

Investor Information

Performance of Bayer Stock in 2011

[Graphic 2.1]

(indexed; 100 = closing price on December 31, 2010)



Unable to escape the global stock market turbulence in 2011, the price of Bayer stock was also down on the year. With a performance of minus 8 percent, however, our shares fared better than the German stock index DAX, which lost nearly 15 percent.

The Board of Management and Supervisory Board propose a dividend increase to €1.65 per share for 2011.

The stock market in 2011

STOCK MARKETS HAMPERED BY GROWING UNCERTAINTY IN THE SECOND HALF OF 2011

In the first half of 2011, the German stock index DAX initially maintained the previous year's level. As the year progressed, market developments became dominated by the continuing debate over the debts of some eurozone countries and the resulting anxiety among market participants. Starting in August, international markets experienced one of the sharpest drops in recent decades. The DAX fell by more than 2,000 points, or 30 percent, within a few weeks. The markets gradually recovered from their lows during the remainder of the year. The DAX closed 2011 at 5,898 points, nearly 15 percent below the end of 2010. The European equities index EURO STOXX 50 (performance index) fell by more than 14 percent to close the year at 3,921 points.

Share price trends in the United States and Japan diverged, with the S&P 500 virtually unchanged on the year but the Nikkei 225 losing about 17 percent.

BAYER STOCK PERFORMANCE ABOVE MARKET BUT BELOW HEALTHCARE INDEX

Including the dividend of €1.50 per share paid in May 2011, the performance of Bayer stock came to minus 8 percent for the year. It closed 2011 at €49.40, having reached a year high of €59.35 at the end of April. Although negative, Bayer's stock performance thus surpassed the DAX. Comparison against the respective sector indices shows a mixed picture: whereas the EURO STOXX Health Care Index (performance index) gained nearly 21 percent, clearly outperforming Bayer, the EURO STOXX Chemicals Index (performance index) declined by 8 percent, which was in line with the development of Bayer stock.

Bayer Stock Data

[Table 2.1]

		2010	2011
Earnings per share	€	1.57	2.99
Core earnings per share*	€	4.19	4.83
Gross cash flow per share	€	5.77	6.25
Equity per share	€	22.85	23.30
Dividend per share	€	1.50	1.65
Year-end price**	€	55.30	49.40
High for the year**	€	58.62	59.35
Low for the year**	€	44.12	36.82
Total dividend payment	€ million	1,240	1,364
Number of shares entitled to the dividend (Dec. 31)	million	826.95	826.95
Market capitalization (Dec. 31)	€ billion	45.8	40.9
Average daily share turnover on German stock exchanges	million	3.6	3.8
Price/EPS**		35.2	16.5
Price/core EPS**		13.2	10.2
Price/cash flow**		9.6	7.9
Dividend yield	%	2.7	3.3

* For details on the calculation of core earnings per share, see Combined Management Report, Chapter 4.3.

** Xetra closing prices (source: Bloomberg)

FAVORABLE REFINANCING CONDITIONS FOR BAYER ON THE BOND MARKET

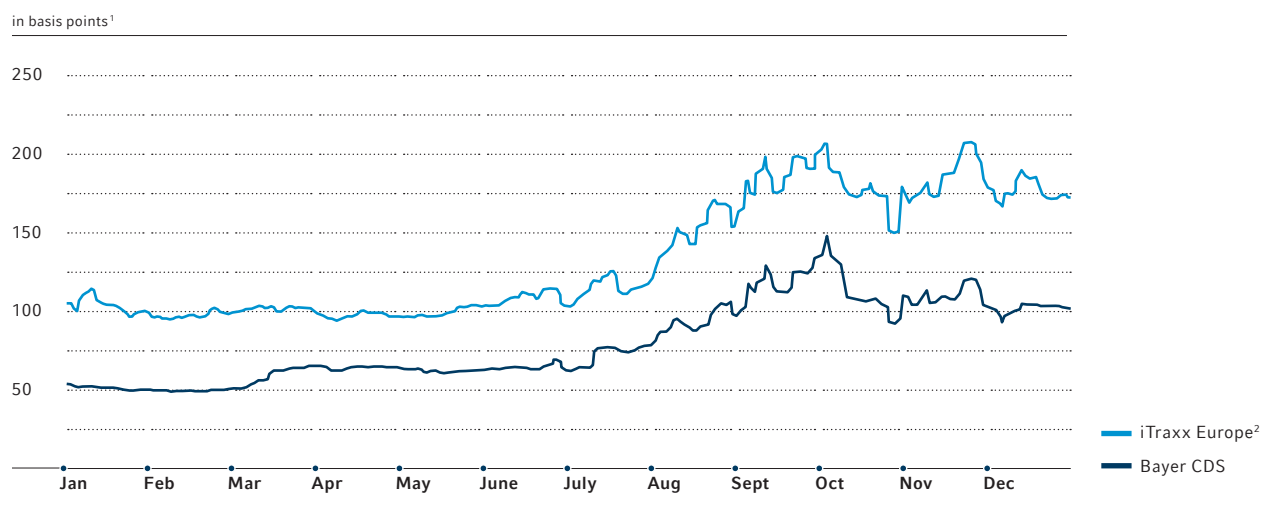
The risk premium required by investors for corporate bonds with a good credit rating increased, particularly in the second half of 2011. Due to the uncertainty about the repercussions of the sovereign debt crisis for the common European currency, risk premiums fluctuated in a way that could not be explained by company-specific factors alone. However, given the downward movement in long-term interest rates, especially in the second half of the year, Bayer's refinancing terms on the capital market remained favorable overall.

