €1 million) existed for commitments arising from compensation claims relating to antitrust violations in the fields of rubber, polyester polyols and urethanes.

## (25) Bonds and promissory notes

In addition to promissory notes totaling €120 million (2014: €120 million), bonds with a nominal value of €7,067 million (2014: €7,067 million) had been issued as of December 31, 2015. They comprised:

## Notes

## (26) Trade accounts payable

## Bonds

	Nominal value	Stated rate	Effective rate	Dec. 31, 2014	Dec. 31, 2015
		%	%	€ million	€ million
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 2014/2016	EUR 500 million	variable	variable	500	500
EMTN bond 2014/2018	EUR 750 million	1,125	1,253	750	750
EMTN bond 2014/2021	EUR 750 million	1,875	2,086	750	750
Hybrid bond 2005/2105 <sup>1</sup>	EUR 1,300 million	5,000 <sup>5</sup>	5,155	1,300	–
Hybrid bond 2014/2074 <sup>2</sup>	EUR 1,500 million	3,750 <sup>6</sup>	3,811	1,500	1,500
Hybrid bond 2014/2075 <sup>3</sup>	EUR 1,750 million	3,000 <sup>7</sup>	3,093	1,750	1,750
Hybrid bond 2015/2075 <sup>4</sup>	EUR 1,300 million	2,375 <sup>8</sup>	2,517	–	1,300
				<b>7,067</b>	<b>7,067</b>

<sup>1</sup> Redeemable at three months' notice from 2015; redeemed in 2015

<sup>2</sup> Redeemable at twelve months' notice from 2024

<sup>3</sup> Redeemable at twelve months' notice from 2020

<sup>4</sup> Redeemable at twelve months' notice from 2022

<sup>5</sup> Fixed interest rate until 2015, thereafter interest at three-month Euribor plus 280 basis points

<sup>6</sup> Fixed interest rate until 2024, thereafter floating rate based on the five-year swap rate

<sup>7</sup> Fixed interest rate until 2020, thereafter floating rate based on the five-year swap rate

<sup>8</sup> Fixed interest rate until 2022, thereafter interest at the five-year swap rate plus 200.7 basis points

## (26) Trade accounts payable

## Trade Accounts Payable

	Dec. 31, 2014	Dec. 31, 2015
	€ million	€ million
Payables to subsidiaries	25	43
Payables to other suppliers	16	33
	<b>41</b>	<b>76</b>

## (27) Payables to subsidiaries

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

## (28) Miscellaneous liabilities

Miscellaneous liabilities existed solely toward third parties and comprised €308 million (2014: €1,433 million) from the issuance of a commercial paper, €151 million (2014: €179 million) in accrued interest, €23 million (2014: €3 million) in third parties' short-term investments with the company and €9 million (2014: €9 million) in premiums received on options. Tax liabilities amounted to €4 million (2014: €5 million) and mainly comprised employees' income and church taxes held for paying over to the authorities.

In 2014, miscellaneous liabilities also included an obligation relating to a retrospective purchase price adjustment for the investment in Bayer Pharma AG (formerly Bayer Schering Pharma AG) and interest payable thereon. This liability totaling €334 million resulted from court proceedings initiated by former minority stockholders of Bayer Pharma AG, which were terminated by two settlements reached in 2015.

As of December 31, 2015, a residual liability existed for an amount of €7 million that had not yet been collected by former minority stockholders.

## (29) Further information on other liabilities

The residual maturities of the other liabilities were as follows:

**Maturity Structure of Other Liabilities**

	Dec. 31, 2014			Dec. 31, 2015		
	Maturing in 2015	Maturing in 2016–2019	Maturing after 2019	Maturing in 2016	Maturing in 2017–2020	Maturing after 2020
	€ million	€ million	€ million	€ million	€ million	€ million
Bonds and promissory notes	–	1,887	5,300	575	1,312	5,300
Liabilities to banks	23	–	–	16	–	–
Trade accounts payable	41	–	–	76	–	–
Payables to subsidiaries	17,546	161	497	22,235	20	497
Miscellaneous liabilities	1,637	339	–	514	3	–
	<b>19,247</b>	<b>2,387</b>	<b>5,797</b>	<b>23,416</b>	<b>1,335</b>	<b>5,797</b>

The other liabilities as of December 31, 2015 included €153 million (2014: €182 million) in liabilities that did not legally come into being until after year end. These consisted almost entirely of accrued interest amounting to €151 million (2014: €179 million).

## Other Information

### (30) Contingent liabilities

Liabilities arising from debt guarantees and sureties totaled €11,007 million (2014: €11,438 million). With minor exceptions, they were issued in favor of subsidiaries. To our knowledge, all of these companies are able to meet the underlying liabilities, so the contingent liabilities are not expected to materialize.

## Notes

## (30) Contingent liabilities

## Debt Guarantees and Sureties

	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2015
	Nominal amount	€ million	Nominal amount	€ million
<b>Guarantees for Group companies</b>				
Bayer Antwerpen NV, Belgium				
– Floating-rate loan towards Intel International Finance CVBA, maturing in 2016	USD 202 million	166	–	–
Bayer Capital Corporation B.V., Netherlands				
– 1.250% EMTN Notes, maturing in 2023	EUR 500 million	500	EUR 500 million	500
– Liabilities to banks	EUR 1,078 million	1,078	EUR 601 million	601
Bayer World Investments B.V., Netherlands				
– Floating-rate Term Loan, maturing in 2018	USD 1,700 million	1,400	USD 1,700 million	1,561
Bayer Corporation, U.S.A.				
– 7.125% Notes, maturing in 2015	USD 200 million	165	–	–
– 6.650% Notes, maturing in 2028	USD 350 million	288	USD 350 million	322
– Commercial paper	USD 7 million	6	USD 32 million	30
– Liabilities to banks	USD 67 million	55	USD 33 million	29
Bayer US Finance LLC, U.S.A.				
– Floating-rate Notes, maturing in 2016	USD 500 million	412	USD 500 million	459
– Floating-rate Notes, maturing in 2017	USD 400 million	330	USD 400 million	367
– 1.500% Notes, maturing in 2017	USD 850 million	700	USD 850 million	781
– 2.375% Notes, maturing in 2019	USD 2,000 million	1,647	USD 2,000 million	1,837
– 3.000% Notes, maturing in 2021	USD 1,500 million	1,236	USD 1,500 million	1,378
– 3.375% Notes, maturing in 2024	USD 1,750 million	1,441	USD 1,750 million	1,608
Bayer Holding Ltd., Japan				
– 1.459% EMTN bond, maturing in 2017	JPY 10 billion	69	JPY 10 billion	76
– 0.816% EMTN bond, maturing in 2017	JPY 30 billion	207	JPY 30 billion	229
– 3.575% EMTN bond, maturing in 2018	JPY 15 billion	103	JPY 15 billion	114
– 0.594% EMTN bond, maturing in 2019	JPY 10 billion	69	JPY 10 billion	76
Bayer MaterialScience (China) Company Limited, China				
– Liabilities to banks	CNY 3,511 million	466	–	–
Bayer MaterialScience Limited, India				
– Liability to Bayer CropScience Ltd., India	INR 3,500 million	46	–	–
Bayer Nordic SE, Finland				
– Floating-rate EMTN bond, maturing in 2016	EUR 200 million	200	EUR 200 million	200
– Floating-rate EMTN bond, maturing in 2017	EUR 500 million	500	EUR 500 million	500
Silver Birch Trustees Ltd., U.K.				
– Pension obligations	GBP 157 million	201	GBP 141 million	192
Bayer Real Estate GmbH, Germany				
– Contractual obligations to Bayer-Pensionskasse VVaG	EUR 85 million	85	EUR 82 million	82
Currenta GmbH & Co. OHG, Germany				
– Liabilities to the Federal State of North Rhine-Westphalia	EUR 53 million	53	EUR 53 million	53
Guarantees for other Group companies		4		4
<b>Guarantees for third parties</b>		<b>4</b>		<b>–</b>
<b>Sureties for Group companies</b>		<b>–</b>		<b>2</b>
<b>Sureties for third parties</b>		<b>7</b>		<b>6</b>
		<b>11,438</b>		<b>11,007</b>

In connection with the Contribution, Indemnification and Post-Formation Agreement between Bayer AG and Covestro AG, arrangements were made to settle possible claims for taxes. These may result in corresponding liabilities.

## (31) Other financial commitments

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

Nondiscounted future payments relating to operating leases totaled €8 million (2014: €8 million), and resulted from rental agreements concluded with Bayer Real Estate GmbH, a wholly owned subsidiary of Bayer AG. These payments are due in 2016.

In 2008, the establishment of an "effective initial fund" totaling €800 million was agreed with Bayer-Pensionskasse in view of the increase 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. In 2012, it was increased by €800 million to €1,600 million. Following payment of a total of €595 million, a loan commitment of €1,005 million remained.

## (32) 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 law and environmental protection. The outcome of any current or future proceedings cannot normally be predicted with certainty. 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 indirectly 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

**Yasmin™/YAZ™:** As of January 25, 2016, the number of claimants in the pending lawsuits and claims in the United States totaled about 2,300 (excluding claims already settled). Claimants allege that users have suffered personal injuries, some of them fatal, from the use of Bayer's drospirenone-containing oral contraceptive products such as 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. Claimants 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. All cases pending in U.S. federal courts have been consolidated in a multidistrict litigation proceeding for common pre-trial management.

A few State Attorney Generals in the United States are investigating an alleged off-label promotion of Yasmin™ and YAZ™ as well as an alleged failure to warn about an alleged increased risk of developing blood clots in violation of consumer protection statutes. One Attorney General has filed an action against Bayer.

As of January 25, 2016, 13 lawsuits seeking class action certification had been served upon Bayer in Canada. In one of these lawsuits a class has been certified. Two motions for certification of a class action are pending in Israel.

As of January 25, 2016, Bayer had reached agreements, without admission of liability, to settle approximately 10,300 claims for venous clot injuries (deep vein thrombosis or pulmonary embolism) for a total amount of about US\$2.04 billion and approximately 7,200 claims for gallbladder injuries for a total amount of about US\$21.5 million in the United States. Bayer will continue to consider the option of settling venous clot injury claims after a case-specific analysis of medical records. At present, about 300 such claims are under review.

