



Science For A Better Life



**Bayer AG**  
**Financial Statements 2014**



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 2014. The financial statements and the Combined Management Report of the Bayer Group and Bayer AG for fiscal 2014 have been submitted to the operator of the electronic Federal Gazette and are accessible via the Company Register website.

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## Income Statements

	Note	2013	2014
		€ million	€ million
Income from investments in affiliated companies – net	[1]	3,542	3,213
Interest expense – net	[2]	(315)	(341)
Other financial income (expense) – net	[3]	110	129
Other operating income	[4]	118	128
General administration expenses		(266)	(272)
Other operating expenses	[5]	(148)	(147)
<b>Income before income taxes</b>		<b>3,041</b>	<b>2,710</b>
Income taxes	[6]	(543)	(256)
<b>Net income</b>		<b>2,498</b>	<b>2,454</b>
Allocation to other retained earnings		(761)	(593)
<b>Distributable profit</b>		<b>1,737</b>	<b>1,861</b>

# Statements of Financial Position

	Note	Dec. 31, 2013	Dec. 31, 2014
		€ million	€ million
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Intangible assets	[11]	11	8
Property, plant and equipment	[12]	10	10
Investments	[13]	35,300	40,919
		<b>35,321</b>	<b>40,937</b>
<b>Current assets</b>			
Receivables and other assets			
Trade accounts receivable	[14]	35	25
Receivables from subsidiaries	[15]	1,712	2,729
Other assets	[16]	254	243
	[17]	2,001	2,997
Marketable securities	[18]	125	125
Cash and cash equivalents	[19]	847	1,118
		<b>2,973</b>	<b>4,240</b>
<b>Deferred charges</b>	[20]	<b>29</b>	<b>34</b>
<b>Surplus from offsetting</b>	[21]	<b>137</b>	<b>158</b>
		<b>38,460</b>	<b>45,369</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		4,785	5,378
Distributable profit		1,737	1,861
		<b>14,815</b>	<b>15,532</b>
<b>Provisions</b>			
Provisions for pensions	[23]	2,162	1,868
Other provisions	[24]	814	538
		<b>2,976</b>	<b>2,406</b>
<b>Other liabilities</b>			
Bonds and promissory notes	[25]	2,187	7,187
Liabilities to banks		42	23
Trade accounts payable	[26]	32	41
Payables to subsidiaries	[27]	16,983	18,204
Miscellaneous liabilities	[28]	1,425	1,976
	[29]	<b>20,669</b>	<b>27,431</b>
		<b>38,460</b>	<b>45,369</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](http://www.bayer.com/en/corporate-governance.aspx)

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

## Recognition and Valuation Principles

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

Property, plant and equipment is carried at 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. A different ruling applied for assets acquired or constructed in 2009. These were depreciated in full in the year of acquisition if their cost of acquisition or construction did not exceed €150. Assets with an acquisition or construction cost of between €150 and €1,000 were aggregated in a single item, which was then depreciated over five years.

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

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

Investments in subsidiaries and affiliated companies are carried at cost, less write-downs for any decline in value that is expected to be permanent. Where the reasons for write-downs made in previous years no longer apply or only partially apply, the respective items are written 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* rights granted to Bayer Pensionskasse VVaG, Leverkusen, Germany, and the latter's drawings on a retroactive contribution to its effective initial fund made available by Bayer AG.

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

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

The 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 issue and settlement amounts for bonds issued by Bayer AG. They are 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 basically invested in 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 should file 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, it 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 provisions and expenses resulting from changes of the discount rate.

Deferred taxes are calculated for temporary differences between the amounts of assets, liabilities and deferred income and charges in the commercial accounts and those prepared for tax purposes. As well as items reflected in its own statement of financial position, Bayer AG also includes those relating to subsidiaries with which it forms a fiscal entity for tax purposes and partnerships in which it holds an equity interest. In addition to temporary differences, tax loss carryforwards are taken into account. Deferred taxes are calculated on the basis of the combined income tax rate for the fiscal entity headed by Bayer AG, which is currently 31.38%. 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 income currently amounts to 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 2014 there was a deferred tax asset, which was accordingly not recognized in the statement of financial position.

**Notes**

## Recognition and Valuation Principles

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% and still 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 calculated as this is a firm commitment to the employees. The discount rate used for pension provisions was 4.54% as of December 31, 2014 (2013: 4.89%), which is the average market interest rate for the past seven years for instruments with an assumed remaining maturity of 15 years, as expected for December 2014 at the time when personnel-related provisions were calculated.

Other provisions are established to cover all foreseeable risks and uncertain liabilities, based on reasonable estimates of the future settlement amounts. 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 the 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 4.54% (2013: 4.89%) is used for an assumed period of 15 years until utilization. Shorter-term personnel-related provisions, for example, for obligations under early retirement and senior part-time working agreements, are discounted using a rate that corresponds to their maturity, which was three years in 2014. The discount rate was 3.08% (2013: 3.62%). These are the rates expected for December 2014 at the time when personnel-related provisions were calculated.

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 valued at spot rates, while the fair value of the corresponding currency derivatives on the closing date is determined. Unrealized gains and losses are then offset in each currency using the net hedge presentation method. Provisions are set up for any net unrealizable losses; net unrealizable gains are only recognized if they relate to receivables and liabilities with a remaining maturity of up to one year.

Cash and cash equivalents and bank balances held in euros are recognized at their nominal value, while 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 to the Income Statements

## (1) Income from Investments in Affiliated Companies – Net

### Income from Investments in Affiliated Companies – Net

	2013	2014
	€ million	€ million
Dividends and similar income	386	301
• of which €301 million (2013: €386 million) from subsidiaries		
Income from profit and loss transfer agreements with subsidiaries	3,541	3,253
Expenses from profit and loss transfer agreements with subsidiaries	(392)	(372)
Write-downs of investments in affiliated companies	(5)	–
Gains from the sale of investments in affiliated companies	12	31
	<b>3,542</b>	<b>3,213</b>

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

The write-down of €5 million in 2013 related to the investment in Bayer Parsian AG, Iran.

Gains of €31 million from the sale of investments in affiliated companies in 2014 resulted from an intra-Group sale of shares in Bayer CropScience Ltd., India. The gain of €12 million reported in the previous year also related to Bayer CropScience Ltd., India, and resulted from a share buyback by the company.

## (2) Interest Expense – Net

### Interest Expense – Net

	2013	2014
	€ million	€ million
Other interest and similar income	281	305
• of which €91 million (2013: €63 million) from subsidiaries		
Interest and similar expenses	(463)	(512)
• of which €(177) million (2013: €(160) million) to subsidiaries		
Interest portion of pension and other noncurrent personnel-related provisions (net)	(133)	(134)
	<b>(315)</b>	<b>(341)</b>

## Notes

## (3) Other Financial Income (Expense) – Net

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

Expenses for the interest portion of pension and other noncurrent personnel-related provisions comprised the net expenses after offsetting income from the assets held by Bayer Pension Trust e.V., Leverkusen, Germany, and the impact of the change in the discount rate.

The assets held by Bayer Pension Trust serve the sole purpose of meeting obligations relating to pensions and credit balances on employees' long-term worktime accounts. They are protected from other creditors.

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

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

	2013	2014
	€ million	€ million
Interest portion of pension and other noncurrent personnel-related provisions and from changes in the discount rate (gross)	(177)	(221)
Income from assets held by Bayer Pension Trust	44	87
	<b>(133)</b>	<b>(134)</b>

## (3) Other Financial Income (Expense) – Net

**Other Financial Income (Expense) – Net**

	2013	2014
	€ million	€ million
Changes in provisions for pensions and other noncurrent personnel-related provisions (excluding interest portion)	(26)	(19)
Allocation to pension provisions assigned to subsidiaries	162	180
Expenses from currency translation		
– Realized exchange losses	(1,368)	(1,666)
– Unrealized expenses from valuation	(3)	(5)
Income from currency translation		
– Realized exchange gains	1,355	1,647
– Unrealized income from valuation	2	4
Miscellaneous financial expenses	(28)	(27)
Miscellaneous financial income	16	15
	<b>110</b>	<b>129</b>

The interest portion of allocations to pension and other noncurrent personnel-related provisions was included in interest expense. Other financial income and expense contained 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.

The miscellaneous financial expenses comprised €6 million (2013: €7 million) in bank charges and €20 million in fees for the issuance of bonds in 2014. In 2013 this item also contained €21 million for an allocation to provisions for minimum dividends for former non-controlling interests in Bayer Pharma AG (formerly Bayer Schering Pharma AG) pertaining to 2006 and 2007. Miscellaneous financial income included €8 million (2013: €6 million) from fees for guarantees, €2 million (2013: €9 million) from a payment received from a loan to Bayer AB, Sweden that had previously been written down, and €4 million (2013: €1 million) from the sale of share options. These served as security for obligations for stock-based compensation programs that have now ended.

## (4) Other Operating Income

Other operating income comprised:

### Other Operating Income

	2013	2014
	€ million	€ million
Income from the provision of services	114	122
Reversals of unutilized provisions	2	3
Miscellaneous income	2	3
	<b>118</b>	<b>128</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 were reflected in other operating expenses.

## (5) Other Operating Expenses

Other operating expenses comprised:

### Other Operating Expenses

	2013	2014
	€ million	€ million
Expenses for the provision of services	116	117
Expenses for corporate advertising	26	24
Miscellaneous expenses	6	6
	<b>148</b>	<b>147</b>

## (6) Income Taxes

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

Deferred taxes were not included in this item. As of December 31, 2014, Bayer AG expected a future tax refund of €414 million from temporary differences relating to its own financial statements and those of companies that form a fiscal entity with Bayer AG and partnerships. As in the previous year, this was calculated using a combined income tax rate of 31.38% (Bayer AG and companies comprising a fiscal

## Notes

## (7) Other Taxes

entity with Bayer AG) or 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 different valuations of fixed assets and assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, which cover pension commitments, in the financial statements prepared for tax purposes compared with those prepared for commercial purposes. Deferred tax assets mainly related to the higher valuation of pension obligations in the commercial financial statements than in those prepared for tax purposes. Other deferred tax assets resulted from provisions that are non tax-deductible, for example, provisions for impending losses and pre-retirement leave, and from differences in the measurement of, for example, provisions for part-time working by older employees and long-service anniversaries. 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 were able to 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 €1 million (2013: €1 million).

## (8) Personnel Expenses/ Employees

### Personnel Expenses

	2013	2014
	€ million	€ million
Wages and salaries	136	139
Social expenses	9	9
Pension expenses	17	11
	<b>162</b>	<b>159</b>

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

The average number of employees at Bayer AG was 728 in 2014, subdivided as follows:

### Employees

	2014	
	Female	Male
Senior executives and senior managers	87	255
Junior managers and non-managerial employees	226	160
	<b>313</b>	<b>415</b>

Part-time employees were included in this figure on a pro-rated basis.

## (9) Stock-based Compensation

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

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

The final tranches of the Stock Incentive Program for middle management and the Stock Participation Program for junior managers and non-managerial employees, both of which were issued in 2004, were disbursed in fiscal 2014. These programs have now ended and there were no longer any related obligations as of December 31, 2014.

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

	2013	2014
Dividend yield	2.14%	1.89%
Risk-free interest rate (duration 4 years)	0.64%	(0.08)%
Volatility of Bayer shares	27.06%	23.39%
Volatility of the Dow Jones EURO STOXX 50	22.54%	18.11%
Correlation between the Bayer share price and the Dow Jones EURO STOXX 50	0.77	0.76

### ASPIRE I

To participate in Aspire I, members of the Board of Management and other senior executives are required to purchase a certain number of Bayer shares that is predetermined according to specific guidelines and to retain them for the full term of the program. A percentage of the executive's annual base salary – based on his/her position – is defined as a target for variable payments (Aspire target opportunity). At the end of each tranche of this program, participants receive a certain percentage of their target opportunity expressed in monetary terms. The amount depends on the price performance of Bayer stock, both in absolute terms and relative to the Dow Jones EURO STOXX 50. The ceiling is 300% and each tranche runs four years.

The Aspire tranche issued in 2010 ended on January 1, 2014. The maximum payout of 300% was made. The tranche issued in 2011 ended at the end of 2014. Here too, the maximum payout of 300% was achieved and was made at the start of 2015.

### 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 payment of the target opportunity for the 2010 tranche was 250% and was made at the beginning of 2014. The tranche issued in 2011 also achieved the maximum payout of 250%, which was made at the start of 2015.

## Notes

## (10) Valuation Write-downs

**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 2014 and 2013, it was 20% of the subscription amount. As in 2013, the maximum subscription amount was set at €2,500 or €5,000, depending on the employee's position. The maximum subscription amount for trainees 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.

In 2014 Bayer spent €13 million (2013: €19 million) on stock-based compensation programs. This amount was reflected in personnel expenses. Provisions for these programs amounted to €31 million as of December 31, 2014 (2013: €28 million).

**(10) Valuation Write-downs**

No write-downs were made in 2014. In 2013 write-downs of €5 million were made to reflect declines in the value of shares in subsidiaries that were expected to be permanent.