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, varies with corporate credit standing and thus helps to determine the credit margin when raising debt.

Bayer had no significant need for refinancing via the capital market in 2011. On the contrary, bonds with a total nominal volume of €400 million and promissory notes in the amount of €250 million were redeemed during the year. A list of the bonds issued by Bayer can be found in Note [27] to the consolidated financial statements.

Rates for Five-Year Credit Default Swaps (CDS) 2011

[Graphic 2.2]

¹ source: Bloomberg² iTraxx Europe is a CDS index comprising the CDS of 125 companies (including financial institutions) with investment-grade ratings.

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 €13,920 as of December 31, 2011, giving an average annual return of 6.8 percent.

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

[Table 2.2]

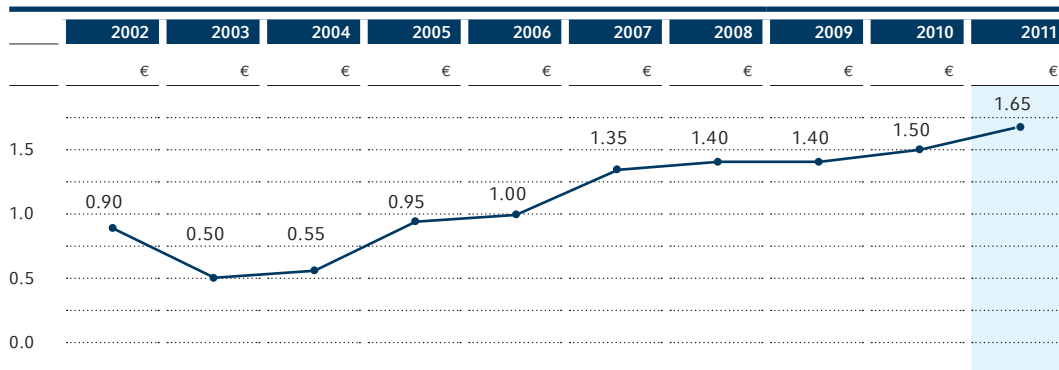
Annual returns	1 year 2011	3 years 2009–2011	5 years 2007–2011
	%	%	%
Bayer	-8.4	+9.2	+6.8
DAX	-14.7	+7.0	-2.2
DJ EURO STOXX 50	-14.1	+1.6	-7.9

DIVIDEND INCREASE TO €1.65 PER SHARE

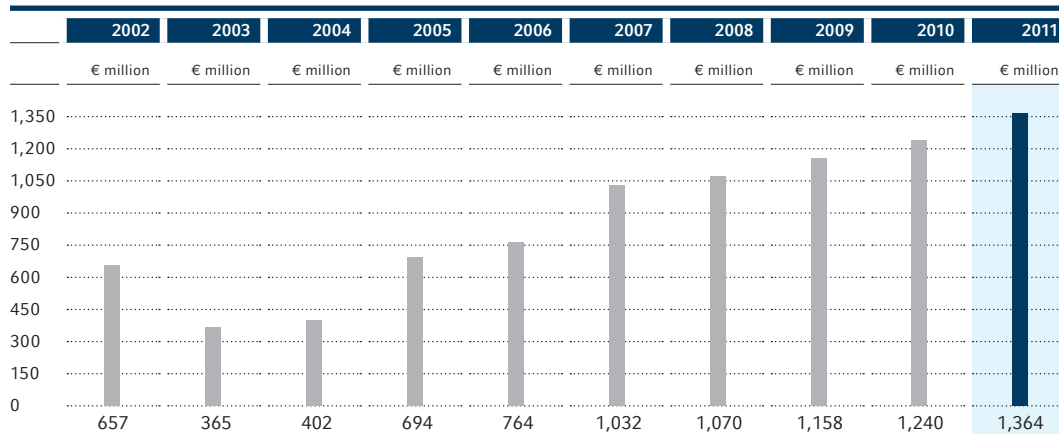
We again intend that our stockholders participate in the strong performance of our business last year. The Board of Management and the Supervisory Board will therefore propose to the Annual Stockholders' Meeting that a dividend of €1.65 per share be paid for 2011. This results in a payout ratio of approximately 34 percent calculated on core earnings per share, which is within the target corridor of 30 to 40 percent (for details on the calculation of core earnings per share, see Chapter 4.3 of the Combined Management Report).