In August 2015, Bayer reached an agreement to settle, without admission of liability, lawsuits and claims in which plaintiffs allege an arterial thromboembolic injury (primarily strokes and heart attacks) for a total maximum aggregate amount of US\$56.9 million. Bayer may withdraw from the settlement if fewer than 97.5% of those who are eligible, and/or fewer than 96% of those who are eligible and allege death or catastrophic injuries, choose to participate. As of January 25, 2016, about 1,200 of the 2,300 above-mentioned claimants alleged arterial thromboembolic injuries.

In August 2015, the U.S. multidistrict and state coordinating courts overseeing the litigation issued case management orders governing all cases before them (regardless of alleged injury), imposing much stricter threshold requirements for litigating the remaining unsettled cases and for filing of new cases. Failing compliance with these requirements, such cases will be dismissed.

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. Bayer has taken appropriate accounting measures in the Group for anticipated defense costs and for agreed and anticipated future settlements based on the information currently available and based on the number of pending and estimated future claims alleging venous clot injuries.

**Mirena™:** As of January 25, 2016, lawsuits from approximately 3,500 users of Mirena™, a levonorgestrel-releasing intrauterine system providing long-term contraception, had been served upon Bayer in the United States (excluding lawsuits no longer pending). Most of the cases pending in U.S. federal courts have been consolidated in a multidistrict litigation proceeding for common pre-trial management. Additional lawsuits are anticipated. Plaintiffs allege personal injuries resulting from the use of Mirena™, including perforation of the uterus, ectopic pregnancy, or idiopathic intracranial hypertension, and seek compensatory and punitive damages. Plaintiffs claim, inter alia, that Mirena™ is defective and that Bayer knew or should have known of the risks associated with it and failed to adequately warn its users. As of January 25, 2016, five lawsuits relating to Mirena™ seeking class action certification had been served upon Bayer in Canada. Bayer believes it has meritorious defenses and intends to defend itself vigorously. Based on the information currently available, Bayer has taken appropriate accounting measures in the Group for anticipated defense costs.

**Xarelto™:** As of January 25, 2016, in the United States, lawsuits from approximately 4,300 recipients of Xarelto™, an oral anticoagulant for the treatment and prevention of blood clots, had been served upon Bayer. Plaintiffs allege personal injuries from the use of Xarelto™, including cerebral, gastrointestinal or other bleeding and death, and seek compensatory and punitive damages. They claim, amongst other things, that Xarelto™ is defective and that Bayer knew or should have known of the risks associated with the use of Xarelto™ and failed to adequately warn its users. Additional lawsuits are anticipated. Cases pending in U.S. federal courts have been consolidated in a multidistrict litigation for common pre-trial management. As of January 25, 2016, eight lawsuits relating to Xarelto™ seeking class action certification had been served upon Bayer in Canada. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Based on the information currently available, Bayer has taken appropriate accounting measures in the Group for anticipated defense costs.

In connection with the above proceedings concerning Yasmin™ / yAZ™, Mirena™ and Xarelto™, Bayer is insured against product liability risks to the extent customary in the industry. However, the accounting measures taken with regard to the Yasmin™ / yAZ™ claims exceed the available insurance coverage.

#### PATENT DISPUTES

**Beyaz™/Safyral™:** Beyaz™ and Safyral™ are Bayer's oral contraceptives containing folate. In September 2015, a U.S. federal court ruled in favor of Bayer regarding both the validity of its patent and the infringement thereof by Watson Laboratories, Inc. Watson had filed Abbreviated New Drug Applications with a Paragraph IV certification ("ANDA IV") seeking approval of generic versions of both Beyaz™ and Safyral™ in the United States. Watson appealed the decision. In May and October 2015, Bayer filed two suits against Lupin Ltd. and Lupin Pharmaceuticals, Inc. (together "Lupin") in U.S. federal court for infringement of the same patent. In April and September 2015, Bayer had received two notices of an ANDA IV by Lupin seeking approval to market generic versions of Safyral™ and Beyaz™ in the United States.

**Finacea™:** In July 2015, a U.S. federal court found that Bayer's patent relating to Finacea™ topical gel is valid and infringed by Glenmark Generics Ltd. Glenmark had filed an ANDA IV seeking approval of a generic version of Finacea™ in the United States, and Glenmark appealed the US federal court decision.

**Staxyn™:** Staxyn™ is a Bayer product for erectile dysfunction treatment. It is an orodispersible (orally disintegrating) formulation of Levitra™. Both drug products contain the same active ingredient, which is protected in the United States by two patents expiring in 2018. In 2012, Bayer received notice of an ANDA IV application pursuant to which Watson seeks approval to market a generic version of Bayer's erectile dysfunction treatment Staxyn™ prior to patent expiration in the United States. Bayer filed a patent infringement suit in a U.S. federal court against Watson Laboratories, Inc. In April 2015, the court ruled that both of Bayer's compound patents are valid and infringed. Watson may appeal.

**Xarelto™:** In October 2015, Bayer and Janssen Pharmaceuticals, Inc. filed a patent infringement suit in a U.S. federal court against Aurobindo Pharma Limited, Aurobindo Pharma USA, Inc. (together "Aurobindo"), Breckenridge Pharmaceutical Inc. ("Breckenridge"), Micro Labs Ltd., Micro Labs USA Inc. (together "Micro Labs"), Mylan Pharmaceuticals Inc., Mylan Inc. (together "Mylan"), Princeton Pharmaceutical Inc. ("Princeton"), Sigmapharm Laboratories, LLC ("Sigmapharm"), Torrent Pharmaceuticals, Limited and Torrent Pharma Inc. (together "Torrent"). In September 2015, Bayer had received notices of an ANDA IV application by Aurobindo, Breckenridge, Micro Labs, Mylan, Princeton, Sigmapharm and Torrent, each seeking approval to market a generic version of Xarelto™, an oral anticoagulant for the treatment and prevention of blood clots, in the United States. In January 2016, Bayer received another notice of such an ANDA IV application by InvaGen Pharmaceuticals, Inc. ("InvaGen"). In February 2016, Bayer and Janssen Pharmaceuticals, Inc. filed a patent infringement suit against InvaGen in the same U.S. federal court.

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



## (33) 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 on the basis of 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 operational business and of the related investments and financing transactions. The instruments used for currency hedging are mainly forward exchange contracts, currency options and cross-currency interest-rate swaps. Interest-rate swaps and interest-rate futures are 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 operational business. However, these are now negligible.

The main objective of using derivatives is to reduce fluctuations in earnings and cash flows associated with changes in foreign exchange rates, interest 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 €16.8 billion on December 31, 2015 (2014: €14.7 billion). Back-to-back derivatives contracts in a notional amount of €15.2 billion (2014: €10.5 billion) were concluded with Group companies. The total notional amount of derivatives was €32.0 billion (2014: €25.2 billion), including hedge accounting items. The derivatives comprised the following:

## Financial Derivatives

	Notional amounts		Fair values		Carrying amounts	
	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015
	€ million	€ million	€ million	€ million	€ million	€ million
Forward exchange contracts						
– positive fair values	9,344	14,406	455	429		
– negative fair values	8,172	12,435	(396)	(381)		
	17,516	26,841	59	48	(16)	(5)
Currency options						
– positive fair values	529	452	43	14		
– negative fair values	536	458	(43)	(14)		
	1,065	910	–	–	–	–
Cross-currency interest-rate swaps						
– positive fair values	1,626	1,471	196	416		
– negative fair values	2,340	2,441	(283)	(470)		
	3,966	3,912	(87)	(54)	–	–
Interest swaps						
– positive fair values	2,053	200	76	13		
– negative fair values	553	–	(24)	–		
	2,606	200	52	13	(2)	–
Share options						
– positive fair values	14	71	12	23		
– negative fair values	13	76	(11)	(20)		
	27	147	1	3	1	2
	<b>25,180</b>	<b>32,010</b>	<b>25</b>	<b>10</b>	<b>(17)</b>	<b>(3)</b>

## FINANCIAL DERIVATIVES USED TO HEDGE CURRENCY RISKS

To hedge currency risks, Bayer AG used currency contracts (forward exchange agreements 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 amount of €10.1 billion (2014: €6.0 billion) with external counterparties. They had a positive fair value of €190 million (2014: €38 million). Some of these contracts were passed on to Group companies. The notional amount of these reciprocal internal transactions was €8.9 billion (2014: €4.2 billion) and they had a negative fair value of €143 million (2014: positive fair value of €21 million).

Currency contracts concluded to hedge foreign currency receivables and liabilities of Group companies are generally passed on to the respective Group companies through appropriate internal transactions. The effects of these internal and external transactions cancel each other out when they are closed out. Wherever possible, currency-based portfolio hedges were formed. The corresponding transactions are due in 2016 and were not recognized in the statement of financial position. The positive fair value of contracts not included in portfolio hedges amounted to €38 million (2014: €37 million). Included in this amount were currency contracts with a negative fair value of €5 million (2014: negative fair value of €16 million). This amount was recognized in miscellaneous provisions as impending losses. Currency contracts with positive fair values of €43 million in 2015 (2014: €53 million) were not recognized in the statement of financial position.

## Notes

## (33) Derivatives / micro-hedges

Currency contracts were also used to hedge foreign currency loans made by Group companies to Bayer AG. The loans and currency contracts were combined to form micro-hedges. The – negative – carrying amount of the hedged loans was €3,449 million on the closing date (2014: €585 million). Their fair value was €8 million (2014: €22 million) lower at €3,457 million (2014: €607 million). The corresponding external currency contracts had a positive fair value of €10 million (2014: €22 million). They are due in 2016 and were not recognized in the statement of financial position.

To hedge forecast foreign currency transactions at Group companies that are considered highly probable, external currency contracts with a notional amount of €3.8 billion (2014: €3.7 billion) and a positive fair value of €38 million were concluded (2014: negative fair value of €42 million). They were offset by reciprocal transactions with Group companies with a notional amount of €4.7 billion (2014: €4.6 billion) and had a negative fair value of €38 million at year end (2014: positive fair value of €42 million). Changes in the value of the corresponding internal and external contracts will cancel each other out when they are closed out between 2016 and 2018. These transactions were combined as micro-hedges and, with the exception of option premiums paid and received of €15 million in each case (2014: €19 million), were not reflected in the statement of financial position.