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

<b>Intangible Assets</b>	
	<b>Acquired concessions, industrial property rights, similar rights and assets, and licenses thereunder</b>
	€ million
Gross carrying amounts, Dec. 31, 2013	44
Additions	1
<b>Gross carrying amounts, Dec. 31, 2014</b>	<b>45</b>
Accumulated amortization and write-downs, Dec. 31, 2013	33
Amortization and write-downs 2014	4
<b>Accumulated amortization and write-downs, Dec. 31, 2014</b>	<b>37</b>
<b>Net carrying amounts, Dec. 31, 2014</b>	<b>8</b>
Net carrying amounts, Dec. 31, 2013	11

## (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, 2013	60	16	76
Additions	–	1	1
<b>Gross carrying amounts, Dec. 31, 2014</b>	<b>60</b>	<b>17</b>	<b>77</b>
Accumulated depreciation and write-downs, Dec. 31, 2013	59	7	66
Depreciation and write-downs 2014	–	1	1
<b>Accumulated depreciation and write-downs, Dec. 31, 2014</b>	<b>59</b>	<b>8</b>	<b>67</b>
<b>Net carrying amounts, Dec. 31, 2014</b>	<b>1</b>	<b>9</b>	<b>10</b>
Net carrying amounts, Dec. 31, 2013	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, 2013	34,645	65	69	748	35,527
Additions	5,591	49	–	–	5,640
Retirements	(21)	–	–	–	(21)
<b>Gross carrying amounts, Dec. 31, 2014</b>	<b>40,215</b>	<b>114</b>	<b>69</b>	<b>748</b>	<b>41,146</b>
Accumulated write-downs, Dec. 31, 2013	146	12	68	1	227
<b>Accumulated write-downs, Dec. 31, 2014</b>	<b>146</b>	<b>12</b>	<b>68</b>	<b>1</b>	<b>227</b>
<b>Net carrying amounts, Dec. 31, 2014</b>	<b>40,069</b>	<b>102</b>	<b>1</b>	<b>747</b>	<b>40,919</b>
Net carrying amounts, Dec. 31, 2013	34,499	53	1	747	35,300

The additions to investments in subsidiaries totaling €5,591 million in 2014 principally comprised €5,562 million from capital increases at Bayer World Investments B.V., Netherlands (€4,109 million), Zweite K-W-A Beteiligungsgesellschaft mbH (€1,147 million), Bayer Antwerpen NV, Belgium (€271 million), Pandias Re AG, Luxembourg (€18 million), and Bayer MaterialScience Private Limited, India (€17 million). Further additions totaling €29 million resulted from the intra-Group acquisition of shares in Baulé Inc, U.S.A. (€10 million) and Indurisk Rückversicherung AG, Luxembourg (€18 million). A further €1 million related to the merger of AgraQuest de México S.A. de C.V. into Bayer de México S.A. de C.V., Mexico.

The retirements of €21 million related to the transfer in kind of Indurisk Rückversicherung AG to Pandias Re AG (€18 million), the merger of AgraQuest de México S.A. de C.V. (€2 million), and the intra-Group sale of shares in Bayer CropScience Limited, India (€1 million).

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

## Notes

## (14) Trade Accounts Receivable

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 now been paid to the pension fund. The loans made by the effective initial fund are interest-bearing, but interest is only payable when the contractually agreed terms take effect. Interest must be deferred if it would result in the pension fund reporting a net loss. Loans granted to the effective initial fund are contained in other loans.

## (14) Trade Accounts Receivable

### Trade Accounts Receivable

	Dec. 31, 2013	Dec. 31, 2014
	€ million	€ million
Accounts receivable from subsidiaries	33	19
Accounts receivable from other customers	2	6
	<b>35</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 €59 million (2013: €55 million) for assets which only arose from a legal viewpoint after year end. These were almost exclusively accrued interest totaling €58 million (2013: €54 million). Further, other assets contained €133 million (2013: €130 million) in claims for tax refunds, €19 million (2013: €39 million) in premiums paid to conclude options transactions, €13 million (2013: €11 million) in payroll receivables, €8 million (2013: €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 €2,997 million (2013: €2,001 million) included €30 million (2013: €77 million) due in more than one year. Of this total, €7 million (2013: €62 million) comprised receivables from subsidiaries and €23 million (2013: €15 million) comprised other assets.



## (18) Securities

As in the previous year, the securities recognized as of December 31, 2014 comprised zero-bonds issued by the German government due within a short period.

## (19) Cash and Cash Equivalents

Cash and cash equivalents included €1 million (2013: €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 included unamortized discounts totaling €11 million pertaining to bonds issued by Bayer AG up to December 31, 2014. The amount of €4 million recognized at the beginning of the year was increased by €11 million by discounts for new bond issues during the year and decreased by €4 million by amortization.

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

## (21) Surplus from Offsetting

Obligations relating to credit balances on employees' long-term worktime accounts and pension commitments are secured by assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, through several contractual trust arrangements (CTAs). These assets may only be used for the purpose of meeting these obligations and are protected from other creditors in the event that the employer becomes insolvent. They are offset against the underlying obligations. Where this results in a positive difference, this is recorded as a surplus from offsetting under assets, otherwise it is shown as a liability. In 2014 the offset resulted in a positive difference of €157.5 million (2013: €136.7 million) of which €1.7 million (2013: €1.3 million) related to obligations arising from long-term worktime accounts and €155.8 million (2013: €135.4 million) to pension commitments.

### Surplus from Offsetting

	Dec. 31, 2013	Dec. 31, 2014
	€ million	€ million
Settlement value of obligations relating to credit balances on employees' long-term worktime accounts	2.0	2.7
Fair value of assets invested with Bayer Pension Trust	3.3	4.4
<b>Difference between assets and obligations relating to long-term worktime accounts (surplus from offsetting)</b>	<b>1.3</b>	<b>1.7</b>
Acquisition cost of assets invested with Bayer Pension Trust	3.2	4.0

	Dec. 31, 2013	Dec. 31, 2014
	€ million	€ million
Settlement value of pension commitments	422.5	467.3
Fair value of assets invested with Bayer Pension Trust	557.9	623.1
<b>Difference between assets and obligations relating to pension commitments (surplus from offsetting)</b>	<b>135.4</b>	<b>155.8</b>
Acquisition cost of assets invested with Bayer Pension Trust	552.0	554.7

In 2014 the secured assets principally comprised liquid international fixed-income bonds, shares, real estate and alternative investments made by a Belgian investment company operating as a SICAV (Société d'investissement à capital variable) through intermediate investment vehicles. Shares in the SICAV can be sold on any day on which the stock exchange operates.

The assets invested through the SICAV are measured at fair value. As of December 31, 2014 this was €1,101.8 million. Offsetting these assets totaling €627.5 million against the corresponding obligations resulted in a positive difference which was recorded as a surplus from offsetting; offsetting of the remaining €474.3 million against obligations was reported as a liability in provisions for pensions. There was no distribution by the SICAV in 2014.

## (22) Equity

Changes in equity in 2014 were as follows:

Equity				
	Dec. 31, 2013	Dividend for 2013	Net income	Dec. 31, 2014
	€ million	€ million	€ million	€ million
Capital stock	2,117	–	–	2,117
Capital reserve	6,176	–	–	6,176
Other retained earnings	4,785	–	593	5,378
Distributable profit	1,737	(1,737)	1,861	1,861
	<b>14,815</b>	<b>(1,737)</b>	<b>2,454</b>	<b>15,532</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.

The Authorized Capital I amounting to €530,000,000 was canceled because it would have expired on April 29, 2015, prior to the planned date of the 2015 Annual Stockholders' Meeting.

A new Authorized Capital I in the same amount 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 perfor-

mance 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.

The Authorized Capital II amounting to €211,698,560 was canceled because it would have expired on April 29, 2015, prior to the planned date of the 2015 Annual Stockholders' Meeting.

A new Authorized Capital II in the same amount was approved by the Annual Stockholders' Meeting on April 29, 2014. It expires on April 28, 2019. The Board of Management is authorized, with the consent of the Supervisory Board, to increase the capital stock by up to a total of €211,698,560 by issuing new no-par registered shares against cash contributions (Authorized Capital II). Under the resolution adopted by the Annual Stockholders' Meeting, stockholders must normally be granted subscription rights. However, the Board of Management is authorized, 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 Conditional Capital 2010 created by the Annual Stockholders' Meeting on April 30, 2010, was canceled because it would have expired prior to the planned date of the 2015 Annual Stockholders' Meeting.

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 each. 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. 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 value 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 Sections 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 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 €1,102 million, which was €96 million above the acquisitions costs of €1,006 million. Compared to this €96 million surplus, Bayer AG has freely available retained earnings of €5,378 million, so there is no restriction on the use of the distributable profit of €1,861 million.

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

Between the start of the fiscal year and the 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 mentioned:

- On October 21, 2014, 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, exceeded the 3% threshold on October 20, 2014 and amounted on that date to 3.001% (24,819,545 voting rights). 3.0003% of the voting rights (24,810,514 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 (9,031 voting rights) are attributable to this company pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 WpHG.
- On October 21, 2014, 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, exceeded the 3% threshold on October 20, 2014 and amounted on that date to 3.0003% (24,810,514 voting rights). 1.6370% of the voting rights (13,536,854 voting rights) are attributable to this company pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 WpHG. 1.3633% of the voting rights (11,273,660 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 October 21, 2014, 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, exceeded the 3% threshold on October 20, 2014 and amounted on that date to 3.0003% (24,810,514 voting rights). 3.0003% of the voting rights (24,810,514 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 October 21, 2014, 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, exceeded the 3% threshold on October 20, 2014 and amounted on that date to 3.0003% (24,810,514 voting rights). 3.0003% of the voting rights (24,810,514 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 October 21, 2014, 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, exceeded the 3% threshold on October 20, 2014 and amounted on that date to 3.0003% (24,810,514 voting rights). 3.0003% of the voting rights (24,810,514 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 October 21, 2014, 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, exceeded the 3% threshold on October 20, 2014 and amounted on that date to 3.0003% (24,810,514 voting rights). 3.0003% of the voting rights (24,810,514 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 October 21, 2014, 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, exceeded the 3% threshold on October 20, 2014 and amounted on that date to 3.0003% (24,810,514 voting rights). 3.0003% of the voting rights (24,810,514 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 October 10, 2014, BlackRock Investment Management (UK) 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, dropped below the 3% threshold on October 8, 2014 and amounted on that date to 2.99% (24,704,155 voting rights). 1.91% of the voting rights (15,813,643 voting rights) are attributable to this company pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 WpHG. 1.13% of the voting rights (9,312,035 voting rights) are attributable to this company pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 WpHG. 0.28% of the voting rights (2,313,127 voting rights) are attributable to this company pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 WpHG in conjunction with Sentence 2 WpHG. It should be noted that the total given does not necessarily correlate with the total derived from the detailed allocation of the voting rights. This is due to multiple allocation of voting rights within the corporate structure of BlackRock.
- On September 25, 2014, BlackRock Advisors Holdings, Inc., New York, NY, 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 September 23, 2014 and amounted on that date to 4.86% (40,213,277 voting rights). 4.86% of the voting rights (40,213,277 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 September 24, 2014, BlackRock International Holdings, Inc., New York, NY, 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 September 22, 2014 and amounted on that date to 4.99% (41,248,330 voting rights). 4.99% of the voting rights (41,248,330 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 September 24, 2014, 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, dropped below the 5% threshold on September 22, 2014 and amounted on that date to 4.99% (41,248,330 voting rights). 4.99% of the voting rights (41,248,330 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 September 11, 2014, 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, dropped below the 5% threshold on September 9, 2014 and amounted on that date to 4.99% (41,278,957 voting rights). 4.99% of the voting rights (41,278,957 voting rights) are attributable to this company pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 WpHG in conjunction with Sentence 2 WpHG.

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

- On October 15, 2012, BlackRock Financial Management, Inc., New York, U.S.A., notified us that its voting rights in Bayer AG exceeded the 5% threshold on November 18, 2010 and amounted on that date to 5.0003% (41,350,004 voting rights). All of these voting rights were attributable to BlackRock Financial Management, Inc., pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 WpHG.
- On October 15, 2012, BlackRock Holdco 2, Inc., Wilmington, U.S.A., notified us that its voting rights in Bayer AG exceeded the 5% threshold on November 18, 2010 and amounted on that date to 5.0003% (41,350,004 voting rights). All of these voting rights were attributable to BlackRock Holdco 2, Inc., pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 WpHG.
- On September 6, 2012, The Capital Group Companies, Inc., Los Angeles, U.S.A., notified us that its voting rights in Bayer AG exceeded the 3% and 5% thresholds on September 1, 2012 and, on that date, amounted to 6.48% (53,584,902 voting rights). All of these voting rights were attributable to The Capital Group Companies, Inc., pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 WpHG.

This notification of voting rights of The Capital Group Companies, Inc. was solely based on an internal reorganization of The Capital Group Companies, Inc., and its group companies. Notifications of voting rights of Capital Research and Management Company were not affected by this notification.

- On September 10, 2010, BlackRock Inc., New York, U.S.A., notified us that its voting rights in Bayer AG exceeded the 5% threshold on September 6, 2010 and amounted on that date to 5.03% (41,569,101 voting rights). All of these voting rights were attributable to BlackRock, Inc. pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 WpHG.
- On December 1, 2009, Capital Research and Management Company, Los Angeles, U.S.A., notified us that its voting rights had dropped below the 10% threshold on November 26, 2009, and, on that date, amounted to 9.97% (82,483,440 voting rights). These voting rights were attributable to Capital Research and Management Company pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 WpHG. Of this 9.97% of the voting rights, 4.16% (corresponding to 34,400,827 voting rights) were held by EuroPacific Growth Fund, Los Angeles, U.S.A., a stockholder who therefore held 3% or more of the voting rights of Bayer AG.