The dividend yield calculated on the share price of €49.40 at year end 2011 amounts to 3.3 percent and the total dividend payment to €1,364 million.

Dividends Per Share [Graphic 2.3]



Total Dividend Payment [Graphic 2.4]



SUSTAINABLE INVESTMENT

In 2011 Bayer again qualified for inclusion in major sustainability indices that assess companies on the basis of economic, ecological and social criteria. Bayer stock is represented, for example, in the Dow Jones Sustainability World and Europe indices, the FTSE4Good Global and Europe indices, the Advanced Sustainable Performance Indices Eurozone and the NYSE Euronext Low Carbon Europe Index. Storebrand, a Norwegian financial services provider focusing on sustainable investment, classifies Bayer as a best-in-class company in the pharmaceutical sector. In 2011 the Carbon Disclosure Project (CDP) included Bayer in its Carbon Disclosure Leadership Index (CDLI) for the seventh consecutive year, this time naming it as one of the four best companies worldwide across all industry sectors. In addition, Bayer was again included in the Carbon Performance Leadership Index (CPLI), now with an "A" rating, in recognition of its efforts to reduce CO₂ emissions.

In 2011 we reported to sustainability-minded investors during one-on-one meetings and an SRi (socially responsible investment) roadshow on Bayer's commitment in this area.

BAYER STOCK DELISTED IN LONDON AND ZURICH

Bayer AG withdrew from the London and Zurich stock exchanges in 2011. Low trading volumes made these listings unnecessary, and delisting has reduced our administration costs. Bayer stock had been quoted on the markets in Switzerland since 1959 and in the U.K. since 1961.

POSTAL VOTE OPTION FOR THE ANNUAL STOCKHOLDERS' MEETING

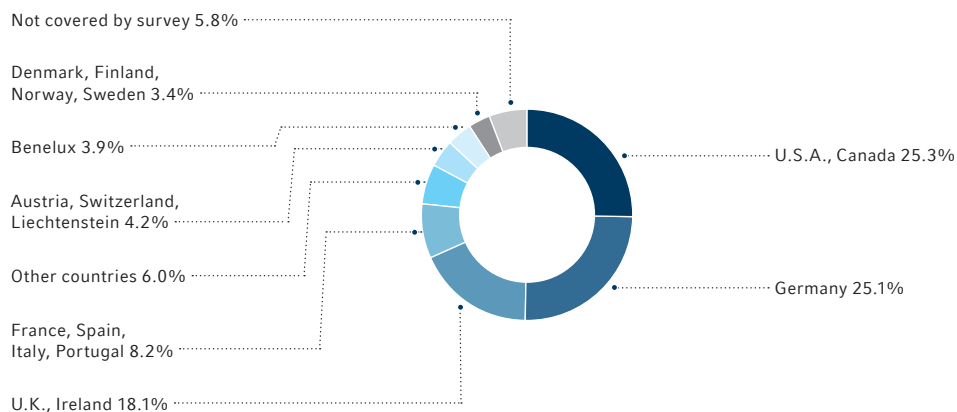
In 2011 we introduced the option for stockholders to cast a postal vote at the Annual Stockholders' Meeting without attending in person. This could be done online or via regular mail. Some 6,600 stockholders took advantage of this innovation, which was made possible by an amendment to the Articles of Incorporation passed at the previous year's meeting.

INTERNATIONAL OWNERSHIP STRUCTURE

At the end of 2011, approximately 314,000 stockholders were listed in our share register. Bayer has a 100% free float as defined by Deutsche Börse, the operator of the Frankfurt Stock Exchange. The following graphic shows the geographical distribution of our stockholders, based on the results of an international survey conducted in November 2011:

Ownership Structure by Country

[Graphic 2.5]



DIALOGUE WITH THE CAPITAL MARKET

In 2011 we continued to expand our traditionally close dialogue with the capital market. An investor relations conference was held for the first time in Shanghai, China, to explain to investors the growing importance of the Chinese market for our business. Analysts and investors were given the opportunity to get to know local managers as well as Group and subgroup board members. Program options also included a tour of Bayer's largest fully integrated chemical production facilities in Shanghai and a chance to learn about our activities in the health care field in China. The very positive feedback we received has encouraged us to make investor events in both Asia and the United States a regular part of our investor relations program.

In 2011 our Investor Relations team visited 22 financial centers – often accompanied by members of the Board of Management – and held more than 400 one-on-one meetings.