Only a small amount of other derivatives contracts were concluded (€0.1 billion; 2014: €0.1 billion). The negative fair value of €1 million was offset by transactions with a positive fair value of €1 million. They were not recognized in the statement of financial position.

Cross-currency interest-rate swaps with a notional amount of €0.5 billion (2014: €0.5 billion) were used principally to hedge foreign exchange risks from the GBP bonds issued in 2006. Including the corresponding interest accruals, they had a net negative fair value of €54 million (2014: negative fair value of €87 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 one another. 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, were not reflected in the financial statements prepared in accordance with German commercial law.

Other cross-currency interest-rate swaps with a notional amount of €1.1 billion (2014: €1.1 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 (2014: €1.0 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, cross-currency interest-rate swaps with a notional amount of €0.7 billion (2014: €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. The cross-currency interest-rate swaps hedge an intra-Group loan granted by Schering Berlin Inc. to Bayer Inc., Canada. The cross-currency interest-rate swaps were not recognized in the statement of financial position. Other external and internal cross-currency interest-rate swaps with a notional value of less than €0.1 billion in total (2014: €0.1 billion) also canceled each other out; they were not recognized 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 the period up to 2021 in line with the maturities of the bonds. They had a notional amount of €0.2 billion (2014: €1.5 billion) and a net positive fair value of €13 million (2014: €55 million). They constituted a hedging relationship (micro-hedge) with the bonds, which were 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 canceled each other out, the receiver swaps were 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). They matured by 2015. Their notional amount was €1.1 billion in 2014 and they had a net negative fair value of €3 million. A micro-hedge was formed. Provisions of €2 million for impending losses were set up in 2014 with respect to the resulting negative net fair values. These provisions are reflected in miscellaneous provisions.

#### DERIVATIVES USED TO HEDGE PRICE RISKS

Bayer AG has concluded share option contracts with external counterparties to hedge a portion of the obligations arising from the Aspire stock-based compensation program. These contracts expire between 2017 and 2019. Their net fair value was €19 million on December 31, 2015. Internal transactions with a negative net fair value of €16 million, which were used to pass the majority of these contracts on to Group companies, formed micro-hedges with the contracts concluded with external counterparties. These contracts therefore canceled each other out. The contracts remaining with Bayer AG had a fair value of €3 million and formed a micro-hedge with the primary obligations arising from the stock-based compensation program. This hedging relationship is tested prospectively using the critical term match method and retrospectively using regression analysis. Only the option premiums paid amounting to €20 million (2014: €9 million) and the option premiums received of €18 million (2014: €8 million) were recognized in the statement of financial position.

External commodity contracts were passed on to Group companies on reciprocal terms as micro-hedges. The results of the contracts that had matured by year end canceled each other out. Only a small amount of commodity contracts was purchased in 2015. No commodity contracts remained on the closing date.

#### 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:

- Forward exchange contracts are measured individually at their forward rates on the closing date. These depend on spot rates, including time spreads.
- The fair values of currency options are determined using a Black-Scholes model.
- The fair 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 by a Monte Carlo simulation.
- 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 for which market data are unavailable are measured with the aid of valuation models based on internal fundamental data.

## (34) Related parties

Related parties are legal entities or 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. Such transactions are conducted on market terms (arm's length principle).

## Notes

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

Bayer AG has undertaken to provide jouissance right capital (Genussrechtskapital) totaling €150 million for Bayer-Pensionskasse. The entire amount was drawn in both 2014 and 2015. Further, in 2008 the establishment of a repayable "effective initial fund" was agreed with Bayer-Pensionskasse. This was increased by €800 million to €1,600 million in 2012. On December 31, 2015 the amount drawn was €595 million, and thus unchanged from year end 2014.

## (35) Total compensation of the Board of Management and the Supervisory Board and loans

The compensation of the Board of Management in 2015 comprised:

### Total Compensation of the Board of Management

	2014	2015
	€ thousand	€ thousand
Fixed salaries	4,118	4,455
Compensation in kind and other benefits	443	207
Short-term variable cash compensation	5,051	5,983
Long-term variable cash compensation based on virtual Bayer shares <sup>1</sup>	5,058	5,983
– Number of virtual shares granted	43,742	50,210
Long-term stock-based cash compensation (Aspire I) <sup>2</sup>	978	1,290
<b>Aggregate compensation</b>	<b>15,648</b>	<b>17,918</b>
Service cost for pension commitments <sup>3</sup>	1,385	1,847

<sup>1</sup> Fair value as of conversion date

<sup>2</sup> Fair value as of grant date

<sup>3</sup> Including company contribution to Bayer-Pensionskasse VVaG and Rheinische Pensionskasse VVaG respectively

Members of the Board of Management receive 50% of their short-term variable compensation in the form of virtual Bayer shares. In the above table, this entitlement is stated as "long-term variable cash compensation based on virtual Bayer shares" at the fair value as of the conversion date. Payment is made after three years and depends on the market price of Bayer shares at that time. It also includes an amount equal to the total dividends paid on the equivalent number of real shares during this period. Changes in the value of the virtual shares up to the payment date (including dividend claims accrued during the three-year period) are not included in the aggregate compensation. They are shown separately in the next table.

Members of the Board of Management also 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 shown in the above overview as "long-term stock-based cash compensation (Aspire I)". The entitlements earned in 2015 under the stock-based compensation programs granted in 2015 and under those from previous years are shown separately in the table below. In addition, the changes in the value of existing entitlements from stock-based compensation programs earned prior to 2015 are shown separately.

The expense for the respective year contains the following components relating to long-term variable cash compensation based on virtual Bayer shares and long-term stock-based cash compensation that differ from the amounts included in aggregate compensation:

**Multi-year Variable Compensation of the Board of Management**

	2014	2015
	€ thousand	€ thousand
<b>Long-term variable cash compensation based on virtual Bayer shares</b>		
– Fair value of virtual shares granted in the fiscal year	5,058	5,983
– Change in the value of virtual shares granted in previous years	1,559	556
	<b>6,617</b>	<b>6,539</b>
<b>Long-term stock-based cash compensation (Aspire I)</b>		
– Entitlements earned in the fiscal year	3,602	2,720
– Change in the value of entitlements earned in previous years	687	272
	<b>4,289</b>	<b>2,992</b>
<b>Expense</b>	<b>10,906</b>	<b>9,531</b>

Expenses for pension entitlements granted to the members of the Board of Management serving in 2015 amounted to €1,847 thousand (2014: €1,385 thousand). These comprised current service cost for pension commitments and company contributions to Bayer-Pensionskasse and Rheinische Pensionskasse. The interest portion of entitlements earned in prior years and actuarial gains and losses also had an impact. Including these components, the financial expense was €5,612 thousand (2014: €4,566 thousand). Provisions for pension obligations on the closing date were €23,604 thousand (2014: €18,011 thousand).

Pension payments to former members of the Board of Management and their surviving dependents in 2015 amounted to €13,416 thousand (2014: €13,457 thousand). Provisions for pensions and similar commitments to former members of the Board of Management and their surviving dependents amounting to €148,632 thousand (2014: €146,341 thousand) were reflected in the statement of financial position of Bayer AG.

The total remuneration of the Supervisory Board in 2015 was €3,291 thousand (2014: €3,285 thousand). This included attendance fees of €123 thousand (2014: €111 thousand).

There were no loans to members of the Board of Management or the Supervisory Board as of December 31, 2015 nor were any loans repaid 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.

## Notes

## (36) Overview of interests

## (36) 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	Footnotes
		%	€ million	€ million	
<b>Europe</b>					
Adverio Pharma GmbH	Schönefeld, Germany	100.0	0.0	0.0	
Agreva GmbH	Frankfurt am Main, Germany	100.0	0.0	0.0	1, 2
AgrEvo Verwaltungsgesellschaft mbH	Frankfurt am Main, Germany	100.0	0.4	(0.4)	1, 2
Alcaflu Management GmbH & Co. KG	Schönefeld, Germany	99.9	488.1	58.0	1
Algeta Innovations AS	Oslo, Norway	100.0	(13.4)	(2.3)	1
AO Bayer	Moscow, Russia	100.0	61.9	7.6	1
Ascensia Diabetes Service GmbH	Leverkusen, Germany	100.0	3.2	(0.2)	
Ausbildungsinitiative Rheinland GmbH	Leverkusen, Germany	100.0	0.0	0.0	2
Axxam S.p.A.	Milan, Italy	23.2	2.8	0.0	1
Bayer (Schweiz) AG	Zurich, Switzerland	100.0	56.2	10.9	1
Bayer 04 Immobilien GmbH	Leverkusen, Germany	100.0	40.0	(5.7)	1, 2
Bayer 04 Leverkusen Fußball GmbH	Leverkusen, Germany	100.0	110.5	45.7	1, 2
Bayer 04 Leverkusen Sportförderung gGmbH	Leverkusen, Germany	100.0	0.4	(0.1)	1
Bayer A/S	Copenhagen, Denmark	100.0	52.4	41.6	1
Bayer AB	Solna, Sweden	100.0	12.8	3.0	1
Bayer AEH Limited	Cambridge, U.K.	100.0	0.0	0.0	
Bayer Agriculture Limited	Cambridge, U.K.	100.0	4.4	2.7	
Bayer Altersversorgung GmbH	Leverkusen, Germany	100.0	55.2	(31.9)	1, 2
Bayer Animal Health GmbH	Leverkusen, Germany	100.0	685.2	222.4	1
Bayer Antwerpen NV	Diegem, Belgium	100.0	11,429.7	585.7	1
Bayer AS	Oslo, Norway	100.0	69.1	31.2	1
Bayer Austria Gesellschaft m.b.H.	Vienna, Austria	100.0	19.1	5.4	1
Bayer B.V.	Mijdrecht, Netherlands	100.0	2,049.9	268.4	1
Bayer Beteiligungsverwaltung Goslar GmbH	Leverkusen, Germany	100.0	491.6	0.3	1, 2
Bayer Bitterfeld GmbH	Bitterfeld-Wolfen, Germany	100.0	235.3	4.4	1, 2
Bayer Bulgaria EOOD	Sofia, Bulgaria	100.0	8.4	3.3	1
Bayer Business Services GmbH	Leverkusen, Germany	100.0	86.7	(118.0)	1, 2
Bayer Capital Corporation B.V.	Mijdrecht, Netherlands	100.0	14.0	0.7	1
Bayer Chemicals AG	Leverkusen, Germany	100.0	406.0	(44.0)	1, 2
Bayer Consumer Care AG	Basel, Switzerland	100.0	1,932.8	539.6	1
Bayer Consumer Care Deutschland GmbH	Berlin, Germany	100.0	1.1	34.4	1, 2
Bayer CropScience (Portugal) – Produtos para a Agricultura, Lda	Carnaxide, Portugal	100.0	13.7	0.4	
Bayer CropScience AG	Monheim am Rhein, Germany	100.0	3,113.3	964.0	2

