

Investor Information

Performance of Bayer Stock in 2010

[Graphic 2.1]

(indexed; 100 = closing price on December 31, 2009)



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- Bayer stock performance in 2010:
approx. 2 percent
 - Five-year annual return: approx. 12 percent
 - Board of Management and Supervisory Board
propose dividend increase to €1.50 per share
for 2010
-

The stock market in 2010

SIGNIFICANT MARKET RECOVERY

Starting in the spring, the markets were dominated by the debate over the debt crisis in certain eurozone countries. However, thanks to the robust economic recovery in Germany the DAX maintained the upward trend that began in 2009, closing 2010 up 16 percent on the year. Following a highly volatile sideways trend in the first three quarters of the year, the DAX made significant gains in the fourth quarter and topped 7,000 points at the beginning of December before closing the year at 6,914 points.

The European equities index EURO STOXX 50 (performance index) slipped by roughly 3 percent, partly because of the problems in some countries of the European Union. Share price trends in the United States and Japan diverged, with the S&P 500 gaining some 13 percent but the Nikkei 225 losing about 3 percent.

SLIGHT IMPROVEMENT IN BAYER STOCK

Including the dividend of €1.40 per share paid in May 2010, the performance of Bayer stock came to nearly 2 percent for the year. It closed 2010 at €55.30, having reached a year high of €58.62 a short time earlier. Bayer stock thus outperformed the EURO STOXX 50 (performance index) for the fourth year in a row.

The trading volume in our shares receded by about 16 percent from the previous year to an average 3.6 million per day.

GOOD, STABLE CREDIT STANDING ON THE BOND MARKET

The risk premium required by investors for corporate bonds with a good credit rating rose slightly in 2010. Since long-term interest rates declined during the year, Bayer's refinancing terms on the capital market remained favorable.

The increase in risk premiums during the year can be seen from the trend in credit default swaps (CDS) shown in Graphic 2.2. The market price of these tradable insurance contracts, which are used to hedge against default of a borrower, depends on the underlying credit risk and thus helps to determine the credit margin when raising debt.

The rise in Bayer's CDS during the year was relatively moderate. Bayer utilized the favorable conditions on the corporate bond market to make a JPY 10 billion private placement in Japan. The company had no further refinancing requirements in 2010. On the contrary, Bayer's good liquidity position allowed early repayment of the remaining €885 million of the syndicated loan raised to partly finance the acquisition of Schering, Berlin, Germany.

A list of the bonds issued by Bayer can be found in Note [27] to the consolidated financial statements.

LONG-TERM RETURN ON BAYER STOCK REMAINS AHEAD OF THE MARKET

A long-term investor who purchased Bayer shares for €10,000 five years ago and reinvested all dividends would have seen the value of the position grow to €17,965 as of December 31, 2010, giving an average annual return of 12.4 percent.

INTERNET

For more information about Bayer on the capital market, go to WWW.INVESTOR.BAYER.COM

Long-Term Returns on Bayer Stock in % p.a. (Dividends Reinvested)

[Table 2.1]

Annual returns	1 year 2010	3 years 2008–10	5 years 2006–10
	%	%	%
Bayer	+1.8	-1.1	+12.4
DAX	+16.1	-5.0	+5.0
DJ EURO STOXX 50	-2.8	-11.1	-1.9