



FAQ regarding transition to registered shares

General

What is a registered share?

A registered share is registered in the name of the owner not the bearer. A company with registered shares maintains a share registry in which the name, birthdate, address as well as number of shares of each stockholder are recorded (Section 67, paragraph 1 and 2 of the German Stock Corporation Act - AktG). Only those listed in the share registry are considered stockholders by the company (Section 67, paragraph 1 and 2 of the German Stock Corporation Act - AktG).

What are the advantages for the stockholder?

Registered shares allow for direct communication between the company and the stockholder. The company can provide the stockholder with faster and better targeted information and in the case the stockholder desires, also receive the invitation to the annual stockholders' meeting by email.

What are the advantages for the company?

Through the share registry the company knows its stockholders and therefore, the stockholder structure better. The company is in the position to address its stockholders directly (to the extent they are listed in the share registry).

For what purpose may Bayer use the information in the share registry?

Information contained in the share registry is subject to applicable data protection provisions. The company may use the information in the registry in relation to its responsibilities to the stockholders. The dissemination of information to unrelated parties is not permitted. The company may use the information for advertising purposes only to the extent that it has not been objected to by the stockholder.

Is there a difference between bearer and registered shares with a depository?

There is no difference between bearer and registered shares with respect to a depository. With registered shares however, the invitation to the annual stockholders' meeting will be sent directly from the company to the stockholder if it is listed in the share registry.

What does converting to registered shares change for the stockholder?

In the future, stockholders recorded in the share registry will receive company information, for example the invitation to the annual stockholders' meeting, directly from the company and no longer from their depository bank. Stockholders recorded in the share registry can personally register to attend the annual stockholders' meeting. Stockholders not recorded in the share registry however can only participate in the annual stockholders' meeting if they are authorized by the stockholder recorded in the share registry. Dividends are still credited via the stockholder's depository bank.

Which expenses are incurred by stockholders in the conversion to registered shares?

The conversion to registered shares is free of charge for stockholders.

Do stockholders incur higher expenses due to the maintenance of a share registry and is there an increase in depository fees?

There are no ongoing expenses for stockholders as a result of maintaining a share registry, nor is there any increase in depository fees for stockholders.

Entry in the Share Registry

Can a stockholder refuse to be recorded in the share registry?

In the case that a stockholder objects to its entry in the share registry, the depository bank will be requested to be entered into the share registry in the stockholder's place. The company then recognizes the depository bank as the stockholder. The stockholder, who has objected to being recorded in the share registry, will not receive any information from the company directly, in particular the invitation to the annual stockholders' meeting will not be sent directly from the company and the stockholder can not exercise its stockholder rights without additional action.

Does a stockholder who has objected to being recorded in the share registry receive a dividend?

Yes.

Does the company have to be informed about changes in address?

Depository banks are obligated to inform the company regarding changes in address. It is also possible for stockholders to submit a brief message with the new address. This can either be done by e-mail or the stockholders can edit their address data online with a personal password. It is however recommended to always inform the depository bank.

Is it possible to enter the bank instead of the stockholder?

Generally this is possible if a stockholder has expressly objected to being recorded in the share registry. In this case, the company would request the depository bank to be recorded in place of the stockholder. If the stockholder is not recorded personally, it is however not recognized as a stockholder by the company. Information, in particular the invitation to the annual stockholders' meeting, will not be provided directly by the company and it cannot exercise its stockholder rights without additional action.

Who has access to the share registry and where can it be viewed?

Every stockholder can demand information regarding their personal share registry data from the company. Stockholders can view their personal share registry information on the company's premises. Furthermore, stockholders can use their personal password to view and also edit their address information online.

Is data recorded in the share registry transmitted to anyone else?

No, it is not transmitted to anyone else. The data is exclusively for company purposes.

How is privacy monitored?

According to the Federal Data Protection Law (Bundesdatenschutzgesetz), data protection is monitored by the company's Data Protection Officer and the respective regulatory authority.

Annual Stockholders' Meeting

Can a stockholder, who is not recorded in the share registry, attend the annual stockholders' meeting?

The attendance at the annual stockholders' meeting by a stockholder not recorded in the share registry is not possible without additional action since only those recorded in the share registry are considered stockholders by the company. Unregistered stockholders are not permitted to register themselves for the annual stockholders' meeting. Attendance at the annual stockholders' meeting in this case requires the issuance of a proxy by the party recorded in the share registry in place of the stockholder.

Is an issued continuing proxy still valid?

The general voting proxy (continuing proxy) issued to a depository bank also applies for registered shares.

Tax Implications

Does the conversion to registered shares have tax consequences?

There are no tax consequences connected with the conversion to registered shares. Tax law does not distinguish between bearer and registered shares.