<sup>1</sup> Provisional result

<sup>2</sup> Before profit/loss transfer

<sup>3</sup> 2014 figures

<sup>4</sup> Pre-consolidated



## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income/loss	Footnotes
		%	€ million	€ million	
Bayer CropScience Beteiligungsgesellschaft mbH	Monheim am Rhein, Germany	100.0	16.7	(1.3)	1
Bayer CropScience Biologics GmbH	Wismar, Germany	100.0	2.3	(1.4)	1, 2
Bayer CropScience Deutschland GmbH	Langenfeld, Germany	100.0	40.8	24.9	1
Bayer CropScience Holding SA	Lyon, France	100.0	761.0	(0.3)	1
Bayer CropScience Limited	Cambridge, U.K.	100.0	70.7	10.7	1
Bayer CropScience Norwich Limited	Cambridge, U.K.	100.0	0.0	0.0	
Bayer CropScience NV	Diegem, Belgium	100.0	285.7	49.4	1
Bayer CropScience S.r.l.	Milan, Italy	100.0	71.2	4.8	1
Bayer CropScience Schweiz AG	Muttenz, Switzerland	100.0	0.1	0.0	1
Bayer CropScience Vermögensverwaltungsgesellschaft mbH	Leverkusen, Germany	100.0	96.1	25.7	1
Bayer CropScience, S.L.	Paterna, Spain	100.0	85.9	11.1	1
Bayer d.o.o.	Belgrade, Serbia	100.0	9.1	0.4	1
Bayer d.o.o.	Ljubljana, Slovenia	100.0	14.4	3.9	1
Bayer d.o.o.	Zagreb, Croatia	100.0	1.1	(0.3)	1
Bayer d.o.o. Sarajevo	Sarajevo, Bosnia and Herzegovina	100.0	0.6	0.1	1
Bayer Digital Farming GmbH	Münster, Germany	100.0	1.3	0.3	3
Bayer Direct Services GmbH	Leverkusen, Germany	100.0	0.3	(1.0)	1, 2
Bayer Gastronomie GmbH	Leverkusen, Germany	100.0	5.0	(5.9)	1, 2
Bayer Gesellschaft für Beteiligungen mbH	Leverkusen, Germany	100.0	6,101.7	7.2	1, 2
Bayer Global Investments B.V.	Mijdrecht, Netherlands	100.0	12,285.4	953.0	1
Bayer HealthCare AG	Leverkusen, Germany	100.0	1.1	(230.7)	1, 2
Bayer HealthCare Manufacturing S.r.l.	Milan, Italy	100.0	288.2	45.6	1
Bayer Healthcare S.r.l.	Milan, Italy	100.0	0.0	0.0	1
Bayer HealthCare SAS	Loos, France	100.0	91.7	13.8	1
Bayer Hellas A.G.	Athens, Greece	100.0	11.5	2.8	1
Bayer Hispania, S.L.	Sant Joan Despi, Spain	100.0	2,197.4	62.6	1
Bayer Hungária Kft.	Budapest, Hungary	100.0	19.8	6.6	1
Bayer Innovation GmbH	Leverkusen, Germany	100.0	33.7	(0.4)	1, 2
Bayer Intellectual Property GmbH	Monheim am Rhein, Germany	100.0	0.6	(0.1)	1
Bayer Limited	Dublin, Ireland	100.0	6.1	3.2	
Bayer Ltd.	Kiev, Ukraine	100.0	25.0	17.7	1
Bayer Medical Care B.V.	Maastricht, Netherlands	100.0	27.1	9.5	1
Bayer Nordic SE	Espoo, Finland	100.0	1,298.2	297.5	1
Bayer Norway AS	Oslo, Norway	100.0	677.3	(2.8)	1
Bayer NV	Diegem, Belgium	100.0	67.4	2.3	1
Bayer OÜ	Tallinn, Estonia	100.0	1.2	0.4	1
Bayer Oy	Turku, Finland	100.0	482.0	413.6	1
Bayer Pharma AG	Berlin, Germany	100.0	5,722.7	1,793.4	2
Bayer Portugal, SA	Carnaxide, Portugal	100.0	26.4	1.7	
Bayer Public Limited Company	Newbury, U.K.	100.0	85.3	20.4	1
Bayer Real Estate GmbH	Leverkusen, Germany	100.0	380.6	(27.0)	1, 2
Bayer Real Estate Waltersdorf Verwaltungs-GmbH	Schönefeld, Germany	100.0	0.0	0.1	1, 2
Bayer S.A.S.	Lyon, France	100.0	1,271.8	104.5	1
Bayer S.p.A.	Milan, Italy	100.0	574.1	108.2	1

<sup>1</sup> Provisional result<sup>2</sup> Before profit/loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

## Notes

## (36) Overview of interests

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income/loss	Footnotes
		%	€ million	€ million	
Bayer s.r.o.	Prague, Czech Republic	100.0	9.1	4.5	1
Bayer Schering Pharma AG	Berlin, Germany	100.0	257.5	(1.0)	1, 2
Bayer Seeds B.V.	Mijdrecht, Netherlands	100.0	897.4	(0.3)	1
Bayer Solution B.V.	Mijdrecht, Netherlands	100.0	0.0	0.0	1
Bayer Sp. z o.o.	Warsaw, Poland	100.0	68.2	13.3	1
Bayer Technology Services GmbH	Leverkusen, Germany	100.0	60.0	(12.5)	1, 2
Bayer US IP GmbH	Leverkusen, Germany	100.0	0.0	0.0	1, 2
Bayer Verwaltungsgesellschaft mbH	Weimar, Germany	100.0	0.2	0.0	1
Bayer Vital GmbH	Leverkusen, Germany	100.0	88.5	22.6	1, 2
Bayer Weimar GmbH und Co. KG	Weimar, Germany	100.0	46.8	4.7	1
Bayer World Investments B.V.	Mijdrecht, Netherlands	100.0	14,052.4	1,325.2	1
Bayer WR LLC	Minsk, Belarus	100.0	2.0	0.5	1
Bayer, spol. sr.o.	Bratislava, Slovakia	100.0	3.5	1.3	1
Bayer-Handelsgesellschaft mit beschränkter Haftung	Leverkusen, Germany	100.0	14.0	(1.0)	1, 2
Bayer-Unterstützungskasse GmbH	Leverkusen, Germany	100.0	30.2	(0.3)	1
Bayhealth Comercialização de Produtos Farmacêuticos Unipessoal Lda.	Carnaxide, Portugal	100.0	0.0	0.0	
Baysalud, S.L.	Barcelona, Spain	100.0	0.0	0.1	1
BaySecur GmbH	Leverkusen, Germany	49.0	0.6	0.5	1
BBB Management GmbH Campus Berlin-Buch	Berlin, Germany	20.0	0.9	0.1	1
Berlex – Especialidades Farmacêuticas Lda	Carnaxide, Portugal	100.0	0.1	0.0	
Berlifarma – Especialidades Farmacêuticas, Lda	Carnaxide, Portugal	100.0	0.1	0.0	
Berlimed – Especialidades Farmacêuticas Lda	Carnaxide, Portugal	100.0	0.1	0.0	
Berlimed, S.A.	Madrid, Spain	100.0	28.5	1.6	1
Berlipharm B.V.	Weesp, Netherlands	100.0	26.9	17.0	1
Berlis AG	Zurich, Switzerland	100.0	1.4	0.5	1
BGI Deutschland GmbH	Leverkusen, Germany	100.0	4,000.0	7.3	1, 2
Biogenetic Technologies B.V.	Rotterdam, Netherlands	100.0	6.7	0.0	1
CENTROFARMA-Indústria e Comércio de Prod. Farmacêuticos, Lda.	Carnaxide, Portugal	100.0	0.0	0.0	
Chemie-Beteiligungsaktiengesellschaft	Glarus, Switzerland	100.0	1.2	0.0	1
Chemion Logistik GmbH	Leverkusen, Germany	100.0	10.6	4.2	2
CleanTech NRW GmbH	Leverkusen, Germany	100.0	0.1	0.0	1
Conceptus Medical Limited	Esher, U.K.	100.0	0.0	0.0	
Covestro (France) SNC	Fos sur Mer, France	100.0	47.6	1.6	1
Covestro (Tielt) NV	Tielt, Belgium	100.0	31.4	3.2	1
Covestro A/S	Otterup, Denmark	100.0	8.9	4.8	1
Covestro AG	Leverkusen, Germany	69.1	5,297.1	176.1	1
Covestro B.V.	Foxhol, Netherlands	100.0	89.8	3.0	1
Covestro Brunsbüttel Energie GmbH	Brunsbüttel, Germany	100.0	0.0	2.8	1, 2
Covestro Darmstadt GmbH	Darmstadt, Germany	100.0	89.9	6.5	1, 2
Covestro Deutschland AG	Leverkusen, Germany	100.0	1,782.7	231.7	1