## (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.



## Notes

## (24) Other Provisions

Some obligations arising from pension commitments are secured by assets invested with Bayer Pension Trust e.V., Leverkusen, Germany, under several contractual trust arrangements (CTAs). These assets may only be used for the purpose of meeting these obligations and are protected from other creditors in the event that the employer becomes insolvent. They were offset against the underlying obligations. Where this results in a positive difference, this is recorded as a surplus from offsetting under assets, otherwise it is shown as a liability.

For further information on the CTAs please see Note 21. The investments are measured at fair value.

**Provision for Pensions**

	Dec. 31, 2013	Dec. 31, 2014
	€ million	€ million
Settlement value of pension commitments	2,362	2,342
Fair value of assets invested with Bayer Pension Trust	200	474
<b>Net value of pension commitments</b>	<b>(2,162)</b>	<b>(1,868)</b>
Acquisition cost of assets invested with Bayer Pension Trust	198	448

## (24) Other Provisions

**Other Provisions**

	Dec. 31, 2013	Dec. 31, 2014
	€ million	€ million
Provisions for taxes	682	399
Miscellaneous provisions	132	139
	<b>814</b>	<b>538</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 included provisions for impending losses, for example on foreign exchange derivatives.

As of December 31, 2014, provisions of €1 million (2013: €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 (2013: €370 million), bonds with a nominal value of €7,067 million (2013: €1,817 million) had been issued as of December 31, 2014. They comprised:

### Bonds

	Nominal value	Stated rate	Effective rate	Dec. 31, 2013	Dec. 31, 2014
		%	%	€ 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
EMTN bond 2014/2018	EUR 750 million	1.125	1.206	–	750
EMTN bond 2014/2021	EUR 750 million	1.875	2.042	–	750
Hybrid bond 2005/2105 <sup>1</sup>	EUR 1,300 million	5.000 <sup>4</sup>	5.155	1,300	1,300
Hybrid bond 2014/2074 <sup>2</sup>	EUR 1,500 million	3.750 <sup>5</sup>	3.742	–	1,500
Hybrid bond 2014/2075 <sup>3</sup>	EUR 1,750 million	3.000 <sup>6</sup>	2.995	–	1,750
				<b>1,817</b>	<b>7,067</b>

<sup>1</sup> redeemable at three months' notice from 2015

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

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

<sup>4</sup> fixed interest rate until 2015, thereafter floating rate based on the 3-month Euribor plus 280 basis points

<sup>5</sup> fixed interest rate until 2024, thereafter floating rate depending on the 5-year swap rate

<sup>6</sup> fixed interest rate until 2020, thereafter floating rate depending on the 5-year swap rate

## (26) Trade Accounts Payable

### Trade Accounts Payable

	Dec. 31, 2013	Dec. 31, 2014
	€ million	€ million
Payables to subsidiaries	23	25
Payables to other suppliers	9	16
	<b>32</b>	<b>41</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 €1,433 million (2013: €945 million) from the issuance of a commercial paper, €179 million (2013: €101 million) in accrued interest, €3 million (2013: €23 million) in third parties' short-term investments with the company and €9 million (2013: €16 million) in premiums received on options. Tax liabilities amounted to €5 million (2013: €4 million) and comprised employees' income and church taxes held for paying over to the authorities.

In addition, miscellaneous liabilities contained an obligation relating to a retrospective purchase price adjustment for the investment in Bayer Pharma AG (formerly Bayer Schering Pharma AG) and the associated interest. This liability totaling €334 million (2013: €324 million) resulted from a court review initiated by former minority shareholders of Bayer Pharma AG.

## (29) Further Information on Liabilities

The residual maturities of liabilities were as follows:

**Maturity Structure of Other Liabilities**

	Dec. 31, 2013			Dec. 31, 2014		
	Maturing in 2014	Maturing in 2015 – 2017	Maturing after 2017	Maturing in 2015	Maturing in 2016 – 2018	Maturing after 2018
	€ million	€ million	€ million	€ million	€ million	€ million
Bonds and promissory notes	250	1,892	45	–	1,887	5,300
Liabilities to banks	42	–	–	23	–	–
Trade accounts payable	32	–	–	41	–	–
Payables to subsidiaries	16,828	155	–	17,546	161	497
Miscellaneous liabilities	1,095	330	–	1,637	339	–
	<b>18,247</b>	<b>2,377</b>	<b>45</b>	<b>19,247</b>	<b>2,387</b>	<b>5,797</b>

The miscellaneous liabilities as of December 31, 2014 included €182 million (2013: €103 million) in liabilities that only arose from a legal viewpoint after year end. Nearly the entire amount of €179 million (2013: €101 million) comprised accrued interest liabilities.

## Other Information

### (30) Contingent Liabilities

Liabilities for debt guarantees and sureties amounted to €11,438 million (2013: €4,400 million). With only slight exceptions, they were issued for the benefit of subsidiaries. Insofar as we are aware, all of these companies will be able to meet the underlying liabilities, so utilization is not expected.

## Debt Guarantees and Sureties

	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2014
	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	146	USD 202 million	166
Bayer Capital Corporation B.V., Netherlands				
– 4.625% EMTN Notes, maturing in 2014	EUR 1,300 million	1,300	–	–
– 1.250% EMTN Notes, maturing in 2023	–	–	EUR 500 million	500
– Liabilities to banks	EUR 950 million	950	EUR 1,078 million	1,078
Bayer World Investments B.V., Netherlands				
– Floating-rate Term Loan, maturing in 2018	–	–	USD 1,700 million	1,400
Bayer Corporation, U.S.A.				
– 7.125% Notes, maturing in 2015	USD 200 million	145	USD 200 million	165
– 6.650% Notes, maturing in 2028	USD 350 million	254	USD 350 million	288
– Commercial paper	USD 5 million	4	USD 7 million	6
– Liabilities to banks	USD 83 million	60	USD 67 million	55
– Sale-and-lease-back agreement Pass Through Trust	USD 17 million	12	–	–
Bayer US Finance LLC, U.S.A.				
– Floating-rate Notes, maturing in 2016	–	–	USD 500 million	412
– Floating-rate Notes, maturing in 2017	–	–	USD 400 million	330
– 1.500% Notes, maturing in 2017	–	–	USD 850 million	700
– 2.375% Notes, maturing in 2019	–	–	USD 2,000 million	1,647
– 3.000% Notes, maturing in 2021	–	–	USD 1,500 million	1,236
– 3.375% Notes, maturing in 2024	–	–	USD 1,750 million	1,441
Bayer Holding Ltd., Japan				
– 1.459% EMTN bond, maturing in 2017	JPY 10 billion	69	JPY 10 billion	69
– 0.816% EMTN bond, maturing in 2017	JPY 30 billion	207	JPY 30 billion	207
– 3.575% EMTN bond, maturing in 2018	JPY 15 billion	104	JPY 15 billion	103
– 0.594% EMTN bond, maturing in 2019	JPY 10 billion	69	JPY 10 billion	69
Bayer MaterialScience (China) Company Limited, China				
– Liabilities to banks	CNY 4,568 million	547	CNY 3,511 million	466
Bayer MaterialScience Limited, India				
– Liabilities to banks	INR 3,500 million	41	–	–
– 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
Silver Birch Trustees Ltd., U.K.				
– Pension obligations	–	–	GBP 157 million	201
Bayer Real Estate GmbH, Germany				
– Contractual obligations toward Bayer-Pensionskasse VVaG	–	–	EUR 85 million	85
Currenta GmbH & Co. OHG, Germany				
– Liabilities to the Federal State of North Rhine-Westphalia	EUR 50 million	50	EUR 53 million	53
Guarantees for other Group companies		4		4
<b>Guarantees for third parties</b>				
Silver Birch Trustees Ltd., U.K.	GBP 116 million	139	–	–
Guarantees for other third parties		9		4
<b>Sureties for Group companies</b>				
		<b>89</b>		<b>–</b>
<b>Sureties for third parties</b>				
		<b>1</b>		<b>7</b>
		<b>4,400</b>		<b>11,438</b>

## Notes

## (31) Other Financial Commitments

## (31) Other Financial Commitments

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

Non-discounted future payments relating to operating leases totaled €8 million (2013: €8 million), and resulted from lease and rental agreements with Bayer Real Estate GmbH, a wholly owned subsidiary of Bayer AG. These payments are due in 2015.

In 2008 the establishment of an "effective initial fund" totaling €800 million was agreed with Bayer-Pensionskasse. This was due to the rise in the present and future life expectancy of those insured with this pension fund. The effective initial fund entails the granting of a repayable, interest-bearing loan to Bayer-Pensionskasse as required. In 2012, it was increased by €800 million to €1,600 million. Following payment of a total of €595 million, there is a commitment to pay €1,005 million in the future.

## (32) Legal Risks

As the parent of a global group of companies with a heterogeneous business portfolio, Bayer AG is exposed to numerous 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 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 31, 2015, the number of claimants in the pending lawsuits and claims in the United States totaled about 5,000 (excluding claims already settled). Claimants allege that they 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 U.S. are investigating the alleged off-label promotion of Yasmin™ and YAZ™ as well as the 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 31, 2015, 13 class actions had been served upon Bayer in Canada and two in Israel.

As of January 31, 2015, Bayer had reached agreements, without admission of liability, to settle approximately 9,500 claims in the U.S. for venous clot injuries (deep vein thrombosis or pulmonary embolism) for a total amount of about US\$1.9 billion. Bayer will continue to consider the option of settling such claims after a case-specific analysis of medical records. At present, about 2,000 such claims are under review.

Bayer has also settled, without admission of liability, approximately 7,200 claims for gallbladder injuries in the U.S. for a total amount of about US\$21.5 million. As of January 31, 2015, only a few claims for such injuries remained pending.

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 31, 2015, lawsuits of approximately 3,000 users of Mirena™, a levonorgestrel-releasing intrauterine system providing long-term contraception, had been served upon Bayer in the U.S. 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 31, 2015, four class actions relating to Mirena™ 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 31, 2015, lawsuits of approximately 200 recipients of Xarelto™, an oral anticoagulant for the treatment and prevention of blood clots, had been served upon Bayer in the U.S. 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 February 8, 2015, one class action relating to Xarelto was filed 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™:** In 2013, Bayer received two notices from Watson Laboratories, Inc. that Watson has filed Abbreviated New Drug Applications with a Paragraph IV certification (“ANDA IV”) seeking approval of generic versions of both Beyaz™ and Safyral™, Bayer’s oral contraceptives containing folate, in the United States. In response, Bayer filed two suits against Watson in U.S. federal court for infringement of the same patent. The lawsuits were consolidated.

**Finacea™:** In 2013, Bayer filed a patent infringement suit in a U.S. federal court against Glenmark Generics Ltd. Earlier that year, Bayer had received a notice from Glenmark that Glenmark had filed an ANDA IV seeking approval of a generic version of Bayer’s Finacea™ topical gel in the United States.

**Staxyn™:** In 2012, Bayer filed a patent infringement suit in a U.S. federal court against Watson Laboratories, Inc. In 2013, Bayer filed a similar suit against Par Pharmaceutical, Inc. and Par Pharmaceutical Companies, Inc. (together “Par Pharmaceutical”). Earlier in 2012, Bayer had received notice of an ANDA IV 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. Earlier in 2013, Bayer had received a similar notice from Par Pharmaceutical. In 2014, Par Pharmaceutical amended its ANDA IV to no longer seek market approval prior to patent expiration whereupon the suit against Par Pharmaceutical was dismissed without prejudice. Staxyn™ is an orodispersible (orally disintegrating) formulation of Levitra™. Both drug products contain the same active ingredient, which is protected in the U.S. by two patents expiring in 2018.

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

## FURTHER LEGAL PROCEEDINGS

**Bayer Pharma AG former shareholder litigation:** In 2008, the squeeze-out of the former minority shareholders of Bayer Pharma AG (formerly named Bayer Schering Pharma AG), Berlin, Germany, became effective. As usual in such cases, several shareholders have initiated special court proceedings to review the adequacy of the compensation payments made by Bayer for the transfer of the shares in the squeeze-out. In another court proceeding initiated by former minority shareholders of Bayer Pharma AG (formerly Bayer Schering Pharma AG) to review the adequacy of compensation payments made by Bayer in connection with the 2006 domination and profit and loss transfer agreement, the District Court (Landgericht) of Berlin decided in 2013 that the compensation paid by Bayer at the time should be increased by about 40%. Bayer disagrees with this decision and has appealed. Appropriate accounting measures have been taken for this proceeding as well as for the parallel proceeding relating to the squeeze-out of the former minority shareholders.

## MaterialScience

**Partial exemption from the surcharge under the Renewable Energy Act:** Under the German Renewable Energy Act (Erneuerbare-Energien-Gesetz) of 2012 (“EEG 2012”), all consumers of electricity normally have to pay a surcharge which is used to promote the development of renewable energies in Germany (“EEG surcharge”). Some energy-intensive companies are partially exempted from this surcharge. In 2013, the European Commission had launched a formal investigation into such partial exemptions. The investigation was closed in November 2014, and the European Commission approved in principle this German state aid regulation on renewable energies (EEG 2012). Remaining claims for further payments against which Bayer has appealed are in the low one digit million euro range. Bayer believes the risks remaining in this matter are no longer material.