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income/loss	Foot-notes
		%	€ million	€ million	
Covestro Elastomers SAS	Romans-sur-Isère, France	100.0	59.3	3.4	1
Covestro First Real Estate GmbH	Monheim am Rhein, Germany	100.0	3.1	3.1	1
Covestro GmbH	Leverkusen, Germany	100.0	5.3	(2.2)	1, 2
Covestro International SA	Fribourg, Switzerland	100.0	232.8	70.9	
Covestro NV	Antwerp, Belgium	100.0	181.3	30.2	1
Covestro Oldenburg GmbH & Co. KG	Oldenburg, Germany	100.0	9.6	3.3	1
Covestro Polyurethanes B.V.	Nieuwegein, Netherlands	100.0	36.5	18.0	1
Covestro S.p.A.	Milan, Italy	99.0	7.5	1.1	1
Covestro S.r.l.	Milan, Italy	100.0	63.5	10.0	1
Covestro Second Real Estate GmbH	Monheim am Rhein, Germany	100.0	3.4	3.4	1
Covestro UK Limited	Cheadle, U.K.	100.0	5.0	1.3	
Covestro Verwaltungs GmbH Oldenburg	Oldenburg, Germany	100.0	0.0	0.0	
Covestro, S.L.	Barcelona, Spain	100.0	32.2	(64.7)	1
Currenta Geschäftsführungs-GmbH	Leverkusen, Germany	100.0	0.0	0.0	
Currenta GmbH & Co. OHG	Leverkusen, Germany	60.0	13.1	0.6	1
DCSO Deutsche Cyber-Sicherheitsorganisation GmbH	Berlin, Germany	25.0	4.1	0.0	1
Disalfarm, S.A.	Barcelona, Spain	33.3	4.0	0.2	1
Dritte Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	72.6	8.2	1
Ehrfeld Mikrotechnik BTS GmbH	Wendelsheim, Germany	100.0	0.0	0.3	1, 2
Epurex Films Geschäftsführungs-GmbH	Bomlitz, Germany	100.0	0.1	0.0	1
Epurex Films GmbH & Co. KG	Bomlitz, Germany	100.0	14.5	6.7	1
Erste Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	56.1	0.6	1
Erste K-W-A Beteiligungsgesellschaft mbH	Leverkusen, Germany	100.0	80.7	45.6	1, 2
Euroservices Bayer GmbH	Leverkusen, Germany	100.0	0.3	(7.6)	1, 2
EuroServices Bayer, S.L.	Sant Joan Despi, Spain	100.0	10.4	1.2	1
Faserwerke Hüls GmbH	Marl, Germany	50.0	0.7	0.0	1
Fünfte Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	192.1	7.3	1
Generics Holding GmbH	Leverkusen, Germany	100.0	61.5	0.0	1, 2
GP Grenzach Produktions GmbH	Grenzach-Wyhlen, Germany	100.0	25.0	(7.5)	1, 2
Healthbox Europe 1 LP	London, U.K.	37.0	1.6	0.0	1
Hild Samen GmbH	Marbach am Neckar, Germany	100.0	4.8	2.1	1, 2
Intendis Derma, S.L.	Sant Joan Despi, Spain	100.0	(0.1)	0.0	1
Intendis GmbH	Berlin, Germany	100.0	111.0	62.3	1, 2
Intraserv GmbH & Co. KG	Schönefeld, Germany	100.0	25.6	21.7	1
Intraserv Verwaltungs-GmbH	Schönefeld, Germany	100.0	0.0	0.0	1
INVITE GmbH	Cologne, Germany	50.0	0.1	0.0	1
Jenapharm GmbH & Co. KG	Jena, Germany	100.0	63.9	42.9	1
KOSINUS Grundstücks-Verwaltungsgesellschaft mbH	Schönefeld, Germany	100.0	0.0	0.0	1
KOSINUS Grundstücks-Verwaltungsgesellschaft mbH & Co. Gamma OHG	Schönefeld, Germany	100.0	30.0	1.4	1
KVP Pharma+Veterinär Produkte GmbH	Kiel, Germany	100.0	31.6	9.0	1

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

## Notes

## (36) Overview of interests

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
Lilienthalstraße Nr. 4 GmbH	Schönefeld, Germany	100.0	0.0	0.0	1
Lusal Produção Químico Farmacêutica Luso-Alema, Lda.	Carnaxide, Portugal	100.0	0.0	0.0	
Lusalfarma – Especialidades Farmacêuticas Lda	Carnaxide, Portugal	100.0	0.1	0.0	3
LyondellBasell Covestro Manufacturing Maasvlakte V.O.F.	Rotterdam, Netherlands	50.0	26.1	(3.2)	1
MENADIER Heilmittel GmbH	Berlin, Germany	100.0	79.8	(0.1)	1, 2
MS Global AG	Köniz, Switzerland	100.0	2.3	0.4	1
MS Holding B.V.	Nieuwegein, Netherlands	100.0	1,109.5	0.1	1
Neunte Bayer VV GmbH	Leverkusen, Germany	100.0	0.0	0.0	1, 2
Nunhems B.V.	Haelen, Netherlands	100.0	832.3	15.3	1
Nunhems France S.A.R.L.	Beaucouzé, France	100.0	3.1	0.3	1
Nunhems Hungary Kft.	Szolnok, Hungary	100.0	0.6	0.2	1
Nunhems Italy S.r.l.	St. Agata Bolognes, Italy	100.0	8.9	0.5	1
Nunhems Netherlands B.V.	Haelen, Netherlands	100.0	772.4	18.5	1
Nunhems Poland Sp. z o.o.	Warsaw, Poland	100.0	0.6	0.1	1
Nunhems Spain, S.A.	Valencia, Spain	100.0	16.4	7.2	1
OOO Covestro	Moscow, Russia	100.0	4.2	(1.0)	1
Pallas Versicherung AG	Leverkusen, Germany	100.0	40.8	(6.0)	1
Pandias Re AG	Luxembourg, Luxembourg	100.0	70.2	0.0	1
Sauerstoff- und Stickstoffrohrleitungsgesellschaft mbH	Krefeld, Germany	50.0	0.3	0.0	
SC Bayer SRL	Bucharest, Romania	100.0	13.6	0.5	1
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-Kahlbaum Gesellschaft mit beschränkter Haftung	Berlin, Germany	100.0	28.3	0.0	1, 2
Sechste Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	153.5	44.1	1
SIA Bayer	Riga, Latvia	100.0	0.8	0.0	1
Siebte Bayer VV GmbH	Leverkusen, Germany	100.0	0.0	149.1	1, 2
Silver Birch Trustees Limited	London, U.K.	100.0	0.0	0.0	
Steigerwald Arzneimittelwerk GmbH	Darmstadt, Germany	100.0	5.2	22.0	1, 2
TecArena+ GmbH	Leverkusen, Germany	100.0	0.3	(0.5)	1, 2
TECTRION GmbH	Leverkusen, Germany	100.0	7.0	4.5	2
Thermoplast Composite GmbH	Markt Bibart, Germany	100.0	15.7	(2.4)	1
TOO Bayer KAZ	Astana, Kazakhstan	100.0	(0.2)	(8.6)	1
TravelBoard GmbH	Leverkusen, Germany	100.0	0.4	0.4	1, 2
UAB Bayer	Vilnius, Lithuania	100.0	4.2	1.0	1
Vierte Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	74.7	18.5	1
Zweite Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	110.7	19.4	1
Zweite K-W-A Beteiligungsgesellschaft mbH	Leverkusen, Germany	100.0	4,591.1	0.0	1, 2

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income/loss	Foot-notes
		%	€ million	€ million	
<b>North America</b>					
Bayer Corporation	Pittsburgh, U.S.A.	100.0	9,690.6	149.7	
with the following material subsidiaries:					
AgraQuest, Inc.	Davis, U.S.A.	100.0			4
Athenix Corp.	Research Triangle Park, U.S.A.	100.0			4
Bayer Business and Technology Services LLC	Pittsburgh, U.S.A.	100.0			4
Bayer Canadian Holdings Inc.	Toronto, Canada	100.0			4
Bayer CropScience LLC	Research Triangle Park, U.S.A.	100.0			4
Bayer CropScience LP	Research Triangle Park, U.S.A.	100.0			4
Bayer Essure Inc.	Milpitas, U.S.A.	100.0			4
Bayer HealthCare Animal Health Inc.	St. Joseph, U.S.A.	100.0			4
Bayer HealthCare LLC	Whippany, U.S.A.	100.0			4
Bayer HealthCare Pharmaceuticals Inc.	Whippany, U.S.A.	100.0			4
Bayer HealthCare Pharmaceuticals LLC	Berkeley, U.S.A.	100.0			4
Bayer Medical Care Inc.	Indianola, U.S.A.	100.0			4
Bayer Puerto Rico Inc.	Guaynabo, Puerto Rico	100.0			4
Bayer R&I B.V.	Maastricht, Netherlands	100.0			4
Bayer West Coast Corporation	Berkeley, U.S.A.	100.0			4
BHCP Holdings LLC	Pittsburgh, U.S.A.	100.0			4
Collateral Therapeutics, Inc.	Richmond, U.S.A.	100.0			4
Conceptus SAS	Versailles, France	100.0			4
Cooper Land Company of New Jersey, Inc.	Whippany, U.S.A.	100.0			4
Guidance Interactive Healthcare LLC	Tarrytown, U.S.A.	100.0			4
Hornbeck Seed Company, Inc.	Research Triangle Park, U.S.A.	100.0			4
Imaxeon Pty. Ltd.	Rydalmere, Australia	100.0			4
Mediwest Norway AS	Oslo, Norway	100.0			4
Medrad Asia Pte. Ltd.	Singapore	100.0			4
Medrad China B.V.	Mijdrecht, Netherlands	100.0			4
Medrad Denmark ApS	Copenhagen, Denmark	100.0			4
Medrad Europe B.V.	Mijdrecht, Netherlands	100.0			4
Medrad France B.V.	Mijdrecht, Netherlands	100.0			4
Medrad Italia S.r.l.	Milan, Italy	100.0			4
MEDRAD Medical Equipment Trading Company-Beijing	Beijing, China	100.0			4
Medrad Sweden AB	Mölndal, Sweden	100.0			4
Medrad UK Limited	Newbury, U.K.	100.0			4
Nihon Medrad K.K.	Osaka, Japan	100.0			4
NippoNex Holdings LLC	Tarrytown, U.S.A.	100.0			4
NippoNex Inc.	Tarrytown, U.S.A.	100.0			4
NOR-AM Agro LLC	Whippany, U.S.A.	100.0			4
Schering Berlin Inc.	Whippany, U.S.A.	100.0			4
STWB Inc.	Pittsburgh, U.S.A.	100.0			4
Bayer Consumer Care Holdings LLC	Wilmington, U.S.A.	100.0	5,984.2	(658.2)	
Bayer CropScience Holding Inc.	Research Triangle Park / USA	100.0	14.7	(0.1)	

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

## Notes

## (36) Overview of interests

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
Bayer CropScience Holdings Inc.	Calgary, Canada	100.0	252.4	15.4	1
Bayer CropScience Inc.	Calgary, Canada	100.0	115.5	85.3	1
Bayer CropScience Inc.	Research Triangle Park, U.S.A.	100.0	1,283.0	21.1	
Bayer East Coast LLC	Wilmington, U.S.A.	100.0	9,054.1	2,581.0	
Bayer HealthCare Holdings LLC	Wilmington, U.S.A.	100.0	0.0	0.0	
Bayer HealthCare US Funding II LLC	Pittsburgh, U.S.A.	100.0	1,364.8	0.3	
Bayer HealthCare US Funding LLC	Pittsburgh, U.S.A.	100.0	2,671.9	(81.7)	
Bayer I4 Acquisition Corporation	Wilmington, U.S.A.	100.0	100.0	0.0	
Bayer Inc.	Mississauga, Canada	100.0	598.5	35.5	1
Bayer International Trade Services Corporation	Weirton, U.S.A.	100.0	61.0	187.9	
Bayer Overseas Trade Services Corporation	Weirton, U.S.A.	100.0	1.7	13.4	
Bayer US Finance LLC	Wilmington, U.S.A.	100.0	(1.8)	(0.5)	
Bayer US Holding LP	Wilmington, U.S.A.	100.0	1,796.2	1,044.3	
Berlex Canada, Inc.	Toronto, Canada	100.0	0.0	0.0	
Coppertone LLC	Pittsburgh, U.S.A.	100.0	263.8	0.0	
Covestro LLC	Pittsburgh, U.S.A.	100.0	1,158.9	291.2	1
Covestro PO LLC	New Martinsville, U.S.A.	100.0	325.6	51.4	1
Delinting and Seed Treating Company	Research Triangle Park, U.S.A.	100.0	0.0	0.0	
Dr. Scholl's LLC	Pittsburgh, U.S.A.	100.0	629.3	0.0	
Finistere Ventures II, L.P.	San Diego, U.S.A.	20.0	1.9	(0.7)	
Flagship Ventures V Agricultural Fund, L.P.	Cambridge, U.S.A.	99.9	39.8	(5.0)	
MiraLAX, LLC	Pittsburgh, U.S.A.	100.0	450.8	0.0	
Nunhems USA, Inc.	Parma, U.S.A.	100.0	15.3	5.7	1
PO JV, LP	Wilmington, U.S.A.	39.4	475.0	(55.6)	1
Schering-Plough del Caribe, Inc.	Madison, U.S.A.	100.0	(0.3)	0.0	
Technology JV, L.P.	Wilmington, U.S.A.	50.0	285.9	0.0	1
The SDI Divestiture Corporation	Pittsburgh, U.S.A.	100.0	0.0	0.0	
<b>Asia/Pacific</b>					
Bayer (Cambodia) Co., Ltd.	Phnom Penh, Cambodia	100.0	0.3	0.0	1
Bayer (China) Limited	Shanghai, China	100.0	817.6	(255.2)	1
Bayer (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia	100.0	1.6	0.0	1
Bayer (Sichuan) Animal Health Co., Ltd.	Chengdu, China	100.0	38.0	5.4	1
Bayer (South East Asia) Pte Ltd	Singapore	100.0	106.2	10.7	
Bayer Australia Limited	Pymble, Australia	100.0	76.0	(8.7)	1
Bayer BioScience Pvt. Ltd	Hyderabad, India	100.0	41.9	(0.9)	
Bayer Business Services Philippines, Inc.	Taguig City, Philippines	100.0	11.8	4.9	1
Bayer Co. (Malaysia) Sdn Bhd	Petaling Jaya, Malaysia	100.0	20.3	0.9	1
Bayer CropScience (China) Company Ltd.	Hangzhou, China	100.0	95.3	2.1	1
Bayer CropScience Holdings Pty Ltd	East Hawthorn, Australia	100.0	18.6	0.0	1
Bayer CropScience K.K.	Tokyo, Japan	100.0	250.3	6.1	1
Bayer CropScience Limited	Thane, India	68.5	282.3	51.7	

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income/loss	Foot-notes
		%	€ million	€ million	
Bayer CropScience Ltd.	Dhaka, Bangladesh	60.0	(4.2)	(2.9)	1
Bayer CropScience Ltd.	Seoul, South Korea	100.0	45.2	11.7	1
Bayer CropScience Pty Limited	East Hawthorn, Australia	100.0	82.3	11.0	1
Bayer CropScience, Inc.	Laguna, Philippines	100.0	14.8	0.8	1
Bayer Healthcare (Shanghai) Co., Ltd.	Shanghai, China	100.0	(11.7)	18.8	1
Bayer Healthcare Co., Ltd.	Beijing, China	100.0	571.7	85.1	1
Bayer HealthCare Limited	Hong Kong, China	100.0	25.2	4.5	1
Bayer Holding (Thailand) Co., Ltd.	Bangkok, Thailand	100.0	(7.4)	(12.8)	1
Bayer Holding Ltd.	Tokyo, Japan	100.0	672.3	114.0	1
Bayer Jinling Polyurethane Co., Ltd.	Nanjing, China	55.0	8.1	(0.4)	1
Bayer Korea Ltd.	Seoul, South Korea	100.0	88.8	6.5	1
Bayer New Zealand Limited	Auckland, New Zealand	100.0	11.0	(4.3)	1
Bayer Pakistan (Private) Limited	Karachi, Pakistan	100.0	8.2	(1.8)	1
Bayer Pharmaceuticals Private Limited	Thane, India	100.0	6.2	0.5	
Bayer Philippines, Inc.	Laguna, Philippines	100.0	43.6	6.0	1
Bayer Taiwan Company Ltd.	Taipei, Taiwan	100.0	21.6	3.6	1
Bayer Technology and Engineering (Shanghai) Company Limited	Shanghai, China	100.0	57.0	4.1	1
Bayer Thai Co., Ltd.	Bangkok, Thailand	100.0	492.4	52.5	1
Bayer Vapi Private Limited	Vapi, India	100.0	223.5	12.7	
Bayer Vietnam Ltd.	Bien Hoa City, Vietnam	100.0	69.2	16.6	1
Bayer Yakuhin, Ltd.	Osaka, Japan	100.0	254.3	107.1	1
Bayer Zydus Pharma Private Limited	Mumbai, India	50.0	6.8	1.3	
Chemdyes Pakistan (Private) Limited	Karachi, Pakistan	100.0	0.4	0.0	1
Cotton Growers Services Pty. Limited	Wee Waa, Australia	50.0	6.7	(0.3)	1
Covestro (Hong Kong) Limited	Hong Kong, China	100.0	82.2	(1.5)	1
Covestro (India) Private Limited	Thane, India	100.0	35.0	8.6	
Covestro (Shanghai) Management Co., Ltd.	Shanghai, China	100.0	14.2	3.1	1
Covestro (Taiwan) Ltd.	Kaohsiung, Taiwan	95.5	31.4	6.4	1
Covestro (Thailand) Co., Ltd.	Bangkok, Thailand	100.0	106.7	19.9	1
Covestro (Vietnam) Company Limited	Ho Chi Minh, Vietnam	100.0	0.2	(0.1)	1
Covestro Far East (Hong Kong) Limited	Hong Kong, China	100.0	23.7	21.4	1
Covestro Japan Ltd.	Tokyo, Japan	100.0	1.6	0.5	1
Covestro Korea Corporation	Seoul, South Korea	100.0	2.7	(9.1)	1
Covestro Polymers (China) Co., Ltd.	Shanghai, China	100.0	909.4	(167.6)	1
Covestro Polymers (Qingdao) Co., Ltd.	Qingdao, China	100.0	8.0	1.1	1
Covestro Polymers (Shenzhen) Co., Ltd.	Shenzhen, China	100.0	15.4	0.2	1
Covestro Polymers (Tianjin) Co., Ltd.	Tianjin, China	100.0	2.8	0.1	1
Covestro Pty Ltd	Cheltenham, Australia	100.0	0.4	3.8	1
DIC Covestro Polymer Ltd.	Tokyo, Japan	50.0	16.2	3.9	1