## (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 operating business and of the related investments and financing transactions. For currency hedging, forward exchange contracts, currency options and cross-currency interest-rate swaps are mainly used. Interest-rate swaps and interest-rate futures are also used to hedge interest rates. Share options are used to hedge fluctuations in the value of commitments to employees under stock-based compensation programs. On the commodities markets, Bayer AG concludes derivatives agreements with external counterparties to hedge the price of raw materials and energy required by Group companies to conduct their operating business; however, these are now negligible.

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

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

Where derivatives have a positive fair value, a credit or default risk arises from the fact that 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 €14.7 billion as of December 31, 2014 (2013: €18.0 billion). Back-to-back derivatives contracts in a notional amount of €10.5 billion (2013: €13.8 billion) were concluded with Group companies. The total notional amount of derivatives was €25.2 billion (2013: €31.8 billion). This amount included hedge accounting items. The derivatives comprised the following:

## Notes

(33) Derivatives / Micro-hedges

## Financial Derivatives

	Notional amounts		Fair values		Carrying amounts	
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014
	€ million	€ million	€ million	€ million	€ million	€ million
Forward exchange contracts						
– positive fair values	8,320	9,344	373	455		
– negative fair values	9,191	8,172	(356)	(396)		
	17,511	17,516	17	59	(2)	(16)
Currency options						
– positive fair values	2,584	529	69	43		
– negative fair values	2,706	536	(67)	(43)		
	5,290	1,065	2	–	2	–
Cross-currency interest-rate swaps						
– positive fair values	1,726	1,626	114	196		
– negative fair values	2,243	2,340	(235)	(283)		
	3,969	3,966	(121)	(87)	–	–
Interest swaps						
– positive fair values	3,153	2,053	133	76		
– negative fair values	1,853	553	(63)	(24)		
	5,006	2,606	70	52	(6)	(2)
Share options						
– positive fair values	1	14	3	12		
– negative fair values	–	13	–	(11)		
	1	27	3	1	1	1
	<b>31,777</b>	<b>25,180</b>	<b>(29)</b>	<b>25</b>	<b>(5)</b>	<b>(17)</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 value of €6.0 billion (2013: €7.7 billion) with external counterparties. They had a positive fair value of €38 million (2013: positive fair value of €109 million). Some of these contracts were passed on to Group companies. The notional value of these reciprocal internal transactions was €4.2 billion (2013: €6.1 billion) and they had a fair value of €21 million (2013: negative fair value of €92 million).

Currency contracts concluded to hedge foreign currency receivables and liabilities of Group companies are generally passed on to the Group companies concerned through corresponding 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 2015 and are not recognized in the statement of financial position. The positive fair value of contracts not included in portfolio hedges amounted to €37 million (2013: €23 million). Included in this amount are currency contracts with a negative fair value of €16 million (2013: negative fair value of €2 million). This amount is recognized in miscellaneous provisions under impending losses. Currency contracts with positive fair values of €53 million in 2014 (2013: €25 million) are not recorded in the statement of financial position.

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 €585 million on the closing date (2013: €811 million). Their fair value was €22 million higher at €607 million (2013: €6 million lower at €805 million). The corresponding external currency contracts had a positive fair value of €22 million (2013: negative net fair value of €6 million). The majority are due in 2015 and to a smaller extent in 2016 and 2017. They were not recorded 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 value of €3.7 billion were concluded (2013: €3.9 billion). These had a negative fair value of €42 million (2013: positive fair value of €175 million). They were offset by reciprocal transactions with Group companies with a notional value of €4.6 billion (2013: €4.7 billion) and a positive fair value of €42 million (2013: negative fair value of €175 million). Changes in the value of the corresponding internal and external contracts will cancel each other out when they are closed out between 2015 and 2018. These transactions are combined as micro-hedges and, with the exception of option premiums paid and received of €19 million in each case (2013: €27 million), are not reflected in the statement of financial position.

Only a small amount of other derivatives contracts were concluded (€0.1 billion; 2013: €0.4 billion). The negative fair value of €2 million was offset by transactions with a positive fair value of €2 million. They were not recorded in the statement of financial position.

Cross-currency interest-rate swaps with a notional value of €0.5 billion (2013: €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 €87 million (2013: negative fair value of €121 million). The cross-currency interest-rate swaps and bonds form a micro-hedge. The effectiveness of the cross-currency interest-rate swaps is tested prospectively using the critical term match method and retrospectively using the dollar offset method (= ratio offset method) to ensure that the values and cash flows of the transactions offset each other. As a consequence, the bonds were recognized as previously at their original cost of €517 million and the cross-currency interest-rate swaps, which are due in 2018, are not reflected in the financial statements prepared in accordance with German commercial law.

Other cross-currency interest-rate swaps with a notional value of €1.1 billion (2013: €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 nv with a notional value of €1.0 billion (2013: €1.1 billion), the positive and negative fair values of the various micro-hedges formed according to the maturities of the agreements canceled each other out. Further, cross-currency interest-rate swaps with a notional value of €0.6 billion (2013: €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 are not reported in the statement of financial position. Other external and internal cross-currency interest-rate swaps with a notional value of €0.1 billion (2013: €0.1 billion) also canceled each other out; they were not recorded 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 risks relating to EMTN bonds issued by Bayer AG. The swaps mature in the period up to 2021. Their notional value was €1.5 billion (2013: €1.3 billion) and they had a net positive fair value of €55 million (2013: €78 million). They constitute a hedging relationship (micro-hedge) with the bonds, which are reflected in the financial statements. The effectiveness of the hedging relationship is examined prospectively and retrospectively using regression analysis. Since the cash flows relating to the hedged contract and receiver swaps cancel each other out, the receiver swaps are not reflected in the statement of financial position.

## Notes

## (33) Derivatives / Micro-hedges

Further interest-rate swaps originally concluded to hedge bonds have now been economically closed out by concluding corresponding counter-transactions (payer swaps). They mature in 2015. Their notional value is €1.1 billion (2013: €1.1 billion) and they had a net negative fair value of €3 million (2013: net negative fair value of €8 million). A micro-hedge was formed. Provisions for impending losses have been set up in the amount of €2 million (2013: €6 million) for the resulting negative fair values; they are recorded under miscellaneous provisions.

Trading in interest-rate futures was low in 2014, as it was in 2013. No interest-rate futures were included in the portfolio at year-end 2014 or year-end 2013.

**DERIVATIVES USED TO HEDGE PRICE RISKS**

For the first time, Bayer AG concluded share option transactions with external counterparties to hedge some of the obligations arising from the Aspire II stock-based compensation program. These transactions expire in 2017. Their fair value was €12 million on December 31, 2014. Internal transactions with a negative fair value of €11 million, which were used to pass the majority of these transactions on to Group companies, form micro-hedges with the transactions concluded with external counterparties. These transactions therefore cancel each other out. The contracts remaining with Bayer AG have a fair value of €1 million and form a micro-hedge with the original obligations arising from the stock-based compensation program. This hedging relationship is tested prospectively using the critical term match method and retrospectively via regression analysis. Only the option premiums paid amounting to €9 million and the option premiums received of €8 million are recognized in the statement of financial position. The options recognized in the previous year with a net fair value of €3 million were used to hedge stock-based compensation programs that have now ended and they have now been closed out.

External commodity contracts were passed on to Group companies on reciprocal terms as micro-hedges. The results of the transactions that had ended by year end canceled each other out. Commodity contracts were only purchased to a very low extent in 2014 and the company had no commodity contracts 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 market value of interest-rate swaps is determined by discounting expected future cash flows. Discounting applies market interest rates for the remaining term of these instruments. The fair values of interest-rate options are determined using a Black-Scholes model.
- The fair value of share options is determined 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 to which fair values cannot be assigned are measured with the aid of valuation models based on internal fundamental data.

## (34) Related Parties

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

Transactions with related parties mainly comprise rental, service and financing transactions with subsidiaries, joint ventures and other affiliated companies, and with pension plans. Such transactions are conducted on market terms (arm's length principle).

Bayer AG has undertaken to provide jouissance right capital (Genussrechtskapital) totaling €150 million for Bayer-Pensionskasse. The entire amount was drawn in 2013 and 2014. 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, 2014 the amount drawn was €595 million, and thus unchanged from year end 2013.

## (35) Total Compensation of the Board of Management and the Supervisory Board and Loans

The compensation of the Board of Management in 2014 comprised:

### Total Compensation of the Board of Management

	2013	2014
	€ thousand	€ thousand
Fixed salaries	3,774	4,118
Compensation in kind and other benefits	182	443
Short-term variable cash compensation	4,712	5,051
Long-term variable cash compensation based on virtual Bayer shares <sup>1</sup>	3,976	5,058
– Number of virtual shares granted	[40,997]	[43,742]
Long-term stock-based cash compensation (Aspire I) <sup>2</sup>	919	978
<b>Aggregate compensation</b>	<b>13,563</b>	<b>15,648</b>
Service cost for pension commitments <sup>3</sup>	1,271	1,385

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

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

<sup>3</sup> incl. 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 aggregate income. They are shown separately in the next table.

## Notes

## (35) Total Compensation of the Board of Management and the Supervisory Board and Loans

Members of the Board of Management also participate in stock-based compensation programs (Aspire 1). 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 1)". The entitlements earned in 2014 under the stock-based compensation programs granted in current and previous years are shown separately in the table below. In addition, the changes in the value of entitlements from stock-based compensation programs earned prior to 2014 are shown separately.

Further to amounts included in aggregate compensation, the expense for the fiscal year contains the following components relating to long-term variable cash compensation based on virtual Bayer shares and long-term stock-based cash compensation:

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

	2013	2014
	€ thousand	€ thousand
<b>Long-term variable cash compensation based on virtual Bayer shares</b>		
– Fair value of virtual shares granted in the fiscal year	3,976	5,058
– Change in the value of virtual shares granted in previous years	5,030	1,559
	<b>9,006</b>	<b>6,617</b>
<b>Long-term stock-based cash compensation (Aspire 1)</b>		
– Entitlements earned in the fiscal year	2,925	3,602
– Change in the value of entitlements earned in previous years	2,312	687
	<b>5,237</b>	<b>4,289</b>
<b>Expense</b>	<b>14,243</b>	<b>10,906</b>

Expenses for pension entitlements granted to the members of the Board of Management serving in 2014 amounted to €1,385 thousand (2013: €1,271 thousand). These comprise 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 €4,566 thousand (2013: €4,417 thousand). Provisions for pension obligations on the balance-sheet date were €18,011 thousand (2013: €19,335 thousand).

Pension payments to former members of the Board of Management and their surviving dependents in 2014 amounted to €13,457 thousand (2013: €12,871 thousand). Provisions for pensions and similar commitments to former members of the Board of Management and their surviving dependents amounting to €146,341 thousand (2013: €136,307 thousand) are reflected in the statement of financial position of Bayer AG.

The total remuneration of the Supervisory Board in 2014 was €3,285 thousand (2013: €3,309 thousand). This included attendance fees of €111 thousand (2013: €99 thousand).

There were no loans to members of the Board of Management or the Supervisory Board as of December 31, 2014, 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.

## (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	–	4
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	(0.3)	1, 2
Alcafleu Management GmbH & Co. KG	Schönefeld, Germany	99.9	441.5	(9.0)	
Algeta Innovations AS	Oslo, Norway	100.0	(12.0)	(1.7)	1
Algeta Solutions AS	Oslo, Norway	100.0	7.0	(4.9)	1
Algeta UK Ltd.	Reading, U.K.	100.0	0.0	0.0	
Ausbildungsinitiative Rheinland GmbH	Leverkusen, Germany	100.0	0.0	0.0	2
Axxam S.p.A.	Milan, Italy	23.2	2.7	0.0	1
Baulé S.A.S.	Romans-sur-Isère, France	100.0	56.0	14.0	1
Baulé UK Limited	Cheadle, U.K.	100.0	3.6	1.2	1
Bayer (Schweiz) AG	Zurich, Switzerland	100.0	41.0	11.5	
Bayer 04 Immobilien GmbH	Leverkusen, Germany	100.0	0.0	(2.1)	1, 2
Bayer 04 Leverkusen Fußball GmbH	Leverkusen, Germany	100.0	60.5	(9.3)	1, 2
Bayer 04 Leverkusen Sportförderung gGmbH	Leverkusen, Germany	100.0	0.5	(0.1)	1
Bayer 04 Marketing GmbH	Leverkusen, Germany	100.0	0.0	0.2	1, 2
Bayer A/S	Copenhagen, Denmark	100.0	26.3	5.7	1
Bayer AB	Solna, Sweden	100.0	9.5	6.5	1
Bayer AEH Limited	Cambridge, U.K.	100.0	0.0	0.0	
Bayer AGCO Limited	Cambridge, U.K.	100.0	0.0	0.0	
Bayer Agriculture Limited	Cambridge, U.K.	100.0	7.5	6.7	1
Bayer Altersversorgung GmbH	Leverkusen, Germany	100.0	55.2	20.2	1, 2
Bayer Animal Health GmbH	Leverkusen, Germany	100.0	463.1	143.9	1
Bayer Antwerpen NV	Antwerp, Belgium	100.0	10,845.4	294.8	1
Bayer AS	Oslo, Norway	100.0	48.2	3.2	1
Bayer Austria Gesellschaft m.b.H.	Vienna, Austria	100.0	18.8	5.6	1
Bayer B.V.	Mijdrecht, Netherlands	100.0	1,760.9	163.1	1
Bayer Beteiligungsverwaltung Goslar GmbH	Leverkusen, Germany	100.0	491.6	0.8	1, 2
Bayer Bitterfeld GmbH	Bitterfeld-Wolfen, Germany	100.0	235.3	6.7	1, 2
Bayer Bulgaria EOOD	Sofia, Bulgaria	100.0	7.2	2.3	1
Bayer Business Services GmbH	Leverkusen, Germany	100.0	86.7	(75.9)	1, 2
Bayer Capital Corporation B.V.	Mijdrecht, Netherlands	100.0	15.6	1.9	1