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

## Notes

## (36) Overview of interests

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
Dihon Pharmaceutical Group Co., Ltd.	Kunming, China	100.0	39.9	(32.1)	1
Guangzhou Covestro Polymers Co., Ltd.	Guangzhou, China	100.0	19.4	(1.3)	1
Kunming Dihon Pharmaceutical Sales Co., Ltd.	Kunming, China	100.0	(23.1)	1.1	1
Medipharm (Pvt) Ltd.	Karachi, Pakistan	100.0	8.1	1.2	1
Myanmar Aventis CropScience Ltd.	Yangon, Myanmar	100.0	0.0	0.0	
Nunhems Beijing Seeds Co., Ltd.	Beijing, China	80.0	8.3	0.4	1
Nunhems India Private Limited	Hyderabad, India	100.0	39.5	6.8	1
Nunhems Vegetable Seeds Private Limited	Banjara Hills, India	100.0	5.2	(3.5)	1
PT Covestro Polymers Indonesia	Jakarta, Indonesia	99.9	40.8	12.2	1
PT. Bayer Indonesia	Jakarta, Indonesia	99.8	147.7	17.1	1
Shanghai Baulé Polyurethane Technology Co., Ltd.	Shanghai, China	100.0	0.6	0.4	1
Shanghai Dihon Pharmaceutical Co., Ltd.	Shanghai, China	100.0	9.8	(2.0)	1
Shanghai Kangwang Cosmetics Co., Ltd.	Shanghai, China	100.0	(2.5)	(0.9)	1
Sichuan Dihon Pharmaceutical Development Co., Ltd.	Chengdu, China	100.0	(0.5)	(0.4)	1
Sumika Covestro Urethane Company, Ltd.	Amagasaki, Japan	60.0	3.0	14.7	1
Yunnan Hutchison Enterprise Management Co., Ltd.	Kunming, China	100.0	5.5	(0.1)	1
<b>Latin America/Africa/Middle East</b>					
Bayer (Bermuda) Limited	Hamilton, Bermuda	100.0	0.5	0.0	
Bayer (Proprietary) Limited	Isando, South Africa	100.0	121.7	23.5	1
Bayer Algeria S.P.A.	Algiers, Algeria	100.0	0.6	0.1	1
Bayer Boliviana Ltda	Santa Cruz de la Sierra, Bolivia	100.0	7.8	1.1	1
Bayer CropScience (Ethiopia) plc	Addis Ababa, Ethiopia	100.0	0.4	0.0	1
Bayer de México, S.A. de C.V.	Mexico City, Mexico	100.0	341.3	147.2	1
Bayer Distribuidora de Produtos Químicos e Farmacêuticos Ltda.	São Paulo, Brazil	100.0	0.2	0.0	1
Bayer East Africa Ltd.	Nairobi, Kenya	55.0	9.8	0.5	1
Bayer Finance & Portfolio Management S.A.	Santiago, Chile	100.0	32.2	1.0	1
Bayer Finance Ltda.	Santiago, Chile	100.0	8.7	0.4	1
Bayer Israel Ltd.	Hod Hasharon, Israel	100.0	5.7	0.7	1
Bayer Life Science Tanzania Ltd.	Dar es Salaam, Tanzania	100.0	0.4	0.0	1
Bayer Limited Egypt	Cairo, Egypt	100.0	3.9	0.6	1
Bayer Medical S.R.L.	Heredia, Costa Rica	100.0	7.5	(0.5)	1

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated



## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income/loss	Foot-notes
		%	€ million	€ million	
Bayer Middle Africa Ltd.	Lagos, Nigeria	100.0	0.5	0.0	1
Bayer Middle East FZE	Dubai, United Arab Emirates	100.0	25.5	16.5	1
Bayer Middle East Limited Liability Company	Dubai, United Arab Emirates	49.0	0.0	0.0	1
Bayer Parsian AG	Tehran, Iran	100.0	7.1	1.1	1
Bayer Pearl Polyurethane Systems FZCO	Dubai, United Arab Emirates	51.0	19.7	4.8	1
Bayer Pearl Polyurethane Systems LLC	Dubai, United Arab Emirates	49.0	0.2	0.0	1
Bayer S.A.	Asunción, Paraguay	100.0	15.9	10.1	1
Bayer S.A.	Bogotá, Colombia	100.0	120.6	38.6	1
Bayer S.A.	Buenos Aires, Argentina	100.0	130.4	18.3	1
Bayer S.A.	Caracas, Venezuela	100.0	24.0	4.7	1
Bayer S.A.	Casablanca, Morocco	100.0	28.8	0.3	1
Bayer S.A.	El Dorado, Panama	100.0	42.1	12.1	1
Bayer S.A.	Guatemala City, Guatemala	100.0	94.0	13.5	1
Bayer S.A.	Lima, Peru	95.2	79.8	5.1	1
Bayer S.A.	Managua, Nicaragua	100.0	8.3	0.4	1
Bayer S.A.	Quito, Ecuador	100.0	30.6	3.8	1
Bayer S.A.	San José, Costa Rica	100.0	32.0	5.4	1
Bayer S.A.	Santiago, Chile	100.0	42.7	7.0	1
Bayer S.A.	Santo Domingo, Dominican Republic	100.0	16.4	2.1	1
Bayer S.A.	São Paulo, Brazil	100.0	751.9	202.5	1
Bayer S.A. de C.V.	Tegucigalpa, Honduras	100.0	12.1	2.3	1
Bayer SA	Montevideo, Uruguay	100.0	5.0	(1.2)	1
Bayer Saudi Arabia LLC	Jeddah, Saudi Arabia	75.0	6.6	0.0	1
Bayer Schering Pharma Mocambique, Lda	Maputo, Mozambique	100.0	0.0	0.0	
Bayer Türk Kimya Sanayii Limited Sirketi	Istanbul, Turkey	100.0	111.9	19.7	1
Bayer West-Central Africa S.A.	Abidjan, Ivory Coast	100.0	0.5	0.1	1
Bayer Zimbabwe (Private) Limited	Harare, Zimbabwe	100.0	0.8	0.2	
Bayer, S.A.	San Salvador, El Salvador	100.0	12.6	1.5	1
Biagro do Brasil Ltda.	Cambe, Brazil	100.0	0.1	0.1	1
Biagro SA	Ushuaia, Argentina	100.0	(0.3)	(0.3)	1
Comercial Interamericana, S.A.	Guatemala City, Guatemala	100.0	0.0	0.0	1
Corporación Bonima S.A. de C.V.	Ilopango, El Salvador	99.6	19.6	1.5	1
Covestro Indústria e Comércio de Polímeros Ltda.	São Paulo, Brazil	100.0	8.3	(2.2)	1
Covestro Polimer Anonim Sirketi	Istanbul, Turkey	100.0	0.1	0.1	1
Covestro S.A. de C.V.	Mexico City, Mexico	100.0	61.0	(1.6)	1
Farmaco Ltda.	São Paulo, Brazil	100.0	0.0	0.0	1
FN Semillas S.A.	Buenos Aires, Argentina	100.0	1.2	(1.3)	1
Holding Manager S.A.	Buenos Aires, Argentina	100.0	1.6	(0.8)	1
Laboratorios Biagro S.A.	Buenos Aires, Argentina	100.0	(1.8)	(4.5)	1
Miles, S.A. Guatemala Branch	Guatemala City, Guatemala	100.0	0.0	0.0	1
Nunhems Chile S.A.	Santiago, Chile	100.0	4.6	0.1	1
Nunhems do Brasil Comercio de Sementes Ltda	Campinas, Brazil	100.0	2.0	(0.3)	1

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

## Notes

## (36) Overview of interests

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income/loss	Footnotes
		%	€ million	€ million	
Nunhems México S.A. de C.V.	León, Mexico	100.0	7.2	1.7	1
Nunhems Tohumculuk Anonim Sirketi	Antalya, Turkey	100.0	18.2	3.8	1
Paltough Industries (1998) Ltd.	Kibbutz Ramat Yochanan, Israel	25.0	87.3	5.2	1
Productos Químicos Naturales, S.A. de C.V.	Orizaba, Mexico	100.0	12.8	2.2	1
Químicas Unidas S.A.	Havana, Cuba	100.0	0.0	0.0	
Schering do Brasil Química e Farmacêutica Ltda.	São Paulo, Brazil	100.0	61.4	1.6	1
Schering Peruana S.A.	Lima, Peru	100.0	0.0	0.0	1

<sup>1</sup> Provisional result<sup>2</sup> Before profit / loss transfer<sup>3</sup> 2014 figures<sup>4</sup> Pre-consolidated

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.	Kitahiroshima, Japan	19.8
Instituto Rosenbusch S.A.	Buenos Aires, Argentina	10.1
PharmLog Pharma Logistik GmbH	Bönen, Germany	16.7

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

# Proposal for the Use of the Distributable Profit

The distributable profit of Bayer AG in 2015 amounted to €2,067 million. We propose that this amount be used to pay a dividend of €2.50 per no-par share (826,947,808 shares) on the capital stock of €2,117 million entitled to the dividend for 2015.

## 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 16, 2016  
Bayer Aktiengesellschaft

The Board of Management



Dr. Marijn Dekkers  
Chairman



Werner Baumann



Liam Condon



Johannes Dietsch



Dr. Hartmut Klusik



Kemal Malik



Erica Mann



Dieter Weinand

# Auditor's Report

We have audited the annual financial statements, comprising the statement of financial position, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report of Bayer AG, which is combined with the management report of the Bayer Group, for the business year from January 1, 2015 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and combined management report in accordance with German commercial law are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (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) principles of proper accounting 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 expectations as to 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 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) principles of proper accounting. The combined management report is consistent with the annual 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 17, 2016

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels  
Wirtschaftsprüfer

Eckhard Sprinkmeier  
Wirtschaftsprüfer

# 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, 2015 or the date on which they ceased to be members of the Supervisory Board of Bayer AG):

### WERNER WENNING

Leverkusen, Germany  
(born October 21, 1946)

Chairman of the Supervisory Board effective October 2012

Chairman of the Supervisory Board of Bayer AG and Chairman of the Supervisory Board of E.ON SE

Memberships on other supervisory boards:

- E.ON SE (Chairman)
- Henkel Management AG
- Siemens AG (Vice Chairman)

Memberships in comparable supervising bodies of German or foreign corporations:

- Henkel AG & Co. KGaA (Member of the Shareholders' Committee)

### OLIVER ZÜHLKE

Solingen, Germany  
(born December 11, 1968)

Vice Chairman of the Supervisory Board effective July 2015

Member of the Supervisory Board effective April 2007

Chairman of the Bayer Central Works Council

Memberships on other supervisory boards:

- Bayer Pharma AG

### THOMAS DE WIN

Cologne, Germany  
(born November 21, 1958)

Vice Chairman of the Supervisory Board until June 2015

Memberships on other supervisory boards:

- Covestro Deutschland AG (formerly Bayer MaterialScience AG) (until June 2015)

### DR. PAUL ACHLEITNER

Munich, Germany  
(born September 28, 1956)

Member of the Supervisory Board effective April 2002

Chairman of the Supervisory Board of Deutsche Bank AG

Memberships on other supervisory boards:

- Daimler AG
- Deutsche Bank AG (Chairman)

Memberships in comparable supervising bodies of German or foreign corporations:

- Henkel AG & Co. KGaA (Member of the Shareholders' Committee)

### DR. RER. NAT. SIMONE BAGEL-TRAH

Düsseldorf, Germany  
(born January 10, 1969)

Member of the Supervisory Board effective April 2014

Chairwoman of the Supervisory Board of Henkel AG & Co. KGaA and Henkel Management AG and Shareholders' Committee of Henkel AG & Co. KGaA