<sup>1</sup> provisional result

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

<sup>3</sup> 2013 figures

<sup>4</sup> first fiscal year not yet completed

<sup>5</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 Chemicals AG	Leverkusen, Germany	100.0	406.0	(40.0)	1, 2
Bayer Consumer Care AG	Basel, Switzerland	100.0	1,351.4	286.0	1
Bayer Consumer Care Deutschland GmbH	Berlin, Germany	100.0	1.1	72.4	1, 2
Bayer CropScience (Portugal) – Produtos para a Agricultura, Lda	Carnaxide, Portugal	100.0	15.3	2.0	
Bayer CropScience AG	Monheim am Rhein, Germany	100.0	3,113.3	787.3	2
Bayer CropScience Beteiligungsgesellschaft mbH	Frankfurt am Main, Germany	100.0	18.0	(1.7)	1, 2
Bayer CropScience Biologics GmbH	Malchow, Germany	100.0	2.3	(1.6)	1, 2
Bayer CropScience Deutschland GmbH	Langenfeld, Germany	100.0	115.9	15.4	1
Bayer CropScience Holding SA	Lyon, France	100.0	761.3	61.8	1
Bayer CropScience Holdings Limited	Cambridge, U.K.	100.0	0.0	0.0	
Bayer CropScience Limited	Cambridge, U.K.	100.0	61.5	23.8	1
Bayer CropScience Norwich Limited	Cambridge, U.K.	100.0	0.0	0.0	
Bayer CropScience NV	Diegem, Belgium	100.0	236.4	29.5	1
Bayer CropScience S.r.l.	Milan, Italy	100.0	66.9	3.3	1
Bayer CropScience Vermögensverwaltungsgesellschaft mbH	Leverkusen, Germany	100.0	70.4	0.6	1
Bayer CropScience, S.L.	Quart de Poblet, Spain	100.0	86.3	12.2	1
Bayer d.o.o.	Belgrade, Serbia	100.0	8.6	1.3	1
Bayer d.o.o.	Ljubljana, Slovenia	100.0	14.7	4.4	1
Bayer d.o.o.	Zagreb, Croatia	100.0	1.4	(0.6)	1
Bayer d.o.o. Sarajevo	Sarajevo, Bosnia and Herzegovina	100.0	0.5	0.1	1
Bayer Direct Services GmbH	Leverkusen, Germany	100.0	0.3	0.7	1, 2
Bayer Gastronomie GmbH	Leverkusen, Germany	100.0	5.0	(4.5)	1, 2
Bayer Gesellschaft für Beteiligungen mbH	Leverkusen, Germany	100.0	6,101.7	119.1	1, 2
Bayer Global Investments B.V.	Mijdrecht, Netherlands	100.0	11,409.2	341.6	1
Bayer HealthCare AG	Leverkusen, Germany	100.0	1.1	(207.0)	2
Bayer HealthCare Manufacturing S.r.l.	Milan, Italy	100.0	243.0	51.9	1
Bayer Healthcare S.r.l.	Milan, Italy	100.0	0.0	0.0	1
Bayer HealthCare SAS	Loos, France	100.0	77.5	24.9	1
Bayer Hellas A.G.	Athens, Greece	100.0	32.4	5.2	1
Bayer Hispania, S.L.	Sant Joan Despi, Spain	100.0	2,151.0	281.5	1
Bayer Holding France SCS	Lyon, France	100.0	2,196.0	488.8	1
Bayer Hungária Kft.	Budapest, Hungary	100.0	26.0	5.5	1
Bayer Innovation GmbH	Leverkusen, Germany	100.0	33.7	(0.8)	1, 2
Bayer Intellectual Property GmbH	Monheim am Rhein, Germany	100.0	0.7	0.1	1
Bayer International SA	Fribourg, Switzerland	100.0	161.9	41.4	
Bayer Limited	Dublin, Ireland	100.0	2.8	1.2	1
Bayer Ltd.	Kiev, Ukraine	100.0	12.5	(0.3)	1
Bayer MaterialScience A/S	Otterup, Denmark	100.0	6.5	2.4	1
Bayer MaterialScience AG	Leverkusen, Germany	100.0	132.6	167.4	2

<sup>1</sup> provisional result<sup>2</sup> before profit/loss transfer<sup>3</sup> 2013 figures<sup>4</sup> first fiscal year not yet completed<sup>5</sup> pre-consolidated

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
Bayer MaterialScience B.V.	Foxhol, Netherlands	100.0	5.8	3.0	1
Bayer MaterialScience Brunsbüttel Energie GmbH	Brunsbüttel, Germany	100.0	0.0	2.0	1, 2
Bayer MaterialScience Customer Services GmbH	Leverkusen, Germany	100.0	5.3	(0.7)	1, 2
Bayer MaterialScience GmbH	Darmstadt, Germany	100.0	89.9	(34.8)	1, 2
Bayer MaterialScience NV	Tielt, Belgium	100.0	28.1	2.7	1
Bayer MaterialScience Oldenburg GmbH & Co. KG	Oldenburg, Germany	100.0	8.1	1.9	1
Bayer MaterialScience Oldenburg Verwaltungs-GmbH	Oldenburg, Germany	100.0	0.0	0.0	1
Bayer MaterialScience S.p.A.	Milan, Italy	99.0	3.5	(1.5)	1
Bayer MaterialScience S.r.l.	Milan, Italy	100.0	53.6	16.1	1
Bayer MaterialScience, S.L.	Sant Joan Despi, Spain	100.0	96.7	4.9	1
Bayer Medical Care B.V.	Maastricht, Netherlands	100.0	2.2	2.6	1
Bayer Nordic SE	Espoo, Finland	100.0	1,600.7	561.1	1
Bayer Norway AS	Oslo, Norway	100.0	680.2	(7.6)	1
Bayer NV	Diegem, Belgium	100.0	65.3	3.8	1
Bayer OÜ	Tallinn, Estonia	100.0	0.8	0.1	1
Bayer Oy	Turku, Finland	100.0	417.7	409.7	1
Bayer Pharma AG	Berlin, Germany	100.0	5,730.0	2,157.7	2
Bayer Polyols S.N.C.	Fos sur Mer, France	100.0	46.0	3.0	1
Bayer Polyurethanes B.V.	Mijdrecht, Netherlands	100.0	22.1	6.6	1
Bayer Portugal, SA	Carnaxide, Portugal	100.0	34.6	3.8	
Bayer Public Limited Company	Newbury, U.K.	100.0	72.2	22.4	1
Bayer Real Estate GmbH	Leverkusen, Germany	100.0	380.6	(22.1)	1, 2
Bayer Real Estate Waltersdorf Verwaltungs-GmbH	Schönefeld, Germany	100.0	0.0	0.0	1, 2
Bayer S.A.S.	Lyon, France	100.0	1,143.0	223.4	1
Bayer S.p.A.	Milan, Italy	100.0	466.0	29.7	1
Bayer s.r.o.	Prag, Czech Republic	100.0	8.7	3.9	1
Bayer SARL	Lyon, France	100.0	2.4	0.4	1
Bayer Schering Pharma AG	Berlin, Germany	100.0	257.5	(0.6)	1, 2
Bayer Seeds B.V.	Mijdrecht, Netherlands	100.0	805.0	0.0	1
Bayer Solution B.V.	Mijdrecht, Netherlands	100.0	0.0	0.0	1
Bayer Sp. z o.o.	Warsaw, Poland	100.0	55.0	11.0	1
Bayer Technology Services GmbH	Leverkusen, Germany	100.0	60.0	(18.7)	1, 2
Bayer UK Limited	Newbury, U.K.	100.0	0.0	0.0	
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	85.4	42.5	1, 2
Bayer Weimar GmbH und Co. KG	Weimar, Germany	100.0	47.3	5.2	1
Bayer World Investments B.V.	Mijdrecht, Netherlands	100.0	12,466.8	1,545.0	1
Bayer WR LLC	Minsk, Belarus	100.0	0.5	0.0	1
Bayer, spol. sr.o.	Bratislava, Slovakia	100.0	3.9	1.1	1
Bayer-Handelsgesellschaft mit beschränkter Haftung	Leverkusen, Germany	100.0	14.0	(1.0)	1, 2
Bayer-Unterstützungskasse GmbH	Leverkusen, Germany	100.0	30.5	(0.3)	1

<sup>1</sup> provisional result<sup>2</sup> before profit/loss transfer<sup>3</sup> 2013 figures<sup>4</sup> first fiscal year not yet completed<sup>5</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	
Bayhealth Comercialização de Produtos Farmacêuticos Unipessoal Lda.	Carnaxide, Portugal	100.0	0.0	0.0	
Baysalud, S.L.	Barcelona, Spain	100.0	(0.1)	0.0	1
BaySecur GmbH	Leverkusen, Germany	49.0	0.6	0.6	1
BBB Management GmbH Campus Berlin-Buch	Berlin, Germany	20.0	0.8	0.0	1
Berlex – Especialidades Farmacêuticas Lda	Carnaxide, Portugal	100.0	0.1	0.0	
Berlifarma – Especialidades Farmacêuticas, Lda	Carnaxide, Portugal	100.0	0.0	0.0	
Berlimed – Especialidades Farmacêuticas Lda	Carnaxide, Portugal	100.0	0.1	0.0	
Berlimed, S.A.	Madrid, Spain	100.0	26.9	1.2	1
Berlipharm B.V.	Weesp, Netherlands	100.0	32.0	(0.1)	1
Berlis AG	Zurich, Switzerland	100.0	1.4	0.5	
BGI Deutschland GmbH	Leverkusen, Germany	100.0	4,000.0	4.6	1, 2
Biogenetic Technologies B.V.	Rotterdam, Netherlands	100.0	25.3	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	1.1	0.0	
Chemion Logistik GmbH	Leverkusen, Germany	100.0	10.6	15.8	2
CleanTech NRW GmbH	Leverkusen, Germany	100.0	0.0	0.0	1
Conceptus Medical Limited	Esher, U.K.	100.0	0.0	0.0	
Currenta Geschäftsführungs-GmbH	Leverkusen, Germany	100.0	0.0	0.0	
Currenta GmbH & Co. OHG	Leverkusen, Germany	60.0	12.5	(12.6)	
Disalfarm, S.A.	Barcelona, Spain	33.3	3.9	0.2	1
Dritte Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	64.5	7.9	1
Dritte K-W-A Beteiligungsgesellschaft mbH	Leverkusen, Germany	100.0	0.1	0.0	1, 2
Ehrfeld Mikrotechnik BTS GmbH	Wendelsheim, Germany	100.0	0.0	0.2	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	7.2	1
Erste Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	55.4	5.9	1
Erste K-W-A Beteiligungsgesellschaft mbH	Leverkusen, Germany	100.0	33.7	(9.4)	1, 2
Euroservices Bayer GmbH	Leverkusen, Germany	100.0	0.3	(4.7)	1, 2
EuroServices Bayer, S.L.	Sant Joan Despi, Spain	100.0	9.2	0.9	1
Faserwerke Hüls GmbH	Marl, Germany	50.0	0.8	0.0	1
Fünfte Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	184.9	25.5	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	6.3	1, 2
Healthbox Europe 1 LP	London, U.K.	37.0	0.7	0.0	
Hild Samen GmbH	Marbach am Neckar, Germany	100.0	4.8	2.9	1, 2
Indurisk Rückversicherung AG	Luxembourg, Luxembourg	100.0	16.8	(0.6)	1

<sup>1</sup> provisional result<sup>2</sup> before profit/loss transfer<sup>3</sup> 2013 figures<sup>4</sup> first fiscal year not yet completed<sup>5</sup> pre-consolidated



## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income /loss	Footnotes
		%	€ million	€ million	
Intendis Derma, S.L.	Sant Joan Despi, Spain	100.0	(0.1)	0.0	1
Intendis GmbH	Berlin, Germany	100.0	14.9	29.4	1, 2
Intraserv GmbH & Co. KG	Schönefeld, Germany	100.0	25.9	23.0	1
Intraserv Verwaltungs-GmbH	Schönefeld, Germany	100.0	0.0	0.0	1
INVITE GmbH	Cologne, Germany	50.0	0.1	0.0	3
Jenapharm GmbH & Co. KG	Jena, Germany	100.0	75.8	54.8	
KOSINUS Grundstücks-Verwaltungsgesellschaft mbH	Schönefeld, Germany	100.0	0.0	0.0	1
KOSINUS Grundstücks-Verwaltungsgesellschaft mbH & Co. Gamma OHG	Schönefeld, Germany	100.0	28.5	2.0	1
KVP Pharma+Veterinär Produkte GmbH	Kiel, Germany	100.0	22.6	4.7	1
Lilienthalstraße Nr. 4 GmbH	Schönefeld, Germany	100.0	(0.4)	(0.4)	1
Lusal Produção Quimico Farmacêutica Luso-Alema, Lda.	Carnaxide, Portugal	100.0	0.0	0.0	
Lusalfarma – Especialidades Farmacêuticas Lda	Carnaxide, Portugal	100.0	0.1	0.0	
Lyondell Bayer Manufacturing Maasvlakte VOF	Rotterdam, Netherlands	50.0	31.8	(4.7)	1
Marostrast GmbH	Jena, Germany	100.0	0.0	0.8	1, 2
MENADIER Heilmittel GmbH	Berlin, Germany	100.0	79.8	0.1	1, 2
MS Holding B.V.	Mijdrecht, Netherlands	100.0	0.0	0.0	1
Neunte Bayer VV GmbH	Leverkusen, Germany	100.0	0.0	0.0	1, 2
Nunhems B.V.	Haelen, Netherlands	100.0	837.0	50.8	1
Nunhems France S.A.R.L.	Soucelles, France	100.0	3.0	0.8	1
Nunhems Hungary Kft.	Szolnok, Hungary	100.0	0.4	(0.1)	1
Nunhems Italy S.r.l.	St. Agata Bolognes, Italy	100.0	8.4	0.6	1
Nunhems Netherlands B.V.	Haelen, Netherlands	100.0	761.5	28.4	1
Nunhems Poland Sp. z.o.o.	Warsaw, Poland	100.0	0.5	(0.1)	
Nunhems Spain, S.A.	Valencia, Spain	100.0	9.2	3.7	1
Pallas Versicherung AG	Leverkusen, Germany	100.0	45.6	9.5	1
Pandias Re AG	Luxembourg, Luxembourg	100.0	38.2	0.0	1
pbi Home & Garden Limited	Cambridge, U.K.	100.0	0.0	0.0	
Sauerstoff- und Stickstoffrohrleitungsgesellschaft mbH	Krefeld, Germany	50.0	0.3	0.0	
SC Bayer SRL	Bucharest, Romania	100.0	14.0	2.4	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 Holdings Limited	Newbury, U.K.	100.0	22.1	0.1	1
Schering Industrial Products	Newbury, U.K.	100.0	0.0	0.0	
Schering-Kahlbaum Gesellschaft mit beschränkter Haftung	Berlin, Germany	100.0	28.3	0.4	1, 2
Sechste Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	109.4	52.5	1
SIA Bayer	Riga, Latvia	100.0	0.6	(0.2)	1
Siebte Bayer VV GmbH	Leverkusen, Germany	100.0	0.0	146.0	1, 2
Silver Birch Trustees Limited	London, U.K.	100.0	0.0	0.0	
Steigerwald Arzneimittelwerk GmbH	Darmstadt, Germany	100.0	18.9	74.3	1, 2

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## (36) Overview of interests

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
TecArena+ GmbH	Leverkusen, Germany	100.0	0.3	(0.2)	1, 2
TECTRION GmbH	Leverkusen, Germany	100.0	7.0	4.6	2
TOO Bayer KAZ	Astana, Kazakhstan	100.0	8.8	1.0	1
TravelBoard GmbH	Leverkusen, Germany	100.0	0.4	0.9	1, 2
UAB Bayer	Vilnius, Lithuania	100.0	4.3	1.0	1
Vierte Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	56.1	15.1	1
ZAO Bayer	Moscow, Russia	100.0	62.0	12.3	1
Zweite Bayer Real Estate VV GmbH & Co. KG	Schönefeld, Germany	100.0	91.3	12.7	1
Zweite K-W-A Beteiligungsgesellschaft mbH	Leverkusen, Germany	100.0	4,591.1	0.0	1, 2

## North America

Bayer Corporation	Pittsburgh, U.S.A.	100.0	2,100.7	314.3	
with the following principal affiliates:					
AgraQuest Holding Inc.	Davis, U.S.A.	100.0			5
AgraQuest, Inc.	Davis, U.S.A.	100.0			5
Athenix Corp.	Research Triangle Park, U.S.A.	100.0			5
Bayer Business and Technology Services LLC	Pittsburgh, U.S.A.	100.0			5
Bayer Canadian Holdings Inc.	Toronto, Canada	100.0			5
Bayer CropScience LLC	Research Triangle Park, U.S.A.	100.0			5
Bayer CropScience LP	Research Triangle Park, U.S.A.	100.0			5
Bayer Essure Inc.	Milpitas, U.S.A.	100.0			5
Bayer HealthCare Animal Health Inc.	St. Joseph, U.S.A.	100.0			5
Bayer HealthCare LLC	Whippany, U.S.A.	100.0			5
Bayer HealthCare Pharmaceuticals Inc.	Pine Brook, U.S.A.	100.0			5
Bayer HealthCare Pharmaceuticals LLC	Berkeley, U.S.A.	100.0			5
Bayer MaterialScience LLC	Pittsburgh, U.S.A.	100.0			5
Bayer Medical Care Inc.	Indianola, U.S.A.	100.0			5
Bayer PO LLC	New Martinsville, U.S.A.	100.0			5
Bayer Puerto Rico Inc.	San Juan, Puerto Rico	100.0			5
Bayer R&I B.V.	Maastricht, Netherlands	100.0			5
Bayer West Coast Corporation	Berkeley, U.S.A.	100.0			5
BHCP Holdings LLC	Pittsburgh, U.S.A.	100.0			5
Collateral Therapeutics, Inc.	Richmond, U.S.A.	100.0			5
Conceptus SAS	Versailles, France	100.0			5
Cooper Land Company of New Jersey, Inc.	Whippany, U.S.A.	100.0			5
Guidance Interactive Healthcare LLC	Tarrytown, U.S.A.	100.0			5
Hornbeck Seed Company, Inc.	Lubbock, U.S.A.	100.0			5
Imaxeon Pty. Ltd.	Rydalmere, Australia	100.0			5
Mediwest Norway AS	Oslo, Norway	100.0			5
Medrad Asia Pte. Ltd.	Singapore	100.0			5
Medrad China B.V.	Mijdrecht, Netherlands	100.0			5

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## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
Medrad Denmark ApS	Lyngby, Denmark	100.0			5
Medrad do Brasil Ltda.	São Paulo, Brazil	100.0			5
Medrad Europe B.V.	Maastricht, Netherlands	100.0			5
Medrad France B.V.	Mijdrecht, Netherlands	100.0			5
Medrad Italia S.r.l.	Cava Manara, Italy	100.0			5
MEDRAD Medical Equipment Trading Company-Beijing	Beijing, China	100.0			5
Medrad Medizinische Systeme GmbH	Leverkusen, Germany	100.0			5
Medrad Mexicana S. de R.L. de CV	Mexico City, Mexico	100.0			5
Medrad Sweden AB	Mölnådal, Sweden	100.0			5
Medrad UK Limited	Ely, U.K.	100.0			5
Nihon Medrad K.K.	Osaka, Japan	100.0			5
NippoNex Holdings LLC	Tarrytown, U.S.A.	100.0			5
NippoNex Inc.	Tarrytown, U.S.A.	100.0			5
NOR-AM Agro LLC	Whippany, U.S.A.	100.0			5
SB Capital Corporation	Pine Brook, U.S.A.	100.0			5
Schering Berlin Inc.	Whippany, U.S.A.	100.0			5
STWB Inc.	Pittsburgh, U.S.A.	100.0			5
Baulé Inc.	Allentown, U.S.A.	100.0	1.5	0.5	1
Baulé USA LLC	Corapolis, U.S.A.	100.0	3.0	0.9	1
Bayer CropScience Holding Inc.	Research Triangle Park, U.S.A.	100.0	13.3	(0.1)	
Bayer CropScience Holdings Inc.	Calgary, Canada	100.0	255.8	14.1	1
Bayer CropScience Inc.	Calgary, Canada	100.0	237.4	91.3	1
Bayer CropScience Inc.	Research Triangle Park, U.S.A.	100.0	1,131.1	21.2	
Bayer East Coast LLC	Wilmington, U.S.A.	100.0	5,765.7	(52.1)	
Bayer HealthCare Holdings LLC	Wilmington, U.S.A.	100.0	0.0	0.0	
Bayer I4 Acquisition Corporation	Wilmington, U.S.A.	100.0	0.0	0.0	
Bayer Inc.	Mississauga, Canada	100.0	603.6	62.1	1
Bayer International Trade Services Corporation	Weirton, U.S.A.	100.0	3.8	127.7	
Bayer Overseas Trade Services Corporation	Weirton, U.S.A.	100.0	3.9	14.9	
Bayer US Finance LLC	Wilmington, U.S.A.	100.0	(1.2)	0.1	
Bayer US Holding LP	Wilmington, U.S.A.	100.0	1,733.2	(23.8)	
Berlex Canada, Inc.	Toronto, Canada	100.0	0.0	0.0	
Delinting and Seed Treating Company	Research Triangle Park, U.S.A.	100.0	0.0	0.0	
Merck Retail Ventures, Inc.	Wilmington, U.S.A.	100.0	2.5	(0.3)	
MSD Consumer Care, Inc.	Wilmington, U.S.A.	100.0	5,787.1	5.1	
Nunhems USA, Inc.	Parma, U.S.A.	100.0	8.4	0.4	1
PO JV, LP	Wilmington, U.S.A.	39.3	461.9	(44.0)	
Schering-Plough del Caribe, Inc.	Madison, U.S.A.	100.0	5.3	(0.4)	
Technology JV, L.P.	Wilmington, U.S.A.	50.0	256.4	0.0	
The Coppertone Corporation	Madison, U.S.A.	100.0	0.3	0.2	
The SDI Divestiture Corporation	Pittsburgh, U.S.A.	100.0	0.0	0.0	

<sup>1</sup> provisional result<sup>4</sup> first fiscal year not yet completed<sup>2</sup> before profit/loss transfer<sup>5</sup> pre-consolidated<sup>3</sup> 2013 figures

## Notes

## (36) Overview of interests

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
<b>Asia / Pacific</b>					
Bayer (Cambodia) Co., Ltd.	Phnom Penh, Cambodia	100.0	0.1	(0.2)	1
Bayer (China) Limited	Beijing, China	100.0	1,002.1	7.0	1
Bayer (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia	100.0	1.7	0.4	1
Bayer (Sichuan) Animal Health Co., Ltd.	Chengdu, China	100.0	30.6	3.6	1
Bayer (South East Asia) Pte Ltd	Singapore	100.0	91.8	18.6	1
Bayer Australia Limited	Pymble, Australia	100.0	90.3	4.4	1
Bayer BioScience Pvt. Ltd	Hyderabad, India	100.0	40.2	8.4	
Bayer Business Services Philippines, Inc.	Taguig City, Philippines	100.0	10.2	6.1	1
Bayer Co. (Malaysia) Sdn Bhd	Petaling Jaya, Malaysia	100.0	22.0	2.8	1
Bayer CropScience (China) Company Ltd.	Hangzhou, China	100.0	87.3	(0.2)	1
Bayer CropScience (Thailand) Company Limited	Bangkok, Thailand	100.0	0.2	0.0	1
Bayer CropScience Holdings Pty Ltd	East Hawthorn, Australia	100.0	18.7	0.0	1
Bayer CropScience K.K.	Tokyo, Japan	100.0	220.3	7.4	1
Bayer CropScience Limited	Thane, India	68.9	227.1	35.3	
Bayer CropScience Ltd.	Dhaka, Bangladesh	60.0	1.5	(3.2)	1
Bayer CropScience Ltd.	Seoul, South Korea	100.0	36.0	10.2	1
Bayer CropScience Pty Limited	East Hawthorn, Australia	100.0	70.8	18.9	1
Bayer CropScience, Inc.	Laguna, Philippines	100.0	16.5	2.2	1
Bayer Far East Service Co. Ltd.	Hong Kong, China	100.0	1.7	0.0	1
Bayer Healthcare Co. Ltd.	Beijing, China	100.0	463.6	56.7	1
Bayer HealthCare Limited	Hong Kong, China	100.0	18.5	1.9	1
Bayer Holding Ltd.	Tokyo, Japan	100.0	508.2	78.1	1
Bayer Jinling Polyurethane Co., Ltd.	Nanjing, China	55.0	18.8	1.7	1
Bayer Korea Ltd.	Seoul, South Korea	100.0	79.9	8.0	1
Bayer MaterialScience (China) Company Limited	Shanghai, China	100.0	915.9	(84.1)	1
Bayer MaterialScience (Qingdao) Co. Ltd.	Qingdao, China	100.0	6.5	(0.4)	1
Bayer MaterialScience (Shanghai) Management Company Limited	Shanghai, China	100.0	10.4	3.6	1
Bayer MaterialScience (Tianjin) Co., Ltd.	Tianjin, China	100.0	2.5	(0.2)	1
Bayer MaterialScience Limited	Hong Kong, China	100.0	95.7	17.9	1
Bayer MaterialScience Ltd.	Gimhae, South Korea	100.0	10.7	1.2	1
Bayer MaterialScience Ltd.	Tokyo, Japan	100.0	(10.0)	1.3	1
Bayer MaterialScience Private Limited	Mumbai, India	100.0	24.8	(0.4)	
Bayer MaterialScience Pty Ltd	Cheltenham, Australia	100.0	(13.0)	(8.4)	1
Bayer MaterialScience Taiwan Limited	Taipei, Taiwan	95.5	29.0	4.5	1
Bayer New Zealand Limited	Auckland, New Zealand	100.0	16.1	(4.3)	1
Bayer Pakistan (Private) Limited	Karachi, Pakistan	100.0	9.5	1.5	1
Bayer Pharmaceuticals Private Limited	Mumbai, India	100.0	5.4	0.8	

<sup>1</sup> provisional result<sup>2</sup> before profit/loss transfer<sup>3</sup> 2013 figures<sup>4</sup> first fiscal year not yet completed<sup>5</sup> pre-consolidated

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
Bayer Philippines, Inc.	Laguna, Philippines	100.0	35.1	3.7	1
Bayer Taiwan Company Ltd.	Taipei, Taiwan	100.0	19.2	4.0	1
Bayer Technology and Engineering (Shanghai) Company Limited	Shanghai, China	100.0	49.7	8.7	1
Bayer Thai Co., Ltd.	Bangkok, Thailand	100.0	434.4	(4.4)	1
Bayer TPU (Shenzhen) Co. Ltd.	Shenzhen, China	100.0	14.3	0.7	1
Bayer Vapi Private Limited	Vapi, India	100.0	198.1	31.1	
Bayer Vietnam Ltd.	Bien Hoa City, Vietnam	100.0	50.0	12.5	1
Bayer Yakuhin, Ltd.	Osaka, Japan	100.0	233.8	108.4	1
Bayer Zydus Pharma Private Limited	Mumbai, India	50.0	5.2	0.1	
Chemdyes Pakistan (Private) Limited	Karachi, Pakistan	100.0	0.3	0.0	1
Cotton Growers Services Pty. Limited	Wee Waa, Australia	50.0	7.9	(1.1)	1
DIC Bayer Polymer Ltd.	Tokyo, Japan	50.0	13.4	2.7	1
Dihon Pharmaceutical Group Co. Ltd.	Kunming, China	100.0	87.2	(4.3)	1
Guangzhou Bayer MaterialScience Company Limited	Guangzhou, China	100.0	19.4	(1.7)	1
Kunming Dihon Pharmaceutical Sales Co., Ltd.	Kunming, China	100.0	(6.4)	(7.7)	1
Medipharm (Pvt) Ltd.	Karachi, Pakistan	100.0	6.4	0.8	1
Myanmar Aventis CropScience Ltd.	Yangon, Myanmar	100.0	0.0	0.0	1
Nunhems Beijing Seeds Co. Ltd.	Beijing, China	80.0	7.6	0.3	1
Nunhems India Private Limited	Hyderabad, India	100.0	30.7	6.4	1
PT. Bayer Indonesia	Jakarta, Indonesia	99.8	130.2	18.5	1
PT. Bayer MaterialScience Indonesia	Jakarta, Indonesia	99.9	25.8	0.5	1
Shanghai Baulé Polyurethane Technology Co. Ltd.	Shanghai, China	100.0	0.2	(0.4)	1
Shanghai Dihon Pharmaceutical Co., Ltd.	Shanghai, China	100.0	11.5	(0.2)	1
Shanghai Kangwang Cosmetics Co., Ltd.	Shanghai, China	100.0	(0.7)	(0.6)	1
Shanghai Schering-Plough Pharmaceutical Company, Ltd.	Shanghai, China	100.0	(27.6)	(17.9)	1
Sichuan Dihon Pharmaceutical Development Co., Ltd.	Chengdu, China	100.0	0.7	(0.4)	1
Sumika Bayer Urethane Co., Ltd.	Osaka, Japan	60.0	(10.9)	1.3	1
Yunnan Yuhong Pharmaceutical Co. Ltd.	Kunming, China	100.0	0.2	0.0	1
<b>Latin America/Africa/Middle East</b>					
Bayer (Proprietary) Limited	Isando, South Africa	100.0	122.9	20.0	1
Bayer Algeria S.P.A.	Algiers, Algeria	100.0	0.5	0.2	1
Bayer Boliviana Ltda	Santa Cruz de la Sierra, Bolivia	100.0	5.4	1.3	1

<sup>1</sup> provisional result<sup>2</sup> before profit/loss transfer<sup>3</sup> 2013 figures<sup>4</sup> first fiscal year not yet completed<sup>5</sup> pre-consolidated

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## (36) Overview of interests

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
Bayer de México, S.A. de C.V.	Mexico City, Mexico	100.0	217.2	53.2	
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	10.4	(1.1)	1
Bayer Evde Bakim Hizmetleri Ltd. Sti.	Istanbul, Turkey	100.0	0.0	0.0	1
Bayer Finance & Portfolio Management S.A.	Santiago, Chile	100.0	32.8	(3.6)	1
Bayer Finance Ltda.	Santiago, Chile	100.0	8.7	0.5	1
Bayer IMSA, S.A. de C.V.	Nuevo León, Mexico	50.0	9.9	3.0	
Bayer Israel Ltd.	Hod Hasharon, Israel	100.0	4.4	1.2	1
Bayer Limited Egypt	Cairo, Egypt	100.0	3.3	0.1	1
Bayer Medical S.R.L.	San José, Costa Rica	100.0	7.1	(0.3)	1
Bayer Middle Africa Ltd.	Lagos, Nigeria	100.0	0.4	0.0	1
Bayer Middle East FZE	Dubai, United Arab Emirates	100.0	1.8	0.0	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	6.0	0.2	1
Bayer Pearl Polyurethane Systems FZCO	Dubai, United Arab Emirates	51.0	13.7	1.8	1
Bayer Pearl Polyurethane Systems LLC	Dubai, United Arab Emirates	49.0	0.1	0.0	1
Bayer S.A.	Asunción, Paraguay	100.0	7.1	(10.5)	1
Bayer S.A.	Bogotá, Colombia	100.0	105.0	12.5	1
Bayer S.A.	Buenos Aires, Argentina	100.0	168.2	29.0	1
Bayer S.A.	Caracas, Venezuela	100.0	104.3	(22.1)	1
Bayer S.A.	Casablanca, Morocco	100.0	28.5	1.0	1
Bayer S.A.	El Dorado, Panama	100.0	49.8	13.4	1
Bayer S.A.	Guatemala City, Guatemala	100.0	90.1	12.0	1
Bayer S.A.	Lima, Peru	95.2	76.6	4.1	1
Bayer S.A.	Managua, Nicaragua	100.0	7.5	0.7	1
Bayer S.A.	Quito, Ecuador	100.0	23.9	3.3	1
Bayer S.A.	San José, Costa Rica	100.0	23.0	1.0	1
Bayer S.A.	Santiago, Chile	100.0	38.8	11.9	1
Bayer S.A.	Santo Domingo, Dominican Republic	100.0	13.3	0.3	1
Bayer S.A.	São Paulo, Brazil	100.0	895.0	183.7	1
Bayer S.A. de C.V.	Tegucigalpa, Honduras	100.0	9.5	0.8	1
Bayer SA	Montevideo, Uruguay	100.0	7.0	0.4	1
Bayer Schering Pharma Mocambique, Lda	Maputo, Mozambique	100.0	0.0	0.0	
Bayer Türk Kimya Sanayii Limited Sirketi	Istanbul, Turkey	100.0	109.7	7.5	1
Bayer West-Central Africa S.A.	Abidjan, Ivory Coast	100.0	0.4	0.0	1
Bayer Zimbabwe (Private) Limited	Harare, Zimbabwe	100.0	0.5	0.0	
Bayer, S.A.	San Salvador, El Salvador	100.0	14.5	0.7	1
Biagro do Brasil Ltda.	Cambe, Brazil	100.0	(0.1)	(0.3)	1
Biagro SA	Ushuaia, Argentina	100.0	(0.1)	(0.1)	1
Comercial Interamericana, S.A.	Guatemala City, Guatemala	100.0	0.0	0.0	1

<sup>1</sup> provisional result<sup>2</sup> before profit/loss transfer<sup>3</sup> 2013 figures<sup>4</sup> first fiscal year not yet completed<sup>5</sup> pre-consolidated

## Overview of interests

Company Name	Place of Business	Bayer's interest	Equity	Net income / loss	Footnotes
		%	€ million	€ million	
Coopers Environmental Science (Pty) Ltd.	Pomona Gardens, South Africa	26.0	1.6	0.0	
Corporación Bonima S.A. de C.V.	Ilopango, El Salvador	99.6	16.0	0.5	1
Farmaco Ltda.	São Paulo, Brazil	100.0	0.1	0.0	1
FN Semillas S.A.	Buenos Aires, Argentina	100.0	2.9	(0.4)	1
Holding Manager S.A.	Buenos Aires, Argentina	100.0	3.0	(0.4)	1
Laboratorio Berlimed S.A.	Santiago, Chile	100.0	0.0	0.0	
Laboratorios Biagro S.A.	Buenos Aires, Argentina	100.0	2.0	(1.1)	1
Mediterranean Seeds Ltd.	Hod Hasharon, Israel	100.0	1.6	0.1	1
Miles, S.A. Guatemala Branch	Guatemala City, Guatemala	100.0	0.0	0.0	1
Nunhems Chile S.A.	Santiago, Chile	100.0	4.7	(0.4)	1
Nunhems do Brasil Comercio de Sementes Ltda	Campinas, Brazil	100.0	3.0	0.2	1
Nunhems Mexico S.A. de C.V.	Queretaro, Mexico	100.0	5.9	2.3	1
Nunhems Tohumculuk Anonim Sirketi	Antalya, Turkey	100.0	21.7	4.6	1
Paltough Industries (1998) Ltd.	Kibbuz Ramat Yochanan, Israel	25.0	70.5	4.2	1
Productos Químicos Naturales, S.A. de C.V.	Orizaba, Mexico	100.0	11.6	(0.1)	
Químicas Unidas S.A.	Havana, Cuba	100.0	0.0	0.0	
Schering do Brasil Química e Farmacêutica Ltda.	São Paulo, Brazil	100.0	85.4	22.0	1
Schering Peruana S.A.	Lima, Peru	100.0	0.0	0.0	1
Schering-Plough (China) Limited	Hamilton, Bermuda	100.0	3.4	0.0	

<sup>1</sup> provisional result<sup>2</sup> before profit/loss transfer<sup>3</sup> 2013 figures<sup>4</sup> first fiscal year not yet completed<sup>5</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
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 Distribution of the Profit

The distributable profit of Bayer AG in 2014 amounted to €1,861 million. We propose that this amount be used to pay a dividend of €2.25 per no-par share (826,947,808 shares) on the capital stock of €2,117 million entitled to the dividend for 2014.

# 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 13, 2015  
Bayer Aktiengesellschaft

The Board of Management



Dr. Marijn Dekkers  
Chairman



Werner Baumann



Johannes Dietsch



Michael König



Kemal Malik



# 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, 2014 to December 31, 2014. 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 14, 2015

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels  
Wirtschaftsprüfer

Eckhard Sprinkmeier  
Wirtschaftsprüfer

# Report of the Supervisory Board



*Dear stockholders:*

During 2014 the Supervisory Board monitored the conduct of the company's business by the Board of Management on a regular basis with the aid of detailed written and oral reports received from the Board of Management, and also acted in an advisory capacity. In addition, the Chairman of the Supervisory Board and the Chairman of the Board of Management maintained a constant exchange of information. In this way the Supervisory Board was kept continuously informed about the company's intended business strategy, corporate planning (including financial, investment and human resources planning), earnings performance, the state of the business and the situation in the company and the Group as a whole.

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

The term of office of Professor Ekkehard Schulz expired at the Annual Stockholders' Meeting in April. Dr. Simone Bagel-Trah was elected to be his successor. The Supervisory Board elected Dr. Helmut Panke to succeed Professor Schulz as a member of the Audit Committee. Dr. Klaus Kleinfeld stepped down from the Supervisory Board effective September 30, 2014. The Local Court of Cologne appointed Professor Otmar Wiestler as his successor.

Six meetings of the full Supervisory Board took place during 2014. The Supervisory Board adopted two resolutions by way of a written vote, one on a planned acquisition and one on a divestment of part of a business. Professor Wiestler was unable to attend the only meeting that took place after he assumed his office. No other member of the Supervisory Board attended fewer than half of its meetings. The average attendance rate by Supervisory Board members at the meetings of the full Supervisory Board and of its committees held in 2014 was approximately 90 percent.

The members of the Board of Management regularly attended the meetings of the Supervisory Board.



Werner Wenning, Chairman of the Supervisory Board of Bayer AG

#### **PRINCIPAL TOPICS DISCUSSED BY THE SUPERVISORY BOARD**

The deliberations of the Supervisory Board focused on questions relating to the strategies and business activities of the Group as a whole and of the subgroups, as well as personnel decisions. The discussions at the respective meetings in 2014 centered on various topics. At the February meeting, the Supervisory Board discussed the 2013 Annual Report and the agenda for the 2014 Annual Stockholders' Meeting. It also dealt at length with the planned acquisition of Dihon Pharmaceuticals in China, the Bayer Group's risk management system and matters relating to the Board of Management's compensation.

At an extraordinary meeting in April, the Supervisory Board discussed in detail the planned acquisition of the global consumer care business of the U.S. pharmaceutical company Merck & Co., Inc. At a further meeting in April, the Supervisory Board reviewed the development of the business in the first quarter and discussed the imminent Annual Stockholders' Meeting. It also adopted a resolution on the acquisition of the consumer care business of Merck & Co., Inc. and a resolution on the divestment of the Interventional device business.