Memberships on other supervisory boards:

- Henkel AG & Co. KGaA (Chairwoman)
- Heraeus Holding GmbH

Memberships in comparable supervising bodies of German or foreign corporations:

- Henkel AG & Co. KGaA (Chairwoman of the Shareholders' Committee)

### DR. CLEMENS BÖRSIG

Frankfurt am Main, Germany  
(born July 27, 1948)

Member of the Supervisory Board effective April 2007

Member of various supervisory boards

Memberships on other supervisory boards:

- Daimler AG
- Linde AG

Memberships in comparable supervising bodies of German or foreign corporations:

- Emerson Electric Co.
- Istituto per le Opere di Religione (Member of the Board of Superintendence)

### ANDRÉ VAN BROICH

Dormagen, Germany  
(born June 19, 1970)

Member of the Supervisory Board effective April 2012

Chairman of the Works Council of the Dormagen site

Memberships on other supervisory boards:

- Bayer CropScience AG

### THOMAS EBELING

Muri bei Bern, Switzerland  
(born February 9, 1959)

Member of the Supervisory Board effective April 2012

Chief Executive Officer of ProSiebenSat.1 Media AG

Memberships in comparable supervising bodies of German or foreign corporations:

- Lonza Group AG

### DR.-ING. THOMAS FISCHER

Krefeld, Germany  
(born August 27, 1955)

Member of the Supervisory Board effective October 2005

Chairman of the Managerial Employees' Committee of Covestro Deutschland AG (formerly Bayer MaterialScience AG)

Memberships on other supervisory boards:

- Covestro AG (effective October 2015)
- Covestro Deutschland AG (formerly Bayer MaterialScience AG)

### PETER HAUSMANN

Winsen/Aller, Germany  
(born February 13, 1954)

Member of the Supervisory Board until October 2015

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

Memberships on other supervisory boards:

- Covestro AG (effective October 2015)
- Covestro Deutschland AG (formerly Bayer MaterialScience AG) (effective September 2015)
- Continental AG
- Henkel AG & Co. KGaA
- 50Hertz Transmission GmbH
- Vivawest Wohnen GmbH

### REINER HOFFMANN

Wuppertal, Germany  
(born May 30, 1955)

Member of the Supervisory Board effective October 2006

Chairman of the German Trade Union Confederation

**YÜKSEL KARAASLAN**

Hohen Neuendorf, Germany  
(born March 1, 1968)

Member of the Supervisory Board effective April 2012

Chairman of the Bayer Group Works Council

Vice Chairman of the Bayer Central Works Council

Chairman of the Works Council of the Berlin site

Memberships on other supervisory boards:

- Bayer Pharma AG

**PETRA KRONEN**

Krefeld, Germany  
(born August 22, 1964)

Member of the Supervisory Board effective July 2000

Chairwoman of the Works Council of the Uerdingen site

Memberships on other supervisory boards:

- Covestro AG (Vice Chairwoman) (effective October 2015)
- Covestro Deutschland AG (formerly Bayer MaterialScience AG) (Vice Chairwoman)

**FRANK LÖLLGEN**

Cologne, Germany  
(born June 14, 1961)

Member of the Supervisory Board effective November 2015

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

Memberships on other supervisory boards:

- Evonik Industries AG
- IRR-Innovationsregion Rheinisches Revier GmbH

**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 (until May 2015)

**SUE H. RATAJ**

Sebastopol, U.S.A.

(born January 8, 1957)

Member of the Supervisory Board effective April 2012

Member of the Board of Directors of Cabot Corporation, Boston, U.S.A.

Member of the Board of Directors of Agilent Technologies Inc., Santa Clara, U.S.A.

**PETRA REINBOLD-KNAPE**

Berlin, Germany  
(born April 16, 1959)

Member of the Supervisory Board effective April 2012

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

Memberships on other supervisory boards:

- envia Mitteldeutsche Energie AG
- Vattenfall Europe Generation AG
- Vattenfall Europe Mining AG (Vice Chairwoman) (effective June 2015)

Memberships in comparable supervising bodies of German or foreign corporations:

- MDSE Mitteldeutsche Sanierungs- und Entsorgungsgesellschaft mbH

**MICHAEL SCHMIDT-KIESSLING**

Schwelm, Germany  
(born March 24, 1959)

Member of the Supervisory Board effective April 2012

Chairman of the Works Council of the Elberfeld site

**DR. KLAUS STURANY\***

Ascona, Switzerland  
(born October 23, 1946)

Member of the Supervisory Board effective April 2007

Member of various supervisory boards

Memberships on other supervisory boards:

- Hannover Rück SE (Vice Chairman)

Memberships in comparable supervising bodies of German or foreign corporations:

- Sulzer AG

**HEINZ GEORG WEBERS**

Bergkamen, Germany  
(born December 27, 1959)

Member of the Supervisory Board effective July 2015

Chairman of the Bayer European Forum

Chairman of the Works Council of the Bergkamen site

Memberships on other supervisory boards:

- Bayer Pharma AG

**PROF. DR. DR. H.C. OTMAR D. WIESTLER**

Berlin, Germany  
(born November 6, 1956)

Member of the Supervisory Board effective October 2014

President of the Helmholtz Association of German Research Centers

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

Munich, Germany  
(born July 26, 1941)

Member of the Supervisory Board effective April 1997

Professor-Emeritus of Ludwig-Maximilians University Munich

Memberships on other supervisory boards:

- Wacker Chemie AG

Standing committees of the Supervisory Board of Bayer AG  
(as at December 31, 2015)

**PRESIDIAL COMMITTEE/MEDIATION COMMITTEE**

Wenning (Chairman), Achleitner, Reinbold-Knape, Zühlke

**AUDIT COMMITTEE**

Sturany\* (Chairman), Fischer, Hoffmann, Panke, Wenning, Zühlke

**HUMAN RESOURCES COMMITTEE**

Wenning (Chairman), Achleitner, Karaaslan, Kronen

**NOMINATIONS COMMITTEE**

Wenning (Chairman), Achleitner

**INNOVATION COMMITTEE**

Winnacker (Chairman), van Broich, Reinbold-Knape, Wenning, Wiestler, Zühlke

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

## 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, 2015):

**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, 2016

- Board of Directors of General Electric Company

**WERNER BAUMANN**  
(born October 6, 1962)  
Member of the Board of Management effective January 1, 2010, appointed until December 31, 2017

- Bayer CropScience AG (Chairman)
- Covestro Deutschland AG (formerly Bayer MaterialScience AG) (Chairman) (until March 2015)
- Bayer Pharma AG (effective March 2015)

**LIAM CONDON**  
(born February 27, 1968)  
Member of the Board of Management effective January 1, 2016, appointed until December 31, 2018

**JOHANNES DIETSCH**  
(born January 2, 1962)  
Member of the Board of Management effective September 1, 2014, appointed until August 31, 2017

- Bayer Business Services GmbH (Chairman)
- Covestro AG (effective August 2015)
- Covestro Deutschland AG (formerly Bayer MaterialScience AG) (effective June 2015)

**DR. HARTMUT KLUSIK**  
(born July 30, 1956)  
Member of the Board of Management effective January 1, 2016, appointed until December 31, 2018  
Labor Director (effective January 2016)

- Bayer HealthCare AG (Chairman) (effective January 2016)
- Bayer Pharma AG (Chairman) (effective January 2016)
- Bayer Technology Services GmbH (Chairman) (effective January 2016)
- Currenta Geschäftsführungs-GmbH (Chairman) (effective January 2016)

**KEMAL MALIK**  
(born September 29, 1962)  
Member of the Board of Management effective February 1, 2014, appointed until January 31, 2017

**ERICA MANN**  
(born October 11, 1958)  
Member of the Board of Management effective January 1, 2016, appointed until December 31, 2018

**DIETER WEINAND**  
(born August 16, 1960)  
Member of the Board of Management effective January 1, 2016, appointed until December 31, 2018

- Board of Directors of HealthPrize Technologies LLC

**MICHAEL KÖNIG**  
(born September 3, 1963)  
Member of the Board of Management until December 31, 2015  
Labor Director

- Bayer HealthCare AG (Chairman)
- Bayer Pharma AG (Chairman)
- Bayer Technology Services GmbH (Chairman)
- Currenta Geschäftsführungs-GmbH (Chairman)

# Financial Calendar

---

Q1 2016 Interim Report	<b>April 26, 2016</b>
Annual Stockholders' Meeting 2016	<b>April 29, 2016</b>
Planned dividend payment date	<b>May 2, 2016</b>
Q2 2016 Interim Report	<b>July 27, 2016</b>
Q3 2016 Interim Report	<b>October 26, 2016</b>
2016 Annual Report	<b>February 22, 2017</b>
Q1 2017 Interim Report	<b>April 27, 2017</b>
Annual Stockholders' Meeting 2017	<b>April 28, 2017</b>

---

## MASTHEAD

### Publisher

Bayer AG, 51368 Leverkusen,  
Germany

### Editor

Jörg Schäfer, Tel. +49 214 30 39136  
email: joerg.schaefer@bayer.com

### Investor Relations

Peter Dahlhoff, Tel. +49 214 30 33022  
email: peter.dahlhoff@bayer.com

### English edition

Currenta GmbH & Co. OHG  
Language Service

### Date of publication

Thursday, February 25, 2016

### Bayer on the internet:

[www.bayer.com](http://www.bayer.com)

ISSN 0343/1975

Financial Statements of Bayer AG  
produced in-house with FIRE.sys

**For fast and easy access to our online services,** there's no need to copy down the internet addresses.  
Simply scan the codes below with your smartphone and an appropriate app:

### Annual Report online

Available at:  
[BAYER.COM/AR15](http://BAYER.COM/AR15)



### Annual Stockholders' Meeting 2016

Information available  
at: [BAYER.COM/ASM](http://BAYER.COM/ASM)



### Other publications

Overview available at:  
[BAYER.COM/  
PUBLICATIONS](http://BAYER.COM/PUBLICATIONS)



## Forward-Looking Statements

This publication may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at <http://www.bayer.com/>. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

## Legal Notice

The product names designated with <sup>TM</sup> are brands of the Bayer Group or our distribution partners and are registered trademarks in many countries.