At an extraordinary meeting held in June, the Supervisory Board discussed matters relating to the Board of Management. It extended the contract of Dr. Marijn Dekkers as Chairman of the Board of Management until December 31, 2016 and appointed Johannes Dietsch as an additional member of the Board of Management with effect from September 1, 2014. Effective October 1, 2014, the Supervisory Board appointed Werner Baumann, previously Chief Financial Officer, as Chief Strategy and Portfolio Officer and Johannes Dietsch as Chief Financial Officer.

At the September meeting, the Supervisory Board focused on the future strategic alignment of the Bayer Group and approved the Board of Management's proposal to demerge the MaterialScience subgroup.

At its meeting in December 2014, the Supervisory Board undertook the routine review of the fixed compensation of the members of the Board of Management and the pensions of the former members of the Board of Management. Also at this meeting, the Board of Management presented its planning for the business operations, the finances and the asset and liability structure of the Bayer Group in the years 2015 through 2017. In addition, the Supervisory Board resolved on the declaration concerning the German Corporate Governance Code. Following the meeting, an information and discussion forum took place entitled "Trends in pharmaceutical research and development."

#### COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has a Presidial Committee, an Audit Committee, a Human Resources Committee and a Nominations Committee. The current membership of the committees is shown in the "Further Information" section under "Governance Bodies."

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

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

In 2014 the Presidial Committee was not required to convene in its capacity as the mediation committee. Based on an authorization granted by the Supervisory Board, the Presidial Committee adopted three resolutions in 2014 on financing measures related to the acquisition of the consumer care business of Merck & Co., Inc.

**Audit Committee:** The Audit Committee comprises three stockholder representatives and three employee representatives. The Chairman of the Audit Committee in 2014, Dr. Klaus Sturany, satisfies the statutory requirements concerning the independence and the expertise in the field of accounting or auditing that a member of the Supervisory Board and the Audit Committee is required to possess. The Audit Committee meets regularly four times a year.

Its tasks include examining the company's financial reporting along with the financial statements of Bayer AG, the consolidated financial statements of the Bayer Group, the combined management report, the proposal for the use of the distributable profit of Bayer AG, and the interim financial statements and management reports of the Bayer Group, all of which are prepared by the Board of Management. On the basis of the auditor's report on the audit of the financial statements of Bayer AG, the consolidated financial statements of the Bayer Group and the combined management report, the

Audit Committee develops proposals concerning the approval of the statements by the full Supervisory Board. The Audit Committee is also responsible for the company's relationship with the external auditor. The Audit Committee submits a proposal to the full Supervisory Board concerning the auditor's appointment, prepares the awarding of the audit contract to the audit firm appointed by the Annual Stockholders' Meeting, suggests areas of focus for the audit and determines the auditor's remuneration. It also monitors the independence, qualifications, rotation and efficiency of the auditor. In addition, the Audit Committee oversees the company's internal control system – along with the procedures used to identify, track and manage risk – and the internal audit system. It also deals with corporate compliance issues and discusses developments in this area at each of its meetings.

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

The meetings focused on a number of topics. At the February meeting, the Audit Committee discussed the consolidated financial statements and the Group's tax strategy and tax risks. It also carefully considered the risk report, which covered the risk management system, planning and market risks, legal risks, corporate compliance, the report on process and organizational risks and the internal control system, and the report by Corporate Auditing. At this meeting the Audit Committee also discussed IT security and submitted a recommendation to the full Supervisory Board concerning the resolution to be put before the Annual Stockholders' Meeting on the appointment of the auditor of the financial statements.

The April meeting mainly dealt with the yearly report of the Group Compliance Officer and with determining the main areas of focus for the audit of the 2014 financial statements. At the July meeting, the quarterly financial statements as well as legal and compliance issues were discussed as always. At its meeting in October, the Audit Committee discussed the planned bidding process for the audit of the financial statements in addition to the fixed items on the agenda.

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

The Human Resources Committee convened on two occasions and passed one written resolution. The matters discussed at these meetings concerned the compensation and contracts of the members of the Board of Management, the appointment of Johannes Dietsch to the Board of Management and the extension of Dr. Marijn Dekkers' term of office as Chairman of the Board of Management.

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

At one meeting and on several other occasions in 2014, the Nominations Committee discussed candidates for the Supervisory Board elections that were necessary in 2014 as well as the mid-term planning for the composition of the stockholder side of the Supervisory Board.

## CORPORATE GOVERNANCE

The Supervisory Board dealt with the ongoing development of corporate governance at Bayer, taking into account the June 24, 2014 version of the German Corporate Governance Code. In December the Board of Management and the Supervisory Board issued a new declaration concerning the German Corporate Governance Code.

## FINANCIAL STATEMENTS AND AUDITS

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

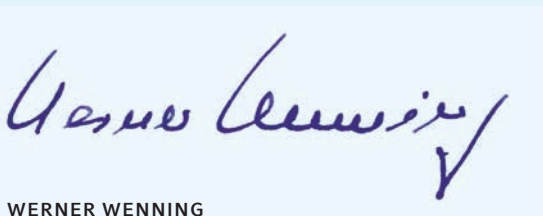
We examined the financial statements of Bayer AG, the proposal for the use of the distributable profit, the consolidated financial statements of the Bayer Group and the combined management report. We have no objections, thus we concur with the result of the audit.

We have approved the financial statements of Bayer AG and the consolidated financial statements of the Bayer Group prepared by the Board of Management. The financial statements of Bayer AG are thus confirmed. We are in agreement with the combined management report and, in particular, with the assessment of the future development of the enterprise. We also concur with the dividend policy and the decisions concerning earnings retention by the company. We assent to the proposal for distribution of the profit, which provides for payment of a dividend of €2.25 per share.

The Supervisory Board would like to thank the Board of Management and all employees for their dedication and hard work in 2014.

Leverkusen, February 25, 2015

For the Supervisory Board:



**WERNER WENNING**  
Chairman



# Governance Bodies

## Supervisory Board

Members of the Supervisory Board held offices as members of the supervisory board or a comparable supervising body of the corporations listed (as at December 31, 2014 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)

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### THOMAS DE WIN

Cologne, Germany  
(born November 21, 1958)

Vice Chairman of the Supervisory Board, Member of the Supervisory Board effective April 2002

Chairman of the Bayer Group Works Council

Chairman of the Bayer Central Works Council (until February 2015)

Memberships on other supervisory boards:

- Bayer MaterialScience AG
- 

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### 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)
- 

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

Düsseldorf, Germany  
(born January 10, 1969)

Member of the Supervisory Board effective April 2014

Chairman 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 (Chairman)
- Heraeus Holding GmbH

Memberships in comparable supervising bodies of German or foreign corporations:

- Henkel AG & Co. KGaA (Chairman of the Shareholders' Committee)
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### 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) (effective July 2014)
- 

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### 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 of Bayer

Memberships on other supervisory boards:

- Bayer CropScience AG
- 

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### 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
- 

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### DR.-ING. THOMAS FISCHER

Krefeld, Germany  
(born August 27, 1955)

Member of the Supervisory Board effective October 2005

Chairman of the Group Managerial Employees' Committee of Bayer

Memberships on other supervisory boards:

- Bayer MaterialScience AG
- 

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### PETER HAUSMANN

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

Member of the Supervisory Board effective April 2006

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

Memberships on other supervisory boards:

- Continental AG
  - Henkel AG & Co. KGaA
  - 50Hertz Transmission GmbH
  - Vivawest Wohnen GmbH
- 

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### REINER HOFFMANN

Wuppertal, Germany  
(born May 30, 1955)

Member of the Supervisory Board effective October 2006

Chairman of the German Trade Union Confederation

Memberships on other supervisory boards:

- Evonik Services GmbH (Vice Chairman) (until June 2014)
  - SASOL Germany GmbH (Vice Chairman) (until October 2014)
-

**YÜKSEL KARAASLAN**  
Hohen Neuendorf, Germany  
(born March 1, 1968)

Member of the Supervisory Board effective April 2012

Chairman of the Works Council of the Berlin site of Bayer

Vice Chairman of the Bayer Central Works Council

Memberships on other supervisory boards:

- Bayer Pharma AG

**DR. RER. POL. KLAUS KLEINFELD**

New York, U.S.A.  
(born November 6, 1957)

Member of the Supervisory Board until September 2014

Chairman and Chief Executive Officer of Alcoa Inc.

Memberships in comparable supervising bodies of German or foreign corporations:

- Member of the Board of Directors of Morgan Stanley
- Member of the Board of Directors of Hewlett-Packard Company (effective July 2014)

**PETRA KRONEN**

Krefeld, Germany  
(born August 22, 1964)

Member of the Supervisory Board effective July 2000

Chairman of the Works Council of the Uerdingen site of Bayer

Memberships on other supervisory boards:

- Bayer MaterialScience AG (Vice Chairman)

**DR. RER. NAT. HELMUT PANKE**  
Munich, Germany  
(born August 31, 1946)

Member of the Supervisory Board effective April 2007

Member of various supervisory boards

Memberships in comparable supervising bodies of German or foreign corporations:

- Microsoft Corporation
- Singapore Airlines Limited
- UBS AG

**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 (non-executive) of Cabot Corporation, Boston, U.S.A.

**PETRA REINBOLD-KNAPE**

Berlin, Germany  
(born April 16, 1959)

Member of the Supervisory Board effective April 2012

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

Memberships on other supervisory boards:

- envia Mitteldeutsche Energie AG
- Vattenfall Europe Generation AG

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 of Bayer

Memberships on other supervisory boards:

- Bayer Pharma AG (until May 2014)

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

Krefeld, Germany  
(born July 24, 1941)

Member of the Supervisory Board until April 2014

Member of various supervisory boards

Memberships on other supervisory boards:

- MAN SE (Vice Chairman)
- RWE AG

**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 Rückversicherung AG (Vice Chairman)

Memberships in comparable supervising bodies of German or foreign corporations:

- Sulzer AG

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

Heidelberg, Germany  
(born November 6, 1956)

Member of the Supervisory Board effective October 2014

Chairman and Scientific Member of the Management Board of the German Cancer Research Center

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

Munich, Germany  
(born July 26, 1941)

Member of the Supervisory Board effective April 1997

Secretary General of the Human Frontier Science Program, Strasbourg

Memberships on other supervisory boards:

- Wacker Chemie AG

**OLIVER ZÜHLKE**

Solingen, Germany  
(born December 11, 1968)

Member of the Supervisory Board effective April 2007

Chairman of the Bayer Central Works Council

(effective February 2015)

Chairman of the Works Council of the Leverkusen site of Bayer

Chairman of the Bayer European Forum

Memberships on other supervisory boards:

- Bayer Pharma AG (effective May 2014)

Standing committees of the Supervisory Board of Bayer AG (as at Dec. 31, 2014)

**PRESIDIAL COMMITTEE / MEDIATION COMMITTEE**

Wenning (Chairman), Achleitner, Hausmann, de Win

**AUDIT COMMITTEE**

Sturany\* (Chairman), Fischer, Hoffmann, Panke, Wenning, de Win

**HUMAN RESOURCES COMMITTEE**

Wenning (Chairman), Achleitner, Kronen, Zühlke

**NOMINATIONS COMMITTEE**

Wenning (Chairman), Achleitner

\* 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, 2014 or the date on which they ceased to be members of the Board of Management of Bayer AG):

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**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

**KEMAL MALIK**  
(born September 29, 1962)

Member of the Board of Management effective February 1, 2014, appointed until January 31, 2017

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**WERNER BAUMANN**  
(born October 6, 1962)

Member of the Board of Management effective January 1, 2010, appointed until December 31, 2017

- Bayer Business Services GmbH (Chairman) (until September 30, 2014)
- Bayer CropScience AG (Chairman)
- Bayer MaterialScience AG (Chairman) (effective April 30, 2014)

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**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) (effective October 1, 2014)

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**MICHAEL KÖNIG**  
(born September 3, 1963)

Member of the Board of Management effective April 1, 2013, appointed until March 31, 2016  
Labor Director

- Bayer HealthCare AG (Chairman)
- Bayer Pharma AG (Chairman)
- Bayer Technology Services GmbH (Chairman effective June 13, 2014)
- Currenta Geschäftsführungs-GmbH (Chairman)

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**PROF. DR. WOLFGANG PLISCHKE**  
(born September 15, 1951)

Member of the Board of Management until April 29, 2014

- Bayer MaterialScience AG (Chairman)
- Bayer Technology Services GmbH (Chairman)

# Financial Calendar

Q1 2015 Interim Report	<b>April 30, 2015</b>
Annual Stockholders' Meeting 2015	<b>May 27, 2015</b>
Planned dividend payment date	<b>May 28, 2015</b>
Q2 2015 Interim Report	<b>July 29, 2015</b>
Q3 2015 Interim Report	<b>October 29, 2015</b>
2015 Annual Report	<b>February 24, 2016</b>
Q1 2016 Interim Report	<b>April 26, 2016</b>
Annual Stockholders' Meeting 2016	<b>April 29, 2016</b>

## MASTHEAD

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### Other publications

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



### Forward-Looking Statements

The financial statements of Bayer AG contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual financial position, 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 [www.bayer.com](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.

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